



UNIVERSITY OF
SOUTH FLORIDA

DIRECT SUPPORT ORGANIZATIONS

QUARTER 2 FOR FISCAL YEAR 2022-2023

Period Ended December 31, 2022

DSO Q2 Financial Reports for FY 2023

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Unaudited Interim Financial Statements

For the Quarter ended
December 31, 2022

Records of the University of South Florida are subject to disclosure under the Florida Public Records law unless exempt by law. Documents made or received by a USF Foundation agent in connection with the transaction of business by the USF Foundation are confidential and exempt from F.S. 119 pursuant to F.S. 1004.28(5) and in accordance with the USF Foundation Policy on Confidentiality of USF Foundation Documents.



EXECUTIVE SUMMARY

MAJOR BUSINESS INITIATIVES - FY 2023

- Several initiatives for the USF Foundation and the Division of University Advancement are underway to facilitate and grow the crucial impact of philanthropy for USF. The talent acquisition for these new initiatives and restructuring of resources will continue throughout fiscal year 2023. The formation of a Principal Gifts Team will produce transformative gift opportunities that will generate an expansion of resources over the long term for the University. The establishment of a Regional Fundraising Team will provide an enhanced regional presence aiding college and unit development teams with additional resources to increase overall engagement outside of the USF campus areas. In an effort to adapt to a rapidly changing donor base, the expansion of the Annual Giving Team to include a Digital Engagement Center of well-trained students will provide needed outreach to University supporters to share success stories and University news through text-to-give programs, social media platforms, etc.
- The Foundation's investment strategy is to maximize support to the University while not endangering the ability to maintain the original purchasing power of donor investments over the long term. The Foundation's Investment Committee guides this process by actively monitoring the performance of our asset allocation, prudently considering the risks associated with each asset class and taking action if necessary to enhance the growth of the endowment over the long-term. The goal is to grow the endowment through continued solid investment returns and gifts. In order to provide for a consistent, reliable stream of income to the University the Foundation Board annually establishes a spending policy from the endowment to help mitigate the impact of market volatility on University programs that depend on the income to operate. The spending policy employs a 5 year average market value in its calculation which helps suppress the risk of volatility. Further, the Board approved a 4% dividend for fiscal year 2023, consistent with prior years.
- The Foundation supports program activities of the University for USF faculty & staff, student scholarships, research initiatives, and capital projects according to donor restrictions. These expenses can be funded by current gifts estimated on the annual plan, existing balances in accounts from gifts and distributions received in prior years, or projected endowment distributions during the year of about \$25.8 million. With the assistance of the Foundation, spending from these sources is directed by the colleges and units designated by our donors as the beneficiaries of their gifts.

EXPLANATION OF MAJOR VARIANCES

Statement of Net Position

- Cash in the Foundation's checking account is managed based on a frequent evaluation of gifts received and funding requests to be paid. A higher than usual balance at December 31st was maintained in the checking account due to significant pending funding requests due to USF including for salaries and other facilities projects. The increase in current investments is related to several large gifts received during the quarter and maintained in the operating investment pool to support Athletics facilities and the operations of various academic programs.
- Contributions receivable is reflective of the changes for new pledges to support current operations and payments on those pledges. Overall the contributions receivable balance decreased from the prior year with the fulfillment of major gift commitments supporting Athletics facilities and academic programs. A large portion of the overall receivable balance shifted to current assets as large installments are scheduled to be received in the upcoming fiscal year for the Indoor Performance Facility and the Taneja College of Pharmacy.
- The change in the investments is due to the performance of the market netted with gifts, distributions for dividends and administrative fees. The estimated return for the second quarter is a gain of approximately 0.98% driven by positive portfolio performance of international and domestic equities offset by decreases in private equities and private real assets.
- The change in the balance of Due from USF is a result of a loan pay-off of approximately \$6 million by a USF DSO for the USF Health Morsani College of Medicine and Heart Institute. Amounts Due to USF have increased for pending salary and facility project transfers at December 31st that were disbursed in January.

- The decrease in total net position relates to fluctuations experienced in the investment markets combined with new pledges, contributions to the endowment and the accumulation of gifts and unspent earnings. Gains/losses on the endowment pool are recorded in expendable net position and the decrease is a result of market fluctuations and spending policy distributions. The increase in nonexpendable endowment corpus is reflective of new gifts and pledge payments made to endowments. The increase in unrestricted net position represents an accumulation of administrative fees that have been appropriated for expenditure during fiscal year 2023.

Statement of Revenues, Expenses and Changes in Net Position

- During the current year, fundraising results include major gifts and pledges to support the Clean Energy Research Center Support Fund, Pediatric Clinic Expansion, STEM Scholarships and a large gift in kind was received supporting a student affairs public health initiative. In the prior year significant gifts of \$10 million to support the Fintech program and \$6.6 million to support the Athletics Indoor Performance Facility were received through the 2nd quarter of fiscal year 2022. Comparable gifts for the Athletics Indoor Performance Facility and academic programs were not received through the 2nd quarter of fiscal year 2023.
- Investment gains and losses are represented as operating revenues on the statement of revenues, expenses and changes in net position. This presentation is consistent with GASB standards as a primary function of the Foundation is the management and investment of charitable gifts made to benefit the university. The change in investment returns at December 31st impacts the fluctuation of investment income, realized/unrealized gains and losses. For FY23 the year-to-date gain was 0.98% and the prior year-to-date gain was 2% as of 12/31/2021.
- Program Service expenses in total were higher than the prior year-to-date amounts. Increases were a result of additional support sent to the university for faculty and staff salaries and need-based student scholarships. In addition, an increase in supplies were a result of transfers to the university for donated medical supplies associated with a student affairs public health initiative. The provision for doubtful accounts increased due to the restructuring of a commitment for university wide support.
- Fundraising and Operating costs were slightly higher overall when compared with the prior year-to-date amounts due to the various business initiatives related to the talent acquisition in University Advancement and preparations for the launch of the Digital Engagement Center in January 2023.
- The presentation of endowment contributions is consistent with GASB standards as a separate line item from contributions in operating revenues. Endowment contributions are recognized when payments are received rather than when pledged. Endowment contributions consist of outright gifts made to endowments, bequest or planned gift distributions to endowments and endowment pledge payments. The timing of endowment contributions payments may fluctuate based on the payment terms associated within the donors' pledge agreements.

Statement of Cash Flows

- Change in cash balance is due to the fluctuations in receipt of major gifts, dividend distributions and movement between the checking account, operating investment pool and the long-term endowment pool.



STATEMENT OF NET POSITION

	Current Year 12/31/2022	Prior Fiscal Year 6/30/2022	Variance \$	%
ASSETS				
Current assets:				
Cash and cash equivalents	5,847,759	1,729,525	4,118,234	238%
Investments	121,283,828	115,220,740	6,063,088	5%
Contribution receivable, net	19,686,399	15,637,867	4,048,532	26%
Lease and other receivable	695,387	1,084,134	(388,747)	-36%
Due from University of South Florida	-	6,313,843	(6,313,843)	-100%
Total Current Assets	\$ 147,513,373	\$ 139,986,109	7,527,264	5%
Non-current assets:				
Investments	\$ 600,650,217	\$ 605,177,450	(4,527,233)	-1%
Contribution receivable, net of current portion	27,012,828	35,651,875	(8,639,047)	-24%
Beneficial interest assets	20,072,240	20,034,565	37,675	0%
Lease and other receivable, net of current portion	4,087,974	4,115,650	(27,676)	-1%
Land	6,620,414	6,620,414	-	0%
Buildings, equipment and other, net	3,926,944	3,986,343	(59,399)	-1%
Works of Art	5,498,196	5,502,196	(4,000)	0%
Total noncurrent assets	667,868,813	681,088,493	(13,219,680)	-2%
Total assets	815,382,186	821,074,602	(5,692,416)	-1%
LIABILITIES				
Current liabilities:				
Accounts payable	2,582,603	1,984,621	597,982	30%
Due to USF	4,960,742	1,087,916	3,872,826	356%
Mortgage payable	417,950	412,506	5,444	1%
Life beneficiaries obligations	228,488	237,188	(8,700)	-4%
Total current liabilities	8,189,783	3,722,231	4,467,552	120%
Non-current liabilities:				
Mortgage payable, net of current portion	2,916,739	3,127,084	(210,345)	-7%
Due from USF, net of current portion	334,685	334,685	-	0%
Life Beneficiaries obligations, net of current portion	1,244,763	1,333,062	(88,299)	-7%
Total non-current liabilities	4,496,187	4,794,831	(298,644)	-6%
Total Liabilities	12,685,970	8,517,062	4,168,908	49%
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from remainder interest assets	1,443,546	1,500,530	(56,984)	-4%
Deferred inflows from beneficial interest assets	20,030,174	20,034,565	(4,391)	0%
Deferred inflows from leases	4,323,516	4,528,674	(205,158)	-5%
Total Deferred Inflows	25,797,236	26,063,769	(266,533)	-1%
NET POSITION				
Net investment in capital assets	12,710,865	12,569,363	141,502	1%
Restricted				
Expendable	\$338,394,260	359,332,623	(20,938,363)	-6%
Nonexpendable endowments	\$396,846,278	387,717,949	9,128,329	2%
Unrestricted	\$28,947,577	26,873,836	2,073,741	8%
Total net position	\$ 776,898,980	\$ 786,493,771	\$ (9,594,791)	-1%
	\$ 815,382,186	\$ 821,074,602		

\$ (0) \$ -

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STATEMENT OF REVENUES, EXPENSES and CHANGES IN NET POSITION

	<i>Year-to-Date Fiscal Year 2023</i>			
	6 months ended 12/31/2022	6 months ended 12/31/2021	Variance	
			\$	%
Operating Revenues:				
Contributions, gifts and bequests	\$ 16,447,923	\$ 36,549,753	(20,101,830)	-55%
Investment income	6,535,084	6,989,861	(454,777)	-7%
Unrealized investment losses	(3,708,754)	(12,442,201)	8,733,447	70%
Realized investment gains	716,972	19,882,359	(19,165,387)	-96%
Fundraising activities	1,168,699	1,244,275	(75,576)	-6%
Total operating (losses) revenues	21,159,924	52,224,047	(31,064,123)	-59%
Operating Expenditures:				
Salaries and benefits	10,883,533	10,403,013	480,520	5%
Scholarships/fellowships	4,055,491	3,543,927	511,564	14%
Contractual services	2,450,052	1,997,114	452,938	23%
Supplies	1,817,758	466,410	1,351,348	290%
Transfers to state - other	13,023,094	13,159,444	(136,350)	-1%
Travel, meals & auto	1,493,959	907,972	585,987	65%
Community relations	321,489	348,570	(27,081)	-8%
Depreciation	59,399	59,399	-	0%
Repairs and maintenance	164,455	155,383	9,072	6%
Provision for doubtful accounts	629,578	124,716	504,862	405%
Other	534,675	676,782	(142,107)	-21%
Total program service expense	35,433,483	31,842,730	3,590,753	11%
Fundraising & operating costs:				
Salaries and benefits	9,082,710	7,935,593	1,147,117	14%
Contractual services	1,038,036	757,641	280,395	37%
Other transfers and expenses	1,436,357	1,066,556	369,802	35%
Total fundraising & operating expense	11,557,103	9,759,790	1,797,314	18%
Total operating expenditures	46,990,586	41,602,520	5,388,067	13%
Net Operating (Loss) Gain	(25,830,662)	10,621,528	(36,452,190)	-343%
Nonoperating revenue				
University support	6,771,552	6,894,118	(122,566)	-2%
Total nonoperating revenues	6,771,552	6,894,118	(122,566)	-2%
(Loss)/Income before endowment contributions	(19,059,110)	17,515,646	(36,574,756)	-209%
Endowment contributions	9,464,319	11,735,681	(2,271,362)	-19%
Decrease in net position	(9,594,791)	29,251,327	(38,846,117)	-133%
Net position - beginning of year	786,493,771	889,230,412	(102,736,641)	-12%
Net position - end of year	776,898,980	918,481,739	(141,582,758)	-15%

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**UNIVERSITY OF SOUTH FLORIDA
FOUNDATION**

STATEMENT OF CASH FLOWS

	6 months ended 12/31/2022	Prior Fiscal Year 06/30/2022	Variance	
			\$	%
Change in net position	(9,594,791)	(134,363,021)	124,768,230	93 %
Operating Activities				
Investment (gains) losses, net	2,991,781	103,785,254	(100,793,473)	-97%
Depreciation	59,399	118,799	(59,400)	-50%
Change in assets/liabilities:				
Contributions receivable, net	(4,873,804)	5,805,898	(10,679,702)	-184%
Lease and other receivables, net	950,162	141,415	808,747	572 %
Books and art objects	4,000	(1,595,020)	1,599,020	100 %
Accounts payable & accrued expenses	615,227	1,576,405	(961,178)	-61%
Amts due to third-party beneficiaries	-	(230,000)	230,000	100 %
Due to (from) University of South Florida	4,194,694	(7,110,041)	11,304,735	159 %
Net cash flow from operating activities	(5,653,332)	(31,870,311)	26,216,979	82 %
Investing Activities				
Proceeds from sale of investments	54,380,571	262,005,477	(207,624,906)	-79%
Purchases of investments	(53,165,730)	(238,677,779)	185,512,049	78 %
Interest & dividends reinvested	(6,535,084)	(7,838,836)	1,303,752	17 %
Repayment of loans to the University of South Florida	5,991,975	400,000	5,591,975	1,398 %
Net cash flow from investing activities	671,731	15,888,862	(15,217,131)	-96%
Financing Activities				
Proceeds from endowment contributions	9,464,319	17,898,100	(8,433,781)	-47%
Beneficiary payments	(114,244)	(237,188)	122,944	52 %
Interest paid on mortgage	(45,339)	(98,651)	53,312	54 %
Principle payments on mortgage payable	(204,901)	(401,831)	196,930	49 %
Net cash flow from financing activities	9,099,835	17,160,430	(8,060,595)	-47%
Net increase in cash	4,118,234	1,178,981	2,939,253	249 %
Cash at the beginning of the year	1,729,525	550,544	1,178,981	214 %
Cash at the end of the year	5,847,759	1,729,525	4,118,234	238 %

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University of South Florida Alumni Association, Inc.
Executive Summary
December 31, 2021

BALANCE SHEET

Prepaid Expenses: The Association had a large balance in prepaid at the end of the prior year for mailing of the USF magazine. This mailing took place during the first quarter of 2022, lowering the balance.

Accounts Payable and accrued expenses: The Association had expenses accrued for at the end of the prior fiscal year that caused accounts payable to be higher then the end of the first quarter of the current year.

Due from/to USF: This amount represents the amount owed to the University for payroll services. The Association made a large transfer at the end of the current quarter, which changed the balance from a liability to asset.

SUMMARY OF REVENUES AND EXPENSES

Memberships: The Association eliminated the annual membership program, and instead have been focusing on the life membership program. There was an outstanding response at the beginning of the transition period in the prior year. Revenue received currently is more in line with how we expect this program to respond in the future.

Budget support: Budget support provided by the University is higher in the current fiscal year.

Sponsorships: The Association has much higher the budgeted sponsorships in the current year, specifically for the Green and Gold Gala.

Event expenses: The Association's exent expenses, specifically catering, is higher in the current year then in prior.

CASH FLOW

There is no significant chance to cash between the two years.

University of South Florida Alumni Association, Inc.
Operating Balance Sheet

	<u>December 31, 2023</u>	<u>June 30, 2022</u>	<u>Variance \$</u>	<u>Variance %</u>
ASSETS				
Cash and cash equivalents	240,972	225,373	15,599	7%
Pooled investments within Foundation	525,074	524,210	864	0%
Due from USF	-	-	-	100%
Accounts receivable	86,439	68,314	18,125	27%
Prepaid expenses	5,957	58,977	(53,020)	-90%
Total assets	<u>858,442</u>	<u>876,874</u>	<u>(18,432)</u>	<u>-2%</u>
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable and accrued expenses	54,751	181,583	(126,832)	70%
Deferred payroll support	31,057	5,261	25,796	-490%
Due to USF	14,555	27,793	(13,238)	100%
Deferred revenue	76,507	75,385	1,122	-1%
Total liabilities	<u>176,870</u>	<u>290,022</u>	<u>(113,152)</u>	<u>39%</u>
Net Assets:				
Unrestricted net assets	<u>681,572</u>	<u>586,852</u>	<u>94,720</u>	<u>16%</u>
Total liabilities and net assets	<u>858,442</u>	<u>876,874</u>	<u>(18,432)</u>	<u>-2%</u>

University of South Florida Alumni Association, Inc.

Summary of Revenues and Expenses

December 31, 2022

	Current Month Totals				Year to Date Totals (50%)			
	Actual Dec-22	Prior Year Dec-21	Variance \$	Variance %	Actual YTD	Prior Year YTD	Variance \$	Variance %
REVENUES:								
Membership	23,068	39,868	(16,801)	-42%	141,017	236,930	(95,914)	-40%
License Plates	27,725	29,625	(1,900)	-6%	218,770	230,388	(11,618)	-5%
Budget Support	89,227	43,797	45,430	104%	389,520	297,805	91,715	31%
Affinity Royalty	19,650	19,264	386	2%	145,328	143,359	1,969	1%
Investment Income	20,736	18,402	2,334	13%	123,292	108,623	14,669	14%
Sponsorships	46,456	23,543	22,913	97%	152,551	111,291	41,260	37%
Event Revenue	5,331	12,340	(7,009)	-57%	63,511	56,400	7,111	13%
Gifts	33,704	23,154	10,550	46%	74,662	58,645	16,017	27%
Other Revenue	1,584	417	1,167	280%	3,689	7,356	(3,667)	-50%
Total Operating Revenue	267,480	210,410	57,070	27%	1,312,339	1,250,797	61,542	5%
EXPENSES								
Salaries	134,947	113,180	(21,767)	-19%	797,732	756,604	(41,128)	-5%
Membership and membership services	7,211	4,246	(2,965)	-70%	26,330	26,866	536	2%
Printing & Postage	12,604	11,940	(664)	-6%	20,521	31,773	11,252	35%
Event Services	10,409	17,014	6,605	39%	179,026	131,959	(47,067)	-36%
Professional Services	337	10,600	10,263	97%	61,211	54,814	(6,397)	-12%
Travel	4,127	1,743	(2,384)	-137%	21,631	5,599	(16,032)	-286%
Advertising & Marketing	581	-	(581)	100%	4,712	7,242	2,530	35%
Insurance	10,024	-	(10,024)	100%	22,508	18,848	(3,660)	-19%
Community Relations	8,316	6,600	(1,716)	-26%	15,452	11,033	(4,419)	-40%
Credit Card Fees and other services	-	2,798	2,798	100%	10,635	17,053	6,418	38%
Scholarships	6,160	5,925	(235)	-4%	44,869	46,928	2,059	4%
Other expenses	4,061	2,613	(1,448)	-55%	12,992	12,814	(178)	-1%
Total Operating Expenses	198,777	176,659	(22,118)	-13%	1,217,619	1,121,533	(96,086)	-9%
NET INCOME FROM OPERATIONS	68,703	33,751	34,952	-104%	94,720	129,264	(34,544)	-27%
Change in net assets					94,720			
Net assets, beginning					586,852			
Net assets, end					681,572			

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University of South Florida Alumni Association, Inc.
Operating Cash Flow

	<u>December 31, 2023</u>	<u>June 30, 2022</u>	<u>Variance \$</u>	<u>Variance %</u>
Operating activities				
Change in net assets	\$ 94,720	\$ 13,008		
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Changes in assets and liabilities:				
Accounts receivable	(18,125)	24,056		
Prepaid expenses	53,020	(48,380)		
Due from University of South Florida	-	-		
Deferred payroll support	25,796	2,014		
Due to University of South Florida	(13,238)	8,100		
Accounts payable and accrued expenses	(126,832)	59,018		
Deferred revenue	1,122	3,838		
Net cash provided by operating activities	<u>16,463</u>	<u>61,654</u>		
Proceeds for sales of investments	<u>(864)</u>	<u>(1,308)</u>		
Net cash used in investing activities	<u>(864)</u>	<u>(1,308)</u>		
Change in cash and cash equivalents	15,599	60,346		
Cash and cash equivalents, beginning of year	225,373	165,027		
Cash and cash equivalents, end of year	<u>\$ 240,972</u>	<u>\$ 225,373</u>	<u>\$ 15,599</u>	<u>7%</u>
	\$ (0)	\$ -		

USF Financing Corporation and USF Property Corporation

FY 2023 QUARTER 2 REPORT - DECEMBER 31, 2022

EXECUTIVE SUMMARY

State the DSO's Statutory Mission which Supports the Goals of the University

- The Financing Corporation is the University's financing arm and is expected to provide low cost, low risk, long-term financing for the University's major capital projects.

MAJOR BUSINESS INITIATIVES - FY 2023

- \$30 million USF Housing and Student Center Project to be located on the Sarasota-Manatee Campus:
 - The debt, along with a \$16.5 million cash contribution from the University, will finance the construction of a mixed-use facility comprising a 200-bed student housing component and a student center. Construction is expected to be completed in May of 2024.
 - On May 5, 2022, the Corporation Board approved the issuance of debt in an amount not to exceed \$30 million in the form of a 30-year, tax-exempt, fixed rate public bond. The project was approved by the University Board of Trustees on June 15, 2022, and by the Florida Board of Governors on September 14, 2022.
 - On October 31, 2022, the Financing Corporation issued \$30 million of debt at a tax-exempt interest rate of 4.85% on parity with the \$176 million "A1/A+" rated USF Housing System.
 - The project Groundbreaking Ceremony is scheduled to take place on March 1, 2023.
 - Guaranteed maximum price negotiations with the design/build team of CORE Construction and Mackey Mitchell Architects are expected to be finalized March 3, 2023.
- The Corporation is closely monitoring risks to the project described above, specifically supply chain disruptions and cost inflation. The University funded an owner's contingency of over \$4 million to mitigate some of these risks.
- Protect USF's "AA" credit ratings. Formal presentations were made to Moody's, Standard & Poor's and Fitch in June 2022. Presentations emphasized USF's strengths in management and governance, market position and enrollment demand, operating performance, wealth and liquidity, and leverage.
 - Moody's and S&P reported in September 2022 that all USF credit ratings were Affirmed with Stable Outlooks.
- Direct oversight of DSOs and Auxiliaries with debt to ensure maintenance of pledged revenues, debt service coverage ratios and reserves.
 - Management is working closely with DSOs and Auxiliaries to ensure they are managing revenues and expenses to preserve essential liquidity and maintain required debt service payments.
 - On February 14, 2023 the USF Board of Trustees Finance Committee approved a five-year strategic housing rate increase for USF housing (average of 4.5% per annum). Full Board of Trustees approval is expected on March 7, 2023. The rate increases would be effective beginning in Fall 2023.
- Ongoing compliance with debt covenants including IRS rules on tax-exempt bonds and required reporting on EMMA.
 - Management is currently working closely with the University to ensure that the proposed Housing and Student Center Project described above will be in compliance with private use guidelines.

EXPLANATION OF MAJOR VARIANCES FROM PRIOR YEAR - YTD

- **Balance Sheet: Total Assets** - Total Assets increased by more than \$6 M primarily due an increase in Cash and Cash Equivalents related to the issuance of Housing Series 2022 debt, offset by the decrease in Security Pledged to Counterparty from the improvement in market interest rates during the fiscal year which resulted in no collateral requirement, and also the amortization of all Financing Receivables.
- **Balance Sheet: Liabilities** - Total Liabilities decreased by nearly \$2 M primarily due to the improvement in the fair value of the interest rate swap, offset by an increase in long term debt from the issuance of Housing Series 2022 debt.
- **Income Statement: Revenues** - Total Operating Revenues are down slightly (\$160,000) but are on par with last year as Operating Revenues are essentially covering Operating Expenses and debt service which will decline over time as debt is paid down in the absence of specific events driving variances. However, Revenues are on track to meet or exceed the FY 2023 Financial Plan revenue target.
- **Income Statement: Expenses** - Total Operating Expenses increased slightly (\$62,000) primarily due to contractual CPI adjustments in expenses from the prior year.
- **Income Statement: Nonoperating Revenues (Expenses)** - Nonoperating Expenses decreased by over \$1 M due to lower Interest Expense as a result of paying down debt and an increase in Interest Income from increased interest rates, offset by the conversion of Series 2013A&B bonds to taxable.
- **Income Statement: Operating Profit** - The operating profit for the quarter is on track to meet the \$1.4 million in FY 2023 as approved in the Financial Plan. The Q2 operating profit margin of 17.5% exceeds the FY 2023 margin of 9.2%, reflecting improved operating performance.
- **Statement of Cash Flows** - Total Cash and Investments are up \$25.8 M reflecting the receipt of funds with the issuance of new debt for the Sarasota-Manatee housing project described above, less Capital Expenditures on the Research Lab and Office Project. As of December 31, 2022, the liquidity measure of a strong 419 days cash on hand is considerably above the FY 2023 Financial Plan target of 394 days cash on hand at June 30, 2023.

USF Financing Corporation and USF Property Corporation

FY 2023 QUARTER 2 REPORT - DECEMBER 31, 2022

STATEMENT OF NET POSITION

(In thousands)

	As of Dec 31, 2022	As of Dec 31, 2021	Variance		As of June 30, 2022
			\$	%	
ASSETS					
Current Assets:					
Cash	\$4,028	\$303	\$3,725	1,231 %	\$283
Certificate of deposit	0	3,774	(3,774)	(100)%	3,774
Restricted:					
Cash and cash equivalents	12,677	14,964	(2,287)	(15)%	18,564
Due from related parties	606	0	606	%	673
Accounts receivable	218	1	218	23,745 %	32
Financing receivable, current portion	16,634	15,212	1,423	9 %	16,884
Total current assets	34,164	34,254	(89)	(0)%	40,211
Noncurrent Assets:					
Restricted:					
Cash and cash equivalents	53,319	37,546	15,773	42 %	25,215
Security pledged to counterparty	0	3,960	(3,960)	0 %	0
INTO USF equity investment - Accumulated losses	0	0	0	0 %	0
Financing receivable, noncurrent portion	279,913	285,221	(5,308)	(2)%	287,507
Total noncurrent assets	333,233	326,728	6,505	2 %	312,722
Total assets	367,397	360,981	6,416	2 %	352,933
Deferred Outflows of Resources:					
Interest Rate swap agreement	4,027	12,731	(8,704)	(68)%	6,414
Deferred losses on refunding of debt	774	950	(176)	(19)%	858
Total deferred outflows of resources	4,800	13,681	(8,881)	(65)%	7,272
Total Assets and Deferred Outflows	\$372,197	\$374,662	\$(2,465)	(1)%	\$360,205
LIABILITIES AND NET ASSETS					
Current Liabilities:					
Accounts payable	\$1,008	\$3,193	\$(2,185)	(68)%	\$763
Interest payable	5,630	5,446	184	3 %	5,579
Due to related parties	191	3,344	(3,153)	(94)%	911
Long-term debt, current portion	16,020	16,134	(114)	(1)%	16,358
INTO USF equity investment - Accumulated losses	0	2,043	(2,043)	(100)%	0
Total current liabilities	22,848	30,159	(5,268)	(17)%	23,611
Noncurrent Liabilities:					
Interest rate swaps payable	4,027	12,731	\$(8,704)	(68)%	6,414
Long-term debt, noncurrent portion	322,694	310,402	12,292	4 %	308,335
Total noncurrent liabilities	326,721	323,133	3,588	1 %	314,749
Total liabilities	349,569	353,292	(1,680)	(0)%	338,360
Deferred Inflows of Resources:					
Deferred gain on refunding of debt	9	44	(35)	(79)%	18
Total deferred inflows of resources	9	44	(35)	(79)%	18
Total Liabilities and Deferred Inflows	\$349,578	\$353,336	\$(1,715)	(0)%	\$338,379
Net Position:					
Restricted	18,591	19,292	(701)	(4)%	17,768
Unrestricted	4,028	2,034	1,994	98 %	4,058
Total Net Position	\$22,619	\$21,326	\$1,293	6 %	\$21,826
Total Liabilities and Net Position	\$372,197	\$374,662	\$(2,465)	(1)%	\$360,205

USF Financing Corporation and USF Property Corporation

FY 2023 QUARTER 2 REPORT - DECEMBER 31, 2022

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

(In thousands)

	6 Mos. Ending Dec 31, 2022	Dec 31, 2021	Variance		June 30, 2022	FINANCIAL PLAN FY 2023
			\$	%		
<u>OPERATING REVENUES</u>						
USF housing system lease revenue	\$4,804	\$4,981	\$(177)	(4)%	\$10,125	\$9,912
USF Marshall Center lease revenue	627	655	(28)	(4)%	1,312	1,255
USF athletics system lease revenue	197	229	(32)	(14)%	437	372
USF arena revenue	295	291	4	1 %	695	652
UMSA lease revenue	1,071	938	133	14 %	1,977	1,984
HPCC lease revenue	212	215	(3)	(2)%	381	365
Research lease revenue	499	555	(56)	(10)%	989	959
Total Operating Revenues	\$7,705	\$7,865	\$(160)	(2)%	\$15,916	\$15,499
<u>OPERATING EXPENSES</u>						
Management expense	429	417	13	3 %	803	827
General and administrative expense	619	569	50	9 %	601	782
Total Operating Expenses	\$1,048	\$986	\$62	6 %	\$1,405	\$1,610
<u>NONOPERATING REVENUES (EXPENSES)</u>						
Interest expense on debt	(5,848)	(6,399)	551	9 %	(12,062)	(12,477)
Interest income	543	5	538	10,395 %	65	10
Total Nonoperating Revenues (Expenses)	\$(5,305)	\$(6,394)	\$1,089	17 %	\$(11,998)	\$(12,467)
OPERATING PROFIT BEFORE NON-CASH CHANGES	\$1,352	\$485	\$867	179 %	\$2,513	\$1,422
Change in INTO USF equity investment	0	(499)	499	100 %	1,544	0
Total Contributions and Non-Cash Changes	\$0	\$(499)	\$499	100 %	\$1,544	\$0
CHANGE IN NET POSITION	\$1,352	\$(14)	\$1,365	10,100 %	\$4,058	\$1,422
Operating Profit Margin	17.5%	6.2%		11 %	15.8%	9.2%

USF Financing Corporation and USF Property Corporation

FY 2023 QUARTER 2 REPORT - DECEMBER 31, 2022

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	6 Mos. Ending Dec 31, 2022	Dec 31, 2021	Variance		June 30, 2022	FINANCIAL PLAN FY 2023
			\$	%		
<u>OPERATING ACTIVITIES</u>						
Lease payments received from USF	\$12,397	\$12,623	\$(226)	(2)%	\$24,096	\$23,983
Lease payments received from UMSA	2,336	2,177	159	7 %	4,442	4,515
Lease payments received from HPCC	729	702	27	4 %	1,386	1,431
Lease payments received from Research Foundation	1,598	1,574	24	2 %	2,167	2,205
Payment to USF for management services	(429)	(354)	(75)	(21)%	(803)	(827)
General and administrative disbursements	(619)	(565)	(54)	(10)%	(600)	(782)
Total Cash from Operating Activities	\$16,012	\$16,157	\$(145)	(1)%	\$30,688	\$30,525
<u>CAPITAL AND FINANCING ACTIVITIES</u>						
Capital expenditures	\$(1,417)	\$(7,242)	\$5,826	80 %	\$(11,499)	\$(6,480)
Debt issuance costs	(127)	(37)	(90)	(243)%	0	(300)
Proceeds from issuance of long-term debt	29,902	0	29,902	%	0	27,000
Principal paid on debt	(15,256)	(14,664)	(592)	(4)%	(15,722)	(16,360)
Interest paid on debt	(7,517)	(7,170)	(347)	(5)%	(13,522)	(14,017)
Equity contribution from USF for USFSP Project	0	0	0	%	0	0
Reimbursement to USF for building, FF&E	0	0	0	%	0	0
Equity contribution from USF Research for Project or reserves	0	0	0	%	1,385	0
Receipt of pledged revenues from University of South Florida	16,591	21,401	(4,810)	(22)%	36,866	0
Return of excess pledged revenues to University of South Florida	(16,443)	(8,335)	(8,108)	(97)%	(36,866)	0
Security received from lessee for swap collateral	0	0	0	%	3,963	0
Security (pledged to) returned from counterparty	0	0	0	%	(3,963)	0
Total Cash From Capital and Financing Activities	\$5,733	\$(16,048)	\$21,780	136 %	\$(39,358)	\$(10,157)
<u>INVESTING ACTIVITIES</u>						
Proceeds from maturity/redemption of INTO CD	3,774	3,774	0	0 %	3,774	3,776
Purchase of INTO CD	0	(3,774)	3,774	100 %	(3,774)	(3,776)
Distribution to USF of INTO CD Proceeds	0	0	0	%	0	0
Interest income	443	7	436	6,419 %	36	10
Total Cash From Investing Activities	\$4,217	\$7	\$4,210	62,002 %	\$35	\$10
CHANGE IN CASH						
	25,962	116	25,845	22,218 %	(8,635)	20,377
Cash, Beginning of Year	44,063	52,698	(8,635)	(16)%	52,698	44,209
Cash, End of Year	\$70,025	\$52,814	\$17,210	0 %	\$44,063	\$64,586
Total Cash & Investments	\$70,025	\$56,588	\$13,437	24 %	\$47,837	\$68,362
Days Cash on Hand	419	412	7	2 %	407	394

UMSA AND MSSC COMBINED

INCOME STATEMENT

QUARTER TWO

(In thousands)

	<i>6 Months Ended December 31,</i>			
	2023	2022	Variance	
	ACTUAL	ACTUAL	\$	%
REVENUES				
Net Patient Service	\$92,563	\$94,340	\$(1,776)	(2)%
Grants, Contracts & Awards	\$48,035	\$49,153	(1,117)	(2)%
UPL/PCIP	\$19,395	\$18,386	1,009	5 %
Other Revenues	\$16,505	\$16,402	103	1 %
Total Revenues	\$176,499	\$178,280	\$(1,782)	(1)%
EXPENSES				
Faculty Support	\$103,057	\$87,977	\$15,080	17 %
Housestaff Support	\$7,355	\$7,470	(115)	(2)%
Other Staff Support	\$14,777	\$48,639	(33,863)	(70)%
USFTGP Staff Support	\$36,164	\$0	36,164	%
Depreciation/Amortization	\$2,937	\$2,142	795	37 %
Other Expenses	\$21,456	\$23,832	(2,375)	(10)%
Total Expenses	\$185,746	\$170,059	\$15,687	9 %
Operating Profit Before Non-Cash Changes	\$(9,247)	\$8,221	\$(17,468)	(212)%
Investment Income, Net	\$147	\$776	\$(629)	(81)%
Other Nonoperating Expense	\$(6,094)	\$3	(6,097)	(221,695)%
Gain (Loss) on Disposal of Capital Assets	\$0	\$2,766	(2,766)	(100)%
Total Non-Cash Changes	\$(5,947)	\$3,545	\$(9,492)	(268)%
NET OPERATING PROFIT	\$(15,194)	\$11,766	\$(26,960)	(229)%

UMSA AND MSSC COMBINED

QUARTER TWO

BALANCE SHEET

(In thousands)

ASSETS

Current Assets

	December 31 2023	December 31 2022	Variance \$	%
Cash and Cash Equivalents	\$19,869	\$16,578	\$3,290	20 %
Investments	\$23,906	\$27,439	(3,534)	(13)%
Patient Accounts Receivable, Net	\$12,287	\$9,938	2,349	24 %
Contracts Receivable	\$8,912	\$13,580	(4,668)	(34)%
UPL Receivable	\$19,428	\$13,868	5,560	40 %
Other Receivables	\$8,346	\$7,022	1,323	19 %
Due from DSO/Component Unit	\$0	\$0	0	%
Right of Use Lease Receivable	\$22,099	\$0	22,099	%
Prepaid Expenses	\$3,828	\$2,732	1,096	40 %
Inventory	\$1,414	\$1,298	116	9 %
Other	\$8	\$8	0	0 %
Total Current Assets	\$120,096	\$92,464	\$27,632	30 %

Noncurrent Assets

Other Noncurrent Assets

Promise of contributed use of software-Epic LT	\$0	\$679	(679)	(100)%
Capital Assets	\$0	\$0		
Fixed Assets Net of Depreciation	\$47,013	\$49,141	(2,127)	(4)%
Right of Use Assets Net of Depreciation	\$14,194	\$0	14,194	%
Non-Depreciables (Construction in Process, Land, etc.)	\$5,980	\$509	5,471	1,075 %
Total Noncurrent Assets	\$67,187	\$50,329	\$16,858	33 %

Total Assets

\$187,284 **\$142,793** **\$44,490** **31 %**

LIABILITIES

Current Liabilities

Accounts Payable	\$11,421	\$1,453	\$9,968	686 %
Accrued Salaries and Benefits	\$1,165	\$5,421	(4,256)	(79)%
Due to Primary Unit and Other Component Units	\$5,363	\$(1,458)	6,820	468 %
Deferred Revenue	\$2	\$176	(173)	(99)%
Current Portion of Right to Use Lease Liability	\$1,068	\$0	\$1,068	%
Building/Equip Lease Payable ST	\$1,259	\$1,154	106	9 %
Other:	\$9,709	\$12,030	(2,321)	(19)%
Total Current Liabilities	\$29,987	\$18,775	\$11,212	60 %

Noncurrent Liabilities

Building Lease Payable LT	\$41,065	\$44,572	\$(3,508)	(8)%
Right to Use Lease Liability, Net of Current Portion	\$35,225	\$0	\$35,225	%
Other	\$987	\$1,154	\$(168)	(15)%
Total Noncurrent Liabilities	\$77,276	\$45,726	\$31,549	69 %

Total Liabilities

\$107,263 **\$64,502** **\$42,761** **66 %**

Temporarily Restricted Net Assets-Epic

\$0 \$0 0 %

Unrestricted Net Assets

\$81,103 \$78,297 \$2,806 4 %

Net Assets

\$81,103 **\$78,297** **\$2,806** **4 %**

Total Liabilities & Net Assets

\$188,366 **\$142,799** **\$45,567** **32 %**

UMSA AND MSSC COMBINED

QUARTER TWO

STATEMENT OF CASH FLOWS

(In thousands)

	<i>6 Months Ended December 31,</i>	<i>Fiscal Year Ended June 30,</i>		
	2023	2022	Variance	
	Actual	ACTUAL	\$	%
<u>OPERATING ACTIVITIES</u>				
Net Operating Profit	\$ (15,194)	\$28,684	\$ (43,878)	(153)%
Changes in operating assets and liabilities	\$22,558	\$ (10,233)	\$32,791	320 %
Adjustments for Non-Cash Activities:	\$0	\$0	\$0	%
Depreciation / Amortization	\$2,937	\$6,136	\$ (3,199)	(52)%
Non Cash Impact of Epic	\$0	\$0	\$0	%
Unrealized Gains	\$0	\$0	\$0	%
Total Cash From Operating Activities	\$10,301	\$24,587	\$ (14,286)	(58)%
<u>FINANCING ACTIVITIES</u>				
Capital Expenditures	\$ (4,966)	\$1,496	\$ (6,462)	(432)%
Proceeds from Sale of Capital Assets	\$0	\$2,454	\$ (2,454)	(100)%
Interest Payments	\$ (1,019)	\$ (2,295)	\$1,276	56 %
Proceeds of Long-Term Debt	\$0	\$0	\$0	%
Principal Paid on Debt	\$42	\$8,878	\$ (8,836)	(100)%
Total Cash From Investing Activities	\$ (5,943)	\$10,533	\$ (16,476)	(156)%
<u>INVESTING ACTIVITIES</u>				
Interest and Dividends on Investments	\$147	\$ (2,904)	\$3,051	105 %
Purchases/Sales of Investments	\$ (147)	\$ (17,096)	\$16,949	99 %
Total Cash From Financing Activities	\$0	\$ (20,000)	\$20,000	100 %
CHANGE IN CASH				
Operating Cash, Beginning of Year	\$25,769	\$10,648	\$15,121	142 %
Operating Cash, End of Quarter	\$31,210	\$25,769	\$5,441	21 %
Invested Cash, End of Quarter	\$23,906	\$23,759	\$147	1 %
Total Cash, End of Quarter	\$55,116	\$49,528	\$5,441	11 %

USF Research Foundation, Inc.

FY 2023 QUARTER 2 REPORT - DECEMBER 31, 2022

EXECUTIVE SUMMARY

State the DSO's Statutory Mission which Supports the Goals of the University

- The University of South Florida Research Foundation was established to promote, encourage, and enhance the research activities of University of South Florida faculty, staff and students.

The Research Foundation owns and manages real property assets that include the USF Research Park and various buildings that are located within the Research Park. DSO revenue is generated primarily through long-term leases of facilities utilized by the University research enterprise and private sector entities seeking research relationships with the University.

The USF Innovation Enterprise, which encompasses the USF Research Park, Technology Transfer Office, and the USF Tampa Bay Technology Incubator, contributes to a robust innovation-based ecosystem to include community startups and corporate partnerships with the University.

As a DSO, the Research Foundation provides a mechanism for the funding of licensed research and development activities at the University. The Research Foundation provides broad and flexible financial mechanisms to administer private research contracts and grants, including corporate and private foundation-sponsored programs. We assist the University by working in cooperation with the University's Technology Transfer Office in the commercialization of University inventions including license agreements, and receipt and distribution of royalties related to intellectual property.

EXPLANATION OF MAJOR VARIANCES FROM BOT-APPROVED PLAN - FORECAST

- Financial performance for the USF Research Park and Other Operating Expenses are currently tracking favorably to plan.
- As advised by the University, the FY23 Approved Plan included a cost allocation of \$3.99M to the Research Foundation for 100% of the USF Technology Transfer Office (TTO) expense budget that prior to FY22 had been supported by the University. This line item expense is reported on the Income Statement as "IP University Expense - TTO Cost Allocation to DSO".

The TTO Cost Allocation expense is in addition to the IP expenses (principally royalty expenses) that are directly incurred by the Research Foundation for intellectual property transactions.

Through December 31, 2022 the FY23 year-to-date expense of \$1.75M for TTO cost allocation is tracking favorably to plan by \$247K.

- Variance in Investment Income from Approved Plan is due to lower market returns for the six month period ended December 31, 2022.

USF Research Foundation, Inc.
FY 2023 QUARTER 2 REPORT - DECEMBER 31, 2022

BALANCE SHEET

(In thousands)

	As of December 31,		Variance	
	2022	2021	\$	%
<u>ASSETS</u>				
<u>Current Assets</u>				
Cash and Cash Equivalents	\$5,688	\$10,279	\$(4,591)	(45)%
Investments	43,948	50,002	\$(6,054)	(12)%
Receivables	1,587	1,212	\$375	31 %
Other Current Assets	94	4,552	\$(4,458)	(98)%
Total Current Assets	\$51,316	\$66,044	\$(14,728)	(22)%
<u>Noncurrent Assets</u>				
Other Receivables	\$160	\$80	\$80	100 %
Lease Receivables	57,050	-	\$57,050	%
Right-to-Use Leased Asset, net	434	-	\$434	%
Capital Assets	95,344	69,148	\$26,196	38 %
Less: Accumulated Depreciation	(39,617)	(36,282)	\$(3,335)	(9)%
Non-Depreciable Items (CIP, Land, etc.)	8,626	10,313	\$(1,687)	(16)%
Reserve for Debt Service	2,514	0	\$2,514	%
Developer Rights to Research Park, net	6,646	6,762	\$(116)	(2)%
Total Noncurrent Assets	\$131,155	\$50,021	\$81,134	162 %
Total Assets	\$182,471	\$116,065	\$66,406	57 %
<u>LIABILITIES AND NET POSITION</u>				
<u>Current Liabilities</u>				
Accounts Payable	\$602	\$1,650	\$(1,048)	(64)%
Due to Primary Unit	7,655	7,546	\$110	1 %
Unearned Revenue	679	657	\$22	3 %
Lease Liability	451	-	\$451	%
Other Current Liabilities	1,452	3,200	\$(1,747)	(55)%
Total Current Liabilities	\$10,840	\$13,052	\$(2,212)	(17)%
<u>Noncurrent Liabilities</u>				
Note Payable & Finance Purchase Lease Obligations	\$39,786	\$16,689	\$23,097	138 %
Total Noncurrent Liabilities	\$39,786	\$16,689	\$23,097	138%
<u>Deferred Inflows of Resources (Leases)</u>	\$56,032	-	\$56,032	%
Total Liabilities & Deferred Inflows	\$106,658	\$29,741	\$76,917	259%
Net Position	\$75,814	\$86,325	\$(10,511)	(12)%
Total Liabilities & Net Position	\$182,471	\$116,065	\$66,406	57%

USF Research Foundation, Inc.

FY 2023 QUARTER 2 REPORT - DECEMBER 31, 2022

INCOME STATEMENT

(In thousands)

	Period Ending December 31,		Variance	
	2022	2021	\$	%
REVENUES				
Rental Revenue	\$4,915	\$4,769	\$146	3 %
Intellectual Property Revenue (TTO Initiator)	1,137	1,655	(518)	(31)%
Intellectual Property Revenue - Equity Transactions	-	-	0	%
NMR Use License Fee	-	-	0	%
Other Operating Revenues	80	91	(11)	(13)%
Total Revenues	\$6,131	\$6,515	\$(384)	(6)%
EXPENSES				
Salaries & Benefits	\$580	\$540	\$40	7 %
Intellectual Property Program Expense	823	1,156	(333)	(29)%
IP University Exp - TTO Cost Allocation to DSO	1,748	1,075	673	63 %
Operations - Research Park	1,880	1,792	88	5 %
Other Program Expense	-	-	-	%
Other Operating Expenses	109	102	7	7 %
UBC Net Expense (University Business Center)	(201)	177	(378)	(214)%
Interest Expense	688	290	397	137 %
Depreciation & Amortization	2,348	1,419	929	65 %
Total Expenses	\$7,974	\$6,551	\$1,423	22 %
OPERATING INCOME (LOSS) BEFORE NON-OPERATING REVENUE (LOSS)	\$(1,843)	\$(36)	\$(1,807)	(4,976)%
Investment Income (Loss)	\$253	\$965	\$(712)	(74)%
Investment Income (Loss) - IP Equity Transaction	(448)	(10,076)	9,628	96 %
Interest Income - GASB 87 Lessor Revenue	-	-	-	%
Non-Operating Interest Expense	-	(420)	420	100 %
Total Non-Operating Income (Expense)	\$(195)	\$(9,531)	\$9,337	98 %
NET INCOME (LOSS)	\$(2,038)	\$(9,568)	\$7,530	79 %

USF Research Foundation, Inc.

FY 2023 QUARTER 2 REPORT - DECEMBER 31, 2022

STATEMENT OF CASH FLOWS

(In thousands)

	Period Ending December 31,		Variance	
	2022	2021	\$	%
<u>OPERATING ACTIVITIES</u>				
Net Income (Loss)	\$(2,038)	\$(9,568)	\$7,530	79 %
Adjustments for Non-Cash Activities:				
Add back (Deduct) Non-Cash Investment Loss (Gain)	463	9,315	(8,852)	(95)%
Add back Depreciation/Amortization Expense	2,348	1,419	929	65 %
Add back Other Non-Cash Expense	10	-	10	%
Less Other Non-Cash Revenue	-	-	-	%
Change in Assets and Liabilities (net)	289	2,156	(1,867)	(87)%
Total Cash From Operating Activities	\$1,072	\$3,323	\$(2,251)	(68)%
<u>INVESTING ACTIVITIES</u>				
Purchase of Investments	\$(334)	\$0	\$(334)	%
Capital Expenditures	(137)	(8)	(129)	(1,550)%
Repayment (Funding) of Seed Capital Loans (net)	-	-	-	%
Total Cash From Investing Activities	\$(471)	\$(8)	\$(463)	(5,575)%
<u>FINANCING ACTIVITIES</u>				
Redeem Investments for New Building	\$0	\$3,500	\$(3,500)	(100)%
Redeem Investments for Stock Purchase	299	-	299	%
Cash Outlay: New Bldg Debt Sinking Fund	0	-	-	%
Cash Outlay: New Bldg - Debt Service Coverage	0	-	-	%
Finance Purchase Lease Obligation - 3814 Bldg	(975)	(936)	(38)	(4)%
Finance Purchase Lease Obligation - UDI Bldg	(130)	(125)	(5)	(4)%
Payment - UBC Lease Liability	(329)	-	(329)	%
Principal Payment - Note Payable	(835)	(805)	(30)	(4)%
Total Cash From Financing Activities	\$(1,969)	\$1,634	\$(3,603)	(221)%
CHANGE IN CASH	(1,368)	4,949	(6,317)	(128)%
Cash, Beginning of Year	7,056	5,330	1,726	32 %
Cash, End of Period	\$5,688	\$10,279	\$(4,591)	(45)%

Cash Operating	\$5,397,672.64	\$10,000,317	
Cash Restricted - Debt Sinking Funds	290,000.24	278,334	
Cash, End of Dec 2022 and 2021 Period	\$5,687,672.88	\$10,278,650	(\$4,590,977)

USF Health Professions Conferencing Corporation

EXECUTIVE SUMMARY

MAJOR BUSINESS INITIATIVES - FY 2023

- HPCC's business model was severely impacted due to the global COVID-19 crisis and the ongoing variants continue to slow the movement of participants to live events and supply chain delivery. In FY2023, HPCC is coordinating the rescheduling of any remaining programs affected by COVID19 and is experiencing excellent momentum continuing from the last six months of FY2022. CAMLS affirmative actions to proactively postpone many programs with long lead times, has strengthened relationships with external clients and as a result, is projected to return revenue and operating earnings for FY2023 to pre-COVID levels. FY2023 has a much more diversified client base and new virtual reality and live streaming capabilities compared to CAMLS pre-COVID client mix and offerings.
- HPCC and the CAMLS facility is continuing to provide flexible space and access to simulation learning and healthcare education to USF students, including Morsani College of Medicine Undergraduate Medical Education (UME), MCOM Anatomy Laboratory, Graduate Medical Education (GME), and Physician's Assistant (PA) students, College of Nursing Certified Registered Nurse Anesthetist (CRNA) students, College of Pharmacy students, and Muma College of Business students. HPCC provides these services at cost, inclusive of all PO&M funding received for CAMLS.
- CAMLS has successfully developed new relationships and acquired a rescue vehicle from Hillsborough County to deliver programming that occurs off-site ('CAMLS Without Walls'), which exports CAMLS' talent, tools, and resources to support our community and other Florida hospitals and healthcare systems where face to face lifesaving training is needed.
- CAMLS has developed new original simulation training content and recently conducted its first Mass Casualty Incident Training designed specifically to teach emergency department teams from small towns and rural communities how to respond to catastrophes.
- CAMLS is expanding research focused on simulation-based training and virtual/augmented reality to utilize CAMLS's unique expertise, assets and USF Health faculty to obtain external grants in partnership with small businesses and USF Health affiliates.
- HPCC continues to provide the financial management support for 16 healthcare accreditations held by USF Health (part of the Office of Continuing Professional Development (CPD)), as well as two institutional accreditations (Society for Simulation in Healthcare and the American College of Surgeons Accredited Education Institute). CPD has expanded its portfolio of online programming in partnership with medical education companies (MEC) and transitioned its business model to accreditation only services and away from management of live events.

EXPLANATION OF MAJOR VARIANCES FROM PRIOR YEAR

- 'Due from USF/DSO' decreased from 6/30/2022 as settlements between related parties were paid. 'Lease receivable' and 'Lease receivable, non-current', which are a result of GASB 87 implementation, also increased from 6/30/2022 with a new CAMLS tenant.
- 'Accounts payable' decreased \$784K and 'Deferred inflows related to grants' increased \$829K from 6/30/2022. The change in both line items was from the payment of grants to MECs and receipt of new grants for future programs with MECs, which the Office of Continuing Professional Development will accredit.
- 'Unearned revenue' increased \$544K as client bookings accelerated for the year ahead.
- 'Contracts & grants - non USF', which includes MEC related grants, was down \$2,422K. MEC related grants were down \$2,684K year over year and similarly, 'Programming Services' were down \$2,550K year over year with payments to MECs decreasing \$2,695K year over year. 'Program registrations & exhibits' increased year over year as CAMLS increased its live event training and new tenants at CAMLS increase 'Rental revenue' year over year. The Contribution Margin Ratio increases since a larger portion of revenue was kept for HPCC operating expenses.
- Operating Loss improved 95% or a reduction of \$295K year over year due to increasing live event business at CAMLS, increasing rents and management of operating expenses.
- The 6 months ended December 31, 2022 'Decrease in Net Position' was (\$147K) compared to the Approved Plan of (\$219K) before 'Transfers from UMSA'. Hurricane Ian resulted in a few clients needing to postpone their events until the second half of FY2023. The first two quarters of the fiscal year are budgeted weaker than the second two quarters due to holidays and summer weather.
- 'Days cash on hand' has improved to 56 as contractual collections improve.

USF HEALTH PROFESSIONS CONFERENCING CORPORATION

Statements of Net Position

as of December 31, 2022 and June 30, 2022

	Current Year as of 12/31/22	Prior Year as of 6/30/22	Variance \$	Variance %
<u>Assets</u>				
Current Assets:				
Cash and cash equivalents	\$ 1,911,948	\$ 1,640,629	\$ 271,319	17 %
Accounts receivable	675,363	666,724	8,639	1 %
Due from USF/DSO	163,723	281,050	(117,327)	(42)%
Prepaid expenses	168,009	126,767	41,242	33 %
Lease receivable	315,843	220,415	95,428	43 %
Other current assets	222,894	30,675	192,219	627 %
Total Current Assets	3,457,780	2,966,260	491,520	17 %
Non-current Assets:				
Capital assets, net	206,682	253,657	(46,975)	(19)%
Right-of-use asset, net	14,113,050	14,363,572	(250,522)	(2)%
Lease receivable, non-current	440,914	150,988	289,926	192 %
Other non-current assets	296	1,180	(884)	(75)%
Total Non-current Assets	14,760,942	14,769,397	(8,455)	(0)%
Total Assets	18,218,722	17,735,657	483,065	3 %
<u>Deferred Outflows of Resources</u>				
Bond Prepayment Premium	88,727	98,816	(10,089)	(10)%
<u>Liabilities</u>				
Current Liabilities:				
Capital lease obligations, current portion	1,103,879	1,071,831	32,048	3 %
Accounts payable	490,995	1,275,227	(784,232)	(61)%
Accrued expenses - other	14,805	82,151	(67,346)	(82)%
Due to USF/DSO's	526,717	485,348	41,369	9 %
Unearned revenue	1,365,888	821,557	544,331	66 %
Total Current Liabilities	3,502,284	3,736,114	(233,830)	(6)%
Non-current Liabilities:				
Capital lease obligations, net of current portion	9,842,656	10,394,633	(551,977)	(5)%
Total Non-current Liabilities	9,842,656	10,394,633	(551,977)	(5)%
Total Liabilities	13,344,940	14,130,747	(785,807)	(6)%
<u>Deferred Inflows of Resources</u>				
Deferred inflows related to grants	1,179,163	350,333	828,830	237 %
Deferred inflows related to leases	756,757	371,403	385,354	104 %
Total Deferred Inflow of Resources	1,935,920	721,736	1,214,184	168 %
<u>Net Position</u>				
Net investment in capital assets	3,373,196	3,150,765	222,431	7 %
Operating unrestricted	(346,607)	(168,775)	(177,832)	105 %
Total Net Position	\$ 3,026,589	\$ 2,981,990	\$ 44,599	1 %

USF HEALTH PROFESSIONS CONFERENCING CORPORATION

Statements of Revenues, Expenses and Changes in Net Position

For the six months ended December 31, 2022 and 2021

	Current Year as of 12/31/22	Prior Year as of 12/31/21	Variance \$	Variance %
Operating Revenues				
Contracts & grants - non USF	\$ 4,168,154	\$ 6,590,024	\$ (2,421,870)	(37)%
Contracts & grants - USF	1,725,776	1,646,465	79,311	5 %
Program registration & exhibits	283,460	147,500	135,960	92 %
Rental revenue	208,996	164,768	44,228	27 %
Rebates & commissions	21,115	24,720	(3,605)	(15)%
Total Operating Revenues	6,407,501	8,573,477	(2,165,976)	(25)%
Operating Expenses				
Program services	3,112,559	5,663,004	(2,550,445)	(45)%
Supporting services				
Salaries & benefits	1,952,373	1,763,554	188,819	11 %
Wages - program driven temporary staffing	44,534	32,503	12,031	37 %
Rent, utilities & equipment leases	662,099	636,208	25,891	4 %
Other operating expenses	321,231	310,471	10,760	3 %
Right-of-use asset amortization	250,006	250,522	(516)	(0)%
Depreciation expense	80,398	227,734	(147,336)	(65)%
Total Operating Expenses:	6,423,200	8,883,996	(2,460,796)	(28)%
Operating Loss	(15,699)	(310,519)	294,820	(95)%
Non-operating Revenues (Expenses)				
Transfers from UMSA- Continuing Ed - Faculty, Students	191,750	400,000	(208,250)	(52)%
Investment income	14,209	7,006	7,203	103 %
Bond prepayment premium	(10,605)	(10,910)	305	(3)%
Interest expense on lease obligations	(135,056)	(151,201)	16,145	(11)%
Gain on asset disposal	-	5,500	(5,500)	(100)%
Total Net Non-operating Revenue (Expenses)	60,298	250,395	(190,097)	(76)%
Increase (Decrease) in Net Position	44,599	(60,124)	104,723	(174)%
Net Position, beginning of year	2,981,990	2,479,254	502,736	20 %
Net Position, end of period	\$ 3,026,589	\$ 2,419,130	\$ 607,459	25 %
Contribution Margin Ratio	$\frac{A - B}{A}$	49%	32%	

USF HEALTH PROFESSIONS CONFERENCING CORPORATION

Statements of Cash Flow

For the six months ended December 31, 2022 and 2021

	Current Year as of 12/31/22	Prior Year as of 12/31/21	Variance \$	Variance %
Cash flows provided by (used in) operating activities				
Programmatic receipts	\$ 7,266,643	\$ 8,197,011	\$ (930,368)	(11)%
Facility operations receipts	646,488	538,740	107,748	20 %
Rents & rebate receipts	209,811	148,787	61,024	41 %
Total Receipts	<u>8,122,942</u>	<u>8,884,538</u>	<u>(761,596)</u>	<u>-9%</u>
Programmatic disbursements	(4,132,207)	(5,934,213)	1,802,006	(30)%
Staffing disbursements	(1,930,000)	(1,874,273)	(55,727)	3 %
Operations disbursements	(1,300,617)	(964,915)	(335,702)	35 %
Total Disbursements	<u>(7,362,824)</u>	<u>(8,773,401)</u>	<u>1,410,577</u>	<u>(16)%</u>
Net cash flows provided by (used in) operating activities	<u>760,118</u>	<u>111,137</u>	<u>648,981</u>	<u>584 %</u>
Cash flows provided by non-capital and related financing activities				
Transfers from UMSA- Continuing Ed - Faculty, Students	191,750	400,000	(208,250)	(52)%
Net cash provided by non-capital and related financing activities	<u>191,750</u>	<u>400,000</u>	<u>(208,250)</u>	<u>(52)%</u>
Cash flows provided by (used in) capital and related financing activities				
Purchases of capital assets	(39,773)	(2,660)	(37,113)	1,395 %
Proceeds on sale of fixed assets	-	5,500	(5,500)	(100)%
Principal payments under lease obligations	(519,929)	(619,128)	99,199	(16)%
Interest payments on lease obligations	(135,056)	(151,201)	16,145	(11)%
Net cash used in capital and related financing activities:	<u>(694,758)</u>	<u>(767,489)</u>	<u>72,731</u>	<u>(9)%</u>
Cash flows provided by investing activities				
Investment Income	14,209	7,005	7,204	103 %
Net cash provided by investing activities	<u>14,209</u>	<u>7,005</u>	<u>7,204</u>	<u>103 %</u>
Net increase (decrease) in cash and cash equivalents	271,319	(249,347)	520,666	(209)%
Cash and cash equivalents, beginning of year	1,640,629	1,983,352	(342,723)	(17)%
Cash and cash equivalents, end of period	<u>\$ 1,911,948</u>	<u>\$ 1,734,005</u>	<u>\$ 177,943</u>	<u>10 %</u>
Cash:				
Cash and cash equivalents - Checking	1,715,757	1,537,912	177,845	12 %
Cash and cash equivalents - Designated Savings	196,191	196,093	98	0 %
	<u>\$ 1,911,948</u>	<u>\$ 1,734,005</u>	<u>\$ 177,943</u>	<u>10 %</u>
Days cash on hand	56	37		
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ (15,699)	\$ (310,519)	\$ 294,820	(95)%
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	80,398	227,734	(147,336)	(65)%
Right-of-use asset amortization	250,006	250,522	(516)	(0)%
Changes in operating assets and liabilities and deferred inflows of resources which provided (used) cash:				
Accounts receivable and due fr USF/DSO	108,688	(1,046,927)	1,155,615	(110)%
Prepaid expenses	(41,242)	(48,761)	7,519	(15)%
Lease receivable	(385,354)	(245,427)	(139,927)	57 %
Fixed asset accruals	6,350	-	6,350	100%
Other current and non-current assets	(191,335)	1,802	(193,137)	(10,718)%
Accounts payable, accrued expenses and other noncurrent liabilities	(810,209)	230,505	(1,040,714)	(451)%
Refunds due to sponsors and other current liabilities	-	-	-	100%
Unearned revenue	544,331	187,245	357,086	191 %
Deferred inflows of resources	1,214,184	864,963	349,221	40 %
Net cash flows from operating activities	<u>\$ 760,118</u>	<u>\$ 111,137</u>	<u>\$ 648,981</u>	<u>584 %</u>

Management Discussion & Analysis

For the Month Ended December 31, 2022

For the month ended December 31, 2022, total operating revenue and expenses were \$272,748 and \$265,374 respectively, resulting in net operating profit of \$7,374. As represented in the monthly operating income statement, total event-related income of \$272,241 was mostly comprised of the Rod Wave, Men's and Women's Basketball and the RIPA Holiday Party events. Relative to the original budget, total event income was favorable by \$124,931. This was mainly attributable to the Rod Wave concert occurring when it was not initially budgeted.

Payroll and operating expenses for the month totaled \$265,374, which is unfavorable compared to the original budget by (\$123,467). The unfavorable variance was attributable to salaries and part time wages being significantly more than the expenses budgeted. Salaries and wages increased due to an increase in events staffing from USF Men's and Women's basketball, premium events, and concerts.

As of December 31, 2022, consolidated cash balance were \$3,191,762, resulting in an overall decrease in cash of (\$431,166) from the prior month. This increase in cash was due to the Rod Wave and Cirque Musica concert settlements. Additionally, the Jack Harlow event from October was finally settled and paid out.

For the Six Months Ended December 31, 2022

For the six months ended December 31, 2022, total operating revenue and expenses were \$1,340,054 and \$823,955, respectively, resulting in net operating profit of \$516,100. As represented in the fiscal year-to-date income statement, total event income of \$1,188,332 was attributable to USF events \$270,835 (23% of total event income) and Non-USF events \$917,496 (77% of total event income). Total event revenue of \$1,173,708 exceeded event-related costs of \$1,171,943 by \$1,764 for a gross profit margin (before ancillary revenue) of 0%. Ancillary revenue streams realized during this time frame amounted to \$1,186,568, or 101% of the total event revenue (gross). This amount was comprised of TM Rebates \$519,417 (44%), Parking \$126,074 (11%), Concessions \$215,810 (18%), RMI \$221,229 (19%), Novelties \$67,414 (6%), and Suite/Loge \$36,623 (3%), effectively the fiscal year-to-date event gross profit margin was 50%. Relative to the original budget, total operating income is \$389,402 greater than budget.

For the six months ended December 31, 2022, total payroll and operating expenses were \$823,955, resulting in a positive variance to budget of \$20,419. These variances are primarily attributable to a function of the net effect of savings in utilities, software maintenance and licensing, contracted services and professional fees.

Since the inception of the fiscal year, Operating and event cash balances increased by \$100,314. The increase is attributable to the net effect of increase in prepaids (\$67,892), accrued liabilities (\$1,237,232), and accounts receivable (\$279,824) and decreases in deferred revenue (\$834,847) and accounts payable (73,258) . It should be noted that as of December 31, 2022, the payable due to TBEP for the fiscal year is \$3,722,368. The TBEP payable consists of payroll, benefits, management/ shared service fees and staffing costs. Please note that this balance has started to get paid down.

Forecast for the Fiscal Year Ending June 30, 2023:

For the fiscal year ending June 30, 2023, operating revenue and expenses are projected to be \$2,445,923 and \$1,677,416 respectively, resulting in net operating income before incentive fees/profit share of \$768,507. Compared to the original budget, operating revenue is projected to increase by \$866,639 while operating expenses are projected to decrease by \$59,555, for an overall projected Increase in net operating income before incentive fees/profit allocation expenses of \$926,193.

***Prepared by VSG, Yuengling Center Arena Management Group*

BALANCE SHEET

(In thousands)

	<i>6 Months Ended December 31,</i>				
	Q1 Actual	Q2 Actual	2022 ACTUAL	2021 ACTUAL	2020 ACTUAL
<u>ASSETS</u>					
<u>Current Assets</u>					
Cash and Cash Equivalents	3,246	160	3,407	1,808	568
Accounts Receivable	159	622	782	445	142
Investments	-	-	-	-	-
Other	117	(31)	85	63	71
Total Current Assets	3,522	751	\$4,273	\$2,316	\$781
<u>Noncurrent Assets</u>					
Restricted Cash and Cash Equivalents	-	-	-	-	-
Restricted Investments	-	-	-	-	-
Capital Assets	3,172	-	3,172	3,172	3,172
Less: Accumulated Depreciation	(2,558)	-	(2,558)	(2,494)	(2,429)
Non-Depreciable Items (CIP, Land, etc.)	-	-	-	-	-
Total Noncurrent Assets	614	-	\$614	\$679	\$743
Total Assets	4,136	751	\$4,888	\$2,995	\$1,525
<u>LIABILITIES</u>					
<u>Current Liabilities</u>					
Accounts Payable	218	(90)	127	43	53
Due to Component Units	3,209	767	3,976	2,306	1,665
Deferred Revenue	1,391	(59)	1,331	1,739	6
Other	-	-	-	-	-
Total Current Liabilities	4,817	617	\$5,434	\$4,087	\$1,724
<u>Noncurrent Liabilities</u>					
Long Term Debt	-	-	-	-	-
Total Noncurrent Liabilities	-	-	-	-	-
Total Liabilities	4,817	617	\$5,434	\$4,087	\$1,724
NET ASSETS	(681)	135	\$(547)	\$(1,093)	\$(200)
Total Liabilities & Net Assets	4,136	751	\$4,888	\$2,995	\$1,525
<u>Net Position</u>					
Beginning Unrestricted Net Assets	(1,357)	-	\$(1,357)	\$(1,426)	\$(547)
Beginning Property Net Assets	638	-	638	638	638
Retained Earnings	72	-	72	115	188
Event Revenue Transfers, net	(256)	(141)	(397)	(413)	141
Net Operating Income	222	276	498	(6)	(620)
Total Net Position	(681)	135	\$(547)	\$(1,093)	\$(200)

INCOME STATEMENT

(In thousands)

	<i>6 Months Ended December 31,</i>					<i>Fiscal Year Ended June 30,</i>					
	Q1 Actual	Q2 Actual	2022 Actual	2021 Actual	2020 Actual	2023 YTD	2022 ACTUAL	Variance \$ %		2023 Plan	2022 Plan
REVENUES											
Rent Income	\$13	\$(11)	\$2	\$363	\$67	\$2	\$336	\$(334)	(99)%	\$339	\$491
Service Income	68	369	437	113	2	437	570	(133)	(23)%	346	271
Premium Seating	15	22	37	5	0	37	41	(4)	(10)%	49	41
Facility Fee	0	0	0	0	0	0	0	0	%		
Sponsorship, Commissions & Royalties	327	\$(327)	0	0	0	0	0	0	%	1,022	740
Parking	39	87	126	75	1	126	391	(265)	(68)%	350	307
Other Revenues	193	681	873	247	70	873	1,201	(327)	(27)%	50	55
Total Revenues	\$655	\$820	\$1,475	\$803	\$141	\$1,475	\$2,538	\$(1,063)	(42)%	\$2,156	\$1,905
EXPENSES											
Salaries & Wages	\$170	\$256	426	\$331	\$346	\$426	\$637	\$(211)	(33)%	\$441	\$525
Payroll Taxes & Benefits	32	39	71	61	64	71	123	(52)	(42)%	349	293
Repairs, Maintenance and Utilities	59	104	163	138	123	163	416	(253)	(61)%	158	185
Operating & Administrative	72	62	134	168	145	134	305	(171)	(56)%	420	444
Contracted Services	23	20	44	0	0	44	9	35	406%		
Management Fees	38	38	75	75	75	75	150	(75)	(50)%	150	150
Depreciation/Amortization	0	0	0	0	0	0	65	(65)	(100)%		
Other Expenses	39	26	65	36	8	65	395	(330)	(83)%	216	
Total Expenses	\$433	\$544	\$977	\$809	\$760	\$977	\$2,099	\$(1,121)	(53)%	\$1,734	\$1,597
OPERATING PROFIT BEFORE NON-CASH CHANGES	\$222	\$276	\$498	\$(6)	\$(620)	\$498	\$440	\$58	13%	\$422	\$308
NON-OPERATING REVENUES/(EXPENSES)											
Interest Expense	0	0	0	0	0	0	0	0	%		
Net Transfers to USF - Arena Debt	\$(256)	\$(141)	\$(397)	\$(413)	141	(397)	(413)	16	4%		
Total Non-Operating Revenues/(Expenses)	\$(256)	\$(141)	\$(397)	\$(413)	\$141	\$(397)	\$(413)	\$16	4%	\$0	\$0
NET OPERATING PROFIT	\$(34)	\$135	\$101	\$(419)	\$(479)	\$101	\$26	\$74	283%	\$422	\$308

STATEMENT OF CASH FLOWS

(In thousands)

	<i>6 Months Ended December 31,</i>					<i>Fiscal Year Ended June 30,</i>					
	Q1 Actual	Q2 Actual	2022 Actual	2021 Actual	2020 Actual	2023 YTD	2022 ACTUAL	Variance		2023 Plan	2022 Plan
							\$	%			
<u>OPERATING ACTIVITIES</u>											
Net Operating Profit	\$222	\$276	\$498	\$(6)	\$(620)	\$498	\$440	\$58	13 %	\$422	\$308
Adjustments for Non-Cash Activities:											
Depreciation / Amortization	0	0	0	0	0	0	0	0	%		
Net adjustments to Assets	243	(591)	\$(348)	(210)	302	(348)	(221)	(127)	(57)%	100	
Net adjustments to Liabilities	483	676	1,159	(34)	280	1,159	626	533	85 %	(100)	(400)
Net adjustment to Deferred Revenue	(775)	(59)	\$(835)	1,719	0	(835)	2,146	(2,980)	(139)%	200	500
Total Cash From Operating Activities	\$173	\$301	\$474	\$1,468	\$(37)	\$474	\$2,990	\$(2,516)	(84)%	\$622	\$408
<u>INVESTING ACTIVITIES</u>											
Capital Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	%		
Purchases (Sales) of Investments	0	0	0	0	0	0	0	0	%		
Accumulated Depreciation	0	0	0	0	0	0	0	0	%		
Total Cash From Investing Activities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	%	\$0	\$0
<u>FINANCING ACTIVITIES</u>											
Proceeds of Long-Term Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	%		
Principal Paid on Debt	0	0	0	0	0	0	0	0	%		
Interest Paid	0	0	0	0	0	0	0	0	%		
Net transfers to USF for debt service on arena	(256)	(141)	(397)	(413)	141	(397)	(413)	16	4 %	(413)	(413)
Total Cash From Financing Activities	\$(256)	\$(141)	\$(397)	\$(413)	\$141	\$(397)	\$(413)	\$16	4 %	\$(413)	\$(413)
CHANGE IN CASH	(83)	160	\$77	1,055	104	77	2,577	(2,500)	(97)%	209	(5)
Cash, Beginning of Year	3,330	0	3,330	753	464	3,330	753	2,577	342 %	1,307	550
Cash, End of Year	\$3,246	\$160	\$3,407	\$1,808	\$568	\$3,407	\$3,330	\$77	2 %	\$1,516	\$545

USF Institute of Applied Engineering, Inc
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INCOME STATEMENT

(In thousands)

	CURRENT	PRIOR	Variance	
	YEAR	FISCAL YEAR		
	12/31/2022	6/30/2022	\$	%
<u>REVENUES</u>				
Contracts Revenues	5,456	7,363	(1,907)	(26)%
Hillsborough County Grant	600	1,608	(1,007)	(63)%
University Support	608	664	(57)	(9)%
Grant Revenue	31	0	31	%
Donations & Other	0	1	(1)	(100)%
Total Revenues	6,695	9,636	(2,941)	(31)%
<u>EXPENSES</u>				
Salaries & Benefits	1,619	2,756	(1,138)	(41)%
College of Engineering Salary Support	0	16	(16)	(100)%
Gift In-Kind Expenses	0	0	0	%
Materials, Supplies, Software & Equip., Travel	177	183	(7)	(4)%
Banking, Insurance, Audit, Tax Service	180	255	(74)	(29)%
Facilities, Utilities, Telecomm., Security	153	188	(34)	(18)%
Other Operating Expenses	153	49	105	214 %
Depreciation & Amortization	74	137	(63)	(46)%
Direct Program Costs	4,080	5,849	(1,769)	(30)%
Indirect Return to University	77	121	(44)	(36)%
Total Expenses	6,514	9,554	(3,040)	(32)%
OPERATING PROFIT BEFORE NON-CASH CHANGES	181	82	99	121 %
Equipment Donations to USF	0	0	0	%
Total Non-Cash Changes	0	0	0	%
NET OPERATING PROFIT	181	82	99	121 %
Operating Profit Margin	3%	1%		2 %

USF Institute of Applied Engineering, Inc
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STATEMENT OF CASH FLOWS

(In thousands)

	CURRENT	PRIOR	Variance	
	YEAR	FISCAL YEAR	\$	%
	12/31/2022	6/30/2022		
<u>OPERATING ACTIVITIES</u>				
Cash Receipt from Customers	5,839	6,974	(1,135)	(16)%
Cash Receipt from Hillsborough County	354	1,216	(862)	(71)%
Salaries & Benefits	(1,997)	(1,029)	(968)	(94)%
Payment to Suppliers	(593)	(2,426)	1,832	76 %
Payment for Direct Program Costs	(3,861)	(3,622)	(239)	(7)%
Total Cash From Operating Activities	(258)	1,114	(1,371)	(123)%
<u>FINANCING ACTIVITIES</u>				
Transfer from USF Support	603	603	0	0 %
Transfer to USF-IDR	(54)	(167)	113	68 %
Capital Lease Non-Interest Payments	(37)	(43)	6	14 %
Gift In-Kind Contributions	0	1	(1)	(100)%
Total Cash From Financing Activities	512	395	117	30 %
<u>INVESTING ACTIVITIES</u>				
Capital Expenditures	(14)	(195)	181	93 %
Proceeds of Long-Term Debt	0	0	0	%
Principal Payments	0	0	0	%
Interest Payments	0	0	0	%
Total Cash From Investing Activities	(14)	(195)	181	93 %
CHANGE IN CASH				
Cash, Beginning of Year	1,961	648	1,313	203 %
Cash, End of Year	2,201	1,961	240	12 %
Total Cash & Investments	2,201	1,961	240	12 %
Days Cash on Hand	62	75	(13)	(17)%

USF Institute of Applied Engineering, Inc
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BALANCE SHEET

(In thousands)

	CURRENT	PRIOR	Variance	
	YEAR	FISCAL YEAR	\$	%
	12/31/2022	6/30/2022		
ASSETS				
<u>Current Assets</u>				
Cash and Cash Equivalents	2,201	1,961	240	12 %
Accounts Receivable	1,604	1,503	101	7 %
Grants Receivable	587	358	229	64 %
Unbilled Receivables	663	445		
Prepayments and Other Current Assets	60	29	31	106 %
Total Current Assets	5,115	4,296	819	19 %
<u>Noncurrent Assets</u>				
Capital Assets:				
Laboratory Equipment and Fixtures, Net	839	910	(71)	(8)%
TOTAL ASSETS	5,954	5,206		
DEFERRED OUTFLOWS OF RESOURCES				
	0	0	0	%
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	5,954	5,206	748	14 %
LIABILITIES				
<u>Current Liabilities</u>				
Accounts Payable	3,753	4,064	(311)	(8)%
Accrued Expenses	256	15	241	1,580 %
Current portion of right-to use lease liability	71	70		
Unearned Contract Revenue	909	238	671	282 %
Total Current Liabilities	4,990	4,387	603	14 %
<u>Long-term Liabilities</u>				
Long Term Lease Liability	138	174	(36)	(21)%
Total Current Liabilities	138	174	(36)	(21)%
DEFERRED INFLOWS OF RESOURCES				
	0	0	0	%
NET POSITION				
Net Investment in Capital Assets	630	666	(36)	(5)%
Unrestricted	196	(21)	218	1,025 %
Total Net Position	826	645		
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	5,954	5,206	748	14 %