



February 15, 2022 Budget and Finance Committee

Board of Trustees

President's Boardroom, Millican Hall | Virtual Option

Feb 15, 2022 10:00 AM - 11:30 AM EST

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Board of Trustees Meeting
Budget and Finance Committee
February 15, 2022, 10:00-11:30 a.m.
President's Boardroom | Millican Hall, 3rd Floor | Virtual Option

Livestream: <https://ucf.zoom.us/j/96288879358?pwd=emg2TIRyWVRFRWgvU3JhcjZGQ2F3dz09>
 Webinar ID: 962 8887 9358

Conference call number: +1 929 205 6099; Meeting ID: 962 8887 9358

AGENDA

- | | |
|--|--|
| 1. Call to Order and Welcome | Harold Mills, <i>Chair, Budget and Finance Committee</i> |
| 2. Roll Call | Carmen Jarquin, <i>Administrative Coordinator, Administration and Finance</i> |
| 3. Minutes of the November 16, 2021, meeting | Chair Mills |
| 4. Reports (50-minutes) | Chair Mills |
| DISC – 1 | SVP Update
Gerald Hector, <i>Senior Vice President for Administration and Finance</i> |
| DISC – 2 | University Operating Budget Report – 2 nd Quarter, Ended December 31, 2021
Gerald Hector
Misty Shepherd, <i>Senior Associate Vice President for Financial Affairs</i> |
| 5. Action (15-minutes) | Chair Mills |
| BUDC – 1 | Operating Budgets for Auxiliary Facilities with Bonded Debt
Gerald Hector
Misty Shepherd |
| 6. Information (15-minutes) | INFO – 1 |
| | University Investment Report – 2 nd Quarter, Ended December 31, 2021
Gerald Hector
Bert Francis, <i>Assistant Vice President and University Treasurer</i> |



Board of Trustees

Meeting Agenda

INFO – 2

Direct Support Organizations' (DSO) Financial
Reports – 1st Quarter, Ended September 30,
2021
Gerald Hector
Christina Tant, *Assistant Vice President for DSO
Accounting and Reporting*

7. New Business

Chair Mills

8. Adjournment

Chair Mills



UNIVERSITY OF CENTRAL FLORIDA

Board of Trustees
Budget and Finance Committee Meeting
November 16, 2021

UCF Main Campus, Neptune Community Multipurpose Room 195 | Virtual Option

MINUTES

CALL TO ORDER

Trustee Harold Mills, chair of the Budget and Finance Committee, called the meeting to order at 2:12 p.m. Committee members Tiffany Altizer, Bill Christy, Jeff Condello, and Joseph Conte were present. Trustee Michael Okaty was absent. Other trustees attending were Joseph Harrington, Caryl McAlpin, Alex Martins, John Miklos, and Beverly Seay (ex-officio).

MINUTES

Trustee Altizer made a motion to approve the minutes from the September 22, 2021, Budget and Finance Committee meeting. Trustee Conte seconded the motion.

The committee unanimously approved the minutes of the September 22, 2021, Budget and Finance Committee meeting as submitted.

REPORTS

Gerald Hector, Senior Vice President for Administration and Finance, provided the committee with an update on major accomplishments since the last meeting.

- The Draft Audited Financial Statements were submitted.
- The Convocation Corporation, Finance Corporation, and Stadium Corporation audits were completed.
- A special deferred maintenance summary was submitted to the Board of Governors (BOG). Our first submission was about \$63 million; our resubmission number was \$355 million.
- A special BOG Direct Support Organization (DSO) review process has begun.
- The inaugural Dollars and \$ense forum took place in October. The plan is to host a forum a few weeks after each Board of Trustees (BOT) meeting.
- The series, “From the CFO,” was launched as a monthly communication from the Division of Administration and Finance to the campus.
- Conversations have started around, “How much it costs to educate a Knight?” The biggest hurdle is getting the data out of our current PeopleSoft systems.

- The Advisory Board on Working Capital has been formed and the inaugural meeting was held November 2, 2021. The advisory group consists of Carrie Daanen, current chair of the UCF Foundation; Gerald Chen-Young, former CIO for the UNCF, Payne Webber and UBS; Bill Christy, UCF BOT; and Barry Miller, President of Voloridge Investments. Immediate needs are to get and start the competitive selection process to find the best advisors.
- Hector spoke briefly on the Composite Financial Index (CFI). CFI is a measurement of an institution's financial health. This index was last presented to the Board in 2017 and it is being brought back because it is important to manage an institution from a budget and balance sheet perspective. The CFI primarily focuses on the balance sheet and how economics, year over year, impact operations. We must start thinking differently on how we fund the institution.
- Hector next spoke about the current turnover at UCF. UCF currently has about 1,900 vacancies. Historically, the average turnover rate of UCF has been 9.3 percent. We're currently at 10-11 percent and it may go a little higher.

Trustees had the following comments:

- Chair Mills suggested that UCF use an outside firm to conduct exit interviews to get input on how to manage retention. Hector stated that HR has been tracking this and we already have this data.
- Trustee Conte asked if we've looked at the cost of the turnover. Hector stated that we are still trying to figure that out. Because UCF currently does not have position control these costs are not currently available. Trustee Conte stated that he would like to know the average cost once it is determined. Hector stated that he will do an analysis on this and provide this information to the Board.
- Trustee Harrington asked if it is likely that departments would be able to hire new employees at the same salary levels as the departing employees, saying that doesn't seem possible. Hector agreed that it is not possible. Harrington stated that he is concerned about the cost of new hires. Gerald stated that this is part of the analysis that must be done.
- Trustee McAlpin asked how many of the 1,900 open positions need to be rehired. Hector stated that we don't yet have the data to determine this.

NEW BUSINESS

DISC-2 Draft University Audited Financial Statements Report, Composite Financial Index Report, and Unrestricted Net Position Exclusive of Plant Assets and Plant-related Debt (UNAEP)

Danta White, Assistant Senior Vice President for Financial Affairs and University Controller, introduced the Draft University Audited Financial Statements Report, Composite Financial Index Report and Unrestricted Net Position Exclusive of Plant Assets and Plant-related Debt (UNAEP) and provided the committee with a brief overview of the financials and the reported results for the year. The general net position decreased by \$23-24 million. However, a significant portion of this decrease needs to be adjusted out for pension and other post-employment liabilities, which are now required to be fully recognized in the current year but are expected to be paid out over time. This accounting

treatment has a significant impact on the university's financial statements and must be excluded to understand our true financial position. Once excluded, the unrestricted net position is \$525 million. This tells us that, even with the impacts from COVID-19, UCF did well for FY 2021.

Trustees had the following questions/statements:

- Trustee Mills asked if pension liability is fully funded. White responded that pension is partially funded. The state contributes about 5 percent and employees contribute 3 percent.
- Trustee Conte asked if it would be better, given our history, to have the liability contained here instead of in Tallahassee. Hector answered that private institutions must carry the investments themselves, so they typically build an investment pool to offset the liability. UCF must record the liability which is a big hit to our financials.

DISC-3 University Treasurer Update

Bert Francis, Assistant Vice President for Debt Management and University Treasurer, provided the committee with information on why our debt is structured the way it is, the tools the BOG gives us for new debt issuances and refinancing, and a review of the university's rated debt. Francis also detailed the debt management guidelines that UCF must follow.

Trustees had the following questions:

- Trustee Mills inquired if there are areas where we might be coming close to a potential bond covenant violation. Francis stated that we are strong in all of our debt coverages as we are well above the 1.2x ratio. Looking forward into FY22, it's projected to be even stronger.
- Trustee Conte asked if we missed listing any covenants on the historical coverage ratios slide and, if so, should they also be reported? Francis stated that housing fell below 1.20x, in both FY 20 and FY 21 due to the reduced occupancy impact from COVID. Although this is not considered a covenant violation, it does result in Housing failing the Additional Bond Test (ABT) requirement which may prevent UCF Housing from issuing additional bonds for the next two fiscal years. Francis noted that although the coverage ratio failed the ABT test, this ratio did not take into account additional federal stimulus (Higher Education Emergency Relief Funding, or HEERF) funds received by UCF Housing, which when included, resulted in a ratio of over 1.20x for FY 20. There may be a possibility of issuing additional bonds within this two-year period, if necessary, due to this secondary ratio including HEERF funds; however that would require further conversation with the Division of Bond Finance. Francis confirmed there were no major covenant violations.
- Hector stated that we have added information on guidelines to this presentation as part of the division's back-to-basics education. We are also looking to adopt a formal debt policy which will factor in how we issue debt.
- Trustee McAlpin stated that she appreciated Francis's presentation, particularly the educational aspect for the trustees.

INFO-1 Direct Support Organizations' (DSO) Financial Reports – 4th Quarter, Ended June 30, 2021

Trustee Mills stated that the report is located in the materials packet and asked if trustees had questions or comments.

Trustees had the following comments:

- Trustee Martins inquired if any DSO is of any major concern. Hector said no, though we always monitor athletics because of their negative net position. But due to investments that were made in the past, and if we continue on the same trend, the negative will be removed. Hector also stated that for all the DSOs, we're looking for a standardized reporting format and will continue to monitor all of them.
- Trustee Mills asked regarding athletics, if there is a way to do a seven-year proforma and what that might look like with increased revenues from the conference. Hector replied that we have already started this process.
- Trustee Altizer asked if the variance for the Finance Corporation is an issue of timing. Hector said yes.

INFO-2 Auxiliary Financial Reports – 4th Quarter, Ended June 30, 2021

Trustee Mills stated that the report is located in the materials packet and asked if the trustees had any questions or comments.

Trustees had the following comments:

- Trustee Martins asked if Hector had any major concerns. Hector stated that Housing concerns him from a purely capital standpoint. An analysis is currently underway and we will probably put forward a recommendation to raise Housing rates. Right now, Housing has no reserves so there is no way of dealing with deferred maintenance. We're looking at various analyses that indicate a rate increase is necessary, which will help start building back a reserve. This issue will be brought to the Board in February 2022.
- Chair Mills asked that since the Housing reserves were used for UCF Downtown, did we make students pay for that? Hector stated that our net assets are not growing so if we are not allowed to increase tuition, but our costs are growing exponentially, then we must reallocate resources around how we structure our budget and invest for ROI, with emphasis on philanthropy, partnerships with purpose, and research.
- Chair Mills stated that Hector has the full support of this Board.
- Trustee Martins concurred with Chair Mills. He also asked to see how our housing rates compare to the rest of the state university system. Hector shared that UCF has one of the lowest rates with no rate increases in 10 years.

INFO-3 Knight Vision/SET Budget Update

Trustees had no questions on this information item.

OTHER BUSINESS

The committee had no other business to discuss.

ADJOURNMENT

Chair Mills adjourned the Budget and Finance Committee meeting at 3:03 p.m.

Reviewed by:

Harold Mills
Chair, Budget and Finance Committee

Date

Respectfully submitted:

Mike Kilbride
Associate Corporate Secretary

Date

Board of Trustees
Budget and Finance Committee | February 15, 2022

DISC-1: SVP Update

☐ Information

☒ Discussion

☐ Action

Meeting Date for Upcoming Action: _____

Purpose and Issues to be Considered:

The Senior Vice President for Administration and Finance provides updates to the Board of Trustees as part of his report on accomplishments since the last board meeting, and to share new initiatives, activities, and efforts around the financial and administrative management of the university. The update is a continuation of the desire of the administration to ensure that the Board of Trustees is apprised of the change management efforts that the university has undertaken, and where necessary the changes being made to policies, practices, and procedures. This report is primarily geared towards sharing information to assist trustees to carry out their fiduciary duties on behalf of the university.

Background Information:

The university is at a seminal moment in its history and is pivoting to new financial management systems in Workday and Adaptive Planning. Along with the Service Enhancement Transformation (SET) business process reimagination, they combine to form Knight Vision. Undergirding this change process is a continuation of the mantra of “Back to Basics” for both our financial and administrative functions. This SVP Update presentation continues that discussion, but more importantly shifts the conversation towards strategic considerations that must be entertained as macro factors continue to place new pressures on the university.

In addition to Knight Vision, we continue to deliver on our daily functions to manage the university. Since the last BOT meeting in November, we have completed the following:

1. The Financial Audit was completed with no material findings or significant weaknesses.
2. Our Higher Education Emergency Relief Funds (HEERF) program was a part of the audit, and there were no issues noted. In keeping with our commitment to transparency in our financial management, the January 2022 edition of “From the CFO” focused on our HEERF program and its impact on the university.
3. Workday testing protocols are being devised. Larger groups across campus will have access to practice “sandboxes” to provide opportunities for them to go into the system and explore the functions of the system.
4. Our Direct Support Organizations (DSO) internal control review is underway. Internal Control Questionnaires for the Board of Governors’ selected auditors (i.e. Crowe Inc.), were submitted in December, January, and early February. We should receive preliminary feedback in the February/March time-frame.
5. Transition teams were formed to assist colleges and divisions with the adoption of our shared services approach to business processes. We will have completed the “Expression of Interest” phase on February 15, 2022. Intense training on the new shared services model will commence in March through to “go live.”

6. The CFO Council continues its monthly meetings to accomplish the following:
 - a. Standardization of reporting formats from the DSO boards to the main BOT
 - b. Monitoring of internal controls to reduce risks and to streamline processes
 - c. Funds flow monitoring between the university and the DSOs
 - d. Workday implementation with a view to SET shared services adoption where possible
7. The SVP for Administration and Finance is conducting monthly meetings with DSO CFOs. The purpose is to have tailored conversations around the success of the university's finances and to monitor cash flows, liquidity and financial projections throughout the year.
8. Negotiating an unsolicited offer to sell our Educational Broadband Service (EBS) licenses. We have three licenses that are being considered. We are in the due diligence phase of the leases that undergird the licenses economics for the university. We hope to wrap up the due diligence phase by March 31st.

Reporting timeliness continues to be a challenge given the manual nature of how our current ERP system, human resources practices, and university policies converge. Despite those challenges being addressed within the Knight Vision project in the future, we monitor our liquidity and cash positions daily. The total cash on hand based on the “colors of money” as of December 31, 2021, amounted to **\$642.1 million**, as compared with **\$606.8 million** from the prior year. That is an increase of **\$35.3 million** or **5.8%**. The Higher Education Emergency Relief Fund (HEERF) is one of the main reasons for the year over year increase. Much of the increase is based on the timing when funds were reimbursed from the Department of Education. Most of the remaining funds for HEERF will be expended in the current fiscal year as the program progresses ([From the CFO: The Impact of HEERF on UCF | University of Central Florida News](#)). We are also in the early process of seeking a no cost extension for one year because of supply chain issues being experienced with the COVID-19 pandemic. The “colors of money” conversation will become more pronounced in future SVP Updates as we enter the new budget model, HEERF funding is exhausted, and the strategic planning exercise that is currently underway is completed.

As we move into a new financial paradigm where enrollment is stabilizing around approximately **70,000** (with a reduction from the prior year) or less, there are several financial and administrative risk factors that must be kept top of mind as the new Responsibility Center Management (RCM) budget model is implemented for fiscal year 2022-2023 and beyond. Our most pressing concern is that student tuition and fee revenues will not increase for the next fiscal year at a time when inflation is running close to double digits. The incongruence of that reality is causing additional pressures on the recurring budget allocations of the university. When coupled with the fact that our enrollment is not growing at a rate of two percent year over year anymore, we stand to lose approximately **\$15 - \$20 million** in additional recurring revenue growth each year. Despite having substantial carryforward dollars, they cannot be utilized to replace lost recurring dollars. Some difficult decisions are on the horizon around the balance between the recurring budget, and how we deploy carryforward dollars, as costs are increasing while fungible sources of cash flows are decreasing.

We are in the process of prioritizing which projects we will complete based on critical need, realistic time horizons, and employee factors (to include vacancies and skill sets). As noted above, much of our improvement in financial reporting and administrative functions are tied to a properly functioning ERP system, instead of the manual processes we currently have for some basic reporting and accounting functions. To that end, we will be focused on the following projects between now and June 30, 2022:

1. Knight Vision
2. Launch the Responsibility Center Management budget model
3. Adopt new leasing standards where operating leases will no longer be an option
4. Strategic planning support
5. Continued review of policies and procedures
6. Continued “deep dives” into the operations of Direct Support Organizations

The “Great Resignation” continues to factor heavy in our current operations as the COVID-19 virus takes us closer to the two-year mark. Our people (students, faculty and staff) are one of our most valuable assets, and we continue to monitor the trends of hiring, and vacancies to ensure that we have the appropriate staffing to carry out the mission of the university. Our Office of Human Resources has been playing a key role in this process of monitoring. As we have been engaged in the work with the SET transformation, we are seeing solutions that will allow colleges and divisions to respond timelier to pressures to find and maintain talent. However, as noted above, the current challenge is one of the main factors why we must prioritize our various projects to avoid employee burnout.

Recommended Action:

For discussion only.

Alternatives to Decision:

N/A

Fiscal Impact and Source of Funding:

N/A

Authority for Board of Trustees Action:

N/A

Contract Reviewed/Approved by General Counsel ☐ N/A ☒

Committee Chair or Chair of the Board has approved adding this item to the agenda ☒

Submitted by:

Gerald L. Hector, Senior Vice President for Administration and Finance

Supporting Documentation:

Attachment A: SVP Update Presentation

Facilitators/Presenters:

Gerald L. Hector, Senior Vice President for Administration and Finance

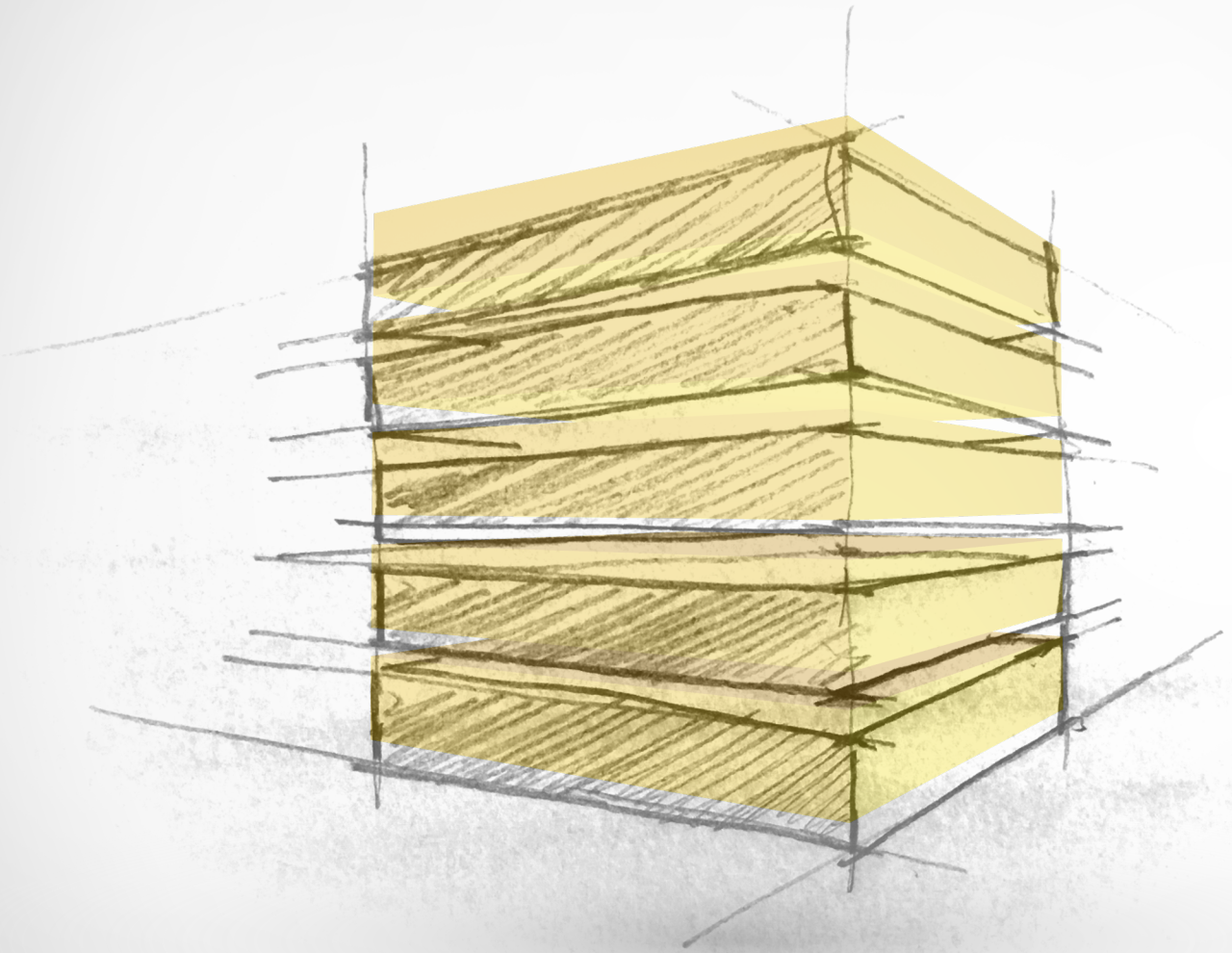
SVP Update

UCF Board of Trustees Budget and Finance Committee
February 15, 2022

Gerald L. Hector

Senior Vice President for Administration and Finance

Topics for Discussion



- Accomplishments
- Cash Balance Update
- Working Capital Advisory Group
- Financial Risk Matrix (Heat Map)
- Priorities through June 30, 2022
- Turnover, Recruiting, and Position Management Update

Accomplishments

Updates since November 2021 BOT Meeting

- ✓ Financial audit completed with no material findings or significant weaknesses
- ✓ Unit Testing on Workday has commenced
- ✓ Internal Control Questionnaires for the DSOs were submitted for review by the Board of Governors' selected auditors
- ✓ Transition teams for Service Enhancement Transformation (SET) have been formed

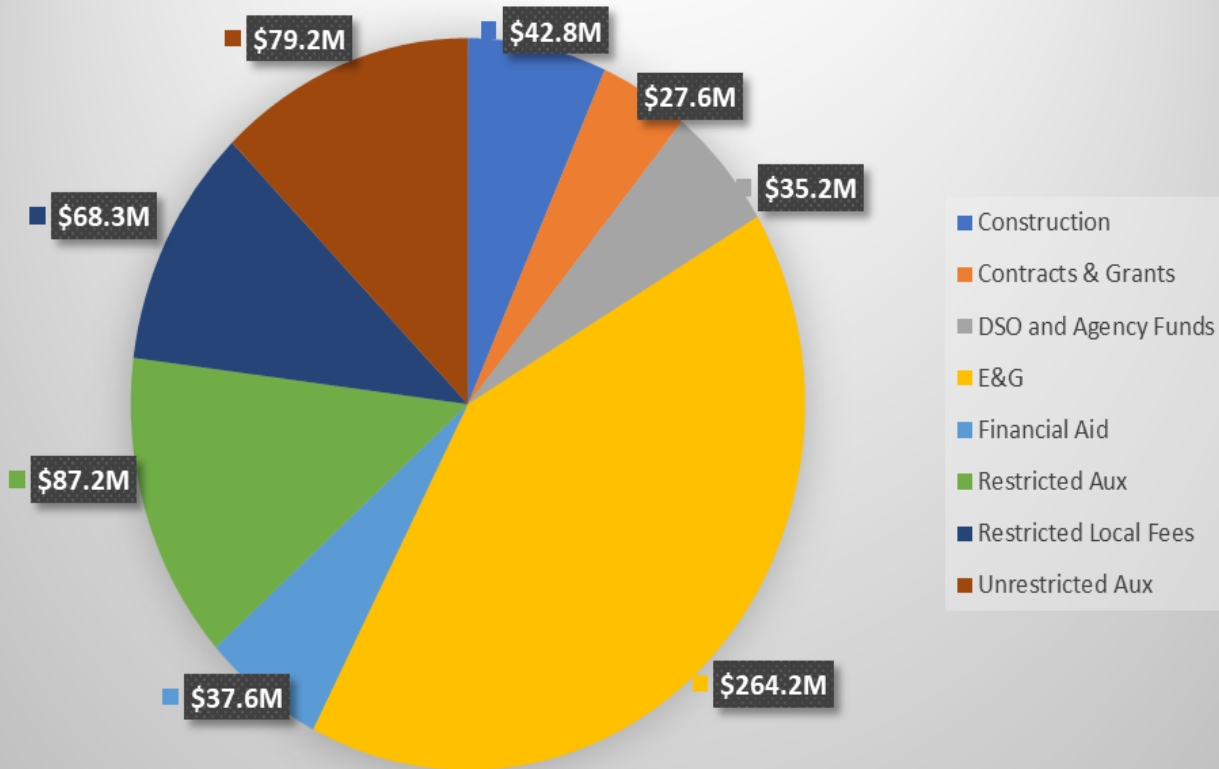
Accomplishments

Updates since November 2021 BOT Meeting

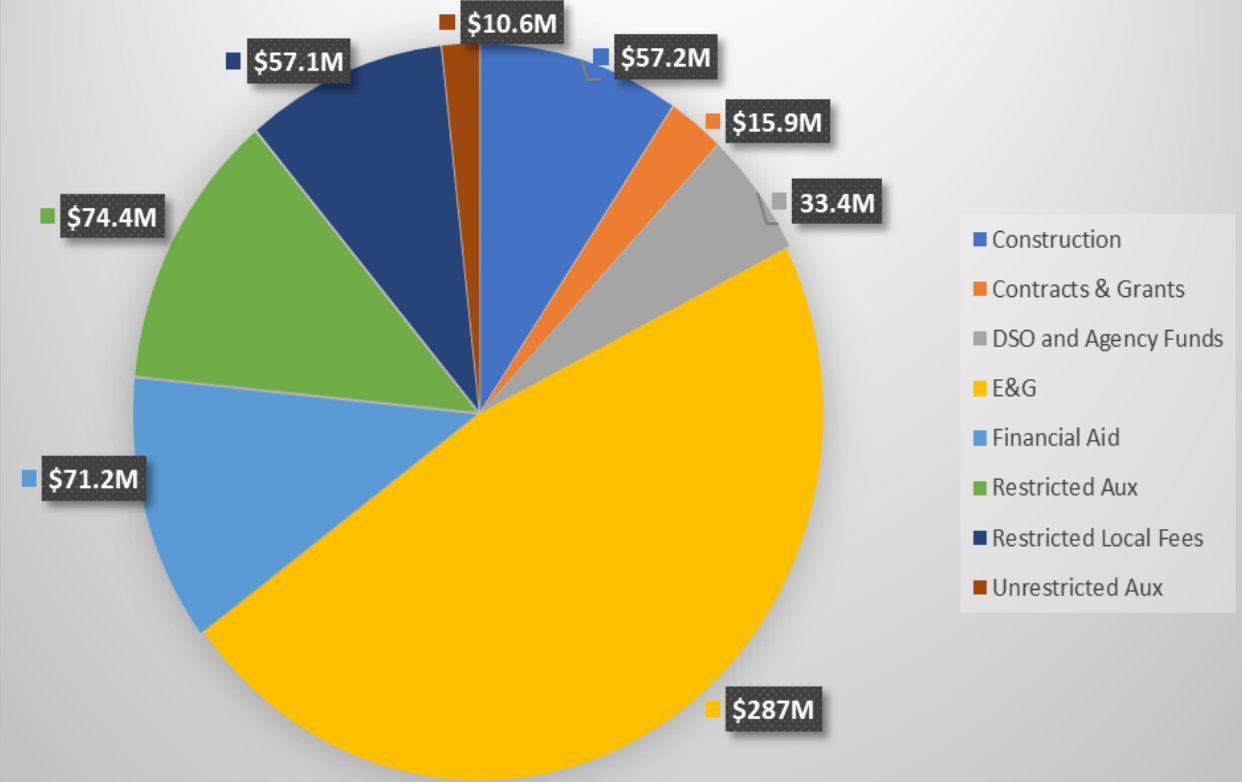
- ✓ Monthly CFO to CFO meetings launched between the SVP and DSO financial teams (augmenting CFO Council)
- ✓ Ongoing SVP meetings with the faculty groups (four completed since January 2022) about SET and new budget model
- ✓ Invitation to Negotiate (ITN) issued for investment advisory services
- ✓ Negotiating an unsolicited request to sell Educational Broadband Service (EBS) licenses. Currently in the due diligence phase

Cash Balance Update

Working Capital As of December 2021
\$642.1M



Working Capital As of December 2020
\$606.8M



Working Capital Management Group Update

- The Invitation to Negotiate has been completed and interested parties are working on their proposals
- Advisory group will narrow the successful vendors down to no more than four
- Budget and Finance Committee will participate in vendor selection with formal presentations from finalists
- Review of State of Florida rules and regulations around working capital management is a part of the process

UCF ADMINISTRATION & FINANCE RISK HEAT MAP						
R I S K F A C T O R	Description	1YR	5YR	10YR	15YR	Thereafter
	Tuition and Fees					
	State Appropriation (Non Capital)					
	Inflation/Hyper Inflation					
	Fundraising					
	Research Funding					
	Deferred Maintenance					
	Knight Vision					
	Shared Services					
	Human Resources/Personnel					
	Federated Campus Operations					
	Professional Development					
	Carryforward					
		PROBABILITY/SEVERITY				

Priorities through June 30, 2022

- Knight Vision
 - Workday
 - Adaptive Planning Budget Software
 - Service Enhancement Transformation
- Refinement of the RCM Budget Model
- Strategic Plan Support
- New leasing standards adoption
- Review of policies and procedures to streamline operations
- Continued “deep dives” into Direct Support Organizations



UCF Turnover, Recruiting and Position Management

2021 Final Turnover Numbers

- In 2021, UCF's turnover rate reached an all time high of 11.63% from a historic average of 9.3%.
 - Faculty turnover was the lowest at 6.85, A&P at 9.42, and USPS the highest at 16.98%.
 - 88% of US employers are experiencing higher turnover than normal.
 - 63% of Job Seekers are demanding flexibility and remote work.
 - 60% want more money.
 - 40% are looking for a better culture and supportive colleagues.
- In 2022 nationally and at UCF this trend is continuing.
 - In January, UCF saw 105 employees voluntarily resign.
 - Nationally, all employment sectors are affected, with leisure and hospitality being impacted the most.
 - Applicants and candidates have different expectations for their potential employer and are not willing to compromise.
- The "Great Resignation" is also being referred to as, "Great Expectations".
 - Applicants and candidates have different expectations for their potential employer.

What is UCF doing to address these issues?

- Talent Acquisition
 - UCF HR is Re-aligning staff within the SET model to create a robust Talent Acquisition unit.
 - The unit will actively recruit, screen, and qualify applicants for frequently hired positions.
 - Analyzing hiring process pre-Workday to streamline and be in synch with Workday.
- Remote and Hybrid Work:
 - UCF adopted a Remote Work Policy last fall.
 - Policy allows remote work up to two days per week for appropriate jobs and up to 100% remote work with VP approval or Dean and Provost approval in academic units.
 - Allows flexible work hour scheduling for appropriate jobs with approval.
 - Partnership with Kelly Education to allow out-of-state employment for approved and appropriate positions.
- Hiring Process Streamlining:
 - Changing the hiring process now to conform with Workday process effective July 1.
 - Researching additional technology to further streamline screening and interviewing of applicants and candidates.

Hiring Control Through Position Management

- Workday and Position Management:
 - Position Management is in the Finance Module but tied to HCM and Adaptive.
 - Tracks unfilled, filled, closed and frozen positions. In order to hire an employee into Workday, an available, unfilled position must first exist.
- Position Management Requirements:
 - In order to hire an employee, there **must be an unfilled position available** in the organization in which the hire will be in.
 - **Specific budget approval** must be given in order to fill an individual or pooled position.
 - Security roles will allow “editing” of positions to update position requirements.
 - New positions can be created, with specific, documented budget approval.



Questions?

Thank you.

Board of Trustees
Budget and Finance Committee | February 15, 2022

DISC-2: University Operating Budget Report – 2nd Quarter, Ended December 31, 2021

☐ Information

☒ Discussion

☐ Action

Meeting Date for Upcoming Action: _____

Purpose and Issues to be Considered:

This item provides the fiscal year 2021-22 (FY22) quarter ending December 31, 2021, operating financials budget-to-actual results and year-over-year comparisons to fiscal year 2020-21 (FY21).

The approved annual budget reflects \$2.2 billion in revenues with the most significant contributing source being Local Funds. They contributed slightly more than one third, Education & General (E&G) contributed approximately one third, and Contracts & Grants (which includes Federal Higher Education Emergency Relief Funds or HEERF), Auxiliary Services and Faculty Practice Plan combined filling out just under one third. After the second quarter of operations, actual revenues are \$1.2 billion or 56.02% of budget. Expenditures are \$963.2 million or 44.11% of the annual budget. The two combined generated a surplus of \$258.5 million. Compared to prior year actual results, revenues are up 10.06% and expenditures are up 11.24%. Results for individual budget entities and variables are described in further detail below.

Background Information:

Education & General. The Education & General revenues consist of state appropriations (general revenue and Educational Enhancement funds (Lottery)), and student fees which include tuition and out-of-state-fees. Expenditures from these funds are restricted to operating activities for educational purposes including general instruction, research, public service, plant operations and maintenance, student services, libraries, administrative support, and other enrollment related operations. This budget entity is further segregated into three separate budget entities with separate state appropriations: (1) Main (2) College of Medicine and (3) Florida Center for Students with Unique Abilities (FCSUA).

E&G Main: Actual revenues were \$400.3 million or 61.19% of total budgeted revenues and a decrease from prior year of \$1.9 million or 0.47%. The revenue decrease is primarily due to a decrease in fall and spring tuition revenues of approximately \$3.6 million and increased in-state waivers of approximately \$1.6 million. The decrease in tuition was a result of transfer students not matriculating. This is a factor in our operations that we are monitoring closely as community colleges across the nation are still rebounding from the impact of COVID-19. The increase in waivers was driven primarily by state legislation passed in the spring. The Buy One, Get One (BOGO) requirement for offering courses to Florida residents being the one that created the biggest hit to the budget and subsequently cash flows. The university will receive funding from State appropriations allocated to the Board of Governors (BOG) specifically to distribute to universities to recoup BOGO waivers. BOG distributions were recognized in January 2022. The overall decreases for the first two quarters of the fiscal year were offset by an increase of \$3.4 million in appropriations revenue primarily due to timing. In FY21, the state held back 6% of appropriations until May of 2021. This year, state appropriations were in alignment with what we would experience in a normal year.

Actual expenditures were \$301.7 million or 46.12% of total budgeted expenditures and an increase of \$18.6 million or 6.58% from prior year. The increase in expenditures is primarily due to the timing of a \$7.0 million transfer to Student Financial Aid for National Merit Awards (FY22 transfer in first quarter and FY21 transfer in third quarter). Additionally, the university wrote-off \$3.5 million in tuition and fees for students with outstanding Spring 2020 balances. These write-offs were recovered from Higher Education Emergency Relief Fund (HEERF) funds as lost revenues, however HEERF funds recovered are not reflected in E&G Main revenues due to timing (the transfer from C&G to E&G Main occurs in a subsequent quarter). The HEERF recoveries will only impact this current fiscal year. Increases in salaries and benefits, scholarships, professional services, and IT and other equipment also contributed to the increase.

E&G COM: Actual revenues were \$27.6 million or 58.23% of total budgeted revenues and an increase from prior year of \$1.3 million or 4.98%. The revenue increase is primarily due to the timing of state appropriation releases. In FY21, the state held back 6% of appropriations until May of 2021. This year the state appropriations were in alignment with what we would experience in a normal year. Actual expenditures were \$20.4 million or 42.91% of total budgeted expenditures and an increase of \$0.09 million or 0.47% from prior year. There were no significant variances in actual expenditures compared to prior year.

E&G FCSUA: Actual revenues were \$4.5 million or 50.00% of total budgeted revenues and an increase from prior year of \$0.3 million or 6.38%. The increase in revenues is as a result of state distribution timing, see E&G Main above for details. Actual expenditures were \$1.8 million or 20.26% of total budgeted expenditures and an increase of \$0.4 million or 24.39% from prior year. The increase in expenditures is due to an increase in transfers for Florida Postsecondary Comprehensive Transition Program Scholarships. The budget utilization rate of 20.26% is primarily the result of timing related to scholarships.

Contracts and Grants (C&G). The C&G budget primarily consists of research activities that are funded by federal, state, local, and private funds. Actual revenues were \$138.0 million or 40.97% of total budgeted revenues and an increase from prior year of \$24.5 million or 21.58%. Actual expenditures were \$134.1 million or 41.92% of total budgeted expenditures and an increase of \$26.3 million or 24.40% from prior year. Both revenue and expenditure increases are primarily due to the recovery of lost revenues from HEERF (\$32.1 million in revenues and corresponding transfers out (i.e., expenditures) to units that incurred the lost revenues).

Auxiliaries. Auxiliary enterprises (auxiliaries) include those activities that are not instructional in nature but support the operation of the university. The primary auxiliary areas include Housing, Student Health Services, Parking Services, Computer Store, Telecommunications, Continuing Education, Dining Services, and the Bookstore. The auxiliaries must generate adequate revenue to cover their expenses and allow for future renovations, and building or equipment replacement, if applicable. Several auxiliaries are partially or wholly funded by student fees, including Student Health Services, Parking Services, Material and Supply Fees, and Equipment Fees. The uses of certain auxiliary revenues are restricted by either state statute, BOG regulations, and/or bond covenants. They include the following auxiliaries: Housing (bonded facilities), Parking Services (bonded facilities), Distance Learning, Material and Supply Fees, Equipment Fees, and Administrative Auxiliaries (primarily funded by a charge to auxiliaries for costs borne by the central operations on their behalf). Housing and Parking Services restrictions will become unrestricted upon payoff of all bonded debt in 2042 and 2032, respectively. Actual auxiliary revenues were \$220.4 million or 76.14% of total budgeted revenues and reflected an

increase from prior year of \$70.2 million or 46.72%. Revenue increases were primarily due to receipt of HEERF funding for lost revenues due to COVID (\$32.1 million) and investment earnings (\$11.3 million). Additionally, with the university returning to full in-person instruction, most auxiliary units experienced revenue increases led primarily by Housing (\$5.1 million increase) and Parking (\$3.0 million increase) over the prior year that was impacted by COVID-19. The Board of Trustees approved funds in the amount of \$11.8 million dollars from carryforward for IT related matters. As of the end of the second quarter, the amount is reflected in Auxiliaries because of the funds being transferred. They will be returned to the source and expenditures and the corresponding revenues will be adjusted in the third and fourth quarters. Actual expenditures were \$116.7 million or 38.13% of total budgeted expenditures and a decrease of \$8.7 million or 6.91% from prior year. The decrease was primarily attributable to a prior year transfer out to write-off the \$7.5 million Quadrangle Building internal loan. The internal loan was recorded as a Due From Faculty Practice Plan (FPP). The transfer out was the offsetting entry to eliminate the Due From FPP.

Local Funds. The Local Funds budget contains operating resources for the following individual budget entities:

Student Financial Aid (SFA): The student financial aid (SFA) budget largely represents scholarships, grants, and loan funds that are received by the university and subsequently disbursed to students. SFA accounts for \$727.5 million of the \$835.5 million Local Fund revenue budget and \$839.2 million Local Fund expenditure budget. SFA actual revenues were \$368.3 million (86.18% of total Local Fund revenues), and expenditures were \$341.8 million (88.84% of total Local Fund expenditures). Year-over year increases in revenues and expenditures are primarily due to HEERF emergency student financial aids awards (\$64.9 million revenue increase and \$58.3 million expenditure increase). Revenue increases were offset by decreases in Bright Futures receipts of \$43 million primarily due to timing. Large disbursements of these funds occur at the beginning of the Fall and Spring semesters thus impacting budget utilization. The expenses in this budget will, therefore, not coincide with the months remaining in the year as the expenditure of these funds are not linear as the fiscal year progresses.

Student Activities: The student activities budget is funded in three distinct categories; (i) Activity and Service Fee paid by students, (ii) revenues generated from the Student Union, and (iii) revenues generated from the Recreation and Wellness Center. Student Activities accounts for \$20.2 million of the \$835.5 million Local Funds revenue budget, and \$24.2 million of the \$839.2 million Local Funds expenditure budget. There were no significant budget variations or changes in revenues or expenditures.

Concessions: The concessions budget is funded from vending commissions and related sponsorship revenue. These funds are used for events and other expenditures that support the university. Concessions accounts for \$0.8 million of the \$835.5 million Local Funds revenue budget and \$0.8 million of the \$839.2 million Local Funds expenditure budget. There were no significant budget variations or changes in revenues or expenditure.

Technology Fee: The revenue from this fee will be used to enhance instructional technology resources for students and faculty. Technology Fee accounts for \$10.0 million of the \$835.5 million Local Fund revenue budget and \$11.9 million of the \$839.2 million Local Fund expenditure budget. There were no significant budget variations or changes in revenues or expenditures.

Intercollegiate Athletics: Revenues are primarily derived from student athletic fees, ticket sales, and sales of other goods and services. For budgetary reporting to the BOG, Intercollegiate Athletics includes activities of the university direct service organization (DSO) the University of Central Florida Athletics

Association (UCFAA). Intercollegiate Athletics accounts for \$74.4 million of the \$835.5 million Local Fund revenue budget and \$74.2 million of the \$839.2 million Local Fund expenditure budget. A preliminary analysis suggests a slight deficit. Further analysis of this is needed, but the Athletics department saw turnover of their top two finance positions. A new Chief Financial Officer for the DSO has been hired, and support is coming from the central finance team. A full updated report for both quarters will be forthcoming at the next BOT meeting.

Faculty Practice Plan (FPP). The FPP collects and distributes income from faculty billings for patient services to UCF Health to cover the cost of medical services. Actual revenues were \$3.6 million or 40.81% of total budgeted revenues and a decrease from prior year of \$7.7 million or 68.44%. The decrease is primarily due to a prior year \$7.5 million transfer from Auxiliaries to write-off the internal loan related to the Quadrangle Building. The internal loan was recorded as a Due To Auxiliaries within FPP. The transfer in was the offsetting entry to eliminate the Due To Auxiliaries. Actual expenditures were \$3.8 million or 45.85% of total budgeted expenditures and a decrease of \$0.3 million or 6.80% from prior year. There were no significant expenditure budget variations or changes from prior year.

Recommended Action:

For discussion only.

Alternatives to Decision:

N/A

Fiscal Impact and Source of Funding:

N/A

Authority for Board of Trustees Action:

Policy BOT-9, Board Policy for University Operating, Carryforward, and Capital Outlay Budgets; UCF Policy No. 3-211, University Budget Process

Contract Reviewed/Approved by General Counsel ☐ N/A ☒

Committee Chair or Chair of the Board has approved adding this item to the agenda ☒

Submitted by:

Gerald Hector, Senior Vice President for Administration and Finance

Supporting Documentation:

Attachment A: University Operating Budget Report – 2nd Quarter, Ended December 31, 2021

Facilitators/Presenters:

Gerald Hector, Senior Vice President for Administration and Finance

Misty Shepard, Senior Associate Vice President for Financial Affairs

Attachment A

University of Central Florida
Financial Update - University Summary
Quarter Ended December 31, 2021 (50% of year)

	FY 2022 BOG Approved Budget	FY 2022 Actuals 12-31-2021	\$ Remaining Budget	% of Budget Used	Prior Year Actuals 12-31-2021	\$ Increase/ (Decrease)	% Increase/ (Decrease)
<u>Revenues</u>							
E&G Main	654,095,468	400,272,855	253,822,613	61.19%	402,161,322	(1,888,467)	-0.47%
E&G College of Medicine	47,429,146	27,617,171	19,811,975	58.23%	26,308,281	1,308,890	4.98%
E&G Florida Center for Students with Unique Abilities	8,984,565	4,492,260	4,492,305	50.00%	4,222,749	269,511	6.38%
Contracts and Grants	336,852,798	138,014,865	198,837,933	40.97%	113,514,798	24,500,067	21.58%
Auxiliaries	289,466,638	220,390,281	69,076,357	76.14%	150,209,070	70,181,211	46.72%
Local Funds	835,466,703	427,381,801	408,084,902	51.15%	402,339,856	25,041,945	6.22%
Faculty Practice Plan (FPP)	8,746,368	3,569,665	5,176,703	40.81%	11,312,445	(7,742,780)	-68.44%
Total Revenues	2,181,041,687	1,221,738,899	959,302,788	56.02%	1,110,068,521	111,670,378	10.06%
<u>Expenditures</u>							
E&G Main	654,095,468	301,690,031	352,405,436	46.12%	283,073,483	18,616,549	6.58%
E&G College of Medicine	47,429,146	20,353,773	27,075,374	42.91%	20,257,584	96,188	0.47%
E&G Florida Center for Students with Unique Abilities	8,984,565	1,820,003	7,164,562	20.26%	1,463,084	356,918	24.39%
Contracts and Grants	319,991,191	134,140,924	185,850,267	41.92%	107,834,578	26,306,346	24.40%
Auxiliaries	305,999,077	116,688,438	189,310,639	38.13%	125,353,643	(8,665,205)	-6.91%
Local Funds	839,173,968	384,751,016	454,422,952	45.85%	323,896,645	60,854,371	18.79%
Faculty Practice Plan (FPP)	8,246,368	3,781,062	4,465,306	45.85%	4,056,837	(275,775)	-6.80%
Total Expenditures	2,183,919,782	963,225,246	1,220,694,536	44.11%	865,935,853	97,289,393	11.24%
Surplus/(Deficit)	(2,878,095)	258,513,653	(261,391,748)		244,132,668	14,380,985	

**Board of Trustees
Budget and Finance Committee | February 15, 2022**

BUDC-1: Operating Budgets for Auxiliary Facilities with Bonded Debt

☐ Information

☐ Discussion

☒ Action

Meeting Date for Upcoming Action: February 23, 2022

Purpose and Issues to be Considered:

Board of Governors' Regulation 9.008 *University Auxiliary Facilities with Outstanding Revenue Bonds* provides guidance to universities for auxiliary facilities with outstanding revenue bonds. Certain outstanding state university system bond issues for auxiliary facilities have covenants that state: "The Board of Governors shall annually, at least ninety (90) days preceding the beginning of each fiscal year, prepare a detailed budget providing reasonable estimates of the current revenues and expenses of the university during the succeeding fiscal year and setting forth the amount to be deposited in the Maintenance and Equipment Reserve Fund (reserves). The budget shall be adopted by the Board of Governors and shall not be changed during the fiscal year except by the same procedure by which it was adopted." The university currently has outstanding revenue bonds for both its Parking and Housing auxiliaries.

Proposed Parking budget reflects \$21.7 million in revenue and \$22.6 million in expenditures resulting in net change in fund balance of \$(974) thousand, this reflects a \$11.1 million decrease from prior fiscal year estimated net change primarily related to the receipt of \$7.4 million of HEERF (Higher Education Emergency Relief Funds) reflected in prior year to supplement lost revenues resulting from the impact of COVID-19 calculated from April to December 2021. Additionally, non-personnel operating expenses budgeted for fiscal year 2022-23 included increased expense for repairs & maintenance. The proposed budget satisfies bond covenant requirements for debt coverage ratio and sufficient funding of required reserves.

Proposed Housing budget reflects \$29.6 million in revenue and \$29.1 million in expenditures resulting in net change in fund balance of \$543 thousand, this is a \$9.7 million decrease from prior fiscal year estimated net change primarily related to the receipt of \$8.3 million of HEERF reflected in prior year to supplement lost revenues resulting from the impact of COVID-19 calculated from April to December 2021. Additionally, fiscal year 2022-23 is reflecting increased expenses in salaries and auxiliary overhead. The proposed budget satisfies bond covenant requirements for debt coverage ratio and proposes a \$69 thousand transfer to Reserve account to satisfy minimum required balance.

Background Information:

Board of Governors' Regulation 9.007 *State University Operating Budgets and Requests Auxiliary Enterprises* provides guidance on budgeting for all auxiliaries. Auxiliary enterprises include those activities that are not instructional in nature but support the operation of the university. The auxiliaries must generate adequate revenue to cover expenses and allow for future renovations and building or equipment replacement, if applicable. The use of certain auxiliary revenues are restricted by either state statute, Board of Governors' regulations, and/or bond covenants. For both Parking and Housing debt the reserve requirements for repair and replacement indicate that a balance totaling 30% of pledged

revenues must be maintained. Housing and Parking Services restrictions will become unrestricted upon payoff of all bonded debt.

The attached budget proposals were developed using requests from the individual departments and an analysis of expected revenue and expenditures with a comparison to projected and actual amounts from the prior year. Fiscal year 2021-22 estimates were prepared using updated assumptions and estimates based on information available through December 31, 2021. Detailed account variance notes are included on each attachment for reference.

Recommended Action:

Recommend approval to the Board of the attached fiscal year 2022-23 budgets for Parking and Housing.

Alternatives to Decision:

Modify or change the proposed budgets for fiscal year 2022-23.

Fiscal Impact and Source of Funding:

These auxiliary enterprises generate sufficient revenues to cover their own expenses and maintain adequate cash reserves to satisfy bond covenants.

Authority for Board of Trustees Action:

Board of Governors Regulation 9.008 University Auxiliary Facilities with Outstanding Revenue Bonds requires approval of the operating budget for these facilities by the university's Board of Trustees prior to submission to the Board of Governors in February.

Contract Reviewed/Approved by General Counsel ☐ N/A ☒

Committee Chair or Chair of the Board has approved adding this item to the agenda ☒

Submitted by:

Gerald Hector, Senior Vice President for Administration and Finance

Supporting Documentation:

Attachment A: 2022-23 Proposed Auxiliary Facilities Operating Budgets- Parking Services

Attachment B: 2022-23 Proposed Auxiliary Facilities Operating Budgets- Housing Operations.

Facilitators/Presenters:

Misty Shepherd, Senior Associate Vice President for Financial Affairs

Attachment A

University of Central Florida
2022-23 Proposed Auxiliary Facilities Operating Budget
Parking

	2021-22 Estimated Actuals	2022-23 Proposed Budget	Increase (Decrease)
Revenues			
Student fees - Transportation	14,909,186	14,869,109	(40,077)
HEERF Lost revenue ¹	7,438,548	-	(7,438,548)
Decal sales, permits, and citations ^{2,3}	6,437,403	6,627,840	190,437
Other revenue	137,062	164,110	27,048
Total revenues	28,922,199	21,661,059	(7,261,140)
Expenditures			
Salaries and benefits	1,707,350	1,868,482	161,132
Other personal services	502,756	586,498	83,742
Operating expense (non-personnel) ⁴	13,193,239	16,960,889	3,767,650
Operating capital outlay	27,250	60,000	32,750
Debt service	2,878,600	2,334,350	(544,250)
Transfer to - Construction ⁵	466,206	825,000	358,794
Total expenditures (Including debt service)	18,775,401	22,635,219	3,859,818
Net change in fund balance	10,146,798	(974,160)	(11,120,958)
Ending operating cash	23,970,850	22,996,690	(974,160)
Ending replacement reserves	6,883,307	6,883,307	-
Total cash	\$ 30,854,157	\$ 29,879,997	\$ (974,160)

¹ HEERF Lost Revenue for COVID-19 revenue impact from April 2020-December 2020.

² Fiscal year 2021-22 budget assumes pre-COVID levels with a 20% reduction for reduced on-campus population and traffic. Current YTD actuals (July 2021- December 2021) show a 10% increase over budget. Fiscal year 2022-23 budget assumes the average 3 year permits sales from FY17-19 with a 10% reduction.

³ Fines and citations for fiscal year 2021-22 are low due to decreased campus population as a result of hybrid work/class schedules as well as factors that relate to enforcement positions being understaffed. Fiscal year 2022-23 budget assumes the average 3 year citation revenue from FY17-19 with a 10% reduction.

⁴ Fiscal year 2022-23 operating expense budget includes increase in Repairs & Maintenance of \$1.9M to resurface lots B-9, H-2, H-3, H-4, and H-4a and \$1M contingency that is not a part of the fiscal year 2021-22 estimate but was also budgeted for unexpected needs.

⁵ Facilities projects for fiscal year 2021-22 consists of bus shelter for Rosen campus, an ADA engineering study, and a lot maintenance project. Facilities projects for fiscal year 2022-23 consists of remodel/buildout at Visitor Info Center, installation of static license plate recognition cameras at garages, and installing gargage and lot parking count system.

Attachment B

University of Central Florida
2021-22 Proposed Auxiliary Facilities Operating Budget
UCF Owned Housing¹

	2021-22 Estimated Actuals	2022-23 Proposed Budget	Increase (Decrease)
Revenues			
Rental revenue ²			
Fall	12,663,320	12,757,000	93,680
Spring	12,824,205	12,757,000	(67,205)
Summer	2,560,000	2,475,000	(85,000)
HEERF Lost revenue ³	8,270,567	-	(8,270,567)
Other revenue ⁴	1,347,550	1,635,000	287,450
Total revenues	37,665,642	29,624,000	(8,041,642)
Expenditures			
Salaries and benefits ⁵	6,987,095	7,521,035	533,940
Other personal services ⁶	1,341,147	1,509,913	168,766
Operating expense ⁷	8,157,153	9,125,809	968,656
Debt service ⁸	7,129,650	6,403,913	(725,737)
Operating capital outlay	28,200	100,000	71,800
Transfers to - SDES and UCFIT	928,249	935,000	6,751
Transfers to - Construction ⁹	2,810,000	3,485,000	675,000
Total expenditures (Including debt service)	27,381,494	29,080,670	1,699,176
Net change in fund balance	10,284,149	543,330	(9,740,819)
Ending operating cash	13,581,217	14,055,870	474,653
Ending replacement reserves	8,818,523	8,887,200	68,677
Total cash	\$ 22,399,740	\$ 22,943,070	\$ 543,330

¹ UCF Owned facilities include 4,608 beds in Apollo, Libra, Nike, Hercules, Neptune, and Lake Claire communities, along with 4 Greek homes.

² Rental income projections for fiscal year 2022-23 are based on 98% fall and spring occupancy projections.

³ HEERF Lost Revenue for COVID-19 revenue impact from April 2020-December 2020.

⁴ Other revenue is projected to increase in fiscal year 2022-23 based on conference activities improving to near pre-COVID levels.

⁵ Salaries and Benefits for fiscal year 2022-23 are projected to increase as some vacancies are filled.

⁶ Other Personnel Expenses are estimated to increase due to the Florida minimum wage rate increasing from \$8.56 to \$10.00 per hour (16.82%).

⁷ Operating expenses are increasing primarily due to a change in methodology for university calculation of overhead from 11% of expenditures to 9% of revenues.

⁸ Debt service is scheduled to decrease in accordance with the amortization schedule for the Series 2018A bonds.

Housing Transfers to Construction		
	2021-22 Estimated Actuals	2022-23 Proposed Budget
Replacement of Fire Alarm - Academic Village 111/112	90,000	
Replacement of Fire Alarm - Osceola Hall		450,000
Replacement of Fire Alarm - Academic Village 102	450,000	
Replacement of Fire Alarm - Academic Village 104-105		500,000
Replacement of Fire Alarm - Lake Hall	445,000	

Replacement of HVAC units - Nike 102	850,000	
Fresh Air Introduction Project - Seminole Hall	375,000	
Replacement of Brevard, Orange, and Seminole Stairwells	600,000	300,000
Fresh Air Introduction Project - Orange Hall		400,000
Replacement of roof - Brevard Hall		200,000
Replacement of heat pumps\fresh air - Nike 102		250,000
Replacement of mechanical room doors - Apollo Community		80,000
Replacement of energy wheel - Sumter Hall		125,000
Sealing of building - Sumter Hall		125,000
Refurbish Elevator - Sumter Hall		155,000
Replacement of HVAC units - Nike 101		900,000
Total Construction Transfers	\$ 2,810,000	\$ 3,485,000

Board of Trustees
Budget and Finance Committee | February 15, 2022

INFO-1: University Investment Report – 2nd Quarter, Ended December 31, 2021

☒ **Information**

☐ **Discussion**

☐ **Action**

Meeting Date for Upcoming Action: _____

Purpose and Issues to be Considered:

The university treasury office has worked with our &Co investment consultants to prepare the attached quarterly investment report for the quarter ended December 31, 2021. This quarter includes the following highlights and notable changes:

1. As a result of significant gains in the domestic equity market, the university reached an allocation percentage of 20.4% for domestic equities in Pool III. University policy allows for a range of 10% - 20% for domestic equities in Pool III, with a target percentage of 15%. The university directed the BNY custodial agent to transfer \$8,000,000 out of Pool III domestic equities, and to transfer \$7,990,000 into Pool III Intermediate Fixed Income investments and \$10,000 into Pool III money market funds to cover investment related expenses. This rebalancing resulted in a new Pool III domestic equity allocation of 15.4% at the time of rebalancing.
2. As a result of significant gains in the domestic equity market, the University reached an allocation percentage of 56.8% for domestic equities in Pool IV. University policy allows for a range of 40% - 50% for domestic equities in Pool IV, with a target percentage of 45%. The university directed the BNY custodial agent to transfer \$17,000,000 out of Pool IV domestic equities, and to transfer \$16,990,000 into Pool IV broad market fixed Income investments and \$10,000 into Pool IV money market funds to cover investment related expenses. This rebalancing resulted in a new Pool IV domestic equity allocation of 45.0% at the time of rebalancing.
3. The BNY structured investment portfolio reported quarterly gains, net of fees, of 2.94% which significantly exceeded the returns of the Special Purpose Investment Account (SPIA), which reported returns of .20% for the quarter.

This item is provided to the trustees quarterly for information purposes only.

Background Information:

The attached report provides an update on the university's investment portfolio for the quarter ended December 31, 2021 (Attachment A).

As of December 31, 2021, the university had the following cash and investment balances:

Bank of America operating account	\$ 32,748,862
State of Florida Special Purpose Investment Account (SPIA)	301,859,830
Bank of New York Structured Investment Portfolio	<u>362,185,789</u>
Total Cash and Investments	\$ 696,794,481



The structured investment portfolio earned quarterly net gains totaling \$ 10,349,653

The structured investment portfolio earned fiscal year-to-date net gains totaling \$ 10,567,075.

Recommended Action:

For information only.

Alternatives to Decision:

N/A

Fiscal Impact and Source of Funding:

N/A

Authority for Board of Trustees Action:

Sections 1011.42(5) and 218.415, Florida Statutes; UCF-4.014 Investments; UCF Investment Policy Manual

Contract Reviewed/Approved by General Counsel ☐ N/A ☒

Committee Chair or Chair of the Board has approved adding this item to the agenda ☒

Submitted by:

Gerald Hector, Senior Vice President for Administration and Finance

Supporting Documentation:

Attachment A: University Investment Report – 2nd Quarter, Ended December 31, 2021

Attachment B: BNY Rebalancing Letter Dated November 22, 2021

Facilitators/Presenters:

Gerald Hector, Senior Vice President for Administration and Finance

Bert Francis, Assistant Vice President for Debt Management and University Treasurer

Investment Performance Review
Period Ending December 31, 2021

University of Central Florida Board Summary Report



On behalf of everyone at AndCo, we want to Thank You for the opportunity to serve and the trust you place in us! 2021 marked another unique year as society continued to deal with the effects of the global pandemic. While this environment caused all organizations to reassess their business models and service approach, AndCo has remained steadfast in our belief and conviction that the best way to service our valued clients is within a model that is independent, singularly focused, customized, and passionately delivered. These four AndCo principles drive our service approach and desire to exceed your expectations. We take our role as your consultant and trusted advisor seriously and will continue working hard to maintain your confidence.

Looking back at 2021, we would like to provide a brief update on the firm. We advise on approximately \$123 billion in client assets, as of June 30, 2021. 2021 also marked the 21st straight year of revenue growth for the firm. We continue to reinvest 100% of our net profits back into the organization so that we can continue to evolve and adapt within a market environment that is constantly changing and challenging. Put simply, stasis is not an effective strategy, and we are convicted in our belief that a firm not focused on moving forward in our industry is moving backward.

To execute on our commitment, we continued to make personnel and technology investments within the firm. Our personnel investments focused on further enhancing departmental service levels and narrowing perceived gaps. We continued to invest in our proprietary software system to more effectively and efficiently compile and share information across departments and ultimately better serve our clients. We also continued to build out our internal site (the intranet) so colleagues could stay connected with the firm and gain a deeper understanding of standard operating procedures and collectively service our clients the AndCo way. Our intranet also helped strengthen our internal brand and culture by pushing out a variety of daily firm updates, videos, and interactive posts to increase team member bonds to our values, core philosophies, and ultimately, brought the firm closer together. We believe these connections are increasingly important in the COVID environment when many team members remain wholly or partially remote and we will continue to explore innovative ways to be together in 2022.

As we start 2022, we are 87 team members strong with plans to grow. We are targeting several new positions for the year as we thoughtfully continue to invest in our firm to provide the quality services you expect from AndCo. These talent enhancements cover multiple departments including Research and Client Solutions, which will strengthen our alternative and public market research as well as our client service. We are also looking to add team members to our Consulting, Finance, Marketing, and IT departments.

While adding so many resources to a firm our size is a significant investment, it is one we embrace due to the impact we believe it will have on our ability to continue serving our clients at a high level and push us closer to our vision of being a transformational organization viewed as the leader in our industry.

At the beginning of each year, we discuss the AndCo partnership and, when earned, announce new partners. This year I am thrilled to share two new team members were named partners at AndCo – Brian Green and Kerry Richardville. Brian has been with the firm for over 6 years and is currently a consultant based out of our Detroit, Michigan office. Kerry has been with AndCo for over 5 years and is a consultant based in Orlando. We could not be happier for both Brian and Kerry or more grateful for the contributions they have made to AndCo since joining the firm. Brian and Kerry represent what it means to be an AndCo team member, and we are honored and fortunate to have them serving our clients. With the addition of Brian and Kerry, we have 13 partners representing various departments at AndCo, which provides diverse perspectives and insight. Our growing partnership group continues to strengthen AndCo and reaffirm our belief that 100% employee management is vital to protecting our mission, vision, values, and the long-term success of our organization. We enter 2022 with an unwavering commitment to serve you the best we possibly can.

Coming off a year that provided many of our clients record returns, we recognize results going forward may be more challenging to obtain. Please know we will continue to invest and evolve our firm in aiming to meet these realities. We do not take any client relationship for granted and will continue to work tirelessly to serve, earn your trust, add value, and exceed your expectations. We are honored and humbled you have chosen AndCo as your partner.

In closing, and as we have stated since our rebrand in 2017, our name, AndCo, reminds us of who we work for every day - “Our Client” & Co. You will always be first in our service model. As we continue to discuss strategic decisions and reinvestments regarding our firm, please know that our decisions are filtered through the following question: “How does this keep our clients’ interests first?” If it doesn’t meet this standard, we don’t do it - it’s that simple.

Thank you again for your valued partnership and the opportunity to serve you. Happy New Year!



Mike Welker, CFA
CEO

Organizational Chart

PARTNERSHIP

Mike Welker, CFA®
Brian Green
Bryan Bakardjiev, CFA®
Dan Johnson
Dan Osika, CFA®
Donna Sullivan
Evan Scussel, CFA®, CAIA®

Jacob Peacock, CPFA
Jason Purdy
Kerry Richardville, CFA®
Kim Spurlin, CPA
Steve Gordon
Troy Brown, CFA®

LEADERSHIP & MANAGEMENT

Mike Welker, CFA®
CEO

Bryan Bakardjiev, CFA®
COO

Kim Spurlin, CPA
CFO

Sara Searle
CCO

Stacie Runion
CHRO

Steve Gordon
Partner

Troy Brown, CFA®
Executive Director

Brooke Wilson, CIPM®
Client Solutions Director

Dan Johnson
Consulting Director

Daniel Kwasny, CIPM®
Client Solutions Director

Evan Scussel, CFA®, CAIA®
Research Director

Jack Evatt
Consulting Director

Jacob Peacock, CPFA
Consulting Director

Jason Purdy
I.T. Director

Molly Halcom
Marketing Director

Philip Schmitt
Research Director

Rachel Brignoni, MHR
People & Culture Director

INVESTMENT POLICY COMMITTEE

Mike Welker, CFA®
Bryan Bakardjiev, CFA®
Troy Brown, CFA®
Sara Searle

CONSULTING

Annette Bidart
Brad Hess, CFA®, CPFA
Brendon Vavrica, CFP®
Brian Green
Chris Kuhn, CFA®, CAIA®
Christiaan Brokaw, CFA®
Dave West, CFA®
Doug Anderson
Gwelda Swilley
Ian Jones
James Ross
Jeff Kuchta, CFA®, CPFA
Jennifer Brozstek

Jennifer Gainfort, CFA®, CPFA
John Mellinger
John Thinnies, CFA®, CAIA®
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Fixed Income & Capital Markets

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Public Equity



87
EMPLOYEES

38 ADVANCED
DEGREES

23 CFA®

8 CAIA®

8 CPFA

6 CIPM®

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Asset Allocation and Performance

	Allocation		Performance(%)						
	Market Value \$	%	QTR	FYTD	1 YR	3 YR	5 YR	Inception	Inception Date
Total Fund (Net)	362,185,789	100.00	2.94	3.01	7.46	9.65	7.19	5.13	04/01/2010
SPIA (Net)			0.20	0.44	1.04	2.19	1.97	1.83	
Total Fund (Gross)	362,185,789	100.00	2.94	3.01	7.51	9.72	7.26	5.22	04/01/2010
Pool II	54,534,605	15.06	-0.12	-0.06	0.06	1.78	1.70	0.96	04/01/2010
Pool II Policy			-0.14	-0.12	-0.04	1.41	1.35	0.76	
Pool III	161,197,740	44.51	1.54	1.69	4.05	6.51	5.11	4.21	04/01/2010
Pool III Policy			1.03	1.15	3.08	6.09	4.57	3.89	
Pool IV	146,453,443	40.44	5.76	5.73	14.90	17.81	12.85	9.99	04/01/2010
Pool IV Policy			5.76	5.66	14.42	16.80	12.14	9.90	



Comparative Performance Trailing Returns													
	QTR		FYTD		1 YR		3 YR		5 YR		Inception		Inception Date
Pool II	-0.12	(48)	-0.06	(62)	0.06	(73)	1.78	(59)	1.70	(70)	0.96	(80)	04/01/2010
Pool II Policy	-0.14	(49)	-0.12	(76)	-0.04	(92)	1.41	(80)	1.35	(85)	0.76	(91)	
IM U.S. Cash Fixed Income (SA+CF) Median	-0.14		0.01		0.18		1.80		1.74		1.41		
Galliard (Pool II)	-0.12	(48)	-0.06	(62)	0.06	(73)	1.78	(59)	1.70	(70)	0.96	(80)	04/01/2010
Pool II Policy	-0.14	(49)	-0.12	(76)	-0.04	(92)	1.41	(80)	1.35	(85)	0.76	(91)	
IM U.S. Cash Fixed Income (SA+CF) Median	-0.14		0.01		0.18		1.80		1.74		1.41		



Comparative Performance Trailing Returns

	QTR	FYTD	1 YR	3 YR	5 YR	Inception	Inception Date
Pool III (Net)	1.54	1.68	3.99	6.44	5.04	4.11	04/01/2010
Pool III Policy	1.03	1.15	3.08	6.09	4.57	3.89	
Pool III (Gross)	1.54	1.69	4.05	6.51	5.11	4.21	04/01/2010
Pool III Policy	1.03	1.15	3.08	6.09	4.57	3.89	
Pool III - Domestic Equity	11.02 (16)	11.65 (15)	28.67 (31)	26.05 (33)	18.44 (33)	14.47 (43)	04/01/2010
Pool III Equity Policy	11.03 (15)	11.67 (15)	28.71 (30)	26.07 (33)	18.47 (32)	15.14 (34)	
IM U.S. Equity (SA+CF+MF) Median	7.51	6.83	25.38	22.61	15.01	13.88	
Pool III - Fixed Income	-0.60 (89)	-0.56 (90)	-0.89 (93)	2.99 (31)	2.43 (34)	2.20 (36)	04/01/2010
BofA Merrill Lynch 1-5 Yr Gov/Corp A Rated & Above	-0.69 (93)	-0.68 (99)	-1.01 (97)	2.64 (63)	2.09 (71)	1.85 (58)	
IM U.S. Short Duration Fixed Income (SA+CF) Median	-0.47	-0.38	-0.22	2.79	2.27	1.96	

Pool III Policy: 15% S&P500, 85% BofA ML 1-5 Yr Gov/Credit Rated A and Above; Pool III Domestic Equity Policy: 100% S&P500
Returns for periods greater than one year are annualized.
Returns are expressed as percentages.



Comparative Performance

Pool III

As of December 31, 2021

	QTR	FYTD	1 YR	3 YR	5 YR	Inception	Inception Date
Domestic Equity							
Vanguard Instl (Pool III)	11.02 (13)	11.65 (11)	28.67 (8)	26.05 (6)	18.44 (6)	15.86 (5)	07/01/2013
S&P 500 Index	11.03 (3)	11.67 (1)	28.71 (1)	26.07 (3)	18.47 (2)	15.89 (1)	
IM S&P 500 Index (MF) Median	10.94	11.50	28.25	25.64	18.06	15.42	
Fixed Income							
Galliard (Pool III)	-0.64 (90)	-0.58 (91)	-0.85 (92)	3.18 (20)	2.58 (24)	2.31 (31)	04/01/2010
BofA Merrill Lynch 1-5 Yr Gov/Corp A Rated & Above	-0.69 (93)	-0.68 (99)	-1.01 (97)	2.64 (63)	2.09 (71)	1.85 (58)	
IM U.S. Short Duration Fixed Income (SA+CF) Median	-0.47	-0.38	-0.22	2.79	2.27	1.96	
Sawgrass (Pool III)	-0.61 (89)	-0.58 (91)	-0.98 (96)	2.74 (55)	2.25 (54)	2.06 (44)	04/01/2010
BofA Merrill Lynch 1-5 Yr Gov/Corp A Rated & Above	-0.69 (93)	-0.68 (99)	-1.01 (97)	2.64 (63)	2.09 (71)	1.85 (58)	
IM U.S. Short Duration Fixed Income (SA+CF) Median	-0.47	-0.38	-0.22	2.79	2.27	1.96	

Pool III Policy: 15% S&P500, 85% BofA ML 1-5 Yr Gov/Credit Rated A and Above; Pool III Domestic Equity Policy: 100% S&P500
Returns for periods greater than one year are annualized.
Returns are expressed as percentages.



Comparative Performance Trailing Returns

	QTR	FYTD	1 YR	3 YR	5 YR	Inception	Inception Date
Pool IV (Net)	5.76	5.73	14.87	17.77	12.81	9.87	04/01/2010
Pool IV Policy	5.76	5.66	14.42	16.80	12.14	9.90	
Pool IV (Gross)	5.76	5.73	14.90	17.81	12.85	9.99	04/01/2010
Pool IV Policy	5.76	5.66	14.42	16.80	12.14	9.90	
Pool IV - Total Equity	8.72	8.65	22.99	24.41	17.28	12.97	04/01/2010
Pool IV Equity Policy	8.89	8.66	23.79	23.17	16.56	13.07	
Pool IV - Domestic Equity	11.02 (16)	11.65 (15)	28.67 (31)	26.05 (33)	18.44 (33)	14.51 (43)	04/01/2010
Pool IV Domestic Equity Policy	11.03 (15)	11.67 (15)	28.71 (30)	26.07 (33)	18.47 (32)	15.14 (34)	
IM U.S. Equity (SA+CF+MF) Median	7.51	6.83	25.38	22.61	15.01	13.88	
Pool IV - International Equity	-1.13 (75)	-3.43 (65)	2.85 (70)	17.96 (22)	12.85 (23)	7.21 (31)	04/01/2010
MSCI AC World ex USA	1.88 (44)	-1.05 (53)	8.29 (51)	13.70 (51)	10.12 (46)	6.13 (50)	
IM International Equity (MF) Median	1.21	-0.62	8.42	13.72	9.86	6.10	
Pool IV - Fixed Income	-0.16 (75)	-0.09 (71)	-0.90 (32)	5.72 (36)	4.31 (36)	4.18 (40)	04/01/2010
Pool IV Fixed Income Policy	0.01 (29)	0.06 (40)	-1.55 (69)	4.79 (90)	3.57 (93)	3.53 (92)	
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	-0.06	0.02	-1.28	5.47	4.10	4.07	

Pool IV Policy: Prior to 7/1/2015: 30% BC Agg, 5% BC TIPS, 50% S&P500, 15% MSCI ACWxUS; 7/1/2015 to present: 50% S&P500, 15% MSCI ACWxUS, 35% BC Agg

Pool IV Equity Policy: 77% S&P500, 23% MSCI ACWxUS

Pool IV Domestic Equity Policy: 100% S&P500

Pool IV Fixed Policy: Prior to 7/1/2015: 86% BC Agg, 14% BC TIPS; 7/1/2015 to present: 100% BC Agg

Returns for periods greater than one year are annualized and are expressed as percentages.



Comparative Performance

Pool IV

As of December 31, 2021

	QTR	FYTD	1 YR	3 YR	5 YR	Inception	Inception Date
Domestic Equity							
Vanguard Instl (Pool IV)	11.02 (13)	11.65 (11)	28.67 (8)	26.05 (6)	18.44 (6)	15.86 (5)	07/01/2013
S&P 500 Index	11.03 (3)	11.67 (1)	28.71 (1)	26.07 (3)	18.47 (2)	15.89 (1)	
IM S&P 500 Index (MF) Median	10.94	11.50	28.25	25.64	18.06	15.42	
International Equity							
Europacific Growth (Pool IV)	-1.13 (98)	-3.43 (97)	2.85 (98)	17.96 (5)	12.86 (2)	7.86 (7)	04/01/2010
MSCI AC World ex USA	1.88 (74)	-1.05 (82)	8.29 (75)	13.70 (36)	10.12 (16)	6.13 (40)	
IM International Multi-Cap Core Equity (MF) Median	2.81	1.12	10.46	13.16	9.18	5.92	
Fixed Income							
Galliard Broad (Pool IV)	0.11 (11)	0.16 (25)	-0.79 (28)	5.56 (47)	4.27 (38)	4.21 (39)	04/01/2010
Blmbg. U.S. Aggregate Index	0.01 (29)	0.06 (40)	-1.55 (69)	4.79 (90)	3.57 (93)	3.52 (93)	
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	-0.06	0.02	-1.28	5.47	4.10	4.07	
Dodge & Cox Income (Pool IV)	-0.43 (85)	-0.33 (73)	-0.91 (29)	5.97 (18)	4.37 (11)	3.76 (6)	11/01/2014
Blmbg. U.S. Aggregate Index	0.01 (22)	0.06 (27)	-1.55 (61)	4.79 (70)	3.57 (61)	3.04 (51)	
IM U.S. Broad Market Core Fixed Income (MF) Median	-0.14	-0.11	-1.32	5.17	3.71	3.06	

Pool IV Policy: Prior to 7/1/2015: 30% BC Agg, 5% BC TIPS, 50% S&P500, 15% MSCI ACWxUS; 7/1/2015 to present: 50% S&P500, 15% MSCI ACWxUS, 35% BC Agg

Pool IV Equity Policy: 77% S&P500, 23% MSCI ACWxUS

Pool IV Domestic Equity Policy: 100% S&P500

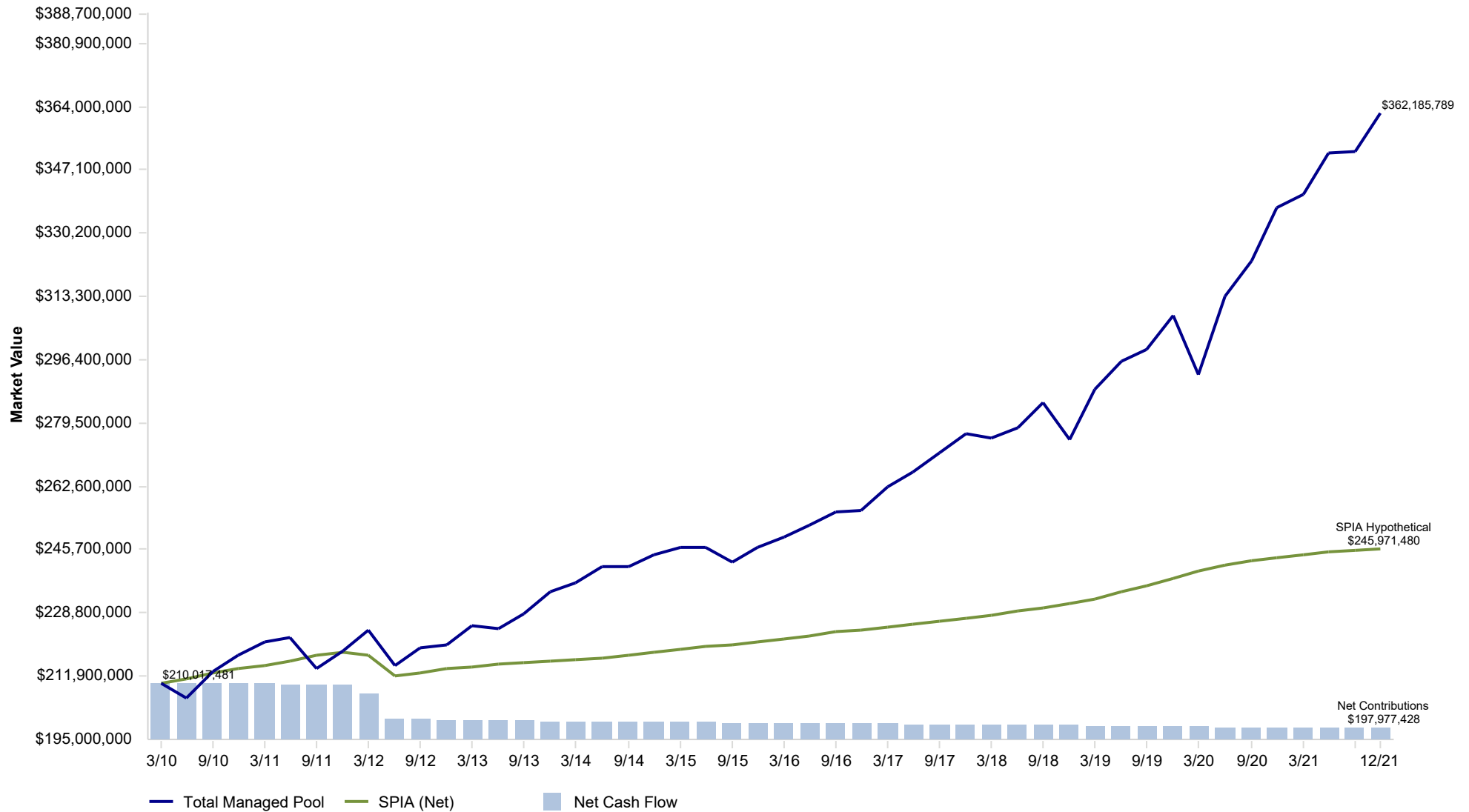
Pool IV Fixed Policy: Prior to 7/1/2015: 86% BC Agg, 14% BC TIPS; 7/1/2015 to present: 100% BC Agg

Returns for periods greater than one year are annualized and are expressed as percentages.



Schedule of Investable Assets
Total Managed Pool
Since Inception Ending December 31, 2021

Schedule of Investable Assets



Schedule of Investable Assets

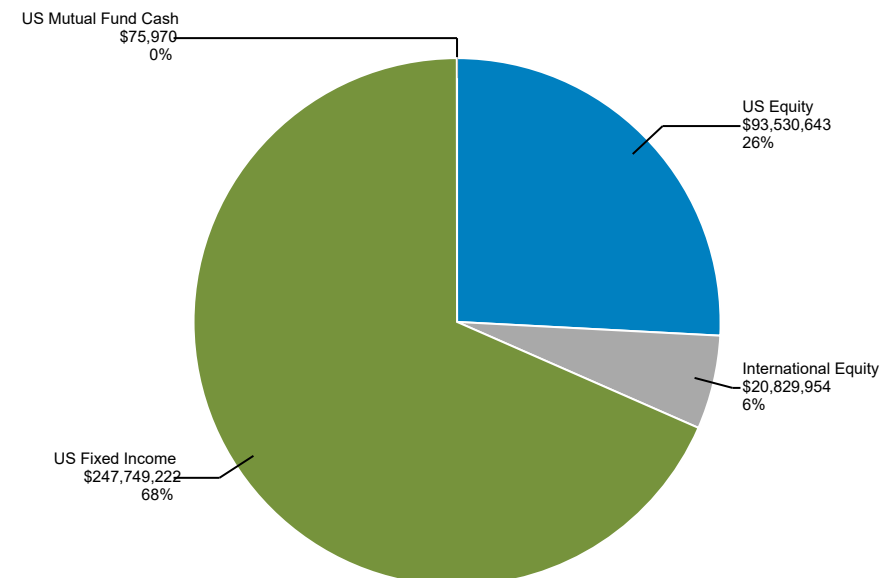
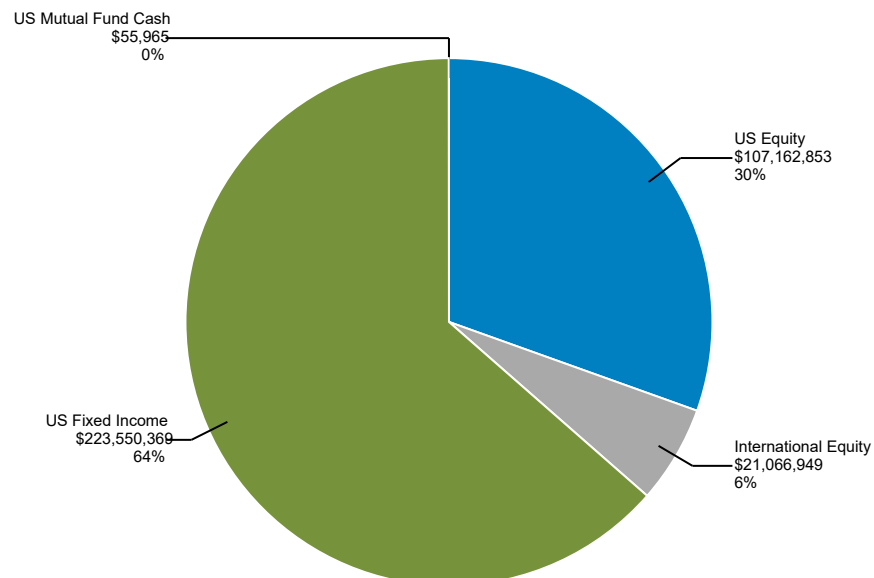
Periods Ending	Beginning Market Value	Net Cash Flow	Gain/Loss	Ending Market Value	Return %
Inception	\$210,017,481	-\$12,040,053	\$164,208,361	\$362,185,789	5.22

Returns for periods greater than one year are annualized.
Net cash flows include those associated with management fees, portfolio expenses, and operating withdrawals. Expenses are reduced by commission recapture income received.
A prior period adjustment resulted in a \$30 change to the beginning MV.



September 30, 2021 : \$351,836,136

December 31, 2021 : \$362,185,789

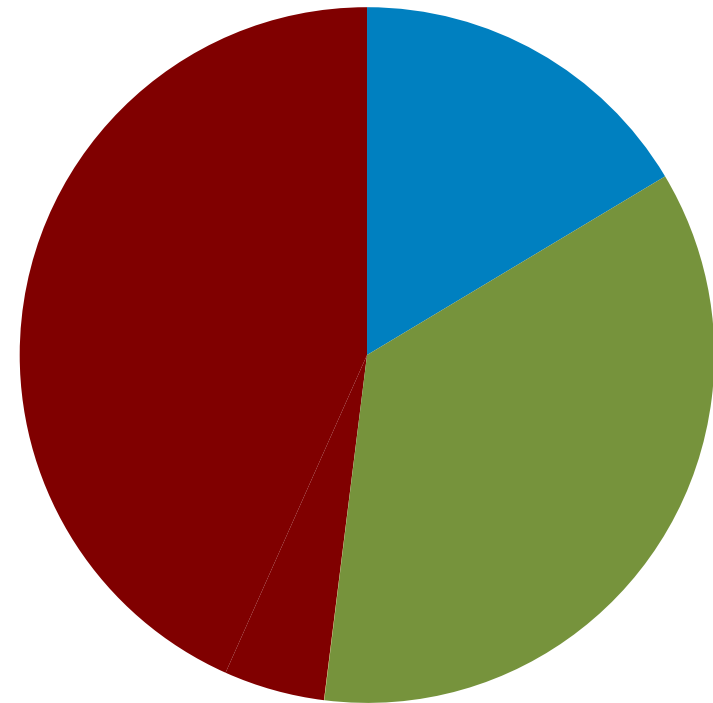
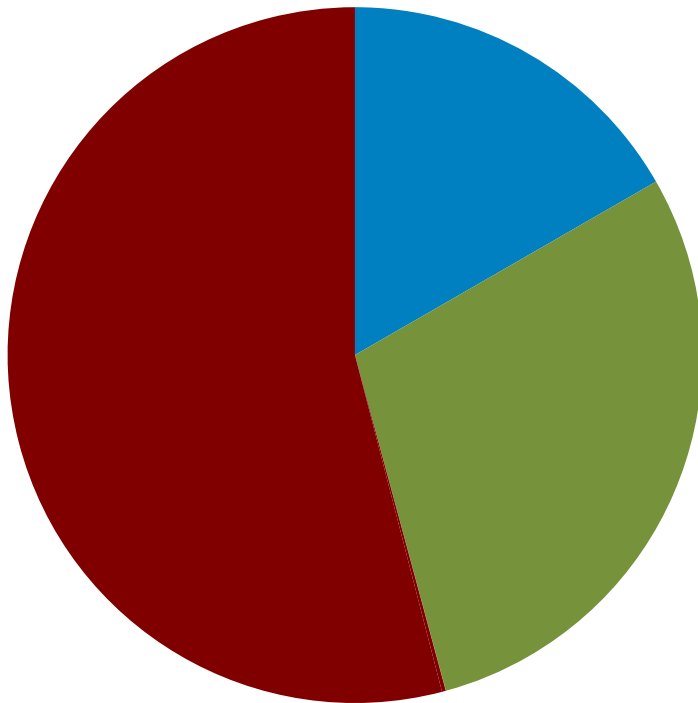


Allocation			Allocation		
	Market Value	Allocation		Market Value	Allocation
US Equity	107,162,853	30.5	US Equity	93,530,643	25.8
International Equity	21,066,949	6.0	International Equity	20,829,954	5.8
US Fixed Income	223,550,369	63.5	US Fixed Income	247,749,222	68.4
US Mutual Fund Cash	55,965	0.0	US Mutual Fund Cash	75,970	0.0



September 30, 2021 : \$768,331,637

December 31, 2021 : \$696,794,481



Allocation			Allocation		
	Market Value	Allocation		Market Value	Allocation
Equity	128,229,802	16.7	Equity	114,360,597	16.4
Fixed Income	223,550,369	29.1	Fixed Income	247,749,222	35.6
Mutual Fund Cash	55,965	0.0	Mutual Fund Cash	75,970	0.0
Bank of America	1,353,109	0.2	Bank of America	32,748,862	4.7
SPIA	415,142,392	54.0	SPIA	301,859,830	43.3



Financial Reconciliation
Total Managed Pool
1 Quarter Ending December 31, 2021

Financial Reconciliation Quarter to Date									
	Market Value 10/01/2021	Net Transfers	Contributions	Distributions	Management Fees	Other Expenses	Income	Apprec./ Deprec.	Market Value 12/31/2021
Pool I	-	-	-	-	-	-	-	-	-
Fidelity MM (Pool I)	-	-	-	-	-	-	-	-	-
Pool II	54,602,481	-	-	-	-	-	123,682	-191,558	54,534,605
Galliard (Pool II)^	54,602,481	-	-	-	-	-	123,682	-191,558	54,534,605
Pool III	158,757,525	-	-	-	-10,144	-	1,305,616	1,144,743	161,197,740
Pool III - Fixed	128,140,698	7,990,000	-	-	-10,144	-	562,044	-1,341,791	135,340,807
Galliard (Pool III)	70,170,631	7,990,000	-	-	-	-	286,237	-713,862	77,733,006
Sawgrass (Pool III)	57,970,066	-	-	-	-10,144	-	275,808	-627,929	57,607,801
Pool III - Dom Equity	30,592,197	-8,000,000	-	-	-	-	743,571	2,486,534	25,822,302
Vanguard Instl (Pool III)	30,592,197	-8,000,000	-	-	-	-	743,571	2,486,534	25,822,302
Pool III - Mutual Fund Cash	24,631	10,000	-	-	-	-	1	-	34,632
Pool IV	138,476,130	-	-	-	-	-	3,390,291	4,587,022	146,453,443
Pool IV - Fixed	40,807,190	16,990,000	-	-	-	-	378,430	-301,811	57,873,810
Galliard Broad (Pool IV)	24,596,262	16,990,000	-	-	-	-	197,930	-52,191	41,732,002
Dodge & Cox Income (Pool IV)	16,210,928	-	-	-	-	-	180,500	-249,620	16,141,808
Pool IV - Dom Equity	76,570,656	-17,000,000	-	-	-	-	1,949,707	6,187,978	67,708,341
Vanguard Instl (Pool IV)	76,570,656	-17,000,000	-	-	-	-	1,949,707	6,187,978	67,708,341
Pool IV - Int'l Equity	21,066,949	-	-	-	-	-	1,062,151	-1,299,146	20,829,954
Europacific (Pool IV)	21,066,949	-	-	-	-	-	1,062,151	-1,299,146	20,829,954
Pool IV - Mutual Fund Cash	31,334	10,000	-	-	-	-	3	-	41,338
Total Managed Pool	351,836,136	-	-	-	-10,144	-	4,819,589	5,540,208	362,185,789



Financial Reconciliation
Total Managed Pool
July 1, 2021 To December 31, 2021

Financial Reconciliation Fiscal Year to Date									
	Market Value 07/01/2021	Net Transfers	Contributions	Distributions	Management Fees	Other Expenses	Income	Apprec./ Deprec.	Market Value 12/31/2021
Pool I	-	-	-	-	-	-	-	-	-
Fidelity MM (Pool I)	-	-	-	-	-	-	-	-	-
Pool II	54,568,970	-	-	-	-	-	280,920	-315,285	54,534,605
Galliard (Pool II)^	54,568,970	-	-	-	-	-	280,920	-315,285	54,534,605
Pool III	158,536,868	-	55	-	-20,287	-	1,995,167	685,937	161,197,740
Pool III - Fixed	128,094,193	7,990,000	-	-	-20,287	-	1,148,804	-1,871,904	135,340,807
Galliard (Pool III)	70,129,997	7,990,000	-	-	-	-	598,009	-984,999	77,733,006
Sawgrass (Pool III)	57,964,197	-	-	-	-20,287	-	550,796	-886,904	57,607,801
Pool III - Dom Equity	30,418,100	-8,000,000	-	-	-	-	846,361	2,557,841	25,822,302
Vanguard Instl (Pool III)	30,418,100	-8,000,000	-	-	-	-	846,361	2,557,841	25,822,302
Pool III - Mutual Fund Cash	24,575	10,000	55	-	-	-	2	-	34,632
Pool IV	138,512,876	-	83	-	-	-	3,876,272	4,064,213	146,453,443
Pool IV - Fixed	40,777,166	16,990,000	-	-	-	-	607,132	-500,488	57,873,810
Galliard Broad (Pool IV)	24,581,960	16,990,000	-	-	-	-	354,302	-194,259	41,732,002
Dodge & Cox Income (Pool IV)	16,195,207	-	-	-	-	-	252,830	-306,229	16,141,808
Pool IV - Dom Equity	76,134,900	-17,000,000	-	-	-	-	2,206,985	6,366,456	67,708,341
Vanguard Instl (Pool IV)	76,134,900	-17,000,000	-	-	-	-	2,206,985	6,366,456	67,708,341
Pool IV - Int'l Equity	21,569,559	-	-	-	-	-	1,062,151	-1,801,755	20,829,954
Europacific (Pool IV)	21,569,559	-	-	-	-	-	1,062,151	-1,801,755	20,829,954
Pool IV - Mutual Fund Cash	31,251	10,000	83	-	-	-	4	-	41,338
Total Managed Pool	351,618,714	-	138	-	-20,287	-	6,152,359	4,434,865	362,185,789



Pool I:	Yes	No	N/A
Investments limited to registered 2a-7 mutual funds, CDARS, and or/SPIA.			✓
Pool II:	Yes	No	N/A
All fixed income investments shall maintain a minimum rating of "A-" or higher by a major credit rating service.	✓		
The weighted average quality of the fixed income portfolio shall maintain a rating of "AA+" or higher.	✓		
Duration of the fixed income portfolio shall not exceed the effective duration of the Merrill Lynch 1-Year Treasury index by 25%.	✓		
The maximum average effective maturity of any single security shall not exceed 3 years.	✓		
Operating Pool II shall maintain a dollar-weighted average effective maturity of 1 year or less.	✓		
Pool III Equity:	Yes	No	N/A
Investments in equity securities shall not exceed twenty-percent (20%) of the market value of Operating Pool III's assets.	✓		
Pool III Fixed Income:	Yes	No	N/A
All fixed income investments shall maintain a minimum rating of "A-" or higher by a major credit rating service.*		✓	
The weighted average quality of the fixed income portfolio shall maintain a rating of "AA-" or higher.	✓		
The duration of the fixed income portfolio shall not exceed the effective duration of the benchmark by 50%.	✓		
Operating Pool III shall maintain a dollar-weighted average effective maturity of 7 years or less.	✓		
Pool IV Equity:	Yes	No	N/A
Investment in equity securities shall not exceed seventy-five percent (75%) of the market value of Operating Pool IV's assets.	✓		
Foreign securities shall not exceed twenty-percent (20%) of the market value of Operating Pool IV's assets.	✓		
Pool IV Fixed Income:	Yes	No	N/A
All fixed income investments shall maintain a minimum rating of "investment grade" or higher by a major credit rating service.	✓		
The weighted average quality of the fixed income portfolio shall maintain a rating of "A-" or higher.	✓		
Duration of the fixed income portfolio shall not exceed the effective duration of the benchmark by 50%.	✓		

*As previously communicated, the Galliard Pool III portfolio holds four bonds rated BBB/Baa2/BBB+.

	Estimated Annual Fee (%)	Market Value (\$)	Estimated Annual Fee (\$)	Fee Schedule
Fidelity MM*	0.21	-	-	0.21 % of Assets
Pool I		-	-	
Galliard	0.10	54,534,605	54,535	0.10 % of Assets
Pool II	0.10	54,534,605	54,535	
Galliard	0.10	77,733,006	77,733	0.10 % of Assets
Sawgrass	0.07	57,607,801	40,325	0.07 % of Assets
Pool III - Fixed Income	0.09	135,340,807	118,058	
Vanguard Institutional Index*	0.04	25,822,302	9,038	0.04 % of Assets
Pool III - Domestic Equity	0.04	25,822,302	9,038	
Mutual Fund Cash*	0.21	34,632	73	0.21 % of Assets
Pool III	0.08	161,197,740	127,169	
Galliard Broad	0.20	41,732,002	83,464	0.20 % of Assets
Dodge & Cox Income*	0.42	16,141,808	67,796	0.42 % of Assets
Pool IV - Fixed Income	0.26	57,873,810	151,260	
Vanguard Institutional Index*	0.04	67,708,341	23,698	0.04 % of Assets
Pool IV - Domestic Equity	0.04	67,708,341	23,698	
Europacific Growth*	0.46	20,829,954	95,818	0.46 % of Assets
Pool IV - International Equity	0.46	20,829,954	95,818	
Mutual Fund Cash*	0.21	41,338	87	0.21 % of Assets
Pool IV	0.18	146,453,443	270,862	
Total Managed Pool	0.12	362,185,789	452,566	

*Audited expense ratio.

**The University of Central Florida pays Bank of New York Mellon a custodial fee of 2.5 basis points annually, billed quarterly on each account's market value.

***The University of Central Florida pays AndCo an all inclusive fee, billed quarterly in arrears, of \$110,000 for investment consulting services.



Active Return	- Arithmetic difference between the manager's performance and the designated benchmark return over a specified time period.
Alpha	- A measure of the difference between a portfolio's actual performance and its expected return based on its level of risk as determined by beta. It determines the portfolio's non-systemic return, or its historical performance not explained by movements of the market.
Beta	- A measure of the sensitivity of a portfolio to the movements in the market. It is a measure of the portfolio's systematic risk.
Consistency	- The percentage of quarters that a product achieved a rate of return higher than that of its benchmark. Higher consistency indicates the manager has contributed more to the product's performance.
Distributed to Paid In (DPI)	- The ratio of money distributed to Limited Partners by the fund, relative to contributions. It is calculated by dividing cumulative distributions by paid in capital. This multiple shows the investor how much money they got back. It is a good measure for evaluating a fund later in its life because there are more distributions to measure against.
Down Market Capture	- The ratio of average portfolio performance over the designated benchmark during periods of negative returns. A lower value indicates better product performance
Downside Risk	- A measure similar to standard deviation that utilizes only the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. A higher factor is indicative of a riskier product.
Excess Return	- Arithmetic difference between the manager's performance and the risk-free return over a specified time period.
Excess Risk	- A measure of the standard deviation of a portfolio's performance relative to the risk free return.
Information Ratio	- This calculates the value-added contribution of the manager and is derived by dividing the active rate of return of the portfolio by the tracking error. The higher the Information Ratio, the more the manager has added value to the portfolio.
Public Market Equivalent (PME)	- Designs a set of analyses used in the Private Equity Industry to evaluate the performance of a Private Equity Fund against a public benchmark or index.
R-Squared	- The percentage of a portfolio's performance that can be explained by the behavior of the appropriate benchmark. A high R-Squared means the portfolio's performance has historically moved in the same direction as the appropriate benchmark.
Return	- Compounded rate of return for the period.
Sharpe Ratio	- Represents the excess rate of return over the risk free return divided by the standard deviation of the excess return. The result is an absolute rate of return per unit of risk. A higher value demonstrates better historical risk-adjusted performance.
Standard Deviation	- A statistical measure of the range of a portfolio's performance. It represents the variability of returns around the average return over a specified time period.
Total Value to Paid In (TVPI)	- The ratio of the current value of remaining investments within a fund, plus the total value of all distributions to date, relative to the total amount of capital paid into the fund to date. It is a good measure of performance before the end of a fund's life
Tracking Error	- This is a measure of the standard deviation of a portfolio's returns in relation to the performance of its designated market benchmark.
Treynor Ratio	- Similar to Sharpe ratio but utilizes beta rather than excess risk as determined by standard deviation. It is calculated by taking the excess rate of return above the risk free rate divided by beta to derive the absolute rate of return per unit of risk. A higher value indicates a product has achieved better historical risk-adjusted performance.
Up Market Capture	- The ratio of average portfolio performance over the designated benchmark during periods of positive returns. A higher value indicates better product performance.



AndCo compiled this report for the sole use of the client for which it was prepared. AndCo is responsible for evaluating the performance results of the Total Fund along with the investment advisors by comparing their performance with indices and other related peer universe data that is deemed appropriate. AndCo uses the results from this evaluation to make observations and recommendations to the client.

AndCo uses time-weighted calculations which are founded on standards recommended by the CFA Institute. The calculations and values shown are based on information that is received from custodians. AndCo analyzes transactions as indicated on the custodian statements and reviews the custodial market values of the portfolio. As a result, this provides AndCo with a reasonable basis that the investment information presented is free from material misstatement. This methodology of evaluating and measuring performance provides AndCo with a practical foundation for our observations and recommendations. Nothing came to our attention that would cause AndCo to believe that the information presented is significantly misstated.

This performance report is based on data obtained by the client's custodian(s), investment fund administrator, or other sources believed to be reliable. While these sources are believed to be reliable, the data providers are responsible for the accuracy and completeness of their statements. Clients are encouraged to compare the records of their custodian(s) to ensure this report fairly and accurately reflects their various asset positions.

The strategies listed may not be suitable for all investors. We believe the information provided here is reliable, but do not warrant its accuracy or completeness. Past performance is not an indication of future performance. Any information contained in this report is for informational purposes only and should not be construed to be an offer to buy or sell any securities, investment consulting, or investment management services.

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UNIVERSITY OF CENTRAL FLORIDA

Office of the Sr. Vice President
Administration and Finance
 4365 Andromeda Loop N, MH384
 Orlando, FL 32816-0020

UNIVERSITY OF CENTAL FLORIDA
CUSTODIAN LETTER OF DIRECTION

November 17, 2021

Dean Kozusko
 BNY Mellon Trust Company
 10161 Centurion Parkway
 Jacksonville, FL 32256

RE: Pool III & Pool IV Rebalancing Transactions

The University of Central Florida Operating Fund (UCF) directs BNY to complete the following mutual fund sales, cash transfer to a managed account in Pool 3, and mutual fund purchase in Pool 4 to rebalance UCF's internal Pool III and Pool IV portfolios.

POOL III

Account Number	Investment Manager	Amount	Transaction
740338	Vanguard Institutional Index	(\$8,000,000)	Sell VINIX and transfer cash proceeds as directed
740338	Fidelity MM sweep	\$10,000	Purchase Fidelity Gov't MM
740058	Galliard	\$7,990,000	Transfer Receipt

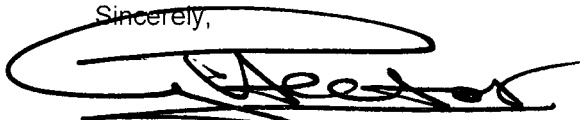
POOL IV

Account Number	Investment Manager	Amount	Transaction
740339	Vanguard Institutional Index	(\$17,000,000)	Sell VINIX and make following purchase and transfer
740062	Fidelity MM sweep	\$10,000	Purchase Fidelity Gov't MM
740059	Galliard	\$16,990,000	Transfer Receipt

Please notify Galliard when the cash is free to trade in Pools 3 and 4.

Should you need any further information or have any questions or concerns, please do not hesitate to contact UCF or our consultant, Dave West, or Kerry Richardville at 844-44-ANDCO.

Sincerely,

A handwritten signature in black ink, appearing to read "G. Hector", with a large, sweeping loop at the end.

Gerald L. Hector
Sr. Vice President

cc:

Albert Francis, III, Treasurer

Danta White, Controller

Dave West and Kerry Richardville, AndCo.

Pete Schmit, Galliard



**Board of Trustees
Budget and Finance Committee | February 15, 2022**

INFO-2: Direct Support Organizations' (DSO) Financial Reports – 1st Quarter, Ended September 30, 2021

☒ **Information**

☐ **Discussion**

☐ **Action**

Meeting Date for Upcoming Action: _____

Purpose and Issues to be Considered:

In keeping with UCF's Presidential goals to improve internal communications methods and channels to provide timely, relevant, and transparent information to faculty and staff, this item is provided to the trustees quarterly for information purposes only.

Background Information:

The first quarter financial reports for the university direct support organizations and the Central Florida Clinical Practice Organization are attached and have been previously presented to each of the respective organization's board of directors. The reports compare year-to-date actuals to the year-to-date budget and to the same period of the prior year. This agenda item does not include the first quarter report for UCF Athletics Association. As stated in the previous agenda item, a full updated report for both quarters will be forthcoming at the next BOT meeting.

UCF Academic Health

UCF Academic Health, Inc. supports medical education, research, and patient care through the planning and development of clinical initiatives and affiliated partnerships that serve the educational, research, and clinical mission of the College of Medicine. It began operations in July 2019 and is partnered with HCA in developing UCF Lake Nona Medical Center, which will serve as a teaching hospital for UCF, and manages lease arrangements with private partners in the UCF Lake Nona Cancer Center.

Current year revenues and expenditures are trending in line with budgeted expectations and exceed prior year due to new tenants added during the second half of the prior year. The surplus/ (deficit) is \$0 because all income after direct expenses is encumbered for future rent payments and CAM payable to the UCF Real Estate Foundation.

UCF Stadium Corporation

The Stadium Corporation received pledged revenues from the Athletic Association, premium seat revenue and other revenues including concessions and interest earnings to fund the debt used to construct the football stadium. Any surplus remaining after debt service and operating expenses is transferred back to the Association to fund its operations. The corporation was successful in meeting the debt payments due in September 2021.

Premium seating revenues of \$2.3 million are materially consistent with pre-pandemic trends and the significant favorable variance from prior year is attributed to fewer home games and reduced spectator capacity during the fall 2020 football season.

Unbudgeted other operating revenues of \$0.2 million were received from an insurance loss claim for stadium damage. These funds were remitted to UCF Athletics Association to administer payments for the repairs.

Services and supplies expenditures include rust remediation expenses of \$0.1 million were funded by settlement proceeds received in fiscal year 2020. Approximately \$0.2 million of unspent settlement funds were carried over from the prior year.

UCF Convocation Corporation

The Convocation Corporation operates four student residence halls (Towers Knights Plaza), the convocation center (Addition Financial Arena and The Venue), surrounding retail space (Knights Plaza), and adjacent parking. The operation of these facilities funds the debt service obligations related to its housing and arena bonds.

The Corporation was able to meet its semi-annual debt service payments due October 1, 2021. Consistent with prior years, a \$2.2 million transfer from the university pursuant to the 100-day use agreement was also made and is included in arena rental income in the report and is critical for the Arena's debt service payment due annually on October 1st. Estimated debt coverage ratio based on budgeted revenues and expenses for fiscal year 2022 were 146% and 136% respectively for the housing and arena bonds. The required debt coverage ratio per trust indenture is 120%.

Additional highlights were as follows:

Housing Operations – Apartment rental revenue of \$8.5 million is trending with budgeted expectations for the current fiscal year and are \$2.4 million above prior year due to pandemic related refunds/cancellations. This includes fall revenues of \$7.0 million, which is consistent with pre-pandemic trends and \$1.5 million of summer revenues that were deferred from fiscal year 2021. Parking revenues for the first quarter were transferred from UCF Parking Services as anticipated per the lease agreement.

Student Housing Market – Towers fall 2021 occupancy is 7.5% higher than fall 2020 and is currently 99.2%. Off-campus private student occupancy is reported at a weighted average of 97.8%. Overall, the on-campus student housing market is strong at 100% occupancy. Northview at 100% and UnionWest at 94% are also showing strong occupancy numbers.

Retail Operations – Retail revenues were \$23K or 4.8% lower than anticipated. This is due to the non-renewal of a UCF affiliated tenant (Cypress Room) that was not anticipated at the time the budget was developed. Overall sales for Knights Plaza are trending up 65% compared to prior year and up 10% from fiscal year 2020. The most significant impact has been labor issues forcing reduced hours of operation by our retail vendors.

Arena Operations – Event operating income improved versus budget due to several concerts performing better than anticipated, particularly in ancillary income, and the timing of these events occurring earlier in the fiscal year than expected (Yeison Jimenez, Impulse Ministries, and Katt Williams). Indirect expenses have been mostly in line, or trending slightly under, projections, except for utilities, where lighter than pre-pandemic event volume during the summer has caused savings in chilled water usage associated with air conditioning.

UCF Finance Corporation

The Finance Corporation holds debt related to the construction of the Burnett Biomedical Sciences building on the health sciences campus in Lake Nona and the construction of the UCF downtown campus.

Transfers from university represents rent due pursuant to the 2017 amended and restated operating lease agreement and used to pay down the Burnett Biomedical Sciences building loan. This report reflects the amount received to cover the related debt service plus operating costs reduced by interest income. Transfers are presented in this format to mirror the financial statement presentation. Total transfers from the university will be approximately \$4.0 million for the fiscal year. Prior year transfers from the university will fund the principal and interest due this fiscal year. The loan matures in 2038, with an outstanding principal balance of \$53.0 million as of September 30, 2021.

Transfers from UCF Foundation represents the receipt of donor pledges used to secure and pay down the UCF downtown construction note. Transfers and principal payments were \$0.2 million for the first quarter. The outstanding principal balance as of September 30, 2021, was \$1.4 million. A sufficient amount of pledges to pay off this balance were received subsequent to the end of the quarter, well ahead of the note's March 2023 maturity date. All remaining pledges received will be transferred to the university.

Debt service includes scheduled principal (\$2.7 million) and interest (\$0.7 million) payments on the Burnett building loan and principal (\$0.2 million) on the UCF downtown construction note.

UCF Foundation

The UCF Foundation's principal function is to provide charitable and educational aid to the university. The information provided in the quarterly reports is a reflection of the Foundation's unrestricted activity only and does not include income distribution from endowment or revenue for current operations with donor designations and restrictions.

The decrease in university and other support revenue relates to an overall decrease in the university budget, coupled with a reduction in salary related expenses that remain unfilled as well as vacant positions. Gifts, fees and investments earnings realized an unfavorable variance to budget and prior year driven exclusively by investment returns. The financial markets were relatively flat in the current fiscal year compared to strong investment earnings for first quarter prior year.

The Foundation dispersed \$5.9 million on behalf of the university in support of programs, scholarships, and other university priorities. Resources for these expenditures comes in the form of spendable distributions from endowed funds as well as restricted (\$5.8 million) and unrestricted (\$0.1 million) gifts for current operations.

UCF Limbitless Solutions

Limbitless Solutions Inc. (LSI) researches and manufactures assistive disability technology with a focus on educational enrichment through K-12 STEAM engagements and a collegiate student scholar program designed to provide students with real-world experience.

LSI management assigns quarterly budget amounts based on best estimates for when revenues and expenses will accrue. Revenues from donations, sponsorships, grants, speaking engagements, and educational workshops are expected to be received later in the fiscal year.

Operational expenses include materials and medical research study and were less than anticipated due to new clinical trials not beginning in the first quarter. When developing the budget, LSI management anticipated being moved out of Knights Plaza lease sooner, thus resulting in increased spending for rent and utilities in first quarter. The current lease arrangement in the Research Park lease does not include costs associated with utilities. Insurance premiums increased for the new lab space due to the additional coverage of a larger space.

The non-operating activity in the prior and current years represents donations collected and specifically designated for the LSI lab renovation project and expenses incurred to complete the project with an approved budget of \$379,151. The lease improvement project has concluded with no changes needed to the original budgeted amounts. LSI received donations to cover the costs of the renovations and is waiting on one additional donation to recover additional costs related to the HVAC system.

UCF Research Foundation

The Research Foundation promotes and supports the research activities of faculty, staff, and students. Its operating revenue and expenses include contracts, grants, royalties, contributions, rents, conferences, unit residuals, and consortiums.

Operating revenues and expenses exceed budget primarily due to the timing of funds related to contracts and grants, contributions and other agreements and additional funding from sponsors such as Lockheed Martin and Adobe, Inc.

Management fees and other revenue is materially consistent with budget and exceeds prior year due to the increase in the Federal Indirect Rate from 49% to 52%.

Central Florida Clinical Practice Organization

The CFCPO is an affiliated organization formed to provide administrative services for the faculty practice plan, UCF Health, and other clinical operations of the College of Medicine.

Infusion Center activity which is ramping up in its first year of operations is included in actuals, but not in the budget. This creates an unfavorable variance in Supplies and Repairs expenses. However, those expenses are offset by the Infusion Center revenue which is also included. The Infusion Center is currently breaking even.

Recommended Action:

For information only.

Alternatives to Decision:

N/A

Fiscal Impact and Source of Funding:

N/A

Authority for Board of Trustees Action:

Specific trustee request.

Contract Reviewed/Approved by General Counsel ☐ N/A ☒

Committee Chair or Chair of the Board has approved adding this item to the agenda ☒

Submitted by:

Gerald Hector, Senior Vice President for Administration and Finance

Supporting Documentation:

Attachment A: UCF Academic Health

Attachment B: UCF Stadium Corporation

Attachment C: UCF Convocation Corporation

Attachment D: UCF Finance Corporation

Attachment E: UCF Foundation

Attachment F: UCF Limbitless Solutions

Attachment G: UCF Research Foundation

Attachment H: Central Florida Clinical Practice Organization

Facilitators/Presenters:

Gerald Hector, Senior Vice President for Finance and Administration

Christina Tant, Assistant Vice President for DSO Accounting and Reporting

Attachment A

UCF Academic Health, Inc.
Statement of Operations
Quarter Ended September 30, 2021

	Annual Budget	2021-22				2020-21		
		YTD Budget	Actual	\$ Variance	% Variance	Actual	\$ Variance	% Variance
Revenues								
Real estate	\$ 2,644,288	\$ 653,473	\$ 653,473	\$ -	0.0 %	\$ 63,116	\$ 590,357	935.4 %
Total revenues	2,644,288	653,473	653,473	-	0.0 %	63,116	590,357	935.4 %
Expenditures								
Professional services	15,340	3,835	4,094	259	6.8 %	3,750	344	9.2 %
Facility expense	2,451,492	605,704	605,939	235	0.0 %	47,736	558,203	1169.4 %
Information technology	7,680	1,920	1,750	(170)	(8.9)%	1,803	(53)	(2.9)%
Other operating expense	169,776	42,014	41,690	(324)	(0.8)%	9,827	31,863	324.2 %
Total expenditures	2,644,288	653,473	653,473	-	0.0 %	63,116	590,357	935.4 %
Surplus/ (Deficit)	\$ -	\$ -	\$ -	\$ -	0.0 %	\$ -	\$ -	0.0 %

Attachment B

UCF Stadium Corporation
Statement of Operations
Quarter Ended September 30, 2021

	2021-22					2020-21		
	Annual Budget	YTD Budget	Actual	\$ Variance	% Variance	Actual	\$ Variance	% Variance
Operating Revenues								
Premium seating	\$ 2,570,453	\$ 1,953,544	\$ 2,315,633	\$ 362,089	18.5 %	\$ 774,307	\$ 1,541,326	66.6 %
Concessions and catering	425,000	-	-	-		-	-	
Contributions	375,000	-	-	-	0.0 %	250,000	(250,000)	0.0 %
Other	430,000	-	218,500	218,500	0.0 %	-	218,500	100.0 %
Total operating revenues	3,800,453	1,953,544	2,534,133	580,589	29.7 %	1,024,307	1,509,826	59.6 %
Operating Expenditures								
Services and supplies	598,220	110,720	144,645	33,925	30.6 %	804,806	(660,161)	(456.4)%
							-	0.0 %
Total operating expenditures	598,220	110,720	144,645	33,925	30.6 %	804,806	(660,161)	(456.4)%
Nonoperating revenues / (expenditures)								
Net transfers from UCF Athletics Association	370,437	(1,056,462)	1,968,272	911,810	86.3 %	824,496	1,143,776	58.1 %
Interest income	54,108	13,527	11,556	(1,971)	(14.6)%	18,035	(6,479)	(56.1)%
Interest expense	(1,599,778)	(799,889)	(799,889)	-	0.0 %	(841,803)	(41,914)	5.2 %
Principal	(2,027,000)	-	-	-	0.0 %	-	-	0.0 %
Total nonoperating revenues / (expenditures)	(3,202,233)	(1,842,824)	1,179,939	662,885	36.0 %	728	1,179,211	99.9 %
Surplus/ (Deficit)	\$ -	\$ -	\$ 3,569,427	\$ 3,569,427	100.0 %	\$ 220,229	\$ 2,169,987	60.8 %
Debt Service								
Principal	\$ 2,027,000	\$ -	\$ -	\$ -	0.0 %	\$ -	\$ -	0.0 %
Interest	1,599,778	799,889	799,889	-	0.0 %	841,803	(41,914)	(5.2)%
Total Debt Service	\$ 3,626,778	\$ 799,889	\$ 799,889	\$ -	0.0 %	\$ 841,803	\$ (41,914)	(5.2)%

Attachment C

UCF Convocation Corporation Statement of Operations Quarter Ended September 30, 2021

	2021-22					2020-21		
	Annual Budget	YTD Budget	Actual	\$ Variance	% Variance	Actual	\$ Variance	% Variance
Housing Operations								
Revenues								
Apartment rentals	\$ 17,143,024	\$ 8,583,845	\$ 8,581,157	\$ (2,688)	(0.0)%	\$ 6,177,481	\$ 2,403,676	38.9 %
Parking	1,036,388	259,097	259,097	-	0.0 %	259,097	-	0.0 %
Other	110,000	27,500	44,586	17,086	62.1 %	26,568	18,018	67.8 %
Total revenues	18,289,412	8,870,442	8,884,840	14,398	0.2 %	6,463,146	2,421,694	37.5 %
Expenditures								
Expenses - Operations	5,085,077	1,437,048	1,510,506	73,457	5.1 %	1,398,411	112,095	8.0 %
Expenses - R&R	620,000	8,690	8,690	-	0.0 %	465,872	(457,182)	(98.1)%
Total expenditures	5,705,077	1,445,738	1,519,196	73,457	5.1 %	1,864,283	(345,088)	(18.5)%
Surplus/ (Deficit) from housing operations	12,584,335	7,424,704	7,365,644	(59,059)	(0.8)%	4,598,863	2,766,781	60.2 %
Retail Operations								
Total revenues	1,984,313	485,329	462,062	(23,267)	-4.8%	502,665	(40,603)	(8.1)%
Total expenditures	391,493	102,774	53,452	(49,322)	-48.0%	98,291	(44,839)	(45.6)%
Surplus/ (Deficit) from retail operations	1,592,820	382,555	408,610	(72,589)	-19.0%	404,374	4,236	1.0 %
Arena Operations								
Event related	3,394,180	343,112	978,610	635,498	185.2%	-	978,610	100.0 %
Premium seating and sponsorship	1,305,000	83,500	39,190	(44,310)	-53.1%	22,124	17,066	77.1 %
Rental Income	2,735,000	2,333,750	2,333,750	-	0.0%	2,333,750	-	0.0 %
Other	132,596	19,945	18,994	(951)	-4.8%	3,215	15,779	490.8 %
Total revenues	7,566,776	2,780,307	3,370,544	590,237	21.2%	2,359,089	1,011,455	42.9 %
Expenditures								
Direct event	2,574,225	209,490	723,242	513,752	245.2%	-	723,242	100.0 %
Operating and indirect event	4,358,724	1,065,472	890,147	(175,325)	-16.5%	665,232	224,915	33.8 %
Direct premium seating	225,830	43,000	-	(43,000)	-100.0%	-	-	0.0 %
Expenses - R&R	272,000	-	-	-	0.0%	21,599	(21,599)	(100.0)%
Total expenditures	7,430,779	1,317,962	1,613,389	295,427	22.4%	686,831	926,558	134.9 %
Surplus/ (Deficit) from arena operations	135,997	1,462,345	1,757,155	294,810	20.2%	1,672,258	84,897	5.1 %
Surplus/ (Deficit)	\$ 14,313,152	\$ 9,269,604	\$ 9,531,410	\$ 261,806	2.8%	\$ 6,675,495	\$ 2,855,915	42.8 %
Debt Service								
Principal	\$ 8,290,000	\$ -	\$ -	\$ -		\$ -	\$ -	
Interest	5,767,155	-	-	-		-	-	
Total Debt Service	\$ 14,057,155	\$ -	\$ -	\$ -		\$ -	\$ -	

Attachment D

UCF Finance Corporation Statement of Operations Quarter Ended September 30, 2021

	2021-22					2020-21		
	Annual Budget	YTD Budget	Actual	\$ Variance	% Variance	Actual	\$ Variance	% Variance
Revenues								
Transfers from University - Burnett Loan	\$ 1,276,121	\$ 663,000	\$ 664,340	\$ 1,340	0.2 %	\$ 694,360	\$ (30,020)	(4.3)%
Transfers from Foundation - Downtown Pledges	2,342,194	200,000	170,000	(30,000)	(15.0)%	102,871	67,129	65.3 %
Investment Income	46,000	11,500	18,142	6,642	57.8 %	14,599	3,543	24.3 %
Total revenues	3,664,315	874,500	852,482	(22,018)	(2.5)%	811,830	40,652	5.0 %
Expenditures								
Interest	1,329,136	668,172	668,172	-	0.0 %	699,624	(31,452)	(4.5)%
Operating	17,985	15,000	14,310	(690)	(4.6)%	9,335	4,975	53.3 %
Total expenditures	1,347,121	683,172	682,482	(690)	(0.1)%	708,959	(26,477)	(3.7)%
Surplus/ (Deficit)	\$ 2,317,194	\$ 191,328	\$ 170,000	\$ (21,328)	(11.1)%	\$ 102,871	\$ 67,129	65.3 %
Debt Service								
Principal	\$ 5,026,194	\$ 2,854,000	\$ 2,854,000	\$ -	0.0 %	\$ 2,723,871	\$ 130,129	4.8 %
Interest	1,329,136	668,172	668,172	-	0.0 %	699,624	(31,452)	(4.5)%
Total Debt Service	\$ 6,355,330	\$ 3,522,172	\$ 3,522,172	\$ -		\$ 3,423,495	\$ 98,677	

Attachment E

UCF Foundation Inc. Statement of Operations Quarter Ended September 30, 2021

	2021-22					2020-21		
	Annual Budget	YTD Budget	Actual	\$ Variance	% Variance	Actual	\$ Variance	% Variance
Unrestricted Revenues								
University and other related support	\$ 11,089,696	\$ 3,696,565	\$ 3,159,979	\$ (536,586)	(14.5)%	\$ 3,563,698	\$ (403,719)	(11.3)%
Gift, fees and investment earnings	7,303,250	1,803,313	1,536,092	(267,221)	(14.8)%	3,018,293	(1,482,201)	(49.1)%
Real estate operations	2,000,000	500,000	500,000	-	0.0 %	500,000	-	0.0 %
Total unrestricted revenues	20,392,946	5,999,878	5,196,071	(803,807)	(13.4)%	7,081,991	(1,885,920)	(26.6)%
Unrestricted Expenditures								
Academic and university support	1,081,647	157,287	117,827	(39,460)	(25.1)%	97,539	20,288	20.8 %
Development, alumni relations, and operations	19,149,899	5,177,785	3,731,686	(1,446,099)	(27.9)%	3,979,761	(248,075)	(6.2)%
Total unrestricted expenditures	20,231,546	5,335,072	3,849,513	(1,485,559)	(27.8)%	4,077,300	(227,787)	(5.6)%
Surplus/ (Deficit)	\$ 161,400	\$ 664,806	\$ 1,346,558	\$ 681,752	102.5 %	\$ 3,004,691	\$ (1,658,133)	(55.2)%
Debt Service								
Principal	\$ 2,427,000	\$ 1,000,000	\$ 1,000,000	\$ -	0.0 %	\$ -	\$ 1,000,000	0.0 %
Interest	493,373	-	-	-	0.0 %	-	-	0.0 %
Total Debt Service	\$ 2,920,373	\$ 1,000,000	\$ 1,000,000	\$ -		\$ -	\$ 1,000,000	

The information provided above is a reflection of the foundation's unrestricted activity only and does not include income distribution from endowment or revenue for current operations with donor designations and restrictions.

For the quarter ended September 30, 2021, the foundation dispersed **\$5.9 million** on behalf of the university in support of programs, scholarships, and other university priorities. Resources for these expenditures comes in the form of spendable distributions from endowed funds as well as restricted and unrestricted gifts for current operations, provided as follows:

Unrestricted	\$ 117,827
Restricted (included endowment)	5,762,164
Total Dispersed	\$ 5,879,991

Attachment F

Limbitless Solutions Inc. Statement of Operations Quarter Ended September 30, 2021

	2021-22					2020-21		
	Annual Budget	YTD Budget	Actual	\$ Variance	% Variance	Actual	\$ Variance	% Variance
Revenues								
Donations	\$ 500,000	\$ 125,000	\$ 180,449	\$ 55,449	44.4 %	\$ 54,515	\$ 125,934	231.0 %
Sponsorships	75,000	-	-	-	0.0 %	25,000	(25,000)	(100.0)%
Other	72,500	2,500	1,064	(1,436)	(57.4)%	2,001	(937)	(46.8)%
Total revenues	647,500	127,500	181,513	54,013	42.4 %	81,516	99,997	122.7 %
Expenditures								
Operations	416,371	108,943	66,499	(42,444)	(39.0)%	29,909	36,590	122.3 %
Total expenditures	416,371	108,943	66,499	(42,444)	(39.0)%	29,909	36,590	122.3 %
Surplus/ (Deficit) from operations	\$ 231,129	\$ 18,557	\$ 115,014	\$ 96,457	519.8 %	\$ 51,607	\$ 63,407	122.9 %
Nonoperating revenues / (expenditures)								
Renovation donations	\$ -	\$ -	\$ 5,000	\$ 5,000	100.0 %	\$ 308,069	\$ (303,069)	(98.4)%
Renovation expense	-	-	196,745	196,745	100.0 %	-	196,745	100.0 %
Total nonoperating revenues / (expenditures)	\$ -	\$ -	\$ (191,745)	\$ (191,745)	100.0 %	\$ 308,069	\$ (499,814)	(162.2)%

LSI Lease Improvement Project	FY 2021	FY 2022	2-Year Total
Beginning Balance	\$ -	\$ 179,576	\$ -
Renovation Donations	390,569	5,000	395,569
Renovation Expense	210,993	196,745	407,738
Ending Balance	\$ 179,576	\$ (12,169)	\$ (12,169)

Attachment G

UCF Research Foundation Statement of Operations Quarter Ended September 30, 2021

	Annual Budget	2021-22				2020-21		
		YTD Budget	Actual	\$ Variance	% Variance	Actual	\$ Variance	% Variance
Revenues								
Operating revenues	\$ 12,460,000	\$ 3,181,250	\$ 3,470,414	\$ 289,164	9.1 %	\$ 3,207,827	\$ 262,587	8.2 %
Management fees and other	1,500,000	250,000	243,997	(6,003)	(2.4)%	586,489	(342,492)	(58.4)%
Total revenues	13,960,000	3,431,250	3,714,411	283,161	8.3 %	3,794,316	(79,905)	(2.1)%
Expenditures								
Operating expenses	13,603,750	3,431,250	3,706,782	275,532	8.0 %	3,342,948	363,834	10.9 %
Total expenditures	13,603,750	3,431,250	3,706,782	275,532	8.0 %	3,342,948	363,834	10.9 %
Surplus/ (Deficit)	\$ 356,250	\$ -	\$ 7,629	\$ 7,629	100.0 %	\$ 451,368	\$ (443,739)	(98.3)%

Attachment H

**Central Florida Clinical Practice Organization
Statement of Operations
Quarter Ended September 30, 2021**

	Annual Budget	2021-22				2020-21		
		YTD Budget	Actual	\$ Variance	% Variance	Actual	\$ Variance	% Variance
Revenues								
Patient care	\$ 7,781,723	\$ 1,783,646	\$ 1,735,234	\$ (48,412)	(2.7)%	\$ 1,809,038	\$ (73,804)	(4.1)%
Other	964,645	215,032	150,558	(64,474)	(30.0)%	212,597	(62,039)	(29.2)%
Total revenues	8,746,368	1,998,678	1,885,792	(112,886)	(5.6)%	2,021,635	(135,843)	(6.7)%
Operating Expenditures								
Professional Services	724,547	172,215	78,857	(93,358)	(54.2)%	101,077	(22,220)	(22.0)%
Supplies and Repairs ¹	648,160	144,753	353,777	209,024	144.4 %	285,285	68,492	24.0 %
Facility expense	501,390	124,836	126,369	1,533	1.2 %	119,678	6,691	5.6 %
Information Technology	387,095	103,847	86,295	(17,552)	(16.9)%	91,624	(5,329)	(5.8)%
Other operating expense	90,280	20,493	11,185	(9,308)	(45.4)%	12,301	(1,116)	(9.1)%
Total operating expenditures	2,351,472	566,144	656,483	90,339	16.0 %	609,965	46,518	7.6 %
Nonoperating Expenditures								
Transfers out	5,894,896	1,174,216	55,254	(1,118,962)	(95.3)%	347,416	(292,162)	(84.1)%
Total Transfer to the College of Medicine	5,894,896	1,174,216	55,254	(1,118,962)	(95.3)%	347,416	(292,162)	(84.1)%
Total expenditures	8,246,368	1,740,360	711,737	(1,028,623)	(59.1)%	957,381	(245,644)	(25.7)%
Surplus/ (Deficit)	\$ 500,000	\$ 258,318	\$ 1,174,055	\$ 915,737	354.5 %	\$ 1,064,254	\$ 109,801	10.3 %