



Board of Trustees Finance Committee

Thursday, May 14, 2020
12:45 - 2:45pm
Microsoft Teams Virtual Meeting

Trustees: Jordan Zimmerman, Chair; John Ramil, Vice Chair; Michael Carrere, Les Muma, Charlie Tokarz
Foundation Board Liaison: Alan Bomstein

A G E N D A

- I. Call to Order and Comments Chair Jordan Zimmerman
- II. Public Comments Subject to USF Procedure Chair Zimmerman
- III. New Business – Action Items
 - a. [Approval of February 18, 2020 Meeting Notes](#) Chair Zimmerman
 - b. [2020-21 Continuation Operating Budget](#) Assoc. Vice President Nick Setteducato
 - c. [Expenditure Authorization Requests](#) Vice President/CFO Nick Trivunovich
 - d. [DSO 2020-21 Annual Financial Plans](#) University Treasurer Fell Stubbs/
DSO CEOs and CFOs
 - 1. University Medical Services Assoc., Inc., USF Medical Services Support Corp. & USF Health Services Support Organization, Inc.
 - 2. USF Foundation, Inc.
 - 3. USF Research Foundation, Inc.
 - 4. Sun Dome, Inc.
 - 5. USF Institute of Applied Engineering
 - 6. USF Health Professions Conferencing Corp.
 - 7. USF Alumni Association, Inc.
 - 8. USF Financing Corp. & USF Property Corp.
- IV. Adjournment Chair Zimmerman



**USF Board of Trustees
Finance Committee
NOTES
Tuesday, February 18, 2020
Tampa Campus – Marshall Student Center Room # 3707**

I. Call to Order and Comments

The meeting of the Finance Committee was called to order by Chair Jordan Zimmerman at 1:08pm. The following committee members were present: Jordan Zimmerman, Mike Carrere, John Ramil, Charlie Tokarz, and Alan Bomstein. A quorum was established. President Currall and Trustees Sandra Callahan, Stephanie Goforth, Deanna Michael, Byron Shinn and Nancy Watkins were also present.

Chair Zimmerman reported that the Housing item that was discussed during the briefings has been pulled from the agenda. We are gathering additional information as requested by gubernatorial staff. The item will come back to the Finance Committee at a later date.

II. Public Comments Subject to USF Procedure

No requests for public comments were received.

III. New Business – Action Items

a. Approval of November 20, 2019 Meeting Notes

Upon request and receiving no changes to the draft meeting notes, Chair Zimmerman requested a motion for approval, it was seconded and the November 20th meeting notes were unanimously approved as submitted by all committee members present.

b. Expenditure Authorizations

1. Policy Change

Nick Trivunovich, Vice President for Business & Finance and CFO, requested approval of a proposed exemption to the expenditure authorization policy. The expenditure authorization exemption requested at the last meeting has been revised. The initial request used the term “pass-thru” which was not accurate per accounting language. The wording of the expenditure authorization exemption has been changed and approval is requested for exemption for expenditures for which the University collects funds for a specific purpose and then remits them to an appropriate party. Types of expenditures that fall under this exemption include the following: a) expenditures where the University collects funds from the end user of a service or commodity then remits those funds to a third party at a later date (these funds may fluctuate - for example, the University collects

payments for books at the bookstore and then remits the payments to Follett); b) expenditures required by State or Federal law, such as employee payroll taxes (this also includes payments for premiums to the State of Florida for employee benefits); c) pre-negotiated amount of funds collected based on a contractual commitment and remitted to the contracting party (an example of this would be the collection of meal plan payments made by students which is then sent to our contracted Food Service provider). These are all expenditures with limited risk.

2. Expenditure Authorization Requests

Mr. Trivunovich presented two expenditure authorization requests for approval by the Finance Committee.

- o Oracle Database, PeopleSoft, and GEMS Maintenance Renewal - \$5,308,251

This is a 3-year renewal of maintenance and support on our Oracle software which supports our enterprise business systems. This is a negotiated price. Currently 15,000 faculty and staff use this software.

- o USF ESPN+ Equipment and Broadcast Studio Upgrades - \$3,243,100

This is a facility renovation and broadcast studio equipment required by our contract with ESPN. The equipment is the most significant portion of this expenditure. Athletics has engaged a consultant (also did this for FSU) to advise on equipment and layout. Chair Zimmerman asked if we are working with the conference to consolidate one buy. Michael Kelly, Vice President of Athletics, responded yes, some equipment has been purchased through the conference. Athletics will receive approximately \$2.0M from ESPN and the conference for these upgrades; auxiliary funds will be used for the remaining \$1.2M. Trustee Tokarz asked if there is any increase in revenue associated with this. Mr. Kelly responded yes, our conference distributions will increase. (Conference distributions are currently \$2M; they will increase to \$5M and then to \$8M.)

3. Fixed Capital Budget Outlay Change

Mr. Trivunovich requested approval to amend the Fixed Capital Outlay Budget by adding one additional project. Project to be added is USF ESPN+ Equipment and Broadcast Studio Upgrades in the amount of \$3,243,100.

A motion was made to approve all items (1-3) in IIIb as presented. The motion was seconded and approved by all committee members present.

IV. New Business – Information Items

a. USF 2019 Audited Financial Statements

Jennifer Condon, University Controller, gave a brief review of the USF 2019 Audited Financial Statements. The financial statements and associated audit report were released by the State of Florida Auditor General on December 13, 2019. USF received another unqualified or clean opinion. The basic financial statements include two columns; one for

USF and one for the discretely presented component units. There were no audit adjustments in USF's columns, which were presented at our November meeting. There were minor audit adjustments to the discretely presented component unit column primarily due to the aggressive timing of USF's submission to our auditors (i.e. represented differences from the draft to final DSO statements). The statements and footnotes include consistent presentation to that of prior years, with one notable addition being two more SACS required schedules in the "Consolidation Footnote" (#24) (Consolidating Statement of Current Unrestricted Funds Net Position and Consolidated Statement of Current Unrestricted Funds Revenues, Expenses, and Changes in Net Position).

Chair Zimmerman reported that at the last BOG meeting, Crowe LLP, who had been engaged by the BOG to perform an Internal Management and Accounting Control and Business Process Review at all 12 universities, gave its final report. USF was the only university that had no recommendations (Crowe found opportunities to strengthen controls at 11 of the 12 universities; there were no observations for USF).

b. College of Pharmacy Project Status Update

Dean Kevin Sneed gave an update on the USF Health Taneja College of Pharmacy (TCOP) renovation project. Dean Sneed gave a brief history of TCOP, reviewed its mission, vision and values, and reported its impressive performance to date. TCOP is approved to accept up to 400 students (100 per year) in the Doctor of Pharmacy degree program. TCOP has achieved national recognition, rankings, and professional stature in less than 10 years. TCOP has recently received a very generous donation from the Taneja Family Foundation and has entered the planning phase of a project to renovate 1.5 floors of the Morsani College of Medicine in downtown Tampa to house the program. The project will enhance the student experience; facilitate interprofessional training and experiences; allow joint teaching and better curricular design; create parity with other Florida pharmacy schools (7 programs in Florida – 4 private and 3 public); enable the development of a futuristic workforce; and provide the ability to leverage the MCOM location/asset. The cost to build out the 1.5 floors is still to be determined. A/E fees to schematic design will cost less than \$1M and sufficient funds are available to fund this phase. No action needed by the BOT at this time. This project will not move beyond the schematic design phase without BOT approval.

c. USFSP Housing & Dining Project – Revised Costs

Fell Stubbs, University Treasurer, presented an estimation of the revised costs for the USF St. Petersburg Housing & Dining Project. The Financing Corporation (USFFC) has a \$30.7M design/build contract, with GMP, with HC Beck to construct the USFSP Student Housing Facility and an unimproved dining center shell. Beck's scope of work for the housing facility and dining shell is consistent with USF's requirements in the project RFP. USFSP has a contract with Sodexo to renovate the existing student dining facility on campus and equip the new dining center for \$2.9M. In the contract, Sodexo is responsible for cost overruns. To complete the new dining center, it has been determined that another \$1.5M is needed. It was expected that negotiations with Sodexo would produce solutions to fund the gap and finish the dining center. Sodexo recently provided three options to fund the \$1.5M: 1) increase student meal plan rates; 2) USFSP payment of an annual fee to Sodexo for the additional cost of capital; and/or 3) renegotiation of commission rates downward. These options were not acceptable to USF. We are looking at other alternatives. One alternative is Tampa's dining auxiliary temporarily advancing \$1.5M to the USFSP dining auxiliary to fund the cost to improve the dining center shell. This advance by the Tampa dining auxiliary will be repaid

over time by the USFSP dining auxiliary with dining commissions or other allowable funds. USFFC will contract with Beck to complete the space versus Sodexo entering into that agreement. Since the cost of finishing the facility was not included in the \$30.7 GMP, the contract with Beck must be increased by \$1.5M. Beck has agreed to waive their fees and general conditions in the contract for the dining center improvements. The University believes funding the dining center improvements using dining auxiliary cash reserves is in its best interest in order to keep USFSP student meal plan costs affordable, preserve USFSP's opportunity to realize dining commissions, and benefit from cost and schedule controls with Beck performing the work.

Much discussion ensued on the issue. Chair Zimmerman asked what caused the overrun. Mr. Stubbs responded that we needed to improve the dining center from a "cold, dark shell to a warm white box." The shell as is does not have electrical, plumbing, or HVAC. Chair Zimmerman asked why this wasn't included in the original scope; he further stated that if the contract called for Sodexo to absorb cost overruns, they should absorb this. Alan Bomstein commented that this would not necessarily be a responsibility of Sodexo. Chair Zimmerman asked if this is Beck's responsibility. Mr. Stubbs explained that we were likely not specific enough in our RFP and Beck interpreted this differently. Trustee Shinn stated that we need to be sure that our defined scope is complete on projects. Chair Zimmerman stated that this is disappointing; we need to be specific with these bids and not have to come back with increased costs. Trustee Ramil asked if we have strong case with our written documents to get these costs covered. David Lechner, Sr. Vice President for Business and Financial Strategy, reported that the word "shell" was in our documents and per the Chair's instructions, we are negotiating with Beck and Sodexo to cover costs. Negotiations look promising and we will report back to the Committee. Mr. Bomstein explained that a design/build contract is an open-ended scope, but our partners should have pointed out the gap earlier.

d. DSO Mid-Year Forecasts

Mr. Stubbs introduced the agenda item. Each year, the DSOs prepare a Mid-Year Forecast – this Forecast is for FY 2020. These reports include a comparison of the Forecast to the FY 2020 Financial Plans approved by the BOT Finance Committee at its May 14, 2019 meeting, as well as actual results for FY 2019, FY 2018, and FY 2017. The DSOs have forecasted net operating profit, net change in cash, and provided explanations for major variances from Plan and provided management's actions to correct unfavorable variances. As requested by the Finance Committee last year, only the three largest DSOs will present their Mid-Year Forecasts today. The remaining DSOs have provided their Mid-Year Forecasts and have management present to answer any questions. The Mid-Year Forecasts represent management's performance expectations, relative to the BOT-approved plan, and actions to mitigate risks in achieving the plan.

1. University Medical Services Assoc., Inc. & USF Medical Services Support Corp.

Rich Sobieray presented the mid-year forecasts for UMSA and MSSC combined. The Practice Plan finds itself under pressure to cover more and more academic costs due to resource restraints on the academic side, so the Practice Plan has not been able to recruit faculty as expected in the Plan. Net patient service revenue will miss Plan by \$7.4M as a result of three (3) important issues: 1) current faculty not achieving productivity expectations; 2) new faculty not ramping up their practices as quickly as assumed; and 3) delay in new faculty hires. Volumes are lower than expected in this budget year as well.

The Dean's fund also runs through the Practice Plan to support the Dean's initiatives, including contributing \$7M to the downtown building (this comes from cash reserves). Operating margins are not as expected, but managing accounts receivable improved the cash position. Cash will miss target by \$6.2M primarily because of: 1) the \$7M contribution to MCOM and HI downtown impacting the net profit of the practice plan; 2) \$4.4M in receivables improvement as result of collecting TGH payments and FICA refund from prior year; and 3) shift from FASB to GASB and its impact on the noncash EPIC costs (\$1.1M).

Trustee Ramil asked what the plan was for moving ahead. Mr. Sobieray explained that the focus for the remainder of the fiscal year will be faculty productivity. If productivity gaps can't be resolved, further reductions may be made to the bonus pool at year-end. Some adjustments have already been made to the year-end bonus pool as a result of changing productivity expectations. Accountability cushions are built on performance. The key to our future plans is our relationship/partnership with Tampa General Hospital. We will be working on receiving more timely payments from TGH for the various support agreements. Also, performance has improved from a patient perspective. Demand is high; but we are getting squeezed on space. Need to take full advantage of the space we have before adding bricks and mortar. Trustees Ramil and Shinn commended the Practice Plan on improvements in patient service and patient billing.

2. USF Foundation, Inc.

Noreen Segrest and Rob Fischman presented the mid-year forecast for USF Foundation, Inc. The main variance on the income statement is the decrease in other transfers due to the timing of a significant transfer for the construction of the USF Health downtown expansion project that was included in the 2020 financial plan; however, the transfer was made just prior to the close of fiscal year 2019. All other forecasted results do not vary significantly from the financial plan. Mr. Fischman reminded the Committee that the gap between the public numbers for fundraising and the numbers on the financials is due to estate gifts which are only recognized on our financials when received. Rate of return on investments was 6.9% thru December – this leads all Florida schools.

3. USF Research Foundation, Inc.

Paul Sanberg and Patty Gamble presented the mid-year forecast for the USF Research Foundation, Inc. Projecting Operating Revenue to track favorably to Financial Plan, with no significant unfavorable variances anticipated at this time. In addition, it is expected that Operating Expenses will track favorably to the Financial Plan as well, with the exception of the following: an unfavorable variance in Research Park operating expenses attributed to non-cash amortization of the Capital Lease Obligation associated with the May 2019 acquisition of the University Diagnostic Institute building (UDI), located within the USF Research Park; an unfavorable variance in contractual services expense that is attributed to unplanned costs for a project manager to assist with the IT conversion that is presently underway at the USF Research Foundation, legal costs associated with Research Park Development; and an unfavorable variance in expense of \$82,000 related to vacancies associated with leasing and sub-leasing the University Business Center (UBC). UBC is about two-thirds occupied due to most partners wanting to be on the other side of Fowler Ave. Projecting Net Income to track favorably with plan and projecting Cash Flow to be consistent with plan as well. Should meet targets and goals.

Chair Zimmerman asked if there was anything of note to report from the other DSOs. Mr. Stubbs reported on behalf of Financing Corporation that USF received 3 credit rating upgrades from Standard & Poor's: USF's issuer credit rating is now AA up from AA-; USF Marshall Center bonds are now AA; and USF Parking bonds are now rated AA. Dean Robert Bishop reported that the Institute for Applied Engineering has been awarded an \$85M, five-year contract with U.S. Special Operations Command (USSOCOM).

V. Adjournment

Having no further business, Chair Zimmerman adjourned the Finance Committee meeting at 2:30pm.

Agenda Item: IIIb

USF Board of Trustees

June 2, 2020

Issue: 2020-21 Continuation Operating Budget

Proposed action: Approve 2020-21 Continuation Operating Budget at last year's Operating Budget level. A subsequent approval will be needed once the legislative budget process has concluded with the Governor's approval and the USF annual budget has been established.

Executive Summary:

The University of South Florida Board of Trustees (the BOT) is required to adopt an annual budget for the operation of the University. The BOT must approve the budget prior to June 22, 2020 for the State Comptroller to process cash releases for state funds. The universities are still required to submit a detailed operating budget to the BOG by August 21, 2020.

We are requesting approval of the following:

Approval of a Continuation Operating Budget at the same level as 2019-20 Operating Budget. We are requesting approval of a continuation budget due to pending state appropriation allocation decisions. Once those decisions have been finalized, USF will prepare an operating budget according to our guidelines and the laws and regulations of the Board of Governors and submit to the BOT for approval at a later meeting.

Financial Impact: See attached.

Strategic Goal(s) Item Supports: Goal 4 – Sound Financial Management

BOT Committee Review Date: Finance Committee - May 14, 2020

Supporting Documentation Online (please circle): Yes **No**

2020-21 Continuation Operating Budget Summary

USF or Campus specific: USF

Prepared by: Masha Galchenko

974-8442

University of South Florida
2020-21 Continuation Operating Budget Summary

	2018-19 BOT Approved Budget	2019-20 BOT Approved Budget	Requested Continuation Operating Budget for 2020-21
Budgeted Revenues:			
Educational & General (E&G)			
General Revenue	\$ 374,513,982	\$ 364,198,674	\$ 364,198,674
Lottery	\$ 50,016,975	\$ 63,556,846	\$ 63,556,846
Tuition (Budget Authority)	\$ 289,497,257	\$ 290,107,257	\$ 290,107,257
Interest	\$ 3,574,725	\$ 4,780,719	\$ 4,780,719
Phosphate Research TF			
Total E&G	\$ 717,602,939	\$ 722,643,496	\$ 722,643,496
Contracts & Grants	\$ 490,181,105	\$ 503,881,104	\$ 503,881,104
Auxiliaries	\$ 291,758,299	\$ 293,638,125	\$ 293,638,125
Student Activities	\$ 27,732,168	\$ 28,192,237	\$ 28,192,237
Financial Aid	\$ 414,699,135	\$ 414,818,472	\$ 414,818,472
Concessions	\$ 769,579	\$ 785,554	\$ 785,554
Athletics	\$ 50,044,774	\$ 48,696,050	\$ 48,696,050
Technology Fee	\$ 10,108,174	\$ 10,152,633	\$ 10,152,633
Board Approved Fees	\$ 1,206,668	\$ 1,284,338	\$ 1,284,338
Self-Insurance Trust Funds	\$ 7,998,000	\$ 8,036,517	\$ 8,036,517
Faculty Practice	\$ 327,166,642	\$ 354,896,218	\$ 354,896,218
Total Revenue	\$ 2,339,267,483	\$ 2,387,024,744	\$ 2,387,024,744
Budgeted Expenditures:			
Salaries & Benefits	\$ 1,082,062,646	\$ 1,113,148,174	\$ 1,113,148,174
Expenses	\$ 588,521,408	\$ 595,840,941	\$ 595,840,941
Operating Capital Outlay	\$ 8,772,307	\$ 8,928,455	\$ 8,928,455
Risk Management Insurance	\$ 5,446,573	\$ 5,881,203	\$ 5,881,203
Financial Aid	\$ 412,722,460	\$ 412,759,736	\$ 412,759,736
Library Resources	\$ 5,834,992	\$ 5,878,162	\$ 5,878,162
Debt Service	\$ 2,987,930	\$ 3,031,830	\$ 3,031,830
Carry Forward	\$ 116,992,164	\$ 136,222,752	\$ 136,222,752
Non-Operating Expenses	\$ 241,056,042	\$ 255,420,087	\$ 255,420,087
Total Budgeted Expenditures	\$ 2,464,396,522	\$ 2,537,111,340	\$ 2,537,111,340

Note: The 2020-21 Continuation Budget is requested at last year's level. USF will prepare a 2020-21 budget for submission to the BOG by August 21, 2020 and for presentation to the Board of Trustees at a future meeting.

Agenda Item: IIIc

USF Board of Trustees
Finance Committee
May 14, 2020

Issue: Expenditure Authorization Requests

Proposed action:

1) Approval of the following expenditure over \$2,000,000:

a) Microsoft Azure	\$2,000,000
b) Private Security Contract	\$2,545,000

2) Approval of updated Expenditure Authorization Requests:

	<u>New Total</u>	<u>Increase</u>
• Springer/Nature Journals License Agreement	\$3,197,936	\$850,104

Executive Summary: The USF Policy for Delegations of General Authority and Signatory Authority requires the approval of the Finance Committee Chair for the procurement of goods and services above \$1 million and the approval of the Finance Committee for the procurement of goods and services above \$2 million. Approval is being requested for the items listed above.

Financial Impact: Authorization is being requested for \$5,395,104 in contracts/transactions.

Strategic Goal(s) Item Supports:	Goal 4: Sound Financial Management
BOT Committee Review Date:	May 14, 2020
Supporting Documentation Online (please circle):	Yes No
USF or Campus specific:	USF
Prepared by:	Nick Trivunovich, Vice President/CFO
	(813) 974-3297

USF Approval of Expenditures Exceeding One Million Dollars

Project/Initiative Name: Microsoft Azure

Total Project/Initiative Cost: \$2.0 Million

Description: Microsoft Azure is used for cloud based storage for USF data and applications. Buying of Azure credits to support USF Infrastructure in the Microsoft Azure Cloud will help move USF more into an operating expense model for IT infrastructure versus a capital model.

Objective: USF is continuing to move its IT infrastructure to the cloud to support the agile needs of the business units supported. Cloud based infrastructure gives USF much greater flexibility in solutions that go far beyond what USF IT could offer on premise. This shift is expected for a majority of USF IT services and we will continue to increase our footprint in the cloud.

Funding Source(s):

E&G	\$750,000
CF	\$650,000
Health E&G CF	\$150,000
Tech Fee	\$200,000
Aux	\$250,000
Total	\$2,000,000

Are the funds supporting the project budgeted or non-budgeted?

This expense is budgeted for within the existing USF IT combined FY20 budget. USF IT is transitioning budget line items for licenses / equipment that would have gone to on premise services and using those same lines to instead fund the cloud based equivalents.

Prior Approval Process:

This is an annual agreement for software that was previously approved by the Finance Committee.

List Related Projects/Initiatives: (if any)

N/A

USF or Campus specific: USF
Prepared by: Patrick Gall

Date Requested: 05-01-2020

USF Policy 0-100 requires approval of this expenditure by the USF Board of Trustees Finance Committee Chair. Approval must be granted in writing and may be granted by electronic communication.

USF Approval of Expenditures Exceeding One Million Dollars

Project/Initiative Name: Private Security Contract

Total Project/Initiative Cost: \$509,000 Per year for five years = Total \$2,545,000

Description: (description and rationale for the project/initiative)

Award ITN to secure a multi-year contract with a private security company vendor

Objective: (strategic priority or needs the project/initiative addresses; include strategic goal this project/initiative supports)

Obtain a vendor to provide crosswalk assistance to pedestrians, reduce pedestrian/vehicular conflict during peak academic hours, provide security staffing to CGS. Additionally, this contract would provide a template and price scheme for individual university departments to use for construction projects, special events, and other security needs. This initiative is supported by the Tampa Campus PD, Tampa Residential Services, Tampa Campus Library, USFSM.

Funding Source(s):

E&G for base services through UP.
Others determined based on department requesting service.

Are the funds supporting the project budgeted or non-budgeted?

Budgeted for crosswalk and CGS static post staffing.

Prior Approval Process:

Public Solicitation, Invitation to Negotiate 14-09-MH Campus Security Services.

List Related Projects/Initiatives: (if any)

USF or Campus specific: ITN covered USF

Prepared by: Mike Klingebiel

Date Requested: May 14, 2020

USF Policy 0-100 requires approval of this expenditure by the USF Board of Trustees Finance Committee Chair. Approval must be granted in writing and may be granted by electronic communication.

**USF Approval of Expenditures
Exceeding One Million Dollars**

Project/Initiative Name: Springer Nature Journals 2020 extension

Total Project/Initiative Cost: Original Approval (August 2018) \$2,347,832
Updated Cost \$3,197,936 (\$850,104 increase)

Description: (description and rationale for the project/initiative)

This license amendment provides access to Springer, Nature, and Palgrave ejournal content, as a one-year extension to a three-year agreement, negotiated at the state level by the University of Florida on behalf of the State University System of Florida.

Objective: (strategic priority or needs the project/initiative addresses; include strategic goal this project/initiative supports)

This journal content supports Goal Two of the 2013-2018 Strategic Plan ("high impact research and innovation to change lives, improve health, and foster sustainable development and positive societal change) through support of multi-disciplinary research with access to over 1600 high-impact research journals.

Funding Source(s):

E&G

Are the funds supporting the project budgeted or non-budgeted?

Budgeted. USF Tampa \$499,386.85 USF Health \$350,717.29

Prior Approval Process:

Dean of the USF Libraries, Todd Chavez

List Related Projects/Initiatives: (if any)

Elsevier Ejournal Multi-Year Renewal; Taylor & Francis Ejournal Multi-Year Renewal, all state level ejournal package agreements.

USF or Campus specific: USF

Prepared by: Laura Pascual

Date Requested: 3/17/2020

USF Policy 0-100 requires approval of this expenditure by the USF Board of Trustees Finance Committee Chair. Approval must be granted in writing and may be granted by electronic communication.

Agenda Item: IIIId

USF Board of Trustees

June 2, 2020

Issue: DSO Annual Financial Plans for FY 2021

Proposed action: Approve DSO Annual Financial Plans for FY 2021

Executive Summary:

The Direct Support Organizations of the University of South Florida (DSOs) have prepared their Annual Financial Plans for FY 2021 for review and approval by the USF Board of Trustees, pursuant to Florida Statutes and DSO Bylaws.

Each DSO has provided a Financial Plan Statement, which includes the Corporation's mission, key drivers for improvements in the FY 2021 Plan over prior year, material capital expenditures, and major initiatives for FY 2022 and FY 2023.

The Financial Plan Statement also includes an assessment of downside business risks to the FY 2020 Forecast and the FY 2021 Financial Plan due to COVID-19 and management's plans to mitigate these risks.

The Financial Plans, comprised of both Income Statement and Statement of Cash Flows, include a comparison of Net Operating Profit and Net Cash Position for the FY 2021 Financial Plan to the current FY 2020 Forecast, and also provide the original FY 2020 Financial Plan that was approved by the BOT Finance Committee at its May 14, 2019 Meeting, and Actuals for FY 2019 and FY 2018. The Financial Plans also include a three-year forecast.

DSOs are governed by independent Boards of Directors. DSOs have obtained approval of their FY 2021 Financial Plan from their Board or DSO Finance / Audit Committee in advance of this meeting.

The DSOs are:

1. University Medical Services Association, Inc. &
USF Medical Services Support Corporation
2. USF Foundation, Inc.
3. USF Research Foundation, Inc.
4. Sun Dome, Inc.
5. USF Institute for Applied Engineering
6. USF Health Professions Conferencing Corporation
7. USF Alumni Association, Inc.

8. USF Financing Corporation & USF Property Corporation

Financial Impact:

The Direct Support Organizations of the University of South Florida (DSO) are organized and operated exclusively to assist the University achieve excellence by providing supplemental resources from private gifts and bequests and valuable education support services. These organizations are authorized by Florida Statute 1004.28 to receive, hold and administer property and make expenditures for the University.

Strategic Goal(s) Item Supports:	Goal 4: Sound Financial Management
BOT Committee Review Date:	Finance Committee - May 14, 2020
Supporting Documentation Online (<i>please circle</i>):	<input checked="" type="radio"/> Yes <input type="radio"/> No
USF or Campus specific:	USF
Prepared by:	Fell L. Stubbs, University Treasurer, (813) 974-3298



DIRECT SUPPORT ORGANIZATIONS

ANNUAL FINANCIAL PLANS

FISCAL YEAR 2021

May 14, 2020



DSO Annual Financial Plans for FY 2021

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UMSA/MSSC Combined FY 2021 Annual Financial Plan

FINANCIAL PLAN STATEMENT

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

- University Medical Service Association, Inc. (UMSA) is organized as a not for profit, university faculty practice plan. Pursuant to UMSA's operations and activities, exclusively for the support and benefit of the University of South Florida (USF) and its Health Sciences Center, USF Health, the specific purposes for which UMSA is organized shall include the collection, administration and distribution of funds exclusively for the support of the clinical, education and research objectives of USF Health and the University in accordance with the USF Health Faculty Practice Plan regulations.
- Medical Services Support Corporation (MSSC) is organized as a not for profit organized to operate a health care consortium which supports and enhances the University of South Florida's (USF's) approved programs of education, research and service.

Provide the Downside Business Risks to the FY 2020 Forecast and the FY 2021 Financial Plan Due to COVID-19 and Management's Plans to Mitigate these Risks

- The COVID-19 crisis has significantly affected the practice plan's patient service revenue. The CMS advisory followed by the State of Florida's executive order to cancel elective surgeries and non-urgent procedures coupled with the limitations on ambulatory clinic visits to preserve PPE and control the spread of the coronavirus have reduced our revenues to 35% of their historical averages. This will result in approximately \$43M of lost patient revenue in FY20 and FY21. These mandates also resulted in unexpected costs to the practice plan, specifically purchasing additional personal protective equipment, medical and lab tests, cleaning supplies to protect patients and our providers, and hardware costs to support telehealth visits.
- To preserve revenue and ensure patient access to our providers, the practice plan built, tested, and piloted a secure telehealth platform through Microsoft Teams over the course of a single week, an endeavor that takes most organizations of our size and complexity over a year to complete. From 3/18 - 4/21, we completed over 13,000 telehealth visits which now represent approximately 70% of our average daily clinic volume.
- While the telehealth revenues will help offset some of our ambulatory revenue losses, the remaining revenue losses will need to be made up through significant expense reductions in the practice plan. We are planning to reduce expenses by approximately \$20M from the last quarter of FY20 through FY21. These will be primarily be through significant reductions in discretionary expenses (travel, meals, dues and subscriptions, CMS, etc.), delayed physician hires, hiring freezes, and salary reductions. We will also use carryforward funds to help support the academic costs that are funded through the practice plan.
- The practice plan is pursuing all available funding opportunities through the Centers for Medicare and Medicaid Services (CMS), the U.S. Department of Health and Human Services (HHS), the Federal Emergency Management Agency (FEMA), and other federal and state agencies. To date, we have received \$2.4M in grant revenue and a \$6.4M loan from CMS.

List Key Drivers for the 2021 Financial Plan Over the 2020 Forecast - Focus on Cash Flows and Adequacy of Reserves

- The significant and sudden decrease in patient service revenue has had a detrimental effect on the practice plan's cash position. As a result, we will be taking on debt in FY20 that we will need to repay in FY21.
- To preserve cash the practice plan is:
 - 1) Carefully reviewing and extending payment terms with our vendors.
 - 2) Working with AHCA in an effort to accelerate the delivery of our UPL/LIP funds.
 - 3) Pursing CMS Accelerated/Advance Payment Program (received \$6.4M to date).
 - 4) Delaying payments to the fund our USF convenience accounts.
- While the FY20 plan suggests a stable cash position of 52 days of cash on hand for the practice plan, the projection assumes we receive \$36M in UPL/LIP funding in June of 2020 as anticipated based on conversations with AHCA. Once we receive that critical funding, we will begin to repay our debts to the University, CMS, and our vendors.
- The practice plan will be focused on stabilizing operations in FY21 and recovering lost revenue through expense reductions. We will also work to rebuild our cash position and reduce our debts to our historical levels.

Describe Material Capital Expenditures in the 2021 Financial Plan - Provide Details and ROI Expectations

- We are significantly reducing our capital budget to \$1.5M in FY21. We only plan to replace critical medical equipment or infrastructure.

List Major DSO Initiatives that will Drive Increases in Operating Earnings for 2022 and 2023

- We anticipate that FY21 will be a period of stabilization for the practice plan where we make up for the significant loss in FY20 driven by the COVID-19 crisis. By the end of FY21, we expect to return to normal operations and plan to return to our traditional growth mode in FY22 and FY23.
- Our relationship with our hospital partner, Tampa General Hospital, continues to be a critical focus of USF Health senior leadership both during and after the crisis. The dynamics of our financial relationship could significantly change the financial presentation of the practice plan.



UMSA/MSSC Combined

FY 2021 Annual Financial Plan

INCOME STATEMENT

(In thousands)

REVENUES

Net Patient Service

Grants, Contracts & Awards

UPL/PCIP

Other Revenue

Total Revenues

EXPENSES

Faculty Support

Housestaff Support

Other Staff Support

Depreciation/Amortization

Other Expenses

Transfer to USF Conv Accts

Transfer to DSO HPCC Salary Support

Total Expenses

**OPERATING PROFIT BEFORE NON-
OPERATING CHANGES**

Unrealized Investment Gains (Losses)

Contribution to MCOM

Non-Cash Impact of Epic Conversion

Total Non-Cash Changes**NET OPERATING PROFIT****Operating Profit Margin**

	FY 2021 FINANCIAL PLAN	FY 2020 FORECAST	Variance		FY 2020 FINANCIAL PLAN	FY 2019 ACTUAL RESULTS	FY 2018 ACTUAL RESULTS
			\$	%			
Net Patient Service	\$174,769	\$161,778	\$12,992	8 %	\$200,146	\$186,258	\$172,391
Grants, Contracts & Awards	81,710	81,895	(185)	(0)%	75,861	76,144	72,454
UPL/PCIP	34,952	34,855	97	0 %	32,290	26,047	22,606
Other Revenue	43,503	34,807	8,696	25 %	37,800	41,085	35,776
Total Revenues	\$334,935	\$313,335	\$21,600	7 %	\$346,097	\$329,534	\$303,227
Faculty Support	110,890	115,510	(4,620)	(4)%	120,410	118,010	112,135
Housestaff Support	13,897	13,624	272	2 %	11,982	12,732	11,922
Other Staff Support	75,816	78,975	(3,159)	(4)%	76,736	71,968	65,467
Depreciation/Amortization	3,986	4,152	(166)	(4)%	4,518	4,436	4,824
Other Expenses	53,493	55,722	(2,229)	(4)%	57,785	55,877	49,185
Transfer to USF Conv Accts	59,812	62,304	(2,492)	(4)%	59,658	56,409	54,291
Transfer to DSO HPCC Salary Support	0	514	(514)	(100)%	310	1,072	1,035
Total Expenses	\$317,894	\$330,802	\$(12,908)	(4)%	\$331,400	\$320,506	\$298,859
OPERATING PROFIT BEFORE NON- OPERATING CHANGES	\$17,041	\$(17,466)	\$34,507	198 %	\$14,698	\$9,028	\$4,368
Unrealized Investment Gains (Losses)	0	629	(629)	(100)%	0	422	725
Contribution to MCOM	0	(7,000)	7,000	100 %	(2,000)	0	0
Non-Cash Impact of Epic Conversion	0	0	0	%	(1,131)	(5,742)	(931)
Total Non-Cash Changes	\$0	\$(6,371)	\$6,371	100 %	\$(3,131)	\$(5,320)	\$(206)
NET OPERATING PROFIT	\$17,041	\$(23,838)	\$40,878	171 %	\$11,567	\$3,709	\$4,162
Operating Profit Margin	5.09%	-5.57%	11%	191 %	4%	3%	1%



UMSA/MSSC Combined

FY 2021 Annual Financial Plan

STATEMENT OF CASH FLOWS

(In thousands)

	FY 2021 FINANCIAL PLAN	FY 2020 FORECAST (as of 4/14/20)	Variance		FY 2020 FINANCIAL PLAN	FY 2019 ACTUAL RESULTS	FY 2018 ACTUAL RESULTS
			\$	%			
<u>OPERATING ACTIVITIES</u>							
Net Operating Profit	\$17,041	\$(23,838)	\$13,490	380 %	\$11,567	\$3,709	\$4,162
Adjustments for Non-Cash Activities:	0		0	%			
Depreciation/Amortization	3,986	4,152	(166)	(4)%	4,518	4,436	4,824
Non Cash Impact of EPIC	0		0	%	1,131	5,742	931
Unrealized Gains	0		629	100 %	0	(422)	(725)
Operating Assets and Liabilities	(45,148)	55,767	(49,548)	(1,126)%	0	(2,906)	(289)
Total Cash From Operating Activities	\$(24,121)	\$36,082	\$(35,595)	(310)%	\$17,216	\$10,559	\$8,903
<u>INVESTING ACTIVITIES</u>							
Capital Expenditures	\$(1,500)	\$(3,405)	\$1,960	57 %	\$(3,000)	\$(2,815)	\$(2,563)
Net (Purchases) Sales of Investments	0		0	%	0	(2,962)	(9,828)
Total Cash From Investing Activities	\$(1,500)	\$(3,405)	\$1,960	57 %	\$(3,000)	\$(5,776)	\$(12,391)
<u>FINANCING ACTIVITIES</u>							
Proceeds of Long-Term Debt	\$0	\$0	\$0	%	\$0	\$0	\$0
Transfer to USF FC - Leases on MOBs	(2,268)	(2,266)	(2)	(0)%	(2,262)	(2,689)	(2,310)
Total Cash From Investing Activities	\$(2,268)	\$(2,266)	\$(2)	(0)%	\$(2,262)	\$(2,689)	\$(2,310)
CHANGE IN CASH	(27,889)	30,410	(33,637)	(585)%	11,954	2,094	(5,798)
Cash, Beginning of Year	39,165	8,755	30,410	347 %	7,085	6,661	12,459
Cash, End of Year	\$11,276	\$39,165	\$(3,226)	(22)%	\$19,039	\$8,755	\$6,661
Total Cash & Investments	\$32,655	\$52,421	\$(3,226)	(9)%	\$42,087	\$33,597	\$28,119
Days Cash on Hand	40	61	(2)	(6)%	50	42	36



UMSA/MSSC Combined

FY 2021 Annual Financial Plan

3-YEAR FORECAST

(In thousands)

	FY 2018 ACTUAL	FY 2019 ACTUAL	FY 2020 FORECAST as of 1/27/20	FY 2020 FORECAST as of 4/14/20	FY 2021 PLAN	FY 2022 FORECAST	FY 2023 FORECAST
ASSETS							
Cash & Investments	\$28,119	\$42,087	\$35,881	\$52,421	\$32,655	\$39,186	\$41,145
Fixed Assets	56,065	54,576	53,884	53,829	53,200	51,788	50,413
Other Assets	65,929	61,617	63,465	63,465	65,369	61,094	57,098
Total Assets	\$150,113	\$158,280	\$153,230	\$169,715	\$151,224	\$152,068	\$148,656
LIABILITIES							
Payables	\$8,449	\$6,617	\$6,816	\$37,590	\$7,020	\$5,498	\$4,305
Long-Term Debt	51,176	48,914	46,648	46,648	44,380	42,418	40,543
Other Liabilities	18,699	19,592	20,180	20,180	20,785	21,778	22,817
Total Liabilities	\$78,324	\$75,123	\$73,643	\$104,417	\$72,185	\$69,694	\$67,666
NET ASSETS	\$71,788	\$83,157	\$79,587	\$65,298	\$79,039	\$82,374	\$80,990
Days Cash on Hand	36	42	42	61	40	41	42
REVENUES							
Net Patient Service	\$172,391	\$186,258	\$192,777	\$161,778	\$174,769	\$206,507	\$214,767
Grants, Contracts & Awards	72,454	76,144	80,108	81,895	81,710	88,665	92,211
UPL	22,606	26,047	32,821	34,855	34,952	52,109	54,193
Other Revenues	35,776	41,085	38,730	34,807	43,503	34,416	35,793
Total Revenues	\$303,227	\$329,534	\$344,435	\$313,335	\$334,935	\$381,697	\$396,965
EXPENSES							
Faculty Support	\$112,135	\$118,010	\$117,510	\$115,510	\$110,890	\$127,955	\$132,434
Housestaff Support	11,922	12,732	13,624	13,624	13,897	\$16,036	16,597
Other Staff Support	65,467	71,968	79,975	78,975	75,816	\$87,484	90,546
Depreciation/Amortization	4,824	4,436	4,152	4,152	3,986	\$4,600	4,761
Other Expenses	49,185	55,877	56,427	55,722	53,493	\$61,725	63,886
Transfer to USF - Salary Grants	54,291	56,409	62,304	62,304	59,812	\$69,017	71,433
Transfer to HPCC - Salary Support	1,035	1,072	520	514	0	0	0
Total Expenses	\$298,859	\$320,506	\$334,513	\$330,802	\$317,894	\$366,817	\$379,656
Operating Profit Before Non-Cash Changes	\$4,368	\$9,028	\$9,921	\$(17,466)	\$17,041	\$14,880	\$17,310
Total Non-Cash Changes	\$(206)	\$(5,320)	\$(6,371)	\$(6,371)	\$0	\$0	\$0
NET OPERATING PROFIT	\$4,162	\$3,709	\$3,550	\$(23,838)	\$17,041	\$14,880	\$17,310
Operating Profit Margin	1%	3%	3%	-6%	5%	4%	4%



USF Foundation, Inc.

FY 2021 Annual Financial Plan

FINANCIAL PLAN STATEMENT

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

- The University of South Florida Foundation aids and promotes excellence in the educational, research and service activities of USF by seeking, receiving and administering private gifts for the benefit of the University. We enhance resources that support the strategic objectives of the University of South Florida System within a culture of cooperation and collaboration.

Provide the Downside Business Risks to the FY 2020 Forecast and the FY 2021 Financial Plan Due to COVID-19 and Management's Plans to Mitigate these Risks

- On March 24th President Currall created the USF United Support Fund to support students who have lost jobs or have been otherwise seriously financially affected by COVID-19. More than 1,400 donors have contributed more than \$280,000 towards this effort since its inception. So far, the Foundation has received 1,300 applications and has provided \$280,000 in aid to more than 320 students.
- Philanthropy is one factor generally unaffected by the financial markets. Despite five official recessions since 1980, philanthropy overall has increased year to year. While COVID-19 is negatively impacting our development efforts in travelling and meeting in person with donors, we are continuing our connection with donors through phone and other virtual ways. We anticipate a bit of a struggle, but are poised to do everything possible to reach our goal this fiscal year.
- Like the rest of USF, COVID-19 has negatively impacted spring events with some cancelled, some postponed to the Fall and some transitioned to virtual events. The Foundation expects a shift in revenue to the first quarter as a result of many of these events being postponed.

List Key Drivers for the 2021 Financial Plan Over the 2020 Forecast - Focus on Cash Flows and Adequacy of Reserves

- After raising a historic \$1.1 billion during the recently completed Unstoppable Campaign, the Foundation remains as committed and energized as ever, with a fundraising goal of \$100 million for fiscal year 2020, to facilitate the crucial impact of philanthropy on the USF System through engaging alumni and friends. The new Sr. Vice President for University Advancement and Foundation CEO will arrive in the beginning of June at which time goals will be reassessed for fiscal year 2021.
- The Foundation's Investment Committee continues to actively monitor the performance and liquidity of our asset pools through regular review of asset allocation and investment managers. The Committee will take action when appropriate to enhance the growth and benefit of the endowment to USF over a long-term horizon. Our short-term and long-term returns are consistently in the top quartile amongst our peers. The Foundation has been closely monitoring the volatile investment markets of these past several weeks with our long-term investing philosophy in mind.
- 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 \$18.5 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.

Describe Material Capital Expenditures in the 2021 Financial Plan - Provide Details and ROI Expectations

- No material capital expenditures are planned.

List Major DSO Initiatives that will Drive Increases in Operating Earnings for 2022 and 2023

- The Foundation will continue to support the University's goal surrounding its Student Success initiative with fundraising for scholarships and fellowships.
- Research and Innovation is continually supported through the Foundation's efforts in securing philanthropic, private research grants. In addition, Endowed Chair and Professorship funds provide a predictable, steady stream of earnings to support the Chair or Professors' research efforts in perpetuity.
- Cultivating university partnerships, both public and private, is a goal of the Foundation. The generosity of our donors ensures an environment rich in research, teaching, learning and discovery. The Foundation has captivated the attention of donors with exciting opportunities to become highly visible partners of USF Health Morsani College of Medicine and the USF Heart Institute, a state of the art facility on donated property in downtown Tampa.



USF Foundation, Inc.
FY 2021 Annual Financial Plan

INCOME STATEMENT

(In thousands)

REVENUES

	FY 2021 FINANCIAL PLAN	FY 2020 FORECAST (as of 3/31/20)	Variance	
			\$	%
Gifts & Donations	\$48,100	\$48,100	\$0	0 %
Investment Income (Loss)	37,422	(39,488)	76,910	195 %
University Support	12,858	12,858	0	0 %
Other Revenues	2,744	2,271	473	21 %
Total Revenues	\$101,124	\$23,741	\$77,383	326 %

EXPENSES

Program Services				
Salaries & Benefits	19,511	19,318	193	1 %
Scholarship & Fellowship	9,709	9,613	96	1 %
Service & Independent contractors	4,026	3,986	40	1 %
Supplies	2,143	2,122	21	1 %
Other Transfers & Expenses	14,126	14,126	0	0 %
Total Program Service Expenses	49,515	49,165	350	1 %
Fundraising & Operating Expenses				
Salaries & Benefits	14,776	14,630	146	1 %
Service & Independent contractors	1,626	2,074	(448)	(22)%
Other Transfers & Expenses	2,172	2,150	22	1 %
Total Fundraising & Operating Expenses	18,574	18,854	(280)	(1)%
Total Expenses	\$68,089	\$68,019	\$70	0 %
OPERATING PROFIT BEFORE NON-CASH CHANGES	\$33,035	\$(44,278)	\$77,313	175 %
Total Non-Cash Changes	\$0	\$0	\$0	%
NET OPERATING PROFIT	\$33,035	\$(44,278)	\$77,313	175 %

FY 2020 FINANCIAL PLAN	FY 2019 ACTUAL RESULTS	FY 2018 ACTUAL RESULTS
\$48,100	\$51,380	\$56,330
47,668	33,209	52,617
12,450	13,233	12,680
551	2,518	1,250
\$108,769	\$100,340	\$122,877
24,915	17,288	21,850
7,792	10,336	9,723
5,273	4,581	4,187
1,203	3,070	980
29,064	22,749	10,933
68,247	58,024	47,673
14,726	14,343	14,501
2,074	1,171	1,037
1,900	2,694	1,828
18,700	18,208	17,366
\$86,947	\$76,232	\$65,039
\$21,822	\$24,108	\$57,838
\$0	\$0	\$0
\$21,822	\$24,108	\$57,838

Operating Profit Margin	32.67%	-186.50%	219.17%	20.06%	24.03%	47.07%
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USF Foundation, Inc.

FY 2021 Annual Financial Plan

STATEMENT OF CASH FLOWS

(In thousands)

	FY 2021 FINANCIAL PLAN	FY 2020 FORECAST (as of 3/31/20)	Variance		FY 2020 FINANCIAL PLAN	FY 2019 ACTUAL RESULTS	FY 2018 ACTUAL RESULTS
			\$	%			
<u>OPERATING ACTIVITIES</u>							
Net Operating	\$33,035	\$(44,278)	\$77,313	175 %	\$21,822	\$10,874	\$57,838
Adjustments for Non-Cash Activities							
Investment (gain) loss	(37,422)	39,488	(76,910)	(195)%	(23,407)	(23,643)	(52,617)
Change in assets & liabilities	(9,907)	(9,807)	(100)	(1)%	3,246	(8,329)	(5,134)
Total Cash From Operating Activities	\$(14,294)	\$(14,597)	\$303	2 %	\$1,661	\$(21,098)	\$87
<u>FINANCING ACTIVITIES</u>							
Proceeds of sale of contributed land held for resale	\$0	\$0	\$0	%	\$0	\$12,000	\$0
Interest Paid on Debt	(109)	(119)	10	8 %	0	(129)	0
Principal Paid on Debt	(385)	(370)	(15)	(4)%	(360)	(371)	(362)
Noncapital Financing activities	7,565	7,518	47	1 %	0	9,435	0
Total Cash From Financing Activities	\$7,071	\$7,029	\$42	1 %	\$(360)	\$20,935	\$(362)
<u>INVESTING ACTIVITIES</u>							
Capital Expenditures	\$0	\$(475)	\$475	100 %	\$(475)	\$(7,650)	\$(458)
New (Purchase) Sale of Investment	(1,054)	(1,565)	511	33 %	6,054	(1,360)	7,067
Interest dividends reinvested	9,058	9,346	(288)	(3)%	(6,436)	9,565	(6,112)
Total Cash From Investing Activities	\$8,004	\$7,306	\$698	10 %	\$(857)	\$555	\$497
CHANGE IN CASH	781	(262)	1,043	398 %	444	392	222
Cash, Beginning of Year	1,155	1,417	(262)	(18)%	1,987	1,025	803
Cash, End of Year	\$1,936	\$1,155	\$781	68 %	\$2,431	\$1,417	\$1,025
Total Cash & Investments	\$94,667	\$94,931	\$(264)	(0)%	\$93,688	\$98,017	\$83,867
Days Cash on Hand	507	509	(2)	(0)%	393	470	472



USF Foundation, Inc.

FY 2021 Annual Financial Plan

3-YEAR FORECAST

(In thousands)

	FY 2018 ACTUAL	FY 2019 ACTUAL	FY 2020 FORECAST	FY 2021 PLAN	FY 2022 FORECAST	FY 2023 FORECAST
<u>ASSETS</u>						
Cash & Investments	\$83,867	\$98,017	\$94,931	\$94,667	\$96,087	\$98,008
Fixed Assets	10,003	10,844	10,855	11,072	11,075	11,120
Other Assets	569,729	587,690	546,684	581,438	627,714	672,716
Total Assets	\$663,599	\$696,551	\$652,470	\$687,177	\$734,876	\$781,844
<u>LIABILITIES</u>						
Payables	\$937	\$969	\$1,054	\$1,076	\$1,095	\$2,117
Long-Term Debt	5,086	4,714	4,333	3,942	3,540	3,127
Other Liabilities and deferred inflows	54,437	54,087	54,580	56,621	60,584	62,824
Total Liabilities	\$60,460	\$59,770	\$59,967	\$61,639	\$65,219	\$68,068
NET ASSETS	\$603,139	\$636,781	\$592,503	\$625,538	\$669,657	\$713,776
Days Cash on Hand	471	469	509	507	473	468
<u>REVENUES</u>						
Gifts & Fundraising Revenue	\$48,261	\$51,380	\$48,100	\$48,100	\$54,200	\$56,500
University Support	13,211	13,233	12,858	12,858	13,805	13,805
Other Revenues	61,229	45,260	(37,217)	40,166	50,339	51,925
Total Revenues	\$122,701	\$109,873	\$23,741	\$101,124	\$118,344	\$122,230
<u>EXPENSES</u>						
Salaries & Benefits	\$36,361	\$31,631	\$33,948	\$34,287	\$36,598	\$38,043
Scholarship & Fellowships	9,723	10,336	9,613	9,709	10,000	10,800
Other Expenses	18,954	34,264	24,458	24,092	27,627	27,658
Total Expenses	\$65,038	\$76,231	\$68,019	\$68,089	\$74,225	\$76,501
Operating Profit Before Non-Cash Changes	\$57,663	\$33,642	\$(44,278)	\$33,035	\$44,119	\$45,729
Total Non-Cash Changes	\$0	\$0	\$0	\$0	\$0	\$0
NET OPERATING PROFIT	\$57,663	\$33,642	\$(44,278)	\$33,035	\$44,119	\$45,729
Operating Profit Margin	47%	31%	-187%	33%	37%	37%



USF Research Foundation, Inc.

FY 2021 Annual Financial Plan

FINANCIAL PLAN STATEMENT

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 provides a mechanism for the funding of licensed research and development activities at the University. As a DSO, 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.

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

The Research Foundation owns and manages real property assets that include the USF Research Park and various buildings that are located within the Park. 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.

On behalf of the University, the Research Foundation also manages the fiscal operations of the USF Tampa Bay Technology Incubator Program.

Provide the Downside Business Risks to the FY 2020 Forecast and the FY 2021 Financial Plan Due to COVID-19 and Management's Plans to Mitigate these Risks

- Considered risks include the Economic impact on the recruitment of credit-worthy prospective tenants for the Research Park. Mitigation includes maintaining the focus of recruiting from outside the Tampa Bay area and demonstrate the value in our local ecosystem for science and technology based companies.
- Existing tenants ability to maintain leased space. Retaining existing companies may require support through cash-flow hurdles via avenues such as rent deferrals. The demographic make-up of Research Park tenants as largely life science is a strong factor for these companies remaining productive during the health crisis.

List Key Drivers for the 2021 Financial Plan Over the 2020 Forecast - Focus on Cash Flows and Adequacy of Reserves

- FY2021 Financial Plan generates a positive cash flow from Operations of \$4.2M, with a net positive cash flow of \$1.7M available for reserves.
- FY2020 Forecast generates cash flow to permit an additional \$4.0M cash investment from Operations. Funds remain available for emergency reserves.

Describe Material Capital Expenditures in the 2021 Financial Plan - Provide Details and ROI Expectations

- \$818 thousand of tenant improvements may be expended to generate additional rent revenues if needed. If the leases are not awarded or the improvements are not required for lease incentive, the funds will not be expended.
- \$540 thousand of capital expenditures are included in the FY2021 Plan for maintaining functionality of the property and buildings. These include mechanical controls upgrade, and projects designed to reduce operating utility costs and preserve the buildings within the Research Park, as Class A properties.
- \$1.5M of tenant improvements for the new USF Research Park mixed used lab and office building are in the 2021 Financial Plan.

List Major DSO Initiatives that will Drive Increases in Operating Earnings for 2022 and 2023

- The construction of the new USF Research Park mixed use lab and office building. As the owner/operator of the Research Park, we have executed a master lease with the USF Financing Corporation. Construction of the core and shell is expected to begin June 2020 with completion scheduled by October 2021.



USF Research Foundation, Inc.

FY 2021 Annual Financial Plan

INCOME STATEMENT

(In thousands)

REVENUES

	FY 2021 FINANCIAL PLAN	FY 2020 FORECAST (as of 3/31/20)	Variance	
			\$	%
Rental Revenue	\$9,564	\$9,075	\$489	5 %
Intellectual Property Revenue	2,600	2,600	-	0 %
NMR Use License Fee	307	307	-	0 %
Other Operating Revenues	204	193	10	5 %
Total Revenues	\$12,675	\$12,175	\$500	4 %

EXPENSES

Salaries & Benefits	\$1,328	\$1,357	(28)	(2)%
Intellectual Property & Other Program Expense	1,989	1,989	-	0 %
Operations - Research Park	3,648	3,634	14	0 %
Contractual Services & Other Operating	162	191	(29)	(15)%
University Business Center - Net Rent Expense	198	244	(46)	(19)%
Interest Expense	609	533	76	14 %
Depreciation & Amortization	2,893	2,910	(17)	(1)%
Total Expenses	\$10,827	\$10,857	\$(29)	(0)%
OPERATING PROFIT BEFORE NON-OPERATING REVENUE	\$1,848	\$1,318	\$529	40 %

Investment Income (loss)	1,935	(2,313)	4,248	184 %
Total Non-Operating	\$1,935	\$(2,313)	\$4,248	184 %
NET INCOME (Loss)	\$3,782	\$(995)	\$4,777	480 %

Operating Profit Margin	15%	11%	4 %
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FY 2020 FINANCIAL PLAN	FY 2019 ACTUAL RESULTS	FY 2018 ACTUAL RESULTS
\$9,144	\$8,689	\$8,379
3,160	3,592	3,728
307	307	307
257	269	244
\$12,868	\$12,858	\$12,657
\$1,437	\$1,288	\$1,347
2,360	3,036	3,045
3,607	3,076	3,075
149	135	165
24	332	4
533	622	687
2,767	2,648	2,907
\$10,877	\$11,136	\$11,230
\$1,991	\$1,722	\$1,427
2,023	2,212	3,117
\$2,023	\$2,212	\$3,117
\$4,014	\$3,934	\$4,544

15%	13%	11%
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USF Research Foundation, Inc.

FY 2021 Annual Financial Plan

STATEMENT OF CASH FLOWS

(In thousands)

	FY 2021 FINANCIAL PLAN	FY 2020 FORECAST (as of 3/31/20)	Variance		FY 2020 FINANCIAL PLAN	FY 2019 ACTUAL RESULTS	FY 2018 ACTUAL RESULTS
			\$	%			
<u>OPERATING ACTIVITIES</u>							
Net Income	\$3,782	\$(995)	\$4,777	480 %	\$4,014	\$3,934	\$4,544
Adjustments for Non-Cash Activities:							
Less Non-Cash Investment (Gain)	(1,935)	2,313	(4,248)	(184)%	(2,023)	(2,212)	(3,114)
Add back Depreciation/Amortization Exp	2,893	2,910	(17)	(1)%	2,767	2,648	2,907
Add back Other Non-Cash Expenses	10	10	-	0 %	18	464	25
Less Other Non-Cash Revenue	-	-	-	%	-	(26)	(49)
Add back Other Income Restatement	-	-	-	%	-	-	786
Changes in Operating Assets and Liabilities	(600)	300	(900)	(300)%	-	1,877	(783)
Total Cash From Operating Activities	\$4,151	\$4,538	\$(388)	(9)%	\$4,777	\$6,685	\$4,316
<u>FINANCING ACTIVITIES</u>							
Principal Payments - Notes Payable	\$(775)	\$(1,745)	\$970	56 %	\$(1,745)	\$(1,720)	\$(1,590)
Principal Payments Capital Lease - UDI Building	(241)	(281)	40	14 %	-	-	-
Redeem Investments for New Building	3,254	2,514	740	29 %	3,194	-	-
Cash Outlay: New Bldg - Debt Sinking Fund	-	(1,983)	1,983	100 %	(2,420)	-	-
Cash Outlay: New Bldg - Debt Service Coverage	-	(531)	531	100 %	-	-	-
Cash Outlay: New Bldg - Debt Payment	(1,754)	(473)	(1,281)	(271)%	(774)	-	-
Cash Outlay: New Bldg - Closing Costs	-	(53)	53	100 %	0	-	-
Total Cash From Financing Activities	\$484	\$(2,552)	\$3,035	119 %	\$(1,745)	\$(1,720)	\$(1,590)
<u>INVESTING ACTIVITIES</u>							
Capital Expenditures	\$(1,483)	\$(1,469)	\$(14)	(1)%	\$(1,534)	\$(640)	\$(591)
Capital Expenditures - New Bldg Tenant Improvements	(1,500)	-	(1,500)	%	-	-	-
Purchase of Investments	-	(4,050)	4,050	100 %	-	(3,251)	(1,000)
Seed Capital Loan Repayments (Issuance)	-	20	(20)	(100)%	-	(25)	(17)
Transfer from Venture Investment Fund	-	-	0	%	-	-	50
Total Cash From Investing Activities	\$(2,983)	\$(5,499)	\$2,516	46 %	\$(1,534)	\$(3,916)	\$(1,558)
CHANGE IN CASH	1,652	(3,512)	5,164	147 %	1,498	1,049	1,168
Cash, Beginning of Year	3,614	7,127	(3,512)	(49)%	7,466	6,077	4,909
Cash, End of Year	\$5,266	\$3,614	\$1,652	46 %	\$8,964	\$7,127	\$6,077
Total Cash & Investments	\$42,800	\$42,467	\$333	1 %	\$43,377	\$46,807	\$40,622
Days Cash on Hand	298	350	(52)	(15)%	332	457	325



USF Research Foundation, Inc.

FY 2021 Annual Financial Plan

3-YEAR FORECAST

(In thousands)

	FY 2018 ACTUAL	FY 2019 ACTUAL	FY 2020 FORECAST	FY 2021 PLAN	FY 2022 FORECAST	FY 2023 FORECAST
<u>ASSETS</u>						
Cash & Investments	\$40,622	\$46,807	\$43,377	\$42,800	\$45,575	\$48,246
Fixed Assets	31,901	33,510	58,748	59,383	57,984	57,051
Other Assets	18,837	18,039	17,923	17,807	17,691	17,575
Total Assets	\$91,360	\$98,355	\$120,048	\$119,990	\$121,250	\$122,872
<u>LIABILITIES</u>						
Payables	\$2,284	\$2,704	\$2,204	\$2,270	\$2,338	\$2,408
Long-Term Debt	18,875	20,610	44,618	42,662	40,628	36,314
Other Liabilities and deferred inflows	7,646	8,553	8,810	9,074	9,346	12,095
Total Liabilities	\$28,806	\$31,868	\$55,632	\$54,006	\$52,312	\$50,818
NET ASSETS	\$62,554	\$66,488	\$64,416	\$65,984	\$68,938	\$72,054
Days Cash on Hand	325	457	350	298	348	373
<u>REVENUES</u>						
Rental Revenue	\$8,379	\$8,689	\$9,075	\$9,564	\$10,168	\$11,068
Intellectual Property Revenue	3,728	3,592	2,600	2,600	2,700	2,800
Other Revenues	551	576	500	511	506	504
Total Revenues	\$12,657	\$12,858	\$12,175	\$12,675	\$13,373	\$14,372
<u>EXPENSES</u>						
Salaries & Benefits	\$1,347	\$1,288	\$1,357	\$1,328	\$1,368	\$1,409
Operations - Research Park	3,075	3,076	3,634	3,648	3,800	4,150
Other Expenses	6,808	6,772	5,866	5,851	6,134	6,336
Total Expenses	\$11,230	\$11,136	\$10,857	\$10,827	\$11,302	\$11,896
Operating Profit Before Non-Cash Changes	\$1,427	\$1,722	\$1,318	\$1,848	\$2,071	\$2,476
Total Non-Cash Investment Income	\$3,117	\$2,212	\$(2,313)	\$1,935	\$2,008	\$2,012
NET INCOME	\$4,544	\$3,934	\$(995)	\$3,782	\$4,078	\$4,488
Operating Profit Margin	11%	13%	11%	15%	15%	17%



USF Sun Dome, Inc.
FY 2021 Annual Financial Plan

FINANCIAL PLAN STATEMENT

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

- Continue to enhance awareness and perception in the local market and nationally, promoting Yuengling Center as a premiere event and hospitality venue.

Provide the Downside Business Risks to the FY 2020 Forecast and the FY 2021 Financial Plan Due to COVID-19 and Management's Plans to Mitigate these Risks

- Due to the current economic climate and COVID 19 restrictions, the expectation is that the pause in operations and events will continue through the end of this fiscal year. We expect to see a shift in revenue associated with hosting all events scheduled during this time to next fiscal year. We should see little to no expenses associated with these events, but also no cash flow from ticket sales, ancillaries, etc. until normal business operations resume. Most, if not all the paused events have been postponed to a further date; hopefully moving to next fiscal year (2021). That should pose an opportunity for success in FY 2021, however there is not a clear understanding or timeline associated with hosting live events.
- In regards to FY20 operational expenses, we've currently paused all spending unless contractually obligated or necessary to maintain the building. As mentioned above, with the uncertainty of the timeline for hosting live events, we've taken an aggressive approach to holding expenses relatively flat for FY 2021. Concerns surrounding the management of FY 2021 budget are unknown (i.e. new standards imposed on business - attendance restrictions, specialty products and chemicals) that could significantly impact expenses. Our strategy to combat this is currently unknown but will be proactively addressed to identify costs that can be reduced to help supplement the new operational guidelines. Therefore a heightened awareness of what the County, CDC, FDOH, and other governmental agencies are recommending/mandating will be the utmost priority, as we begin planning for operations to resume.
- It's important to note that the current state of our economy and community perspective/sentiments will continue to evolve. What we are planning for now, as it relates to COVID-19, may not necessarily be the standard in the future.

List Key Drivers for the 2021 Financial Plan Over the 2020 Forecast - Focus on Cash Flows and Adequacy of Reserves

- The 2021 Financial Plan reflects an increase in revenue of \$125 thousand or 7%, while maintaining operating expenses at a relatively consistent level with the prior fiscal year, with a slight increase of 2%. The 2021 Financial Plan factors in 8 concerts/ events, which have not been confirmed. In the event these shows do not come to fruition, it could negatively impact profitability on a net basis by approximately \$422 thousand. The 2021 Financial Plan also assumes attendance and related event profitability with respect to USF Men's and Women's basketball will remain consistent with 2019- 2020.
- Cash flow will be directly tied to our ability to host events. Should postponed events, from FY20 shift to FY21, we could see an increase in cash flow from ancillary revenue streams.
- Expense management will be to focus on short-term necessities, while keeping the big picture in mind. We'll eventually get back to normal.
- The 2021 Financial Plan does not factor in a contingency for any extraordinary maintenance, repairs or rate increases in insurance premiums.
- Negative operating net cash flows are a risk.

Describe Material Capital Expenditures in the 2021 Financial Plan - Provide Details and ROI Expectations

- Shifting our FY20 CapEx initiative to FY21 (details on CapEx tab). These costs have been excluded from the financial statements included herein, as it is anticipated that USF will provide the funding and the related assets will be recorded on USF books' consistent with the building/ building improvements.

List Major DSO Initiatives that will Drive Increases in Operating Earnings for 2022 and 2023

- Should the economy rebound and sentiments surrounding large gatherings more positive, FY22 & 23 could potentially prove successful. In theory, many tours and artists will have taken time off and be ready to tour again.
- CapEx enhancements - should we have the opportunity to move forward with funding, we could produce some energy cost savings from mechanical/operational efficiency. Additionally, there could be some positive influence on ticket margins or add-ons should we provide enhancements to the guest experience - i.e. concert club, all-inclusive space.
- The focus will be: Identify multi-show deals and concert series opportunities to increase event bookings; Re-establish and build on relationships with top promoters; Strategic booking to include a diverse programming of quality events that crosses all genres; Continue to provide "Blue Ribbon" service to our consumers, improving upon the brand perception in the local and national marketplace.



USF Sun Dome, Inc.
FY 2021 Annual Financial Plan

INCOME STATEMENT

(In thousands)

REVENUES

	FY 2021 FINANCIAL PLAN	FY 2020 FORECAST (as of 3/31/20)	Variance	
			\$	%
Direct Event Income	\$321	\$203	\$118	58 %
Ancillary Revenue:				
Suites/ Loge	53	37	15	40 %
Concessions & Novelty	301	305	(4)	(1)%
Parking	410	305	105	34 %
Service Charges	412	372	40	11 %
Ticketmaster Rebates	409	540	(131)	(24)%
Ancillary Revenue	1,584	1,560	24	2 %
Miscellaneous	75	92	(17)	(19)%
Total Revenues	\$1,980	\$1,855	\$125	7 %

EXPENSES

Salary & Benefits	983	971	12	1 %
General & Administrative	449	475	(26)	(5)%
Marketing & Sales	43	21	22	102 %
Equipment & Supplies	101	75	27	36 %
Utilities	41	23	18	76 %
Insurance	126	146	(20)	(14)%
Transition Expenses	0	0	0	%
Incentive Fees/ Profit Share	50	50	0	0 %
Total Expenses	\$1,793	\$1,761	\$32	2 %

OPERATING PROFIT BEFORE NON-CASH CHANGES

	\$187	\$94	\$93	99 %
Unrealized Investment Gains (Losses)	0	0	0	%
Total Non-Cash Changes	\$0	\$0	\$0	%
NET OPERATING PROFIT	\$187	\$94	\$93	99 %

Operating Profit Margin

9%	5%	4 %
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FY 2020 FINANCIAL PLAN	FY 2019 ACTUAL RESULTS	FY 2018 ACTUAL RESULTS
\$559	\$398	\$264
21	45	20
277	333	271
362	437	318
398	383	297
284	384	214
1,341	1,582	1,121
90	191	110
\$1,989	\$2,171	\$1,494
957	940	817
466	456	427
41	24	22
91	65	53
31	38	31
126	125	152
0	0	96
50	150	0
\$1,762	\$1,798	\$1,596
\$227	\$373	\$(102)
0	0	0
\$0	\$0	\$0
\$227	\$373	\$(102)

11%	17%	-7%
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USF Sun Dome, Inc.
FY 2021 Annual Financial Plan

STATEMENT OF CASH FLOWS

(In thousands)

	FY 2021 FINANCIAL PLAN	FY 2020 FORECAST (as of 3/31/20)	Variance		FY 2020 FINANCIAL PLAN	FY 2019 ACTUAL RESULTS	FY 2018 ACTUAL RESULTS
			\$	%			
<u>OPERATING ACTIVITIES</u>							
Net Operating Profit	\$187	\$94	\$93	99 %	\$227	\$373	\$(102)
Adjustments for Non-Cash Activities:							
(Increase) Decrease in Accounts Receivable	47	115	(68)	(59)%	0	(63)	122
(Increase) Decrease in Prepaids	0	0	0	%	0	1	2
Increase (Decrease) in Accounts Payable	0	(375)	375	100 %	17	29	25
Increase (Decrease) in Accrued Liabilities	8	(218)	226	104 %	(65)	171	554
Increase (Decrease) in Deferred Revenue	200	(685)	885	129 %	3	990	(317)
Total Cash From Operating Activities	\$442	\$(1,069)	\$1,511	141 %	\$182	\$1,501	\$284
<u>FINANCING ACTIVITIES</u>							
Capital Expenditures ⁽¹⁾	0	0	0	%	0	0	0
Total Cash From Financing Activities	\$0	\$0	\$0	%	\$0	\$0	\$0
<u>INVESTING ACTIVITIES</u>							
Event Revenue Transfers to USF, net	(413)	(413)	0	0 %	(413)	(686)	(544)
Total Cash From Investing Activities	\$(413)	\$(413)	\$0	0 %	\$(413)	\$(686)	\$(544)
CHANGE IN CASH	29	(1,482)	1,511	102 %	(231)	815	(260)
Cash, Beginning of Year	37	1,519	(1,482)	(98)%	575	704	964
Cash, End of Year	\$66	\$37	\$29	78 %	\$344	\$1,519	\$704
Total Cash & Investments	\$66	\$37	\$29	78 %	\$344	\$1,519	\$704
Days Cash on Hand	13	8	6	75 %	71	308	161

⁽¹⁾ Assumes USF funding of Capital expenditures with related assets maintained on USF's books' (consistent with the current reporting of the building/ building improvements).



USF Sun Dome, Inc.
FY 2021 Annual Financial Plan

3-YEAR FORECAST

(In thousands)

	FY 2018 ACTUAL	FY 2019 ACTUAL	FY 2020 FORECAST	FY 2021 PLAN	FY 2022 FORECAST	FY 2023 FORECAST
<u>ASSETS</u>						
Cash & Investments	\$704	\$1,520	\$37	\$66	\$36	\$112
Fixed Assets	124	362	247	200	200	200
Other Assets	0	(1)	0	0	0	0
Total Assets	\$828	\$1,881	\$284	\$266	\$236	\$312
<u>LIABILITIES</u>						
Payables	\$248	\$400	\$25	\$25	\$27	\$28
Accrued Liabilities	647	818	600	608	658	701
Deferred Revenue	143	1,185	500	700	761	828
Total Liabilities	\$1,037	\$2,403	\$1,125	\$1,333	\$1,446	\$1,557
NET ASSETS	\$(209)	\$(522)	\$(841)	\$(1,067)	\$(1,210)	\$(1,245)
Days Cash on Hand	161	309	8	13	7	20
<u>REVENUES</u>						
Direct Event Income	\$264	\$398	\$203	\$321	\$354	\$389
Total Ancillary Revenue	1,121	1,582	1,560	1,584	1,742	1,916
Miscellaneous	110	191	92	75	75	75
Total Revenues	\$1,494	\$2,171	\$1,855	\$1,980	\$2,171	\$2,380
<u>EXPENSES</u>						
Salary & Benefits	\$817	\$940	\$971	\$983	\$1,033	\$1,084
General & Administrative	427	456	475	449	472	495
Marketing & Sales	22	24	21	43	45	47
Equipment & Supplies	53	65	75	101	106	112
Utilities	31	38	23	41	43	45
Insurance	152	125	146	126	132	139
Transition Expenses	96	0	0	0	0	0
Incentive Fees/ Profit Share	0	150	50	50	70	80
Total Expenses	\$1,596	\$1,798	\$1,761	\$1,793	\$1,901	\$2,002
Operating Profit Before Non-Cash Changes	\$(102)	\$373	\$94	\$187	\$270	\$378
Total Non-Cash Changes	0	0	0	0	0	0
NET OPERATING PROFIT	\$(102)	\$373	\$94	\$187	\$270	\$378
Operating Profit Margin	-7%	17%	5%	9%	12%	16%



USF Institute of Applied Engineering, Inc.

FY 2021 Annual Financial Plan

FINANCIAL PLAN STATEMENT

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

- The USF Institute of Applied Engineering (IAE) provides agile, best value engineering products and services to enhance the performance, effectiveness and safety of Department of Defense customers, other federal, state and local agencies, and industry. By focusing on applied research and advanced technology development, the USF IAE expands USF's research portfolio while providing increased opportunities to both USF faculty and students.

Provide the Downside Business Risks to the FY 2020 Forecast and the FY 2021 Financial Plan Due to COVID-19 and Management's Plans to Mitigate these Risks

- COVID-19 is negatively impacting USF IAE contract revenue in FY20-21. While multiple contracts and task orders are in the pipeline for award, USF IAE anticipates increased timelines for processing contract actions with the DoD. Additionally, we expect some contract awards to be shifted from 4th Quarter FY20 to 1st Quarter FY21 as the DoD refocuses priorities on combatting COVID-19. Finally, execution of existing contracts is slowed due to remote work requirements for interns.
- COVID-19 is negatively impacting FY20 Hillsborough County Grant execution due to delays in construction of USF IAE's University Mall facility. Lack of a central research facility inhibits USF IAE's ability to perform required research for its customers. Initial permitting has been received from the county, but construction initiation is pending final design updates.
- In order to mitigate these risks, USF IAE meets routinely with sponsor counterparts to ensure known requirements are processed for award and to promote collaboration with USF researchers to identify new opportunities. Similarly, USF IAE meets routinely with the Mall and other stakeholders in order to complete construction this summer. Remaining FY20 county funding will be executed in early FY21, while FY21 detailed requirements are on track for approval by start of the fiscal year.

List Key Drivers for the 2021 Financial Plan Over the 2020 Forecast - Focus on Cash Flows and Adequacy of Reserves

- In February 2020, USSOCOM awarded USF IAE a 5-year task order contract worth up to \$85M. Task orders from this contract, along with existing and future SOFWERX contracts, make up the bulk of contract revenue in FY21. Obtaining government-approved indirect rates on these contracts is critical in order to cover USF IAE operating costs. DCAA has approved USF IAE's initial proposal rates and are processing the FY20 and FY21 provisional billing rates for approval.
- For a newly establish organization such as IAE, managing cash flows to ensure availability of funds to reimburse USF and pay our vendors is a top priority. Pre-payments for our SOFWERX contracts, along with funding from USF and Hillsborough County is critical to cover a portion of our operating expenses in FY20. This provides IAE with some reserves. Thus, our cash position in FY20 is adequate, and is expected to improve further for FY21.

Describe Material Capital Expenditures in the 2021 Financial Plan - Provide Details and ROI Expectations

- Hillsborough County capital expenditures support small satellite research, other computer-based research equipment, and facility enhancements in FY20-FY22. Procuring this equipment is key to not only successfully executing DoD contracts, but also in attracting future USF IAE research workforce.

List Major DSO Initiatives that will Drive Increases in Operating Earnings for 2022 and 2023

- Delays in hiring impact USF IAE's ability to execute contracts. In response, USF IAE worked with central HR to prepare an organization chart along with ~70 pre-approved positions in order to reduce future hiring timelines as USF IAE grows.
- FY21 hiring activities, University Mall facility expansion, and capital expenditures will position USF IAE to more fully realize the revenue opportunities within the USSOCOM task order contract as well as with other DoD sponsors.



USF Institute of Applied Engineering, Inc.

FY 2021 Annual Financial Plan

INCOME STATEMENT

(In thousands)

REVENUES

Contracts Revenues
Hillsborough County Grant
University Support
College of Engineering Support
Florida High Tech Corridor Matching
Donation and Other Revenue

Total Revenues

EXPENSES

Salaries & Benefits
College of Engineering Salary Support
Gift In-Kind Expenses
Materials, Supplies, Software & Equip., Travel
Banking, Insurance, Audit, Tax Services
Facilities, Utilities, Telecomm., Security
Depreciation & Amortization
Hills. County Salaries & Benefits
Hills. County Materials & Equip.
Hills. County Facilities, Telecomm., & Security
Direct Program Costs
Transfer to USF-Indirect Return to University

Total Expenses

OPERATING PROFIT BEFORE

NON-CASH CHANGES

Equipment Donations to USF

Total Non-Cash Changes

NET OPERATING PROFIT

Operating Profit Margin

	FY 2021 FINANCIAL PLAN	FY 2020 FORECAST (as of 3/31/20)	Variance		FY 2020 FINANCIAL PLAN	FY 2019 ACTUAL RESULTS	FY 2018 ACTUAL RESULTS
			\$	%			
Contracts Revenues	\$4,868	\$937	\$3,931	420 %	\$2,250	\$0	\$0
Hillsborough County Grant	2,478	643	1,835	285 %	0	0	0
University Support	714	907	(194)	(21)%	602	187	0
College of Engineering Support	23	23	(0)	(1)%	79	385	0
Florida High Tech Corridor Matching	0	0	0	%	150	0	0
Donation and Other Revenue	74	13	61	456 %	73	1	0
Total Revenues	\$8,156	\$2,524	\$5,633	223 %	\$3,154	\$573	\$0
Salaries & Benefits	\$867	\$707	\$159	23 %	\$803	\$61	\$0
College of Engineering Salary Support	23	23	(0)	(1)%	79	385	0
Gift In-Kind Expenses	74	12	62	506 %	73	0	0
Materials, Supplies, Software & Equip., Travel	87	30	57	186 %	70	26	0
Banking, Insurance, Audit, Tax Services	100	131	(32)	(24)%	50	4	0
Facilities, Utilities, Telecomm., Security	63	0	63	%	91	0	0
Depreciation & Amortization	140	25	115	452 %	0	0	0
Hills. County Salaries & Benefits	984	84	900	1,067 %	0	0	0
Hills. County Materials & Equip.	353	158	195	124 %	0	0	0
Hills. County Facilities, Telecomm., & Security	641	69	572	828 %	0	0	0
Direct Program Costs	3,399	672	2,727	406 %	1,966	0	0
Transfer to USF-Indirect Return to University	380	27	352	1,298 %	22	0	0
Total Expenses	\$7,110	\$1,940	\$5,170	266 %	\$3,154	\$476	\$0
OPERATING PROFIT BEFORE							
NON-CASH CHANGES	\$1,046	\$583	\$463	79 %	\$0	\$97	\$0
Equipment Donations to USF	0	(90)	90	100 %	0	0	0
Total Non-Cash Changes	\$0	\$(90)	\$90	100 %	\$0	\$0	\$0
NET OPERATING PROFIT	\$1,046	\$494	\$553	112 %	\$0	\$97	\$0
Operating Profit Margin	13%	23%	(10)%		0	17%	0%



USF Institute of Applied Engineering, Inc.
FY 2021 Annual Financial Plan

STATEMENT OF CASH FLOWS

(In thousands)

	FY 2021 FINANCIAL PLAN	FY 2020 FORECAST (as of 3/31/20)	Variance		FY 2020 FINANCIAL PLAN	FY 2019 ACTUAL RESULTS	FY 2018 ACTUAL RESULTS
			\$	%			
<u>OPERATING ACTIVITIES</u>							
Operating Assets & Liabilities	\$0	\$0	\$0	%	\$47	\$0	\$0
Cash Receipt from Customers	4,868	937	3,931	420 %	0	0	0
Cash Receipt from Hillsborough County	2,478	643	1,835	285 %	0	0	0
Salaries & Benefits	(1,851)	(791)	(1,059)	(134)%	0	0	0
Payment for Direct Program Costs	(3,399)	(672)	(2,727)	(406)%	0	0	0
Payment to suppliers	(1,270)	(414)	(856)	(207)%	0	(8)	0
Total Cash From Operating Activities	\$826	\$(298)	\$1,124	377 %	\$47	\$(8)	\$0
<u>FINANCING ACTIVITIES</u>							
Transfer from USF Support	\$714	\$702	\$11	2 %	\$0	\$100	\$0
Transfer to USF-IDR	(380)	(27)	(352)	(1,298)%	0	0	0
Gift In-Kind Contributions	0	1	(1)	(100)%	0	1	0
Total Cash From Financing Activities	\$334	\$676	\$(342)	(51)%	\$0	\$101	\$0
<u>INVESTING ACTIVITIES</u>							
Capital Expenditures	\$(500)	\$(332)	\$(168)	(51)%	\$(119)	\$(81)	\$0
Proceeds of Long-Term Debt	0	0	0	%	0	0	0
Principal Payments	0	0	0	%	0	0	0
Interest Payments	0	0	0	%	0	0	0
Total Cash From Investing Activities	\$(500)	\$(332)	\$(168)	(51)%	\$(119)	\$(81)	\$0
CHANGE IN CASH	660	46	614	1,320 %	(72)	11	0
Cash, Beginning of Year	58	11	46	410 %	223	0	0
Cash, End of Year	\$718	\$58	\$660	1,142 %	\$151	\$11	\$0
Total Cash & Investments	\$718	\$58	\$660	1,142 %	\$151	\$11	\$0
Days Cash on Hand	37	11	26	237 %	17	9	0



USF Institute of Applied Engineering, Inc.

FY 2021 Annual Financial Plan

3-YEAR FORECAST

(In thousands)

	FY 2018 ACTUAL	FY 2019 ACTUAL	FY 2020 FORECAST	FY 2021 PLAN	FY 2022 FORECAST	FY 2023 FORECAST
ASSETS						
Cash & Investments	\$0	\$11	\$58	\$718	\$1,591	\$2,515
Fixed Assets	0	81	324	709	994	729
Other Assets	0	4	4	5	5	5
Total Assets	\$0	\$97	\$385	\$1,431	\$2,590	\$3,249
LIABILITIES						
Payables	\$0	\$0	\$0	\$0	\$0	\$0
Long-Term Debt	0	0	0	0	0	0
Other Liabilities	0	0	0	0	0	0
Total Liabilities	\$0	\$0	\$0	\$0	\$0	\$0
NET ASSETS	\$0	\$97	\$385	\$1,431	\$2,590	\$3,249
Days Cash on Hand	-	9	11	37	63	102
REVENUES						
Contracts Revenues	\$0	\$0	\$937	\$4,868	\$7,140	\$9,000
Hillsborough County Grant	0	0	643	2,478	2,613	0
University Support	0	187	907	714	603	603
College of Engineering Support	0	385	23	23	25	25
Florida High Tech Corridor Matching	0	0	0	0	0	0
Donation and Other Revenue	0	1	13	74	0	0
Total Revenues	\$0	\$573	\$2,524	\$8,156	\$10,380	\$9,628
EXPENSES						
Salaries & Benefits	\$0	\$61	\$707	\$867	\$946	\$1,192
College of Engineering Salary Support	0	385	23	23	25	25
Gift In-Kind Expenses	0	0	12	74	0	0
Materials, Supplies, Software & Equip., Travel	0	26	30	87	89	113
Banking, Insurance, Audit, Tax Services	0	4	131	100	103	163
Facilities, Utilities, Telecomm., Security	0	0	0	63	140	176
Depreciation & Amortization	0	0	25	140	263	314
Hills. County Salaries & Benefits	0	0	84	984	871	0
Hills. County Materials & Equip.	0	0	158	353	854	0
Hills. County Facilities, Telecomm., & Security	0	0	69	641	388	0
Direct Program Costs	0	0	672	3,399	4,986	6,285
Transfer to USF-Indirect Return to University	0	0	27	380	557	702
Total Expenses	\$0	\$476	\$1,940	\$7,110	\$9,221	\$8,969
Operating Profit Before Non-Cash Changes	\$0	\$97	\$583	\$1,046	\$1,159	\$659
Total Non-Cash Changes	\$0	\$0	\$(90)	\$0	\$0	\$0
NET OPERATING PROFIT	\$0	\$97	\$494	\$1,046	\$1,159	\$659
Operating Profit Margin	0%	17%	23%	13%	11%	7%



USF HEALTH PROFESSIONS CONFERENCING CORPORATION

FY 2021 Annual Financial Plan

FINANCIAL PLAN STATEMENT

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

- The mission of USF Health Professions Conferencing Corporation (HPCC), a direct support organization and Florida not-for-profit corporation, is to support the goals of the University of South Florida and its Board of Trustees, namely to help achieve academic excellence, enable pre-eminent research, and facilitate top quality healthcare services.

HPCC helps to achieve these goals through a range of activities and entities, including the Center for Advanced Medical Learning and Simulation (CAMLs) which has as its vision to improve healthcare through lifelong education and learning and whose mission is to create and provide experiential learning that improves clinical skills and patient care in our community and around the globe. HPCC also supports the efficient administration of the USF Health Office of Continuing Professional Development (CPD) as well as several USF Health international programs.

Provide the Downside Business Risks to the FY 2020 Forecast and the FY 2021 Financial Plan Due to COVID-19 and Management's Plans to Mitigate these Risks

- Due to the nationwide COVID-19 crisis and essential shutdown of nonessential economic activity the FY2020 Forecast anticipates the postponement of all external clients at CAMLS, CPD live events, USF Health International programming and most USF programming at CAMLS through May 31 and possibly beyond. As the 'stay-at-home' orders get lifted over time, some of these postponements may be rescheduled prior to June 30 but most are expected to be rescheduled in FY2021. The impact to the FY2020 Plan will be a \$2,300K decrease in 'Total Revenues', a \$1,000K decrease in 'Direct Program Expense' and a \$1,300K decrease in 'Operating Income'.
- As noted in the Mid-Year Forecast HPCC was pacing well to close gaps that had resulted from client turnover and fluctuations in grant revenue received in partnership with medical education companies (MECs). However, pacing came to a standstill at the end of February and as a result, a pipeline of \$2,330K of programmatic revenues, \$1,612K of 'Direct Program Expense' and \$718K 'Operating Income' stopped.
- To mitigate the revenue losses, HPCC has left vacant positions open, frozen hiring, and reduced utility, travel, and supply expenses, which will decrease wage expenses by \$328K from the FY 2020 Plan as well an estimated \$66K of operating expense savings in the last three months of the fiscal year.
- The FY2021 Plan anticipates ongoing social distancing after movement restrictions are relaxed and a delay in preventive measures to restore confidence in the travel and group learning environment resulting in a gradual return to full operations in 2021. HPCC will close FY2020 with 84 days of cash reserves but half is commercial support due to MECs while the other half will support operations through December with limited revenue as discussed further in the Key Drivers for FY2021.

List Key Drivers for the 2021 Financial Plan Over the 2020 Forecast - Focus on Cash Flows and Adequacy of Reserves

- HPCC will need to use some of its cash on hand to weather COVID-19. The turnover of external clients and reduction of some USF Health programming will also affect cash flows in FY2021. HPCC will maintain sufficient cash to pay vendors, make payroll and service debt while resuming its efforts to develop new clients and upgrade aging medical simulation equipment critical for ongoing training events. HPCC is prepared to take additional measures to preserve cash and reduce expenses should movement restrictions remain in place beyond the expectations of this Plan.
- In FY2021, 'Revenue for Continuing Professional Development' is projected lower as commercial funding in partnership with medical education companies (MECs) for online Continuing Medical Education (CME) activities remains strong, but passes directly to the MECs from the commercial supporter rather than passing through HPCC. CME live conference events will resume in FY2021, however attendance may be lower than prior years. Consistent with this business line, 'Direct Program Expense' (pass through funds) is also projected lower since grants will go directly to MECs.
- In FY2021 COVID-19 restrictions are projected to reduce USF Health Undergraduate Medical Education (UME) programming at CAMLS 15% or \$300K due to limited programming in Q1 and Q2.

- In FY2021 USF Health Undergraduate Medical Education (UME) programming at CAMLS is projected to decrease an additional 20% from classroom training relocating to the new Morsani College of Medicine downtown facility. While not yet confirmed, we anticipate that the Graduate Medical Education (GME) program will continue at FY2020 levels, however the Certified Registered Nurse Anesthetist (CRNA) program may move online and use CAMLS on a limited basis. These reductions are projected to reduce 'CAMLS - USF Health Programming' by \$700K.
- It is projected that 'CAMLS- Industry, Societies, Healthcare' programming will experience a gradual return to full operations in January 2021 however, momentum will be slow as social distancing continues after movement restrictions are relaxed and delays in preventive measures further inhibit the restoration of confidence in the travel and group-learning environment. Most of the FY2020 postponed events are expected to rebook in FY2021. Rebooking combined with ongoing sales efforts will create a strong demand, which will be subject to a restoration of confidence. FY2021 Q1 is projected to be just 10% of prior year and Q2 is projected to be 75% of prior year in anticipation of a gradual, rather than an instantaneous, return to normal conditions. As stated in the past, many CAMLS clients have developed their own simulation centers resulting in a 25% loss of non-USF revenue. The CAMLS team was on pace in FY2020 to meet the challenge with new clients and a large training contract with the federal government before COVID-19. While successful, the large federal contract occurs only once every two years, therefore, the effort to meet the FY2021 revenue target and restore this line of business to pre COVID-19 levels in FY2022 will be challenging.
- In light of the changed and continuing uncertain conditions, we are proposing to increase the 'The Transfer from UMSA Continuing Ed.-Faculty, Students' for the development and delivery of continuing academic and professional simulation education for students and practitioners from \$250K to \$500K. While HPCC is cautiously optimistic about regaining its upward trajectory and maintaining sufficient operating cash flow if the full amount is provided in the first half of FY2021, the lasting effects of COVID-19 may necessitate additional support in order to maintain cash flow.

Describe Material Capital Expenditures in the 2021 Financial Plan - Provide Details and ROI Expectations

- Despite the financial challenges, HPCC is committed to stay on track for two vital aspects of its capital plan, including expanding its inventory of simulator manikins to meet increasing demand and replace aging equipment to maintain service delivery expectations. The total capital expenditures planned for FY2021 is projected to be \$200K, most of which will be recouped in revenue that would otherwise not be achievable.

List Major DSO Initiatives that will Drive Increases in Operating Earnings for 2022 and 2023

- In FY2021, HPCC will be working to coordinate the rescheduling of FY2020 programs, generate new FY2021 programs and meet the training needs of the USF Health students, residents and fellows affected by COVID19. With the proactive postponement and resulting successful implementation and coordination of these programs, HPCC/CAMLS continues to strengthen relationships with external clients that will grow revenue and increase operating earnings for 2022 and 2023. In addition, CAMLS is working to achieve continued growth of its portfolio in 2022 and 2023 by building on FY20 efforts, which were interrupted by the COVID19 global pandemic. These include: a) diversifying the portfolio to include government and not-for-profit contracts, b) building on the successful off-site programming ('CAMLS Without Walls') which exports CAMLS' talent, tools, and resources while freeing up space for internal uses, c) expanding CAMLS's original simulation training content and developing new clinical content leveraging the new TGH/USF Health partnership; d) continuing to leverage opportunities to synchronize with and build on the expanding USF/USF Health presence downtown, and e) develop innovative training with the use of experiential learning technologies, such as virtual reality, and telehealth/education.



USF HEALTH PROFESSIONS CONFERENCING CORPORATION

FY 2021 Annual Financial Plan

INCOME STATEMENT

(In thousands)

REVENUES

Continuing Professional Development	\$5,070	\$5,445	\$(375)	(7)%
CAMLS - USF Health Programming	1,675	2,195	(520)	(24)%
CAMLS - Industry, Societies, Healthcare	3,141	2,292	849	37 %
Other HPCC Divisions	207	237	(30)	(13)%
In Kind Donations	20	40	(20)	(50)%
Rents, Parking, Rebates, Interest	279	524	(245)	(47)%
Gain on Sale of Fixed Assets	0	0	0	%
Transfer from USF-Plant Operations & Maint.	1,293	1,293	0	0 %
Transfer from UMSA - Wages and Benefits	60	60	0	0 %
Transfer from UMSA Continuing Ed - Faculty, Students	500	250	250	100 %

Total Revenues

EXPENSES

Wages and Benefits	4,073	4,020	53	1 %
Wages - program driven temporary staffing	160	230	(70)	(30)%
Utilities, Leases, Maint., Supplies, Marketing	1,944	1,998	(54)	(3)%
Direct Program Expense	5,097	5,324	(227)	(4)%
Interest	487	528	(41)	(8)%
In Kind Expense	20	40	(20)	(50)%
Depreciation-Purchased & Donated Assets	938	1,067	(129)	(12)%

Total Expenses

OPERATING PROFIT BEFORE NON-CASH CHANGES

Unrealized Investment Gains (Losses)

Total Non-Cash Changes

NET OPERATING PROFIT

Operating Profit Margin

	FY 2021 FINANCIAL PLAN	FY 2020 FORECAST (as of 3/31/20)	Variance		FY 2020 FINANCIAL PLAN	FY 2019 ACTUAL RESULTS	FY 2018 ACTUAL RESULTS
			\$	%			
Continuing Professional Development	\$5,070	\$5,445	\$(375)	(7)%	\$7,205	\$6,901	\$3,943
CAMLS - USF Health Programming	1,675	2,195	(520)	(24)%	2,786	2,872	3,158
CAMLS - Industry, Societies, Healthcare	3,141	2,292	849	37 %	4,341	4,540	5,381
Other HPCC Divisions	207	237	(30)	(13)%	392	575	523
In Kind Donations	20	40	(20)	(50)%	40	68	22
Rents, Parking, Rebates, Interest	279	524	(245)	(47)%	629	732	531
Gain on Sale of Fixed Assets	0	0	0	%	0	0	10
Transfer from USF-Plant Operations & Maint.	1,293	1,293	0	0 %	1,293	1,293	1,293
Transfer from UMSA - Wages and Benefits	60	60	0	0 %	60	60	0
Transfer from UMSA Continuing Ed - Faculty, Students	500	250	250	100 %	250	1,000	1,033
Total Revenues	\$12,245	\$12,336	\$(91)	(1)%	\$16,996	\$18,041	\$15,893
Wages and Benefits	4,073	4,020	53	1 %	4,278	\$3,900	\$3,124
Wages - program driven temporary staffing	160	230	(70)	(30)%	300	214	254
Utilities, Leases, Maint., Supplies, Marketing	1,944	1,998	(54)	(3)%	2,094	2,262	2,466
Direct Program Expense	5,097	5,324	(227)	(4)%	7,936	8,252	5,744
Interest	487	528	(41)	(8)%	528	570	681
In Kind Expense	20	40	(20)	(50)%	40	68	22
Depreciation-Purchased & Donated Assets	938	1,067	(129)	(12)%	1,067	1,440	1,720
Total Expenses	\$12,719	\$13,207	\$(488)	(4)%	\$16,243	\$16,706	\$14,011
OPERATING PROFIT BEFORE NON-CASH CHANGES	\$(474)	\$(871)	\$397	46 %	\$752	\$1,335	\$1,882
Unrealized Investment Gains (Losses)	0	0	0	%	0	0	0
Total Non-Cash Changes	\$0	\$0	\$0	%	\$0	\$0	\$0
NET OPERATING PROFIT	\$(474)	\$(871)	\$397	46 %	\$752	\$1,335	\$1,882
Operating Profit Margin	-4%	-7%		3 %	4%	7%	12%



USF HEALTH PROFESSIONS CONFERENCING CORPORATION

FY 2021 Annual Financial Plan

STATEMENT OF CASH FLOWS

(In thousands)

	FY 2021 FINANCIAL PLAN	FY 2020 FORECAST (as of 3/31/20)	Variance		FY 2020 FINANCIAL PLAN	FY 2019 ACTUAL RESULTS	FY 2018 ACTUAL RESULTS
			\$	%			
<u>OPERATING ACTIVITIES</u>							
Net Operating Profit	\$(474)	\$(871)	\$397	46 %	\$752	\$1,335	\$1,882
Adjustments for Non-Cash Activities:							
Depreciation	938	1,067	(129)	(12)%	1,067	1,440	1,720
(Gain)/Loss on sale of fixed assets	0	0	0	%	0	0	(10)
Adjustments for Changes in							
Operating Assets and Liabilities	0	(500)	500	100 %	0	386	(553)
Total Cash From Operating Activities	\$464	\$(304)	\$768	252 %	\$1,819	\$3,161	\$3,039
<u>FINANCING ACTIVITIES</u>							
Capital Expenditures	\$0	\$0	\$0	%	\$0	\$0	\$0
Proceeds of Long-Term Debt	0	0	0	%	0	0	0
Principal Payments	(1,160)	(1,121)	(39)	(3)%	(1,121)	(1,171)	(1,148)
Interest Payments	0	0	0	%	0	0	0
Total Cash From Financing Activities	\$(1,160)	\$(1,121)	\$(39)	(3)%	\$(1,121)	\$(1,171)	\$(1,148)
<u>INVESTING ACTIVITIES</u>							
Capital Expenditures	\$(200)	\$(150)	\$(50)	(33)%	\$(600)	\$(154)	\$(345)
Net (Purchases) Sales of Investments	0	0	0	%	0	217	46
Interest Income	0	0	0	%	0	0	0
Total Cash From Investing Activities	\$(200)	\$(150)	\$(50)	(33)%	\$(600)	\$63	\$(299)
CHANGE IN CASH	(896)	(1,575)	679	43 %	98	2,053	1,592
Cash, Beginning of Year	2,787	4,362	(1,575)	(36)%	3,666	2,308	716
Cash, End of Year	\$1,890	\$2,787	\$(896)	(32)%	\$3,764	\$4,361	\$2,308
Total Cash & Investments	\$1,890	\$2,787	\$(896)	(32)%	\$3,764	\$4,361	\$2,308
Days Cash on Hand	59	84	(25)	(30)%	91	104	69



USF HEALTH PROFESSIONS CONFERENCING CORPORATION

FY 2021 Annual Financial Plan

3-YEAR FORECAST

(In thousands)

	FY 2018 ACTUAL	FY 2019 ACTUAL	FY 2020 FORECAST	FY 2021 PLAN	FY 2022 FORECAST	FY 2023 FORECAST
<u>ASSETS</u>						
Cash & Investments	\$2,309	\$4,362	\$2,787	\$1,890	\$1,890	\$1,890
Fixed Assets	18,548	17,277	16,360	15,622	14,922	14,422
Other Assets	1,963	1,824	1,800	1,800	1,800	1,800
Total Assets	\$22,820	\$23,463	\$20,947	\$19,313	\$18,613	\$18,113
<u>LIABILITIES</u>						
Payables	\$2,997	\$1,606	\$1,600	\$1,600	\$1,600	\$1,600
Long-Term Debt	14,934	13,844	12,723	11,563	10,363	9,163
Other Liabilities and deferred inflows	2,086	3,874	1,900	1,900	1,900	1,900
Total Liabilities	\$20,017	\$19,324	\$16,223	\$15,063	\$13,863	\$12,663
NET ASSETS	\$2,803	\$4,139	\$4,724	\$4,250	\$4,750	\$5,450
Days Cash on Hand	69	104	84	59	54	53
<u>REVENUES</u>						
Program revenues	\$15,352	\$17,309	\$11,812	\$11,966	\$13,525	\$13,930
Other Revenues	541	732	524	279	487	502
Total Revenues	\$15,893	\$18,041	\$12,336	\$12,245	\$14,012	\$14,432
<u>EXPENSES</u>						
Salaries & Benefits	\$3,378	\$4,114	\$4,250	\$4,233	\$4,478	\$4,567
Program services	9,952	12,022	8,429	7,999	8,809	8,985
Other Expenses	681	570	528	487	463	440
Total Expenses	\$14,011	\$16,706	\$13,207	\$12,719	\$13,749	\$13,992
Operating Profit Before Non-Cash Changes	\$1,882	\$1,335	\$(871)	\$(474)	\$263	\$440
Total Non-Cash Changes	\$0	\$0	\$0	\$0	\$0	\$0
NET OPERATING PROFIT	\$1,882	\$1,335	\$(871)	\$(474)	\$263	\$440
Operating Profit Margin	12%	7%	-7%	-4%	2%	3%



University of South Florida Alumni Association, Inc.

FY 2021 Annual Financial Plan

FINANCIAL PLAN STATEMENT

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

- The USF Alumni Association exists to assist in the success of the University of South Florida. The Alumni Association is in the alumni engagement and cultivation business. The focus of the Association is to strengthen relationships with Alumni through myriad activities, thus leading to their long-term involvement with the University of South Florida. Activities include alumni opportunities for volunteering, event participation, student mentoring, recognition programs, and financial support. All of this engagement activity by Alumni and friends supports the University as a whole. While the long term revenue associated with the Association's support is not directly reflected in the Association's financial statements, alumni engagement combined with development activity helps to facilitate fundraising success.

Provide the Downside Business Risks to the FY 2020 Forecast and the FY 2021 Financial Plan Due to COVID-19 and Management's Plans to Mitigate these Risks

- Management has done an analysis of COVID-19 and its impact on our FY20 and FY21 net income. We anticipate a \$61k impact on our 2020 forecasted net income, due to a decrease in membership, in-person events, and gift revenue. The Association is currently determining how that loss will be covered and have been in consultation with the Foundation and our Board to determine the impact on our reserves.
- For FY21, the Association requires an additional \$61k in salary support from the University in order to balance our budget. This additional support will cover expected shortfalls anticipated in the first six months of the fiscal year due to reduced alumni engagement activities associated with COVID-19.

List Key Drivers for the 2021 Financial Plan Over the 2020 Forecast - Focus on Cash Flows and Adequacy of Reserves

- The fiscal 2021 financial plan is based on an assumption that alumni engagement activities will return to pre COVID-19 levels during the second quarter of the year.
- Membership is anticipated to be down 10% through the first quarter on the fiscal year, followed by a rebound of approximately 17% for the remainder of the year.
- The Association's FAST56 and Young Alumni Awards were postponed in FY20. The Alumni Association will be having two of each of these events during FY21, causing an increase in both event and sponsorship revenue as well as an increase in expenses for these two events.
- The Association's bi-annual circle of excellence solicitation scheduled for Spring of 2020 was postponed until early fiscal 2021, resulting in increased gift revenue for the entire year.
- While the Association is tracking its forecasted net income for the 2020 fiscal year, the continued impact of COVID-19 results in an additional investment from the University.

Describe Material Capital Expenditures in the 2021 Financial Plan - Provide Details and ROI Expectations

- No capital expenditures planned in the 2021 fiscal plan.

List Major DSO Initiatives that will Drive Increases in Operating Earnings for 2022 and 2023

- As the effects of COVID-19 are reduced throughout this upcoming fiscal year, the Association expects to return to pre-quarantine revenue in the areas of membership, license plates, giving, and events.
- We anticipate the continued focus by the Association to improve alumni engagement and participation at the chapter/society level will steadily increase our operating earnings.



University of South Florida Alumni Association, Inc.

FY 2021 Annual Financial Plan

INCOME STATEMENT

(In thousands)

REVENUES

Membership
Budget Support
Royalties
License Plate Revenue
Sponsorships
Investment Income
Event and other Revenue
Gifts and Donations

Total Revenues

EXPENSES

Salaries & Benefits
Membership and Membership Services
Printing & Duplicating
Event Services
Professional Services
Postage
Travel
Advertising & Marketing
Insurance
Community Relations
Credit Card Fees
Other expenses
Bad debt expense
Transfer to USF Scholarships

Total Expenses

OPERATING PROFIT BEFORE NON-CASH CHANGES

Unrealized Investment Gains (Losses)

Total Non-Cash Changes

NET OPERATING PROFIT

Operating Profit Margin

	FY 2021 FINANCIAL PLAN	FY 2020 FORECAST (as of 3/31/20)	Variance		FY 2020 FINANCIAL PLAN	FY 2019 ACTUAL RESULTS	FY 2018 ACTUAL RESULTS
			\$	%			
Membership	\$489	\$529	\$(40)	(8)%	\$591	\$536	\$490
Budget Support	864	803	61	8 %	799	718	625
Royalties	449	379	70	18 %	430	484	576
License Plate Revenue	391	392	(1)	(0)%	405	390	383
Sponsorships	320	200	120	60 %	282	229	180
Investment Income	281	269	12	4 %	267	260	238
Event and other Revenue	238	190	48	25 %	242	214	194
Gifts and Donations	186	160	26	16 %	174	197	179
Total Revenues	\$3,218	\$2,922	\$296	10 %	\$3,190	\$3,028	\$2,865
Salaries & Benefits	1,892	1,844	48	3 %	1,916	1,766	1,691
Membership and Membership Services	193	104	89	86 %	192	214	181
Printing & Duplicating	11	25	(14)	(56)%	16	26	14
Event Services	405	255	150	59 %	334	269	246
Professional Services	95	95	0	0 %	85	99	98
Postage	60	60	0	0 %	60	53	53
Travel	62	33	29	88 %	63	61	57
Advertising & Marketing	22	17	5	29 %	18	31	24
Insurance	56	50	6	12 %	52	54	50
Community Relations	30	26	4	15 %	28	33	42
Credit Card Fees	30	29	1	3 %	29	30	25
Other expenses	18	29	(11)	(38)%	17	33	33
Bad debt expense	0	0	0	%	0	3	16
Transfer to USF Scholarships	75	78	(3)	(4)%	76	95	76
Total Expenses	\$2,949	\$2,645	\$304	11 %	\$2,886	\$2,767	\$2,606
OPERATING PROFIT BEFORE NON-CASH CHANGES	\$269	\$277	\$(8)	(3)%	\$304	\$261	\$259
Unrealized Investment Gains (Losses)	196	(773)	969	125 %	341	15	376
Total Non-Cash Changes	\$196	\$(773)	\$969	125 %	\$341	\$15	\$376
NET OPERATING PROFIT	\$465	\$(496)	\$961	194 %	\$645	\$276	\$635
Operating Profit Margin	8%	9%	(1)%		10%	9%	9%



University of South Florida Alumni Association, Inc.

FY 2021 Annual Financial Plan

STATEMENT OF CASH FLOWS

(In thousands)

OPERATING ACTIVITIES

Net Operating Profit
Adjustments for Non-Cash Activities:
Unrealized gain on investments
Adjustments for Changes in
Operating Assets and Liabilities
Total Cash From Operating Activities

FINANCING ACTIVITIES

Capital Expenditures
Total Cash From Financing Activities

INVESTING ACTIVITIES

Net (Purchases) Sales of Investments
Total Cash From Investing Activities

CHANGE IN CASH

Cash, Beginning of Year
Cash, End of Year

Total Cash & Investments

Days Cash on Hand

	FY 2021 FINANCIAL PLAN	FY 2020 FORECAST (as of 3/31/20)	Variance		FY 2020 FINANCIAL PLAN	FY 2019 ACTUAL RESULTS	FY 2018 ACTUAL RESULTS
			\$	%			
Net Operating Profit	\$465	\$(496)	\$961	194 %	\$645	\$261	\$635
Adjustments for Non-Cash Activities:							
Unrealized gain on investments	(196)	773	(969)	(125)%	(341)	(15)	(376)
Adjustments for Changes in Operating Assets and Liabilities	100	100	0	0 %	100	70	(99)
Total Cash From Operating Activities	\$369	\$377	\$(8)	(2)%	\$404	\$316	\$160
FINANCING ACTIVITIES							
Capital Expenditures	\$0	\$0	\$0	%	\$0	\$0	\$0
Total Cash From Financing Activities	\$0	\$0	\$0	%	\$0	\$0	\$0
INVESTING ACTIVITIES							
Net (Purchases) Sales of Investments	\$(366)	\$(379)	\$13	4 %	\$(401)	\$(315)	\$(155)
Total Cash From Investing Activities	\$(366)	\$(379)	\$13	4 %	\$(401)	\$(315)	\$(155)
CHANGE IN CASH	3	(2)	5	270 %	3	1	5
Cash, Beginning of Year	5	7	(2)	(29)%	7	6	1
Cash, End of Year	\$8	\$5	\$3	68 %	\$10	\$7	\$6
Total Cash & Investments	\$1,432	\$1,232	\$200	16 %	\$1,475	\$1,390	\$1,343
Days Cash on Hand	177	170	7	4 %	187	183	188



University of South Florida Alumni Association, Inc.

FY 2021 Annual Financial Plan

3-YEAR FORECAST

(In thousands)

	FY 2018 ACTUAL	FY 2019 ACTUAL	FY 2020 FORECAST	FY 2021 PLAN	FY 2022 FORECAST	FY 2023 FORECAST
<u>ASSETS</u>						
Cash & Investments	\$1,343	\$1,390	\$1,232	\$1,432	\$1,564	\$1,627
Restricted Cash & Investments	5,957	6,388	5,640	5,861	6,330	6,836
Other Assets	313	293	360	360	360	360
Total Assets	\$7,613	\$8,071	\$7,232	\$7,653	\$8,254	\$8,823
<u>LIABILITIES</u>						
Payables	\$99	\$177	\$150	\$150	\$150	\$150
Long-Term Debt	0	0	0	0	0	0
Other Liabilities and deferred inflows	2,140	2,183	2,256	2,281	2,306	2,356
Total Liabilities	\$2,239	\$2,360	\$2,406	\$2,431	\$2,456	\$2,506
NET ASSETS	\$5,374	\$5,711	\$4,826	\$5,222	\$5,798	\$6,317
Days Cash on Hand	188	183	170	177	197	200
<u>REVENUES</u>						
Membership	\$490	\$536	\$529	\$489	\$502	\$527
Support	625	718	803	864	864	864
Other Revenues	1,750	1,774	1,590	1,865	1,800	1,890
Total Revenues	\$2,865	\$3,028	\$2,922	\$3,218	\$3,166	\$3,281
<u>EXPENSES</u>						
Salaries & Benefits	\$1,691	\$1,766	\$1,844	\$1,892	\$1,935	\$1,954
Event Expenses	246	269	255	405	270	284
Other Expenses	669	732	546	652	700	735
Total Expenses	\$2,606	\$2,767	\$2,645	\$2,949	\$2,905	\$2,973
Operating Profit Before Non-Cash Changes	\$259	\$261	\$277	\$269	\$261	\$308
Total Non-Cash Changes	\$376	\$15	\$(773)	\$196	\$469	\$506
NET OPERATING PROFIT	\$635	\$276	\$(496)	\$465	\$730	\$815
Operating Profit Margin	9%	9%	9%	8%	8%	9%



USF Financing Corporation & USF Property Corporation

FY 2021 Annual Financial Plan

FINANCIAL PLAN STATEMENT

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.

Provide the Downside Business Risks to the FY 2020 Forecast and the FY 2021 Financial Plan Due to COVID-19 and Management's Plans to Mitigate these Risks

- All of the USF DSOs and Auxiliaries pledging revenues and making lease payments for debt service on outstanding Financing Corporation bonds are experiencing serious negative cash flows in the March - June 2020 period.
- The DSOs and Auxiliaries with outstanding debt are expected to implement cost-cutting measures to preserve essential liquidity and maintain debt service payments.
- Current bond-financed construction projects: USF St. Petersburg Housing & Dining Center Project and USF Research Park Project are being monitored closely to mitigate schedule and cost problems. The St. Petersburg Dining Center is over budget and expected to be delayed due to the termination of the previous Dining Center operator and engagement of replacement Dining Center operator from the Tampa Campus.
- Management is working closely with the DSOs and Auxiliaries to mitigate debt service payment and construction risks.
- All bond programs are current on debt service obligations and bond covenants.
- The rating agencies are well aware of the COVID-19 impact on university and auxiliary revenues and are requesting detailed information on forecasts.

List Key Drivers for the 2021 Financial Plan Over the 2020 Forecast - Focus on Cash Flows and Adequacy of Reserves

- Management is focused on bridging the liquidity crisis of the DSOs and Auxiliaries with outstanding debt to ensure payment of bond debt service and covenant compliance.

Describe Material Capital Expenditures in the 2021 Financial Plan - Provide Details and ROI Expectations

- The Financing Corporation is not planning any new financing / real estate development projects in FY 2021.
- Construction of the St. Petersburg Housing Project is expected to be completed in July 2020. The St. Petersburg Dining Center is being designed by the new dining center operator.
- The Research Park Project is on schedule for a November 2021 delivery and is on budget.

List Major DSO Initiatives that will Drive Increases in Operating Earnings for 2022 and 2023

- No refundings of outstanding debt are planned, as all opportunities to call and refund bonds and to negotiate bond repricings have been completed over the past 2-3 years.



USF Financing Corporation & USF Property Corporation
FY 2021 Annual Financial Plan

INCOME STATEMENT

(In thousands)

REVENUES

Housing lease revenue
Marshall Center lease revenue
Athletics lease revenue
Arena lease revenue
DSO (UMSA) lease revenue
DSO (HPCC) lease revenue
DSO (Research) lease revenue

Total Revenues

OPERATING EXPENSES

Management fee
General and administrative expenses

Total Operating Expenses

OTHER REVENUES (EXPENSES)

Interest expense on debt
Loss on debt extinguishment
Interest income

Total Other Revenues (Expenses)

**OPERATING PROFIT BEFORE
NON-CASH CHANGES**

Contributions from USF for capital projects
Non-cash adjustment related to accounting change
Distribution to USF of INTO CD Proceeds
Change in INTO USF equity investment

Total Contributions and Non-Cash Changes

NET OPERATING PROFIT (LOSS)

Operating Profit Margin

	FY 2021 FINANCIAL PLAN	FY 2020 FORECAST (as of 3/31/20)	Variance		FY 2020 FINANCIAL PLAN	FY 2019 ACTUAL RESULTS	FY 2018 ACTUAL RESULTS
			\$	%			
Housing lease revenue	\$10,321	\$9,152	\$1,169	13 %	\$9,916	\$10,504	\$10,418
Marshall Center lease revenue	1,367	1,339	28	2 %	1,339	1,459	1,496
Athletics lease revenue	693	765	(72)	(9)%	765	841	1,068
Arena lease revenue	740	778	(38)	(5)%	778	824	876
DSO (UMSA) lease revenue	1,735	1,766	(31)	(2)%	1,766	1,858	2,072
DSO (HPCC) lease revenue	563	588	(25)	(4)%	588	614	960
DSO (Research) lease revenue	174	150	24	16 %	0	63	0
Total Revenues	\$15,593	\$14,538	\$1,055	7 %	\$15,152	\$16,163	\$16,890
<u>OPERATING EXPENSES</u>							
Management fee	795	719	76	11 %	719	706	691
General and administrative expenses	580	550	30	5 %	550	529	574
Total Operating Expenses	\$1,375	\$1,269	\$106	8 %	\$1,269	\$1,235	\$1,265
<u>OTHER REVENUES (EXPENSES)</u>							
Interest expense on debt	(11,878)	(10,923)	(955)	(9)%	(10,521)	(11,647)	(12,152)
Loss on debt extinguishment	0	0	0	%	0	0	(71)
Interest income	400	650	(250)	(38)%	500	708	332
Total Other Revenues (Expenses)	\$(11,478)	\$(10,273)	\$(1,205)	(12)%	\$(10,021)	\$(10,939)	\$(11,891)
OPERATING PROFIT BEFORE NON-CASH CHANGES	\$2,740	\$2,996	\$(256)	(9)%	\$3,862	\$3,989	\$3,734
Contributions from USF for capital projects	0	4,514	(4,514)	(100)%	0	800	0
Non-cash adjustment related to accounting change	0	0	0	%	(3,746)	0	72
Distribution to USF of INTO CD Proceeds	0	(2,200)	2,200	100 %	0	0	0
Change in INTO USF equity investment	0	0	0	%	500	450	333
Total Contributions and Non-Cash Changes	\$0	\$2,314	\$(2,314)	(100)%	\$(3,246)	\$1,250	\$405
NET OPERATING PROFIT (LOSS)	\$2,740	\$5,310	\$(2,570)	(48)%	\$616	\$5,239	\$4,139
Operating Profit Margin	17.6%	20.6%		(3)%	25.5%	24.7%	22.1%



USF Financing Corporation & USF Property Corporation

FY 2021 Annual Financial Plan

STATEMENT OF CASH FLOWS

(In thousands)

	FY 2021 FINANCIAL PLAN	FY 2020 FORECAST (as of 3/31/20)	Variance		FY 2020 FINANCIAL PLAN	FY 2019 ACTUAL RESULTS	FY 2018 ACTUAL RESULTS
			\$	%			
<u>OPERATING ACTIVITIES</u>							
Lease payments received from USF	\$23,990	\$21,795	\$2,195	10 %	\$22,568	\$22,280	\$21,314
Lease payments received from UMSA	4,072	4,106	(34)	(1)%	4,096	4,138	4,262
Lease payments received from HPCC	1,508	1,479	29	2 %	1,479	1,453	1,750
Lease payments received from Research Foundation	2,193	880	1,313	149 %	0	0	0
Payment to USF for management services	(795)	(719)	(76)	(11)%	(719)	(706)	(691)
General and administrative disbursements	(580)	(550)	(30)	(5)%	(550)	(529)	(574)
Total Cash From Operating Activities	\$30,388	\$26,991	\$3,397	13 %	\$26,874	\$26,636	\$26,061
<u>FINANCING ACTIVITIES</u>							
Capital expenditures	\$(23,353)	\$(25,326)	\$1,972	8 %	\$(20,467)	\$(6,926)	\$(4,177)
Contributions from USF for capital projects	0	4,514	(4,514)	(100)%	0	0	0
Debt issuance costs	0	(100)	100	100 %	0	(516)	(58)
Proceeds of long-term debt	0	27,000	(27,000)	(100)%	0	33,740	0
Proceeds of long-term debt - Refunding	0	0	0	%	0	36,540	33,708
Principal payments - Refunding	0	0	0	%	0	(34,354)	(33,708)
Principal payments	(14,520)	(13,100)	(1,420)	(11)%	(12,839)	(12,198)	(11,733)
Interest payments	(14,400)	(14,128)	(272)	(2)%	(13,826)	(13,360)	(13,815)
Security received from lessee for swap collateral	0	4,650	(4,650)	(100)%	0	3,750	0
Security (pledged to) returned from counterparty	0	(4,650)	4,650	100 %	0	(3,757)	5,390
Total Cash From Financing Activities	\$(52,273)	\$(21,140)	\$31,134	(147)%	\$(47,132)	\$2,919	\$(24,393)
<u>INVESTING ACTIVITIES</u>							
Proceeds from maturity/redemption of INTO CD	\$4,050	\$4,011	\$39	1 %	\$5,736	\$6,024	\$6,000
Purchase of INTO CD	(4,050)	(4,011)	(39)	(1)%	(5,736)	(5,596)	(6,024)
Distribution to USF of INTO CD Proceeds	0	(2,200)	2,200	100 %	0	0	0
Interest income	500	750	(250)	(33)%	0	924	0
Total Cash From Investing Activities	\$500	\$(1,450)	\$1,950	134 %	\$0	\$1,352	\$(24)
CHANGE IN CASH	(21,385)	4,402	(25,787)	(586)%	(20,258)	30,907	1,644
Cash, Beginning of Year	69,352	64,950	4,402	7 %	61,690	34,043	32,399
Cash, End of Year	\$47,966	\$69,352	\$21,385	(31)%	\$41,432	\$64,950	\$34,043
Total Cash & Investments	\$52,016	\$73,363	\$21,346	(29)%	\$47,168	\$70,547	\$40,067
Days Cash on Hand	331	326	5	2 %	395	353	342



USF Financing Corporation & USF Property Corporation

FY 2021 Annual Financial Plan

3-YEAR FORECAST

(In thousands)

	FY 2018 ACTUAL	FY 2019 ACTUAL	FY 2020 FORECAST	FY 2021 PLAN	FY 2022 FORECAST	FY 2023 FORECAST
<u>ASSETS</u>						
Cash & Investments	\$40,067	\$70,547	\$73,363	\$52,016	\$45,566	\$46,366
Capital Lease Receivable	298,038	292,423	278,936	294,556	305,832	289,471
Construction in Progress	0	5,671	30,997	20,850	0	0
Other Assets	10,514	18,234	25,509	24,063	22,953	21,704
Total Assets	\$348,619	\$386,875	\$408,804	\$391,486	\$374,352	\$357,542
<u>LIABILITIES</u>						
Payables - Interest and Construction	\$7,348	\$7,880	\$8,500	\$7,000	\$6,000	\$6,000
Long-Term Debt	321,621	346,018	358,280	342,284	325,080	307,419
Interest Rate Swap & Other Payables	13,829	15,948	19,685	17,123	15,611	14,111
Total Liabilities	\$342,798	\$369,846	\$386,465	\$366,407	\$346,691	\$327,531
NET ASSETS	\$5,821	\$17,029	\$22,339	\$25,079	\$27,661	\$30,011
Days Cash on Hand	342	353	326	331	333	334
<u>REVENUES</u>						
USF Debt Payments	\$13,858	\$13,628	\$12,034	\$13,121	\$12,712	\$12,207
UMSA Debt Payments	2,072	1,858	1,766	1,735	1,677	1,617
HPCC Debt Payments	960	614	588	563	533	464
Research Debt Payments	0	63	150	174	989	949
Total Revenues	\$16,890	\$16,163	\$14,538	\$15,593	\$15,911	\$15,237
<u>EXPENSES</u>						
Operating Expenses	1,265	1,235	1,269	1,375	1,455	1,517
Total Expenses	\$1,265	\$1,235	\$1,269	\$1,375	\$1,455	\$1,517
<u>OTHER REVENUES (EXPENSES)</u>						
Interest Expense on Debt	\$(12,152)	\$(11,647)	\$(10,923)	\$(11,878)	\$(12,224)	\$(11,720)
Other Revenues/Expenses	261	708	650	400	350	350
Total Other Revenues (Expenses)	\$(11,891)	\$(10,939)	\$(10,273)	\$(11,478)	\$(11,874)	\$(11,370)
Operating Profit	\$3,734	\$3,989	\$2,996	\$2,740	\$2,582	\$2,350
University/DSO support - Project related	0	800	4,514	0	0	0
Distribution to USF	0	0	(2,200)	0	0	0
Total Non-Cash Changes	405	450	0	0	0	0
NET OPERATING PROFIT	\$4,139	\$5,239	\$5,310	\$2,740	\$2,582	\$2,350
Operating Profit Margin	22.1%	24.7%	20.6%	17.6%	16.2%	15.4%