

DIRECT SUPPORT ORGANIZATIONS

QUARTER 3 FOR FISCAL YEAR 2022-2023

Period Ended March 31, 2023

DSO Q3 Financial Reports for FY 2023

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Unaudited Interim Financial Statements

For the Quarter ended March 31, 2023

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.



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. Just prior to March 31st several large stock gift proceeds were received and the higher than usual balance at quarter-end 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 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 3rd quarter is a gain of approximately 5.3% 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 March 31st that were disbursed in April.

- 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 \$11.3 million to support the Athletics Indoor Performance Facility were received through the 3rd quarter of fiscal year 2022. Comparable gifts for the Athletics Indoor Performance Facility and academic programs were not received through the 3rd 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 March 31st impacts the fluctuation of investment income, realized/unrealized gains and losses. For FY23 the year-to-date gain was 5.3% and the prior year-to-date loss was -5% as of 03/31/2022.
- 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 need-based, diversity and other academic 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. Expenses associated with travel, meals and entertainment have increased supporting continuing professional education, research endeavors and community outreach. These expenses are nearing pre-covid expenditure levels so increases are continued to be expected.
- Fundraising and Operating costs were 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 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 3/31/2023	Prior Fiscal Year 6/30/2022	Variance \$	%
ASSETS				
Current assets:				
Cash and cash equivalents	2,929,823	1,729,525	1,200,298	69%
Investments	120,661,961	115,220,740	5,441,221	5%
Contribution receivable, net	19,513,429	15,637,867	3,875,562	25%
Lease and other receivable	547,532	1,084,134	(536,602)	-49%
Due from University of South Florida	43,652	6,313,843	(6,270,191)	-99%
Total Current Assets	\$ 143,696,397	\$ 139,986,109	3,710,288	3%
Non-current assets:				
Investments	\$ 621,368,270	\$ 605,177,450	16,190,820	3%
Contribution receivable, net of current portion	27,434,097	35,651,875	(8,217,778)	-23%
Beneficial interest assets	20,732,878	20,034,565	698,313	3%
Lease and other receivable, net of current portion	3,764,015	4,115,650	(351,635)	-9%
Land	6,620,414	6,620,414	-	0%
Buildings, equipment, right-of-use assets and other, net	4,308,252	3,986,343	321,909	8%
Works of Art	5,502,398	5,502,196	202	0%
Total noncurrent assets	689,730,324	681,088,493	8,641,831	1%
Total assets	833,426,721	821,074,602	12,352,119	2%
LIABILITIES				
Current liabilities:				
Accounts payable	1,920,515	1,984,621	(64,106)	-3%
Due to USF	9,411,620	856,916	8,554,704	998%
Leases payable	62,369	-	62,369	%
Mortgage payable	420,699	412,506	8,193	2%
Life beneficiaries obligations	228,488	237,188	(8,700)	-4%
Total current liabilities	12,043,691	3,491,231	8,552,460	245%
Non-current liabilities:				
Mortgage payable, net of current portion	2,810,528	3,127,084	(316,556)	-10%
Leases payable, net of current portion	260,386	-	260,386	%
Due to USF, net of current portion	545,685	565,685	(20,000)	-4%
Life Beneficiaries obligations, net of current portion	1,231,926	1,333,062	(101,136)	-8%
Total non-current liabilities	4,848,525	5,025,831	(177,306)	-4%
Total Liabilities	16,892,216	8,517,062	8,375,154	98%
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from remainder interest assets	1,468,590	1,500,530	(31,940)	-2%
Deferred inflows from beneficial interest assets	20,732,878	20,034,565	698,313	3%
Deferred inflows from leases	4,185,242	4,528,674	(343,432)	-8%
Total Deferred Inflows	26,386,710	26,063,769	322,941	1%
NET POSITION				
Net investment in capital assets	12,877,083	12,569,363	307,720	2%
Restricted				
Expendable	346,797,965	359,332,623	(12,534,658)	-3%
Nonexpendable endowments	399,370,154	387,717,949	11,652,205	3%
Unrestricted	31,102,593	26,873,836	4,228,757	16%
Total net position	\$ 790,147,795	\$ 786,493,771	\$ 3,654,024	0%
	\$ 833,426,721	\$ 821,074,602		

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STATEMENT OF REVENUES, EXPENSES and CHANGES IN NET POSITION

	<i>Year-to-Date Fiscal Year 2023</i>			
	9 months ended 3/31/2023	9 months ended 3/31/2022	Variance	
			\$	%
Operating Revenues:				
Contributions, gifts and bequests	\$ 24,960,176	\$ 48,387,763	(23,427,587)	-48%
Investment income	9,246,333	6,253,565	2,992,768	48%
Unrealized investment losses	26,922,149	(64,303,360)	91,225,509	142%
Realized investment gains	(4,170,930)	31,836,275	(36,007,205)	-113%
Fundraising activities	2,087,277	2,079,690	7,587	0%
Total operating revenues	59,045,005	24,253,933	34,791,072	143%
Operating Expenditures:				
Salaries and benefits	14,176,984	14,602,603	(425,619)	-3%
Scholarships/fellowships	8,098,154	6,694,878	1,403,276	21%
Contractual services	4,179,559	3,411,997	767,562	22%
Supplies	2,181,716	768,877	1,412,839	184%
Transfers to state - other	26,712,975	26,425,183	287,792	1%
Travel, meals & entertainment	2,011,086	1,055,430	955,656	91%
Community relations	515,018	588,256	(73,238)	-12%
Depreciation	89,099	89,099	0	0%
Repairs and maintenance	307,201	275,463	31,738	12%
Provision for doubtful accounts	768,032	773,577	(5,545)	-1%
Other	1,110,320	1,417,008	(306,688)	-22%
Total program service expense	60,150,144	56,102,371	4,047,773	7%
Fundraising & operating costs:				
Salaries and benefits	14,626,195	12,612,488	2,013,706	16%
Contractual services	1,744,968	1,451,899	293,068	20%
Other transfers and expenses	2,139,938	2,064,499	75,439	4%
Total fundraising & operating expense	18,511,100	16,128,887	2,382,213	15%
Total operating expenditures	78,661,244	72,231,258	6,429,986	9%
Net Operating Losses	(19,616,239)	(47,977,325)	28,361,086	59%
Nonoperating revenue				
University support	11,778,138	11,110,415	667,723	6%
Total nonoperating revenues	11,778,138	11,110,415	667,723	6%
Loss before endowment contributions	(7,838,101)	(36,866,910)	29,028,809	79%
Endowment contributions	11,492,125	14,985,424	(3,493,299)	-23%
Increase/(Decrease) in net position	3,654,024	(21,881,486)	25,535,510	117%
Net position - beginning of year	786,493,771	889,230,412	(102,736,641)	-12%
Net position - end of year	790,147,795	867,348,926	(77,201,131)	-9%

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**UNIVERSITY OF SOUTH FLORIDA
FOUNDATION**

STATEMENT OF CASH FLOWS

	9 months ended 03/31/2023	Prior Fiscal Year 06/30/2022	Variance	
			\$	%
Change in net position	3,654,024	(134,363,021)	138,017,045	103 %
Operating Activities				
Investment (gains) losses, net	(22,751,218)	103,785,254	(126,536,472)	-122%
Right-of-use asset	(432,640)	-	(432,640)	100%
Depreciation and amortization	110,731	118,799	(8,068)	-7%
Change in assets/liabilities:				
Contributions receivable, net	(7,535,922)	5,805,898	(13,341,820)	-230%
Lease and other receivables, net	1,874,853	141,415	1,733,438	1,226 %
Books and art objects	(202)	(1,595,020)	1,594,818	100 %
Accounts payable & accrued expenses	97,423	1,576,405	(1,478,982)	-94%
Leases payable	322,754	-	322,754	100%
Amts due to third-party beneficiaries	-	(230,000)	230,000	100 %
Due to (from) University of South Florida	8,812,921	(7,110,041)	15,922,962	224 %
Net cash flow from operating activities	(15,847,276)	(31,870,311)	16,023,035	50 %
Investing Activities				
Proceeds from sale of investments	112,140,406	262,005,477	(149,865,071)	-57%
Purchases of investments	(103,069,885)	(238,677,779)	135,607,894	57 %
Interest & dividends reinvested	(9,246,333)	(7,838,836)	(1,407,497)	(18)%
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	5,816,162	15,888,862	(10,072,700)	-63%
Financing Activities				
Proceeds from endowment contributions	11,778,138	17,898,100	(6,119,962)	-34%
Beneficiary payments	(171,366)	(237,188)	65,822	28 %
Interest paid on mortgage	(66,997)	(98,651)	31,654	32 %
Principle payments on mortgage payable	(308,363)	(401,831)	93,468	23 %
Net cash flow from financing activities	11,231,412	17,160,430	(5,929,018)	-35%
Net increase in cash	1,200,298	1,178,981	21,317	2 %
Cash at the beginning of the year	1,729,525	550,544	1,178,981	214 %
Cash at the end of the year	2,929,823	1,729,525	1,200,298	69 %

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University of South Florida Alumni Association, Inc.
Executive Summary
March 30, 2023

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 2023, 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's transfer were pending as of March causing the payable to increase.

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 and event revenue: 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>March 30, 2023</u>	<u>June 30, 2022</u>	<u>Variance \$</u>	<u>Variance %</u>
ASSETS				
Cash and cash equivalents	389,019	225,373	163,646	73%
Pooled investments within Foundation	525,730	524,210	1,520	0%
Accounts receivable	143,954	68,314	75,640	111%
Prepaid expenses	12,823	58,977	(46,154)	-78%
Total assets	<u>1,071,526</u>	<u>876,874</u>	<u>194,652</u>	<u>22%</u>
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable and accrued expenses	41,440	181,583	(140,143)	77%
Deferred payroll support	17,557	5,261	12,296	-234%
Due to USF	72,519	27,793	44,726	100%
Deferred revenue	104,341	75,385	28,956	-38%
Total liabilities	<u>235,857</u>	<u>290,022</u>	<u>(54,165)</u>	<u>19%</u>
Net Assets:				
Unrestricted net assets	835,669	586,852	248,817	42%
Total liabilities and net assets	<u>1,071,526</u>	<u>876,874</u>	<u>194,652</u>	<u>22%</u>

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University of South Florida Alumni Association, Inc.
Summary of Revenues and Expenses
March 30, 2023

	Current Month Totals				Year to Date Totals (75%)			
	Actual Mar-23	Prior Year Mar-22	Variance \$	Variance %	Actual YTD	Prior Year YTD	Variance \$	Variance %
REVENUES:								
Membership	10,901	27,179	(16,278)	-60%	183,827	306,429	(122,602)	-40%
License Plates	25,800	26,025	(225)	-1%	298,945	306,388	(7,443)	-2%
Budget Support	100,246	56,962	43,284	76%	679,436	456,742	222,694	49%
Affinity Royalty	48,620	19,250	29,370	153%	232,508	231,795	713	0%
Investment Income	20,935	18,614	2,321	12%	185,910	164,237	21,673	13%
Sponsorships	23,333	16,638	6,695	40%	254,927	216,655	38,272	18%
Event Revenue	75,435	24,427	51,008	209%	156,707	100,222	56,485	56%
Gifts	13,948	26,295	(12,347)	-47%	110,689	120,385	(9,696)	-8%
Other Revenue	1,683	417	1,266	304%	16,585	8,606	7,979	93%
Total Operating Revenue	320,901	215,807	105,094	49%	2,119,534	1,911,459	208,075	11%
EXPENSES								
Salaries	150,751	141,235	(9,516)	-7%	1,228,889	1,151,792	(77,097)	-7%
Membership and membership services	13,859	11,421	(2,438)	-21%	49,007	46,383	(2,624)	-6%
Printing & Postage	4,477	1,062	(3,415)	-322%	30,123	34,783	4,660	13%
Event Services	110,265	72,212	(38,053)	-53%	300,867	220,101	(80,766)	-37%
Professional Services	6,486	9,635	3,149	33%	77,440	67,549	(9,891)	-15%
Travel	7,395	964	(6,431)	-667%	35,395	10,236	(25,159)	-246%
Advertising & Marketing	490	7,252	6,762	100%	5,802	10,387	4,585	44%
Insurance	1,594	7,252	5,658	100%	31,926	30,488	(1,438)	-5%
Community Relations	1,456	2,031	575	28%	16,053	13,675	(2,378)	-17%
Credit Card Fees and other services	1,430	3,343	1,913	57%	19,912	25,345	5,433	21%
Scholarships	5,160	5,486	326	6%	60,789	66,773	5,984	9%
Other expenses	1,659	1,302	(357)	-27%	14,514	13,802	(712)	-5%
Total Operating Expenses	305,022	263,195	(41,827)	-16%	1,870,717	1,691,314	(179,403)	-11%
NET INCOME FROM OPERATIONS	15,879	(47,388)	63,267	134%	248,817	220,145	28,672	13%
Change in net assets					248,817			
Net assets, beginning					586,852			
Net assets, end					835,669			

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

	March 30, 2023	June 30, 2022	Variance \$	Variance %
Operating activities				
Change in net assets	\$ 248,817	\$ 13,008		
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Changes in assets and liabilities:				
Accounts receivable	(75,640)	24,056		
Prepaid expenses	46,154	(48,380)		
Due from University of South Florida	-	-		
Deferred payroll support	12,296	2,014		
Due to University of South Florida	44,726	8,100		
Accounts payable and accrued expenses	(140,143)	59,018		
Deferred revenue	28,956	3,838		
Net cash provided by operating activities	165,166	61,654		
Proceeds for sales of investments	(1,520)	(1,308)		
Net cash used in investing activities	(1,520)	(1,308)		
Change in cash and cash equivalents	163,646	60,346		
Cash and cash equivalents, beginning of year	225,373	165,027		
Cash and cash equivalents, end of year	\$ 389,019	\$ 225,373	\$ 163,646	73%
	\$ -	\$ -		

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USF Financing Corporation and USF Property Corporation

FY 2023 QUARTER 3 REPORT - MARCH 31, 2023

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

- As the University's designated financing arm, the Financing Corporation is considering issuing \$200 million of debt to finance the construction of an on-campus stadium in the form of long-term, taxable, fixed interest rate debt. The University continues to explore additional funding strategies for the Project, including philanthropy, designated auxiliary funds, designated CITF funds and other potential sources.
 - On July 29, 2022, the Corporation issued an Invitation to Negotiate for direct purchase of taxable revenue bonds for the USF Athletic Stadium Project. On October 5, 2022, the Corporation issued an Invitation to Negotiate for direct purchase of non-bank qualified taxable revenue bonds for the USF Athletic Stadium Project. Management is in process of reviewing and assessing all proposals received. No award has been issued to date.
 - On June 24, 2022, an ITN was issued for Design and Construction Services. An owner's representative was engaged to assist USF in verifying scope and cost options. On September 6, 2022 the University's stadium planning committee selected Barton Malow and Populous as the Design/Build entity.
 - On March 7, 2023, the Board of Trustees approved the USF Stadium Design/Build Agreement and up to \$22 million dollars for the Phase I design expenditures.
 - Management has assessed the impact of Stadium debt on the University's debt capacity.
- Management is working closely with the University and the design-builder to ensure that the USF Sarasota-Manatee Housing and Student Center Project is delivered on time and on budget. Construction is underway and is expected to be complete in May 2024.
 - On March 15, 2023, management concluded negotiations with CORE Construction for a Guaranteed Maximum Price. The Corporation's significant owner's contingency mitigated cost escalation and supply chain issues. With the GMP now in place, the Corporation has shifted risk to the design-builder.
 - The debt, together with a \$16.5 million cash contribution from the University, will finance the construction of the mixed-use facility comprising a 200-bed student housing component and student center.
 - During construction, debt service on the \$30 million Series 2022 Certificates of Participation (30-year, tax-exempt, fixed interest rate public bonds, 4.85% interest rate) will be funded by bond proceeds designated for capitalized interest.
- In order to protect USF's "AA" credit ratings, formal presentations will be made to Moody's, Standard & Poor's and Fitch this year emphasizing USF's strengths in management and governance, market position and enrollment demand, operating performance, wealth and liquidity, and leverage.
- Ongoing oversight of DSOs and Auxiliaries with outstanding debt to ensure they are managing revenues and expenses to maintain pledged revenues and debt service coverage ratios, preserve essential liquidity, and maintain required reserves.
 - 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 was obtained on March 7, 2023. The rate increases would be effective beginning in Fall 2023.
- Ongoing compliance with covenants for 15 Series of debt, including IRS rules on tax-exempt bonds and required SEC reporting.

- On April 21, 2022, the University of South Florida terminated its Agreements with INTO USF, Inc. On July 15, 2022, the Financing Corporation filed a lawsuit against INTO South Florida and INTO USF, Inc. to compel the wind-up and dissolution of INTO USF, Inc. Litigation is ongoing. The teach-out plan for current students is expected to conclude in the Summer term of 2023. Liquidation of INTO USF, Inc is expected once litigation concludes.

EXPLANATION OF MAJOR VARIANCES FROM PRIOR YEAR - YTD

- Balance Sheet: Total Assets - Total Assets increased by more than \$11 M primarily due to 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 more than \$6 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 (\$557,000) 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 (\$46,000) primarily due to increased All Risk insurance premiums from the prior year and consulting expenses related to INTO USF.
- Income Statement: Nonoperating Revenues (Expenses) - Nonoperating Expenses decreased by more than \$1 M due to lower Interest Expense as a result of paying down debt, Housing Series 2022 capitalized interest, and an increase in Interest Income from increased interest rates.
- Income Statement: Operating Profit - The operating profit of \$2.4 M is on track to exceed the \$1.4 million in FY 2023 as approved in the Financial Plan. The Q3 operating profit margin of 21.3% exceeds the FY 2023 margin of 9.2%, reflecting improved operating performance.
- Statement of Cash Flows - Total Cash and Investments are up \$16.1 M reflecting the receipt of funds with the issuance of new debt for the Sarasota-Manatee housing project described above, less Capital Expenditures. As of March 31, 2023, the liquidity measure of a strong 416 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 3 REPORT - MARCH 31, 2023

STATEMENT OF NET POSITION

(In thousands)

	As of Mar 31, 2023	As of Mar 31, 2022	Variance		As of June 30, 2022
			\$	%	
ASSETS					
Current Assets:					
Cash	\$4,027	\$303	\$3,725	1,230 %	\$283
Certificate of deposit	0	3,774	(3,774)	(100)%	3,774
Restricted:					
Cash and cash equivalents	15,509	13,831	1,678	12 %	18,564
Due from related parties	0	0	0	%	673
Accounts receivable	280	2	279	15,865 %	32
Financing receivable, current portion	16,761	15,212	1,550	10 %	16,884
Total current assets	36,579	33,121	3,457	10 %	40,211
Noncurrent Assets:					
Restricted:					
Cash and cash equivalents	61,993	47,564	14,429	30 %	25,215
Security pledged to counterparty	0	3,960	(3,960)	0 %	0
Financing receivable, noncurrent portion	280,121	282,578	(2,457)	(1)%	287,507
Total noncurrent assets	342,114	334,102	8,012	2 %	312,722
Total assets	378,692	367,223	11,470	3 %	352,933
Deferred Outflows of Resources:					
Interest Rate swap agreement	4,313	8,753	(4,440)	(51)%	6,414
Deferred losses on refunding of debt	733	904	(172)	(19)%	858
Total deferred outflows of resources	5,045	9,657	(4,612)	(48)%	7,272
Total Assets and Deferred Outflows	\$383,738	\$376,880	\$6,858	2 %	\$360,205
LIABILITIES AND NET ASSETS					
Current Liabilities:					
Accounts payable	\$3,309	\$419	\$2,890	689 %	\$763
Interest payable	3,314	3,123	191	6 %	5,579
Due to related parties	11,166	15,709	(4,543)	(29)%	911
Long-term debt, current portion	16,020	16,358	(338)	(2)%	16,358
INTO USF equity investment - Accumulated losses	0	2,171	(2,171)	(100)%	0
Total current liabilities	33,809	37,781	(1,800)	(5)%	23,611
Noncurrent Liabilities:					
Interest rate swaps payable	4,313	8,753	\$(4,440)	(51)%	6,414
Long-term debt, noncurrent portion	321,339	308,849	12,490	4 %	308,335
Total noncurrent liabilities	325,651	317,602	8,049	3 %	314,749
Total liabilities	359,461	355,383	6,249	2 %	338,360
Deferred Inflows of Resources:					
Deferred gain on refunding of debt	5	31	(27)	(85)%	18
Total deferred inflows of resources	5	31	(27)	(85)%	18
Total Liabilities and Deferred Inflows	\$359,465	\$355,414	\$6,223	2 %	\$338,379
Net Position:					
Restricted	20,245	19,561	684	3 %	17,768
Unrestricted	4,027	1,905	2,122	111 %	4,058
Total Net Position	\$24,272	\$21,466	\$2,806	13 %	\$21,826
Total Liabilities and Net Position	\$383,738	\$376,880	\$6,858	2 %	\$360,205

USF Financing Corporation and USF Property Corporation

FY 2023 QUARTER 3 REPORT - MARCH 31, 2023

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

(In thousands)

	9 Mos. Ending Mar 31, 2023	Mar 31, 2022	Variance		June 30, 2022	FINANCIAL PLAN FY 2023
			\$	%		
<u>OPERATING REVENUES</u>						
USF housing system lease revenue	\$7,186	\$7,573	\$(387)	(5)%	\$10,125	\$9,912
USF Marshall Center lease revenue	940	982	(42)	(4)%	1,312	1,255
USF athletics system lease revenue	284	333	(48)	(15)%	437	372
USF arena revenue	556	673	(116)	(17)%	695	652
UMSA lease revenue	1,527	1,451	76	5 %	1,977	1,984
HPCC lease revenue	289	297	(9)	(3)%	381	365
Research lease revenue	724	754	(31)	(4)%	989	959
Total Operating Revenues	\$11,506	\$12,063	\$(557)	(5)%	\$15,916	\$15,499
<u>OPERATING EXPENSES</u>						
Management expense	605	610	(5)	(1)%	803	827
General and administrative expense	624	574	50	9 %	601	782
Total Operating Expenses	\$1,229	\$1,183	\$46	4 %	\$1,405	\$1,610
<u>NONOPERATING REVENUES (EXPENSES)</u>						
Interest expense on debt	(8,707)	(9,226)	519	6 %	(12,062)	(12,477)
Interest income	876	8	869	11,555 %	65	10
Total Nonoperating Revenues (Expenses)	\$(7,831)	\$(9,219)	\$1,388	15 %	\$(11,998)	\$(12,467)
OPERATING PROFIT BEFORE NON-CASH CHANGES	\$2,446	\$1,661	\$786	47 %	\$2,513	\$1,422
Change in INTO USF equity investment	0	0	0	%	1,544	0
Total Contributions and Non-Cash Changes	\$0	\$0	\$0	%	\$1,544	\$0
CHANGE IN NET POSITION	\$2,446	\$1,661	\$786	47 %	\$4,058	\$1,422
Operating Profit Margin	21.3%	13.8%		7 %	15.8%	9.2%

USF Financing Corporation and USF Property Corporation

FY 2023 QUARTER 3 REPORT - MARCH 31, 2023

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	9 Mos. Ending Mar 31, 2023	Mar 31, 2022	Variance		June 30, 2022	FINANCIAL PLAN FY 2023
			\$	%		
OPERATING ACTIVITIES						
Lease payments received from USF	\$17,463	\$18,240	\$(776)	(4)%	\$24,096	\$23,983
Lease payments received from UMSA	3,426	3,310	116	4 %	4,442	4,515
Lease payments received from HPCC	1,080	1,043	37	4 %	1,386	1,431
Lease payments received from Research Foundation	1,887	1,871	16	1 %	2,167	2,205
Payment to USF for management services	(469)	(494)	25	5 %	(803)	(827)
General and administrative disbursements	(625)	(573)	(52)	(9)%	(600)	(782)
Total Cash from Operating Activities	\$22,762	\$23,396	\$(633)	(3)%	\$30,688	\$30,525
CAPITAL AND FINANCING ACTIVITIES						
Capital expenditures	\$(2,993)	\$(11,080)	\$8,087	73 %	\$(11,499)	\$(6,480)
Debt issuance costs	(157)	(37)	(120)	(324)%	0	(300)
Proceeds from issuance of long-term debt	29,902	0	29,902	%	0	27,000
Principal paid on debt	(16,231)	(15,601)	(630)	(4)%	(15,722)	(16,360)
Interest paid on debt	(12,333)	(12,809)	475	4 %	(13,522)	(14,017)
Equity contribution from USF Research for Project or reserves	0	1,385	(1,385)	(100)%	1,385	0
Receipt of pledged revenues from University of South Florida	34,437	36,242	(1,805)	(5)%	36,866	0
Return of excess pledged revenues to University of South Florida	(22,793)	(12,503)	(10,291)	(82)%	(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	\$9,831	\$(14,402)	\$24,234	168 %	\$(39,358)	\$(10,157)
INVESTING ACTIVITIES						
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)
Interest income	1,100	7	1,093	15,693 %	36	10
Total Cash From Investing Activities	\$4,874	\$7	\$4,867	73,910 %	\$35	\$10
CHANGE IN CASH	37,467	9,000	28,467	316 %	(8,635)	20,377
Cash, Beginning of Year	44,063	52,698	(8,635)	(16)%	52,698	44,209
Cash, End of Year	\$81,530	\$61,698	\$19,832	0 %	\$44,063	\$64,586
Total Cash & Investments	\$81,530	\$65,472	\$16,058	25 %	\$47,837	\$68,362
Days Cash on Hand	416	393	22	6 %	407	394

UMSA AND MSSC COMBINED

INCOME STATEMENT

QUARTER THREE

(In thousands)

	<i>9 Months Ended March 31,</i>			
	2023	2022	Variance	
	ACTUAL	ACTUAL	\$	%
REVENUES				
Net Patient Service	\$141,886	\$138,660	\$3,226	2 %
Grants, Contracts & Awards	\$77,149	\$74,697	2,451	3 %
UPL/PCIP	\$29,093	\$27,579	1,513	5 %
Other Revenues	\$27,704	\$40,518	(12,815)	(32)%
Total Revenues	\$275,831	\$281,455	\$(5,625)	(2)%
EXPENSES				
Faculty Support	\$160,279	\$137,751	\$22,528	16 %
Housestaff Support	\$11,704	\$10,999	705	6 %
Other Staff Support	\$21,868	\$56,471	(34,604)	(61)%
USFTGP Staff Support	\$49,444	\$14,663	34,781	237 %
Depreciation/Amortization	\$4,386	\$3,217	1,169	36 %
Other Expenses	\$32,798	\$36,735	(3,937)	(11)%
Total Expenses	\$280,478	\$259,836	\$20,642	8 %
Operating Profit Before				
Non-Cash Changes	\$(4,647)	\$21,619	\$(26,266)	(121)%
Investment Income, Net	\$1,305	\$(417)	\$1,722	413 %
Other Nonoperating Expense	\$(10,265)	\$(11)	(10,254)	(95,388)%
Gain (Loss) on Disposal of Capital Assets	\$0	\$2,766	(2,766)	(100)%
Total Non-Cash Changes	\$(8,960)	\$2,338	\$(11,298)	(483)%
NET OPERATING PROFIT	\$(13,608)	\$23,957	\$(37,564)	(157)%

UMSA AND MSSC COMBINED

QUARTER THREE

BALANCE SHEET

(In thousands)

ASSETS

Current Assets

	March 31 2023	March 31 2022	Variance \$	%
Cash and Cash Equivalents	\$27,146	\$21,282	\$5,864	28 %
Investments	\$25,064	\$26,246	(1,182)	(5)%
Patient Accounts Receivable, Net	\$14,012	\$11,574	2,437	21 %
Contracts Receivable	\$6,293	\$14,058	(7,765)	(55)%
UPL Receivable	\$23,283	\$26,314	(3,032)	(12)%
Other Receivables	\$4,732	\$7,753	(3,021)	(39)%
Due from DSO/Component Unit	\$0	\$0	0	%
Right of Use Lease Receivable	\$21,488	\$0	21,488	%
Prepaid Expenses	\$3,627	\$2,981	646	22 %
Inventory	\$1,348	\$1,017	331	33 %
Other	\$8	\$8	0	0 %
Total Current Assets	\$127,000	\$111,232	\$15,768	14 %

Noncurrent Assets

Other Noncurrent Assets

Promise of contributed use of software-Epic LT \$0 \$679 (679) (100)%

Capital Assets

Fixed Assets Net of Depreciation \$122,990 \$48,940 74,050 151 %
 Right of Use Assets Net of Depreciation \$13,663 \$0 13,663 %
 Non-Depreciables (Construction in Process, Land, etc.) \$3,704 \$1,039 2,665 257 %

Total Noncurrent Assets **\$140,357** **\$50,658** **\$89,699** **177 %**

Total Assets **\$267,358** **\$161,891** **\$105,467** **65 %**

LIABILITIES

Current Liabilities

Accounts Payable	\$9,473	\$1,500	\$7,974	532 %
Accrued Salaries and Benefits	\$1,383	\$3,922	(2,540)	(65)%
Due to Primary Unit and Other Component Units	\$10,521	\$9,801	720	7 %
Deferred Revenue	\$1	\$176	(174)	(99)%
Current Portion of Right to Use Lease Liability	\$538	\$0	\$538	%
Building/Equip Lease Payable ST	\$3,181	\$534	2,647	496 %
Other:	\$13,631	\$10,006	3,625	36 %
Total Current Liabilities	\$38,728	\$25,939	\$12,789	49 %

Noncurrent Liabilities

Building Lease Payable LT	\$112,805	\$44,190	\$68,616	155 %
Right to Use Lease Liability, Net of Current Portion	\$34,613	\$0	\$34,613	%
Other	\$732	\$1,268	\$(536)	(42)%
Total Noncurrent Liabilities	\$148,151	\$45,458	\$102,693	226 %

Total Liabilities **\$186,879** **\$71,396** **\$115,482** **162 %**

Temporarily Restricted Net Assets-Epic \$0 \$0 0 %

Unrestricted Net Assets \$80,479 \$90,488 \$(10,009) (11)%

Net Assets **\$80,479** **\$90,488** **\$(10,009)** **(11)%**

Total Liabilities & Net Assets **\$267,358** **\$161,885** **\$105,473** **65 %**

UMSA AND MSSC COMBINED

QUARTER THREE

STATEMENT OF CASH FLOWS

(In thousands)

	<i>9 Months Ended March 31,</i>	<i>Fiscal Year Ended June 30,</i>		
	2023	2022	Variance	
	Actual	ACTUAL	\$	%
<u>OPERATING ACTIVITIES</u>				
Net Operating Profit	\$ (13,608)	\$28,684	\$ (42,291)	(147)%
Changes in operating assets and liabilities	\$15,253	\$ (10,233)	\$25,486	249 %
Adjustments for Non-Cash Activities:	\$0	\$0	\$0	%
Depreciation / Amortization	\$4,386	\$6,136	\$ (1,750)	(29)%
Non Cash Impact of Epic	\$0	\$0	\$0	%
Unrealized Gains	\$0	\$0	\$0	%
Total Cash From Operating Activities	\$6,031	\$24,587	\$ (18,556)	(75)%
<u>FINANCING ACTIVITIES</u>				
Capital Expenditures	\$ (2,995)	\$1,496	\$ (4,491)	(300)%
Proceeds from Sale of Capital Assets	\$0	\$2,454	\$ (2,454)	(100)%
Interest Payments	\$ (1,525)	\$ (2,295)	\$770	34 %
Proceeds of Long-Term Debt	\$0	\$0	\$0	%
Principal Paid on Debt	\$264	\$8,878	\$ (8,615)	(97)%
Total Cash From Investing Activities	\$ (4,257)	\$10,533	\$ (14,790)	(140)%
<u>INVESTING ACTIVITIES</u>				
Interest and Dividends on Investments	\$1,305	\$ (2,904)	\$4,209	145 %
Purchases/Sales of Investments	\$ (1,305)	\$ (17,096)	\$15,791	92 %
Total Cash From Financing Activities	\$0	\$ (20,000)	\$20,000	100 %
CHANGE IN CASH				
Operatng Cash, Beginning of Year	\$25,769	\$10,648	\$15,121	142 %
Operating Cash, End of Quarter	\$26,630	\$25,769	\$861	3 %
Invested Cash, End of Quarter	\$25,064	\$23,759	\$1,305	5 %
Total Cash, End of Quarter	\$51,694	\$49,528	\$861	2 %

USF Research Foundation, Inc.

FY 2023 QUARTER 3 REPORT - MARCH 31, 2023

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 directed 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 March 31, 2023 the FY23 year-to-date expense of \$2.93M for TTO cost allocation is tracking favorably to plan by \$59K.

- Investment Income is in line with Approved Plan for the nine month period ended March 31, 2023.

USF Research Foundation, Inc.
 FY 2023 QUARTER 3 REPORT - MARCH 31, 2023

BALANCE SHEET

(In thousands)

	As of March 31,		Variance	
	2023	2022	\$	%
<u>ASSETS</u>				
<u>Current Assets</u>				
Cash and Cash Equivalents	\$5,055	\$9,110	\$(4,055)	(45)%
Investments	45,124	50,134	\$(5,009)	(10)%
Receivables	1,435	1,135	\$300	26 %
Other Current Assets	645	477	\$168	35 %
Total Current Assets	\$52,259	\$60,855	\$(8,596)	(14)%
<u>Noncurrent Assets</u>				
Other Receivables	\$22	\$80	\$(58)	(73)%
Lease Receivables	57,050	-	\$57,050	%
Right-to-Use Leased Asset, net	271	-	\$271	%
Capital Assets	95,471	71,417	\$24,054	34 %
Less: Accumulated Depreciation	(40,576)	(36,981)	\$(3,595)	(10)%
Non-Depreciable Items (CIP, Land, etc.)	9,862	8,634	\$1,228	14 %
Reserve for Debt Service	2,514	-	\$2,514	%
Developer Rights to Research Park (net)	6,646	6,762	\$(116)	(2)%
Total Noncurrent Assets	\$131,259	\$49,911	\$81,348	163 %
Total Assets	\$183,518	\$110,766	\$72,752	66 %
<u>LIABILITIES AND NET POSITION</u>				
<u>Current Liabilities</u>				
Accounts Payable	\$1,579	\$1,474	\$105	7 %
Due to Primary Unit	7,806	7,615	\$191	3 %
Unearned Revenue	627	723	\$(95)	(13)%
Lease Liability	283	-	-	-
Other Current Liabilities	1,485	2,170	\$(685)	(32)%
Total Current Liabilities	\$11,781	\$11,982	\$(201)	-2%
<u>Noncurrent Liabilities</u>				
Notes Payable & Capital Lease Obligation	\$39,720	\$16,626	\$23,094	139 %
Total Noncurrent Liabilities	\$39,720	\$16,626	\$23,094	139%
<u>Deferred Inflows of Resources (Leases)</u>	\$56,032	-	\$56,032	%
Total Liabilities	\$107,533	\$28,608	\$78,925	276%
Net Position	\$75,985	\$82,158	\$(6,173)	-8%
Total Liabilities & Net Position	\$183,518	\$110,766	\$72,752	66%

USF Research Foundation, Inc.

FY 2023 QUARTER 3 REPORT - MARCH 31, 2023

INCOME STATEMENT

(In thousands)

	Period Ending March 31,		Variance	
	2023	2022	\$	%
<u>REVENUES</u>				
Rental Revenue	\$7,388	\$7,151	\$236	3 %
Intellectual Property Revenue	1,713	2,161	(448)	(21)%
NMR Use License Fee	-	0	0	%
Other Operating Revenues	121	123	(2)	(1)%
Total Revenues	\$9,222	\$9,435	\$(214)	(2)%
<u>EXPENSES</u>				
Salaries & Benefits	\$934	\$846	\$88	10 %
Intellectual Property Program Expense	1,172	1,524	(352)	(23)%
IP University Exp - TTO Cost Allocation to DSO	2,933	2,023	910	45 %
Operations - Research Park	2,971	2,541	430	17 %
Other Operating Expenses	122	134	(12)	(9)%
UBC Net Expense (University Business Center)	(300)	248	(548)	(221)%
Interest Expense	1,017	566	451	80 %
Depreciation & Amortization	3,470	2,119	1,351	64 %
Total Expenses	\$12,319	\$10,001	\$2,317	23 %
OPERATING INCOME (LOSS) BEFORE NON-OPERATING REVENUE (LOSS)	\$(3,097)	\$(566)	\$(2,531)	(447)%
Investment Income (Loss)	\$1,886	\$(1,587)	\$3,473	219 %
Investment Income (Loss) - IP Equity Transaction	\$(655)	(11,094)		
Non-Operating Interest Expense	0	(487)	487	100 %
Total Non-Operating Income (Expense)	\$1,231	\$(13,168)	\$14,399	109 %
NET INCOME (LOSS)	\$(1,866)	\$(13,734)	\$11,868	86 %

USF Research Foundation, Inc.

FY 2023 QUARTER 3 REPORT - MARCH 31, 2023

STATEMENT OF CASH FLOWS

(In thousands)

	Period Ending March 31,		Variance	
	2023	2022	\$	%
<u>OPERATING ACTIVITIES</u>				
Net Income (Loss)	\$(1,866)	\$(13,734)	\$11,868	86 %
Adjustments for Non-Cash Activities:				
Add back (Deduct) Non-Cash Investment Loss(Gain)	(826)	13,009	(13,835)	(106)%
Add back Depreciation/Amortization Expense	3,470	2,119	1,351	64 %
Add back Other Non-Cash Expense	10	0	10	%
Less Other Non-Cash Revenue	0	0	0	%
Change in Assets and Liabilities (net)	19	3,093	(3,074)	(99)%
Total Cash From Operating Activities	\$806	\$4,486	\$(3,680)	(82)%
<u>INVESTING ACTIVITIES</u>				
Purchase of Investments	\$(339)	\$0	\$(339)	%
Capital Expenditures	(264)	(892)	627	70 %
Capital Expenditures - New Bldg Improvements	0	(1,385)	1,385	100 %
Repayment (Funding) of Seed Capital Loans (net)	-	0	0	%
Total Cash From Investing Activities	\$(603)	\$(2,277)	\$1,674	74 %
<u>FINANCING ACTIVITIES</u>				
Redeem Investments for 3814 Spectrum	\$0	\$3,500	\$(3,500)	100 %
Redeem Investments for Stock Purchase	299	0	299	%
New Building - Debt Service Costs	(975)	(936)	(38)	(4)%
Capital Lease Obligation - UDI Acquisition	(196)	(188)	(8)	(4)%
Payment - UBC Lease Liability	(496)			
Principal Payment - Note Payable	(835)	(805)	(30)	(4)%
Total Cash From Financing Activities	\$(2,203)	\$1,571	\$(3,774)	(240)%
CHANGE IN CASH	(2,001)	3,780	(5,780)	(153)%
Cash, Beginning of Year	7,056	5,330	1,726	32 %
Cash, End of Period	\$5,055	\$9,110	\$(4,055)	(45)%

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

- 'Cash and cash equivalents' decreased \$608K or 37% from 6/30/2022 as current liabilities and debt payments exceeded net cash receipts in the nine months ended 3/31/2023.
- '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 \$705K from 6/30/2022 from the payment of grants to MECs, while 'Unearned revenue' increased \$382K from Medicine International Observorship receipts and increasing deposits for future programs.
- 'Contracts & grants - non USF', which includes MEC related grants, was down \$1,818K. MEC related grants were down \$2,327K year over year and similarly, 'Programming Services' were down \$1,906K year over year with payments to MECs decreasing \$2,336K year over year. 'Program registrations & exhibits' increased year over year as CAMLS live events accelerated and international observorships restarted. A new tenant at CAMLS increase 'Rental revenue' year over year. The Contribution Margin Ratio increased since a larger portion of revenue was kept for HPCC operating
- Salaries & benefits' along with 'Rent, utilities & equipment leases' and 'Other operating expenses' are all increasing due to pricing competition for labor, utility rate and service contract price increases and programming increases at CAMLS.
- Operating Income improved \$660K from a prior year loss of (\$359K) due to increasing live event business at CAMLS, increasing rents and management of operating expenses.
- The 9 months ended March 31, 2023 'Increase in Net Position' before 'Transfers from UMSA' was \$120K compared to the Approved Plan of \$69K. April was a challenging month financially partially due to many large events in downtown Tampa putting price pressure on hotel rooms and a holiday weekend. May and June are projected stonger than April to close out the year.
- 'Days cash on hand' has improved to 27 from 17 as contractual collections improve.

USF HEALTH PROFESSIONS CONFERENCING CORPORATION

Statements of Net Position

as of March 31, 2023 and June 30, 2022

	Current Year as of 3/31/23	Prior Year as of 6/30/22	Variance \$	Variance %
<u>Assets</u>				
Current Assets:				
Cash and cash equivalents	\$ 1,032,414	\$ 1,640,629	\$ (608,215)	(37)%
Accounts receivable	624,676	666,724	(42,048)	(6)%
Due from USF/DSO	247,496	281,050	(33,554)	(12)%
Prepaid expenses	202,913	126,767	76,146	60 %
Lease receivable	277,777	220,415	57,362	26 %
Other current assets	214,033	30,675	183,358	598 %
Total Current Assets	2,599,309	2,966,260	(366,951)	(12)%
Non-current Assets:				
Capital assets, net	344,062	253,657	90,405	36 %
Right-of-use asset, net	13,987,788	14,363,572	(375,784)	(3)%
Lease receivable, non-current	402,348	150,988	251,360	166 %
Other non-current assets	-	1,180	(1,180)	(100)%
Total Non-current Assets	14,734,198	14,769,397	(35,199)	(0)%
Total Assets	17,333,507	17,735,657	(402,150)	(2)%
<u>Deferred Outflows of Resources</u>				
Bond Prepayment Premium	84,118	98,816	(14,698)	(15)%
<u>Liabilities</u>				
Current Liabilities:				
Capital lease obligations, current portion	1,120,890	1,071,831	49,059	5 %
Accounts payable	569,801	1,275,227	(705,426)	(55)%
Accrued expenses - other	68,745	82,151	(13,406)	(16)%
Due to USF/DSO's	560,883	485,348	75,535	16 %
Unearned revenue	1,203,356	821,557	381,799	46 %
Total Current Liabilities	3,523,675	3,736,114	(212,439)	(6)%
Non-current Liabilities:				
Capital lease obligations, net of current portion	9,549,704	10,394,633	(844,929)	(8)%
Total Non-current Liabilities	9,549,704	10,394,633	(844,929)	(8)%
Total Liabilities	13,073,379	14,130,747	(1,057,368)	(7)%
<u>Deferred Inflows of Resources</u>				
Deferred inflows related to grants	370,633	350,333	20,300	6 %
Deferred inflows related to leases	680,124	371,403	308,721	83 %
Total Deferred Inflow of Resources	1,050,757	721,736	329,021	46 %
<u>Net Position</u>				
Net investment in capital assets	3,661,256	3,150,765	510,491	16 %
Operating unrestricted	(367,767)	(168,775)	(198,992)	118 %
Total Net Position	\$ 3,293,489	\$ 2,981,990	\$ 311,499	10 %

USF HEALTH PROFESSIONS CONFERENCING CORPORATION

Statements of Revenues, Expenses and Changes in Net Position

For the nine months ended March 31, 2023 and 2022

	Current Year as of 3/31/23	Prior Year as of 3/31/22	Variance \$	Variance %
Operating Revenues				
Contracts & grants - non USF	\$ 7,081,609	\$ 8,899,495	\$ (1,817,886)	(20)%
Contracts & grants - USF	2,816,597	2,481,309	335,288	14 %
Program registration & exhibits	737,057	371,361	365,696	98 %
Rental revenue	332,951	262,876	70,075	27 %
Rebates & commissions	42,649	48,148	(5,499)	(11)%
Total Operating Revenues	11,010,863	12,063,189	(1,052,326)	(9)%
Operating Expenses				
Program services	5,696,249	7,602,198	(1,905,949)	(25)%
Supporting services				
Salaries & benefits	2,942,305	2,707,946	234,359	9 %
Wages - program driven temporary staffing	80,134	58,581	21,553	37 %
Rent, utilities & equipment leases	1,002,617	941,395	61,222	7 %
Other operating expenses	494,024	409,644	84,380	21 %
Right-of-use asset amortization	375,267	375,783	(516)	(0)%
Depreciation expense	119,375	326,937	(207,562)	(63)%
Total Operating Expenses:	10,709,971	12,422,484	(1,712,513)	(14)%
Operating Income (Loss)	300,892	(359,295)	660,187	(184)%
Non-operating Revenues (Expenses)				
Transfers from UMSA- Continuing Ed - Faculty, Students	191,750	600,000	(408,250)	(68)%
Investment income	20,977	9,984	10,993	110 %
Bond prepayment premium	(15,214)	(15,954)	740	(5)%
Interest expense on lease obligations	(196,926)	(219,955)	23,029	(10)%
Gain on asset disposal	10,020	6,000	4,020	67 %
Total Net Non-operating Revenue (Expenses)	10,607	380,075	(369,468)	(97)%
Increase in Net Position	311,499	20,780	290,719	1,399 %
Net Position, beginning of year	2,981,990	2,479,254	502,736	20 %
Net Position, end of period	\$ 3,293,489	\$ 2,500,034	\$ 793,455	32 %
Contribution Margin Ratio	$\frac{A - B}{A}$	46%	35%	

USF HEALTH PROFESSIONS CONFERENCING CORPORATION

Statements of Cash Flow

For the nine months ended March 31, 2023 and 2022

	Current Year as of 3/31/23	Prior Year as of 3/31/22	Variance \$	Variance %
Cash flows provided by (used in) operating activities				
Programmatic receipts	\$ 10,510,147	\$ 10,990,137	\$ (479,990)	(4)%
Facility operations receipts	969,732	754,236	215,496	29 %
Rents & rebate receipts	353,738	271,029	82,709	31 %
Total Receipts	<u>11,833,617</u>	<u>12,015,402</u>	<u>(181,785)</u>	<u>-2%</u>
Programmatic disbursements	(6,602,728)	(8,426,938)	1,824,210	(22)%
Staffing disbursements	(3,130,000)	(2,917,724)	(212,276)	7 %
Operations disbursements	(1,782,050)	(1,355,808)	(426,242)	31 %
Total Disbursements	<u>(11,514,778)</u>	<u>(12,700,470)</u>	<u>1,185,692</u>	<u>(9)%</u>
Net cash flows provided by (used in) operating activities	<u>318,839</u>	<u>(685,068)</u>	<u>1,003,907</u>	<u>(147)%</u>
Cash flows provided by non-capital and related financing activities				
Transfers from UMMA- Continuing Ed - Faculty, Students	191,750	600,000	(408,250)	(68)%
Net cash provided by non-capital and related financing activities	<u>191,750</u>	<u>600,000</u>	<u>(408,250)</u>	<u>(68)%</u>
Cash flows provided by (used in) capital and related financing activities				
Purchases of capital assets	(157,005)	(14,323)	(142,682)	996 %
Proceeds on sale of fixed assets	10,020	6,000	4,020	67 %
Principal payments under lease obligations	(795,870)	(935,578)	139,708	(15)%
Interest payments on lease obligations	(196,926)	(219,955)	23,029	(10)%
Net cash used in capital and related financing activities:	<u>(1,139,781)</u>	<u>(1,163,856)</u>	<u>24,075</u>	<u>(2)%</u>
Cash flows provided by investing activities				
Investment Income	20,977	9,979	10,998	110 %
Net cash provided by investing activities	<u>20,977</u>	<u>9,979</u>	<u>10,998</u>	<u>110 %</u>
Net increase (decrease) in cash and cash equivalents	(608,215)	(1,238,945)	630,730	(51)%
Cash and cash equivalents, beginning of year	1,640,629	1,983,352	(342,723)	(17)%
Cash and cash equivalents, end of period	<u>\$ 1,032,414</u>	<u>\$ 744,407</u>	<u>\$ 288,007</u>	<u>39 %</u>
Cash:				
Cash and cash equivalents - Checking	836,199	548,290	287,909	53 %
Cash and cash equivalents - Designated Savings	196,215	196,117	98	0 %
	<u>\$ 1,032,414</u>	<u>\$ 744,407</u>	<u>\$ 288,007</u>	<u>39 %</u>
Days cash on hand	27	17		
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 300,892	\$ (359,295)	\$ 660,187	(184)%
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	119,375	326,937	(207,562)	(63)%
Right-of-use asset amortization	375,267	375,784	(517)	(0)%
Changes in operating assets and liabilities and deferred inflows of resources which provided (used) cash:				
Accounts receivable and due fr USF/DSO	75,602	(164,421)	240,023	(146)%
Prepaid expenses	(76,146)	512	(76,658)	(14,968)%
Lease receivable	(308,722)	(216,858)	(91,864)	42 %
Fixed asset accruals	(52,774)	-	(52,774)	100%
Other current and non-current assets	(182,178)	(1,725)	(180,453)	10,460 %
Accounts payable, accrued expenses and other noncurrent liabilities	(643,297)	(169,275)	(474,022)	280 %
Refunds due to sponsors and other current liabilities	-	(2,500)	2,500	(100)%
Unearned revenue	381,799	105,090	276,709	263 %
Deferred inflows of resources	329,021	(579,318)	908,339	(157)%
Net cash flows from operating activities	<u>\$ 318,839</u>	<u>\$ (685,068)</u>	<u>\$ 1,003,907</u>	<u>(147)%</u>

Management Discussion & Analysis

For the Month Ended March 31, 2023

For the month ended March 31, 2023, total operating revenue and expenses were \$33,533 and \$188,325 respectively, resulting in a net operating loss of (\$154,792). As represented in the monthly operating income statement, total event-related income of \$33,239 was mostly comprised of one USF Men's Basketball game along with a Tampa Bay Strikers game. As a result, relative to the original budget, total event income was unfavorable by (\$187,062). This variance is due to two large events (one comedy show and one concert) being budgeted but neither taking place.

Payroll and operating expenses for the month totaled \$188,325, which was unfavorable compared to the original budget by (\$60,982). The unfavorable variance was attributed to part time wages being more than the expenses budgeted. Due to timing, some part time wages for events in February were recorded in March. Additionally, facility repairs and maintenance expenses came in higher than initially budgeted for the month.

As of March 31, 2023, the consolidated cash balance was \$3,615,140, resulting in an overall increase in cash of 730,242 from the prior month. The increase in cash is attributed to ticket sales and rebates for future shows at the Yuengling Center. The Thorn and Ice Cube, both April events, had a significant increase in ticket sales in March, along with the Ricardo Arjona concert, which is scheduled for June. Additionally, we received two COA payments, both at full value, as the USF threshold has been reached.

For the Nine Months Ended March 31, 2023

For the nine months ended March 31, 2023, total operating revenue and expenses were \$1,834,504 and \$1,282,897, respectively, resulting in net operating profit of \$551,607. As represented in the fiscal year-to-date income statement, total event income of \$1,681,192 was attributable to USF events \$587,760 (35% of total event income) and Non-USF events \$1,093,432 (65% of total event income). Total event revenue of \$1,824,544 exceeded event-related costs of \$1,648,495 by \$176,049 for a gross profit margin (before ancillary revenue) of 10%. Ancillary revenue streams realized during this time frame amounted to \$1,505,144, or 82% of the total event revenue (gross). This amount was comprised of TM Rebates \$602,081 (40%), Parking \$171,851 (11%), Concessions \$320,932 (21%), RMI \$298,935 (20%), Novelties \$67,789 (5%), and Suite/Loge \$43,556 (3%), effectively the fiscal year-to-date event gross profit margin was 50%. Relative to the original budget, total operating income is \$637,969 greater than budget.

For the nine months ended March 31, 2023, total payroll and operating expenses were \$1,282,897, resulting in a positive variance to budget of \$156,508. These variances are primarily attributable to a function of the net effect of savings in insurance and bond expenses, contracted services, utilities, and professional fees.

Since the inception of the fiscal year, operating and event cash balances increased by \$523,691. The increase is attributable to the net effect of increase in prepaids (\$119,367), accrued liabilities \$986,297, accounts receivable (\$693,700), deferred revenue 298,227 and decrease in accounts payable (\$85,136). It should be noted that as of March 31, 2023, the payable due to TBEP for the fiscal year is \$3,511,112. 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 \$2,458,453 and \$1,680,081 respectively, resulting in net operating income before incentive fees/profit share of \$778,371. Compared to the original budget, operating revenue is projected to increase by \$499,259 while operating expenses are projected to decrease by (\$22,753), for an overall projected increase in net operating income before incentive fees/profit allocation expenses of \$522,012.

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

BALANCE SHEET

(In thousands)

	9 Months Ended March 31,					
	Q1 Actual	Q2 Actual	Q3 Actual	2023 ACTUAL	2022 ACTUAL	2021 ACTUAL
ASSETS						
Current Assets						
Cash and Cash Equivalents	3,246	160	327	3,734	1,575	574
Accounts Receivable	159	622	501	1,283	609	371
Investments	-	-	-	-	-	-
Other	117	(31)	51	137	39	47
Total Current Assets	3,522	751	880	\$5,153	\$2,223	\$993
Noncurrent Assets						
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	880	\$5,768	\$2,902	\$1,736
LIABILITIES						
Current Liabilities						
Accounts Payable	218	(90)	(12)	115	8	137
Due to Component Units	3,209	767	(251)	3,725	2,936	1,990
Deferred Revenue	1,391	(59)	1,133	2,465	739	7
Other	-	-	-	-	-	-
Total Current Liabilities	4,817	617	870	\$6,305	\$3,683	\$2,134
Noncurrent Liabilities						
Long Term Debt	-	-	-	-	-	-
Total Noncurrent Liabilities	-	-	-	-	-	-
Total Liabilities	4,817	617	870	\$6,305	\$3,683	\$2,134
NET ASSETS	(681)	135	10	\$(537)	\$(781)	\$(398)
Total Liabilities & Net Assets	4,136	751	880	\$5,768	\$2,902	\$1,736
Net Position						
Beginning Unrestricted Net Assets	(1,357)	-	(0)	\$(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)	(17)	(414)	(459)	138
Net Operating Income	222	276	27	525	351	(816)
Total Net Position	(681)	135	10	\$(537)	\$(781)	\$(398)

INCOME STATEMENT

(In thousands)

	<i>9 Months Ended March 31,</i>						<i>Fiscal Year Ended June 30,</i>					
	Q1 Actual	Q2 Actual	Q3 Actual	2023 Actual	2022 Actual	2021 Actual	2023 YTD	2022 ACTUAL	Variance		2023 Plan	2022 Plan
									\$	%		
REVENUES												
Rent Income	\$13	\$(11)	\$174	\$176	\$382	\$233	\$176	\$336	\$(160)	(48)%	\$339	\$491
Service Income	68	369	183	620	345	25	620	570	50	9 %	346	271
Premium Seating	15	22	7	44	24	0	44	41	3	7 %	49	41
Facility Fee	0	0	0	0	0	0	0	0	0	%		
Sponsorship, Commissions & Royalties	327	\$(327)	0	0	0	0	0	0	0	%	1,022	740
Parking	39	87	46	172	185	5	172	391	(219)	(56)%	350	307
Other Revenues	193	681	176	1,049	770	70	1,049	1,201	(152)	(13)%	50	55
Total Revenues	\$655	\$820	\$585	\$2,060	\$1,705	\$334	\$2,060	\$2,538	\$(478)	(19)%	\$2,156	\$1,905
EXPENSES												
Salaries & Wages	\$170	\$256	\$221	646	\$512	\$497	\$646	\$637	\$10	2 %	\$441	\$525
Payroll Taxes & Benefits	32	39	34	105	95	95	105	123	(18)	(15)%	349	293
Repairs, Maintenance and Utilities	59	104	162	325	326	226	325	416	(91)	(22)%	158	185
Operating & Administrative	72	62	52	186	247	198	186	305	(119)	(39)%	420	444
Contracted Services	23	20	8	52	0	0	52	9	43	499 %		
Management Fees	38	38	38	113	113	113	113	150	(38)	(25)%	150	150
Depreciation/Amortization	0	0	0	0	0	0	0	65	(65)	(100)%		
Other Expenses	39	26	44	109	61	22	109	395	(286)	(72)%	216	
Total Expenses	\$433	\$544	\$558	\$1,536	\$1,353	\$1,150	\$1,536	\$2,099	\$(563)	(27)%	\$1,734	\$1,597
OPERATING PROFIT BEFORE NON-CASH CHANGES	\$222	\$276	\$27	\$525	\$351	\$(816)	\$525	\$440	\$85	19 %	\$422	\$308
NON-OPERATING REVENUES/(EXPENSES)												
Interest Expense	0	0	0	0	0	0	0	0	0	%		
Net Transfers to USF - Arena Debt	\$(256)	\$(141)	\$(17)	\$(414)	\$(459)	138	(414)	(413)	(1)	(0)%		
Total Non-Operating Revenues/(Expenses)	\$(256)	\$(141)	\$(17)	\$(414)	\$(459)	\$138	\$(414)	\$(413)	\$(1)	(0)%	\$0	\$0
NET OPERATING PROFIT	\$(34)	\$135	\$10	\$110	\$(107)	\$(677)	\$110	\$26	\$84	320 %	\$422	\$308

STATEMENT OF CASH FLOWS

(In thousands)

	9 Months Ended March 31,						Fiscal Year Ended June 30,					
	Q1 Actual	Q2 Actual	Q3 Actual	2023 Actual	2022 Actual	2021 Actual	2023 YTD	2022 ACTUAL	Variance \$	%	2023 Plan	2022 Plan
OPERATING ACTIVITIES												
Net Operating Profit	\$222	\$276	\$27	\$525	\$351	\$(816)	\$525	\$440	\$85	19 %	\$422	\$308
Adjustments for Non-Cash Activities:												
Depreciation / Amortization	0	0	0	0	0	0	0	0	0	%		
Net adjustments to Assets	243	(591)	(553)	\$(901)	(350)	22	(901)	(221)	(679)	(307)%	100	(400)
Net adjustments to Liabilities	483	676	(263)	896	562	766	896	626	270	43 %	(100)	(400)
Net adjustment to Deferred Revenue	(775)	(59)	1,133	298	718	0	298	2,146	(1,847)	(86)%	200	500
Total Cash From Operating Activities	\$173	\$301	\$344	\$819	\$1,281	\$(28)	\$819	\$2,990	\$(2,171)	(73)%	\$622	\$408
INVESTING ACTIVITIES												
Capital Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	%		
Purchases (Sales) of Investments	0	0	0	0	0	0	0	0	0	%		
Accumulated Depreciation	0	0	0	0	0	0	0	0	0	%		
Total Cash From Investing Activities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	%	\$0	\$0
FINANCING ACTIVITIES												
Proceeds of Long-Term Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	%		
Principal Paid on Debt	0	0	0	0	0	0	0	0	0	%		
Interest Paid	0	0	0	0	0	0	0	0	0	%		
Net transfers to USF for debt service on arena	(256)	(141)	(17)	(414)	(459)	138	(414)	(413)	(1)	(0)%	(413)	(413)
Total Cash From Financing Activities	\$(256)	\$(141)	\$(17)	\$(414)	\$(459)	\$138	\$(414)	\$(413)	\$(1)	(0)%	\$(413)	\$(413)
CHANGE IN CASH	(83)	160	327	\$404	822	110	404	2,577	(2,172)	(84)%	209	(5)
Cash, Beginning of Year	3,330	0	0	3,330	753	464	3,330	753	2,577	342 %	1,307	550
Cash, End of Year	\$3,246	\$160	\$327	\$3,734	\$1,575	\$574	\$3,734	\$3,330	\$404	12 %	\$1,516	\$545

USF Institute of Applied Engineering, Inc
 FY 2023 QUARTER 3 REPORT - MARCH 31, 2023

INCOME STATEMENT

(In thousands)

REVENUES

	CURRENT YEAR 3/31/2023	PRIOR FISCAL YEAR 6/30/2022	Variance	
			\$	%
Contracts Revenues	9,242	7,363	1,879	26 %
Hillsborough County Grant	880	1,608	(728)	(45)%
Other Revenues	608	665	(57)	(9)%
Total Revenues	10,730	9,636	1,094	11 %

EXPENSES

Salaries & Benefits	2,438	2,756	(318)	(12)%
College of Engineering Salary Support	0	16	(16)	(100)%
Materials, Supplies, Software & Equip., Travel	216	183	32	18 %
Banking, Insurance, Audit, Tax Service	225	255	(30)	(12)%
Facilities, Utilities, Telecomm., Security	158	188	(30)	(16)%
Other Operating Expenses	184	49	135	277 %
Direct Program Costs	6,911	5,849	1,063	18 %
Indirect Return to University	132	121	10	8 %
Total Expenses	10,263	9,417	846	9 %

OPERATING PROFIT BEFORE

NON-CASH CHANGES

	467	219	248	114 %
Depreciation & Amortization	155	137	19	14 %
Total Non-Cash Changes	155	137	19	14 %

NET INCOME

	312	82	230	280 %
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Operating Profit Margin

	4%	2%	2 %
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USF Institute of Applied Engineering, Inc
FY 2023 QUARTER 3 REPORT - MARCH 31, 2023

BALANCE SHEET

(In thousands)

	CURRENT	PRIOR	Variance	
	YEAR	FISCAL YEAR	\$	%
	3/31/2023	6/30/2022		
ASSETS				
<u>Current Assets</u>				
Cash and Cash Equivalents	1,803	1,961	(158)	(8)%
Accounts Receivable	2,153	1,503	651	43 %
Grants Receivable	320	358	(38)	(11)%
Unbilled Receivables	454	445	9	2 %
Prepayments and Other Current Assets	60	29	31	106 %
Total Current Assets	4,791	4,296	495	12 %
<u>Noncurrent Assets</u>				
Capital Assets:				
Laboratory Equipment and Fixtures, Net	935	910	25	3 %
TOTAL ASSETS	5,726	5,206	520	10 %
LIABILITIES				
<u>Current Liabilities</u>				
Accounts Payable	4,305	4,064	241	6 %
Accrued Expenses	30	15	14	95 %
Current portion of right-to use lease liability	72	70	2	3 %
Unearned Contract Revenue	243	238	5	2 %
Total Current Liabilities	4,649	4,387	262	6 %
<u>Long-term Liabilities</u>				
Long Term Lease Liability	120	174	(54)	(31)%
Total Current Liabilities	120	174	(54)	(31)%
NET POSITION	957	645	312	48 %

USF Institute of Applied Engineering, Inc

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STATEMENT OF CASH FLOWS

(In thousands)

	CURRENT YEAR 3/31/2023	PRIOR FISCAL YEAR 6/30/2022	Variance	
			\$	%
<u>OPERATING ACTIVITIES</u>				
Net Income	312	82	230	280 %
Less: Adjustments				
Depreciation & Amortization	155	137	19	14 %
Change in Working Capital				
Current Asset Changes	(891)	(1,043)	152	15 %
Current Liability Changes	500	2,341	(1,841)	(79)%
Total Cash From Operating Activities	77	1,517	(1,440)	(95)%
<u>INVESTING ACTIVITIES</u>				
Capital Expenditures	(180)	(233)	52	22 %
Total Cash From Investing Activities	(180)	(233)	52	22 %
<u>FINANCING ACTIVITIES</u>				
Capital Lease Payments	(54)	29	(83)	(288)%
Total Cash From Financing Activities	(54)	29	(83)	(288)%
CHANGE IN CASH	(158)	1,313	(1,471)	(112)%
Cash, Beginning of Year	1,961	648	1,313	203 %
Cash, End of Year	1,803	1,961	(158)	(8)%
Total Cash & Investments	1,803	1,961	(158)	(8)%
Days Cash on Hand	64	76	(12)	(16)%