



FLORIDA ATLANTIC
UNIVERSITY

**HOUSING SYSTEM
FINANCIAL STATEMENTS
JUNE 30, 2023**

**FLORIDA ATLANTIC UNIVERSITY
HOUSING SYSTEM
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Our analysis of Florida Atlantic University's Department of Housing and Residential Education (Housing) financial performance is based on the Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets and provides an overview of the financial activities for the fiscal year ending June 30, 2023. Please read this in conjunction with Housing's financial statements.

Over time, increases or decreases in Housing's net assets are one indicator of whether its financial health is improving or deteriorating. Based on the representative financials, Housing Management believes that the financial position of Housing remains healthy. The University's Housing management team has ensured its financial strength through strategic and comprehensive planning for the future.

Housing's total operating revenues increased \$541K or 3% from approximately \$17.1 million for the fiscal year ended June 30, 2022, to \$17.6 million for the fiscal year ended June 30, 2023.

Total operating expenses increased by \$570K or 6% from approximately \$10.3 million for the fiscal year ended June 30, 2022, to \$10.9 million for the fiscal year ended June 30, 2023. The increase in operating expenses is due to salaries and benefits by \$384K, utilities by \$122K, other expenses by \$82K, contractual services by \$66K, depreciation by \$65K, and insurance by \$59K, this was offset by a decrease in repairs and maintenance expenses by \$248K.

For the nine years in a row, Housing management implemented aggressive strategies to boost occupancy by enhancing housing amenities, increasing marketing to both parents and new/returning/transfer/International students, strengthening participation in new student

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orientation, increasing social media presence, and continuing a more comprehensive and cohesive new student on-boarding process (admissions, financial aid, registrar orientation, academic advising, immunization, and Housing).

The Housing Management team is confident that the continued demand, especially on the Boca Raton campus, competitive rates, strong occupancy management, and prudent monitoring of expenditures, will continue to generate adequate cash flow to meet the annual debt service requirement of the overall system.

This Management Discussion and Analysis related to the financial information is designed to provide a general overview of Housing's financial condition. If you have questions about this report or need additional financial information, please contact Jayson Iroff, Vice President for Financial Affairs and Chief Financial Officer, Florida Atlantic University, 777 Glades Road, Boca Raton, Florida 33431.

**Florida Atlantic University
Housing System
Statement of Net Position
June 30, 2023**

ASSETS	6/30/2023
Current assets	
Cash in bank	\$ 15,303,522
Investments	483,125
Accounts receivable, net	497,877
Due from University	713,026
Total current assets	<u>16,997,550</u>
Noncurrent assets	
Buildings and building improvements	100,349,796
Infrastructure and other improvements	13,232,480
Furniture and equipment	1,488,983
Computer software	104,500
Library resources	325
Construction work in progress	1,529,118
Accumulated depreciation	(45,862,881)
Total noncurrent assets	<u>70,842,321</u>
TOTAL ASSETS	<u><u>\$ 87,839,871</u></u>
 LIABILITIES	
Current liabilities	
Accounts payable	13,604
Unearned revenue	306,380
Total current liabilities	<u>319,984</u>
Noncurrent liabilities	
Capital improvement debt payable, net	36,072,116
Total noncurrent liabilities	<u>36,072,116</u>
TOTAL LIABILITIES	<u><u>\$ 36,392,100</u></u>
 Net position	
Invested in capital assets, net of related debt	34,770,205
Unrestricted	16,677,566
Total net position	<u>51,447,771</u>
Total liabilities and net position	<u><u>\$ 87,839,871</u></u>

Florida Atlantic University
Housing System
Statement of Revenues, Expenses and Changes in Net Position for
the Fiscal Year June 30, 2023

Operating revenues	6/30/2023
Housing fees	\$ 17,044,669
Applications revenue	414,925
Rental income	114,257
Repairs and maintenance revenue	28,669
Total operating revenues	<u>17,602,520</u>
Operating expenses	
Salaries and benefits	2,969,861
Contractual services	1,586,055
Telecommunication	370,146
Freight and postage	694
Printing	14,320
Repairs and maintenance	428,542
Travel	17,860
Utilities	1,215,481
Materials and supplies	605,342
Insurance	108,954
Other expenses	366,782
Depreciation expense	3,168,131
Total operating expenses	<u>10,852,168</u>
Operating income	6,750,352
Nonoperating revenues (expenses)	
Interest income	3,515
Interest expenses	(1,555,145)
Nonoperating expenses, net	<u>(1,551,630)</u>
Income before transfers	5,198,722
Contribution and transfers in (out)	
Administrative overhead	(658,294)
Loss on disposal of capital assets	(14,457)
Total contribution and transfers out	<u>(672,751)</u>
Change in net position	<u>46,921,800</u>
Net position, end of year	<u>\$ 51,447,771</u>

Florida Atlantic University
Housing System
Statement of Cash Flows
For the Fiscal Year June 30, 2023

	6/30/2023
Cash flows from operating activities	
Receipt from customers	\$ 18,438,077
Other operating receipts	142,926
Payment to suppliers	(5,340,564)
Payment to employees	(2,969,861)
Net cash provided from operating activities	<u>10,270,578</u>
Cash flows from noncapital financing activities	
Administrative overhead paid	(658,294)
Net cash flows from noncapital financing activities	<u>(658,294)</u>
Cash flows from capital and related financing activities	
Interest paid on capital debt	(1,730,550)
Debt related expenses paid	(3,521)
Purchases of capital assets	(3,901,643)
Principal paid on capital debt	(2,580,000)
Net cash flows from capital and related financing activities	<u>(8,215,714)</u>
Cash flows from investing activities	
Interest received	3,515
Net cash flows from investing activities	<u>3,515</u>
Net change in Cash	1,400,085
Cash, beginning of year	<u>13,903,437</u>
Cash, end of year	<u>\$ 15,303,522</u>
Reconciliation of net operating income to net cash provided by operating activities	
Operating income	\$ 6,750,352
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	3,168,131
Bad Debt expense	(41,637)
Change in assets and liabilities:	
Accounts Receivables	489,779
Due from University	425,850
Accounts payable	(584,751)
Due to other departments	(132,705)
Unearned revenue	195,559
Net cash provided by operating activities	<u>\$ 10,270,578</u>

**FLORIDA ATLANTIC UNIVERSITY
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NOTES TO THE FINANCIAL
STATEMENTS JUNE 30, 2023**

1. Summary of Significant Accounting Policies

Reporting Entity. Florida Atlantic University (University) is a separate public instrumentality that is part of a state university system of public universities, which is under the general direction and control of the Florida Board of Governors. The University is directly governed by a Board of Trustees (Trustees) consisting of thirteen members. The Governor appoints six citizen members and the Board of Governors appoints five citizen members. These members are confirmed by the Florida Senate and serve staggered terms of five years. The chair of the faculty senate and the president of the student body of each university also are members. The Board of Governors establishes the powers and duties of the Trustees. The Trustees are responsible for setting policies for the University, which provides governance in accordance with State law and Board of Governors' Regulations, and selecting the University President. The University President serves as the executive officer and the corporate secretary of the Trustees and is responsible for administering the policies prescribed by the Trustees.

Criteria for defining the reporting entity are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. These criteria were used to evaluate potential component units for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the primary government's financial statements to be misleading. Based on the application of these criteria, the University is a component of the State of Florida, and its financial balances and activities included in these financial statements are reported on the State's Comprehensive Annual Financial Report by discrete presentation.

Basis of Presentation. The University's accounting policies conform with accounting principles generally accepted in the United States of America applicable to public colleges and universities as prescribed by the Governmental Accounting Standards Board (GASB). The National Association of College and University Business Officers (NACUBO) also provide the University with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB and the Financial Accounting Standards Board (FASB). GASB allows public colleges and universities various reporting options. The University has elected to report as

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an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and entity wide reporting including the following components:

- Management’s Discussion and Analysis
- Basic Financial Statements:
 - Statement of Net Position
 - Statement of Revenues, Expenses, and Changes in Net Position
 - Statement of Cash Flows
 - Notes to Financial Statements
- Other Required Supplementary Information

Basis of Accounting. Basis of accounting refers to when revenues, expenses, and related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. The University’s financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange activities are generally recognized when all applicable eligibility requirements, include time requirements, are met. The University follows GASB standards of accounting and financial reporting.

Auxiliary service departments account for interdepartmental transactions as reductions of expenditures and not revenues of those departments. The University's principal operating activities consist of instruction, research, and public service.

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Operating revenues and expenses generally include all fiscal transactions directly related to these activities as well as administration, operation and maintenance of capital assets, and depreciation on capital assets. Nonoperating revenue is investment income. Interest on asset-related debts is a non-operating expense.

Cash and Cash Equivalents. Cash and cash equivalents consist of cash on hand and cash in demand accounts. University cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by Federal Depository Insurance Corporation, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes. Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other restricted assets, are classified as restricted.

Capital Assets. Capital Assets consist of buildings that are capitalized and recorded at cost at the date of acquisition. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is computed on the straight-line basis over the estimated useful life of the related assets.

2. Investments

Section 1011.42(5), Florida Statutes, authorizes universities to invest funds with the State Treasury and State Board of Administration (SBA), and requires that universities comply with the statutory requirements governing investment of public funds by local governments. Accordingly, universities are subject to the requirements of Chapter 218, Part IV, Florida Statutes. The Board of Trustees has adopted a written investment policy providing that surplus funds of the University shall be invested in those institutions and instruments permitted under the provisions of Florida Statutes. Pursuant to Section 218.415(16), Florida Statutes, the University is authorized to invest in the Florida PRIME investment pool administered by the SBA; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; Report No. 2023-155 Page 28 March 2023 interest-bearing time deposits and savings accounts in qualified public depositories, as defined in Section 280.02,

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Florida Statutes; direct obligations of the United States Treasury; obligations of Federal agencies and instrumentalities; securities of, or interests in, certain open end or closed end management type investment companies; and other investments approved by the Board of Trustees as authorized by law. Investments set aside to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital assets are classified as restricted.

External Investment Pool. The University reported investments at fair value totaling \$393,374,624 at June 30, 2023, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities. The University relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to the financial statements of the State's Comprehensive Annual Financial Report. Of the University's investments reported above, Housing's investments in SPIA at fair value totaled \$483,125.

3. Receivables

Accounts receivable reported in the Statement of Net Position represent amounts due from students for services provided by Housing division. Accounts receivable over one year old are considered as doubtful accounts. Accounts receivable of \$497,877 are reported net of allowances of \$1,092,573 at June 30, 2023.

4. Long Term Liabilities

On December 20, 2016, bond series 2016A has been issued to refund the outstanding 2003, 2006A and 2006B bonds. As of June 30, 2023, the Housing System's noncurrent liabilities reported as capital improvement debt payable on the Statement of Net Position amounted to \$36,072,116.