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UCF Foundation, Inc.

2021 Form 990 / 990-T / F1120

June 30, 2023, Audit Planning Meeting

Agenda



Client Service Team



Amy Chapman

- Tax Engagement Principal
- 24+ years of tax experience serving nonprofit, higher education and more



Redentor Feliciano

- Tax Senior Associate
- 3+ years of experience serving the nonprofit industry



Bryan Simkanich

- Audit Engagement Signing Director
- 10+ years of experience serving the nonprofit and higher education industry



Alicia Ornelas-Perez

- Audit Senior Associate
- 4+ years of experience serving the higher education industry

Committed to providing top quality service by a team of professionals dedicated to the Nonprofit and Higher Education industries



2022 Tax Compliance Review

Form 990/990-T/F-1120 Highlights

- Timing & Due Dates
- Team effort
- 990 – similar to last year
- 990-T –21% Corporate tax rate
- F-1120 (Florida Corp filing)
- UBI from Passthroughs



Form 990

- Page 1 - a quick summary/snapshot of current year versus last year
 - Differences: volunteer number is higher over last year
 - Net Profit on line 19 is lower by 49% than last year
 - Without including Mackenzie & Dan's donation last year, net profit is higher by 117%
- Page 2 Programming – highlights two remarkable items
 - Ave. GPA for student-athletes exceeded a 3.0 benchmark during each term for the 30 consecutive semesters - the longest streak in school history
 - UCF is among the four schools to join the Big 12 Conference in 2023.



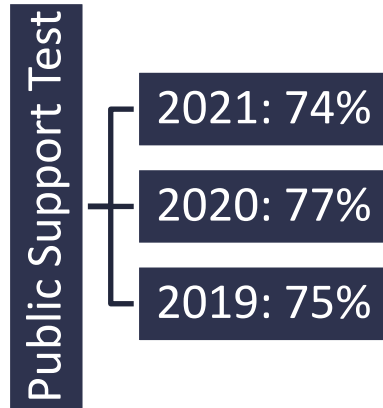
Form 990 continues

- Statement of Revenue Page 9, Part VIII
 - Total revenue decreased by 22.7%
 - Without accounting for Mackenzie's donation – total revenue increased by 18%
 - Net profit decreased by 49%
 - UBI Income higher than last year
- Statement of Functional Expenses 10, Part IX
 - Total Expenses increased by 9%
- Reconciliation of Net Assets, Page 12 –
 - Prior period adjustment booked for GASB Stmt No 87 – to record leases



Form 990 continues

- Schedule A – Publicly Supported Org Schedule – more than 33.33%



- Schedule B – Schedule of Contributors
 - Only showing donors over 2% of Line 1h on page 9 = only 4 required to be listed



Form 990 continues

- Schedule D – Supplemental Financial Statements
 - Part V- The endowment fund's year-end balance increased by 7% over last year- due to contributions. The net gains/losses was a negative \$21.5M vs. \$44.5M last year.
 - Part XI -The Answer Key
- Schedule M – Noncash Donations
 - Similar to last year - we are not reporting the amount of donated items for audit or tax purposes, except the value of publicly traded stock and the appraised value of the real estate



Form 990-T and F-1120

- UCF Foundation had three unrelated business activities for FYE 6/30/22
 - Advertising/exploited activity
 - Sale of merchandise
 - UBI through passthroughs



Form 990-T and F-1120

- **990-T**
 - 21% Tax rate:
 - Tax due \$19,979
 - Remaining overpayment applied to 6/30/23 - \$17,211

- Used more of qualified charitable donations



Form 990-T and F-1120

- **Florida - F-1120**

- Filed because of the 990-T
- Tax due: \$386
- Over payment and applied to 2023 tax: 1,314





June 30, 2023, Audit Planning Discussion

Deliverables

Audit Report on
Financial
Statements

Florida Single
Audit Report

Required
Governance
Communication

Management
Letter (if
applicable)

IRS Form 990,
990-T & F-1120



Timeline

The **audit planning** meeting today is the start of the audit process. We utilize a **collaborative approach**, which includes seeking input from management and governance, to develop an audit plan that focuses on areas of **risk** and areas of **significance to stakeholders** of your Foundation.



Audit Risk Areas

Leases (GASB
87)

Investment and
Endowment
Activity

Related Party
Transactions

Internal
Controls and IT

Revenue
Recognition

Florida Single
Audit
Compliance

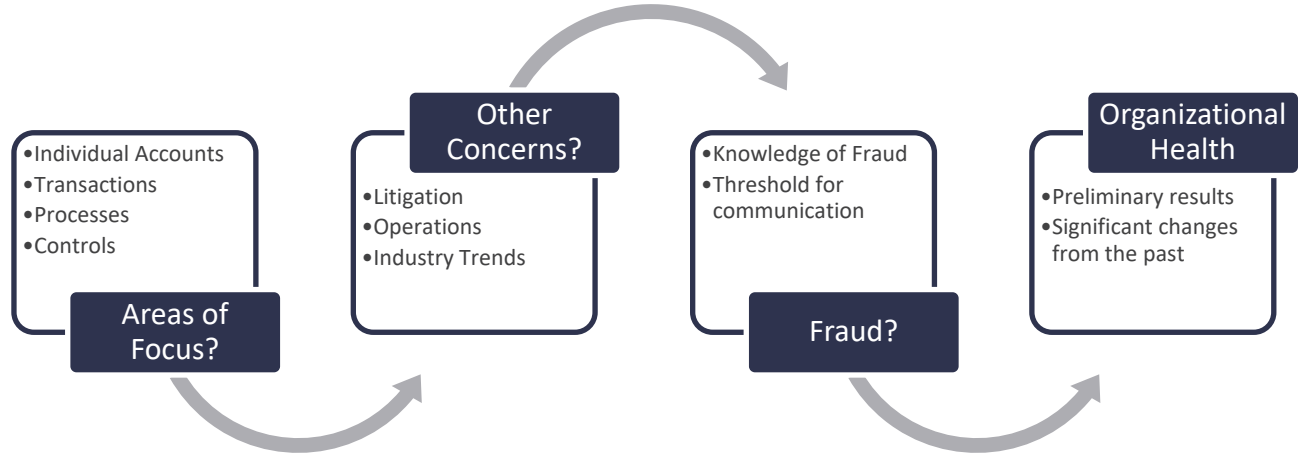
Long-term debt

Significant
Estimates



Governance and Management Input

As independent auditors, we work **for** governance and work **with** management to accomplish the audit. Your input is valued as we develop our audit plan and approach.



Emerging Issues - Cybersecurity



Policies

- Information security program
- Incident response plan



Risk Assessment

- Including penetration tests and vulnerability assessments



Security awareness training



Periodic assessments of third-party service providers



Report to governance on information security

New Regulations from Federal Trade Commission to be implemented by December 6, 2022



Emerging Issues – New accounting standard

GASB 96 SBITA's

- Capitalization of Subscription-Based Information Technology Agreements
- CLA will evaluate with management if any current contracts meet the applicable terms
- Establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability
- Effective **THIS YEAR** for UCF Foundation (and retroactively to 2021), if applicable



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