

***Florida
Institute of
Technology, Inc.***

*Consolidated Financial
Statements and
Supplemental Reports*

*April 30, 2017
and 2016*

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Florida Institute of Technology, Inc.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Florida Institute of Technology, Inc. and Subsidiaries (the "University", a nonprofit organization), which comprise the consolidated statements of financial position as of April 30, 2017 and 2016, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University as of April 30, 2017 and 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.650, Rules of the Auditor General, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of populations, samples testing and questioned costs for Florida student financial assistance programs, as required by the Florida Office of Student Financial Assistance, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Prior period adjustment

As described in Note 23 to the financial statements, a prior period adjustment was recorded during the year ended April 30, 2017. This adjustment had a significant impact on the total unrestricted net assets previously reported as of April 30, 2016.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2017, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Melbourne, Florida
August 24, 2017

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS	4/30/2017	RESTATED 4/30/2016
Cash and cash equivalents	\$ 14,800,171	\$ 5,867,676
Accounts receivable, net	4,812,986	5,272,809
Pledges receivable, net	2,552,233	2,904,707
Prepaid expenses, inventories and other assets, net	6,826,322	7,030,693
Student loans receivable, net	4,711,068	4,837,236
Investments	74,158,457	65,372,042
Long-lived assets, net	127,098,036	134,640,526
TOTAL ASSETS	\$ 234,959,273	\$ 225,925,689
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 21,866,965	\$ 22,229,968
Deposits and deferred revenue	10,073,792	8,571,780
Annuities payable	2,017,699	2,012,381
Refundable government loans	4,636,651	4,616,173
Capital lease obligations	16,186,354	16,938,841
Long-term debt	31,413,313	32,818,328
Total Liabilities	86,194,774	87,187,471
 NET ASSETS		
Unrestricted	76,636,870	72,429,128
Temporarily restricted	19,887,456	14,802,978
Permanently restricted	52,240,173	51,506,112
Total Net Assets	148,764,499	138,738,218
TOTAL LIABILITIES AND NET ASSETS	\$ 234,959,273	\$ 225,925,689

See notes to consolidated financial statements.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

**CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING APRIL 30, 2017**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING ACTIVITIES				
<i>Revenues and reclassifications:</i>				
Tuition and fees	\$ 193,908,169	\$ -	\$ -	\$ 193,908,169
Student aid-tuition and fees	(58,336,414)	-	-	(58,336,414)
Net tuition and fees	135,571,755	-	-	135,571,755
Gifts	1,892,234	-	-	1,892,234
Interest and dividends	21,836	-	-	21,836
Other operating	5,339,472	-	-	5,339,472
Sponsored Programs				
Federal/State grants & contracts	8,583,899	-	-	8,583,899
Private grants & contracts	1,675,025	-	-	1,675,025
Indirect cost recovery	2,347,815	-	-	2,347,815
Subtotal sponsored programs	12,606,739	-	-	12,606,739
Institutes and project research	357,838	-	-	357,838
Auxiliary enterprises	28,604,702	-	-	28,604,702
Endowment payout	3,027,420	-	-	3,027,420
Net assets released from restrictions	292,086	(292,086)	-	-
Total operating revenues and reclassifications	187,714,082	(292,086)	-	187,421,996
<i>Expenses:</i>				
Instruction, departmental and public service	69,989,144	-	-	69,989,144
Academic support	17,023,536	-	-	17,023,536
Institutional support	29,114,215	-	-	29,114,215
Student services	19,015,096	-	-	19,015,096
Sponsored Programs				
Federal/State grants & contracts	10,239,812	-	-	10,239,812
Private grants & contracts	1,675,031	-	-	1,675,031
Subtotal sponsored programs	11,914,843	-	-	11,914,843
Institutes and project research	603,224	-	-	603,224
Auxiliary enterprises	36,090,712	-	-	36,090,712
Total operating expenses	183,750,770	-	-	183,750,770
Operating income/(loss)	3,963,312	(292,086)	-	3,671,226
NON-OPERATING ACTIVITIES				
Gifts	-	66,482	541,862	608,344
Interest and dividends - endowment and other	89,399	1,921,012	-	2,010,411
Net realized and unrealized gain on investments	294,288	6,326,814	-	6,621,102
Insurance recovery	167,341	-	-	167,341
Loss on disposition of long-lived assets	(24,723)	-	-	(24,723)
Endowment payout	(141,909)	(2,885,511)	-	(3,027,420)
Transfer	(139,966)	(52,233)	192,199	-
Non-operating income/(loss)	244,430	5,376,564	734,061	6,355,055
CHANGE IN NET ASSETS	4,207,742	5,084,478	734,061	10,026,281
NET ASSETS - Beginning of year, as restated	72,429,128	14,802,978	51,506,112	138,738,218
NET ASSETS - End of period	\$ 76,636,870	\$ 19,887,456	\$ 52,240,173	\$ 148,764,499

See notes to consolidated financial statements.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

**CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING APRIL 30, 2016 - RESTATED**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
OPERATING ACTIVITIES				
<i>Revenues and reclassifications:</i>				
Tuition and fees	\$ 193,814,793	\$ -	\$ -	\$ 193,814,793
Student aid-tuition and fees	(54,788,467)	-	-	(54,788,467)
Net tuition and fees	139,026,326	-	-	139,026,326
Gifts	2,084,001	-	-	2,084,001
Interest and dividends	28,604	-	-	28,604
Other operating	6,312,858	-	-	6,312,858
Sponsored Programs				
Federal/State grants & contracts	9,150,122	-	-	9,150,122
Private grants & contracts	1,688,669	-	-	1,688,669
Indirect cost recovery	2,259,784	-	-	2,259,784
Subtotal sponsored programs	13,098,575	-	-	13,098,575
Institutes and project research	568,094	-	-	568,094
Auxiliary enterprises	28,243,501	-	-	28,243,501
Endowment payout	2,571,147	-	-	2,571,147
Net assets released from restrictions	1,183,344	(1,183,344)	-	-
Total operating revenues and reclassifications	193,116,450	(1,183,344)	-	191,933,106
<i>Expenses:</i>				
Instruction, departmental and public service	72,741,183	-	-	72,741,183
Academic support	17,404,228	-	-	17,404,228
Institutional support	33,083,773	-	-	33,083,773
Student services	20,079,370	-	-	20,079,370
Sponsored Programs				
Federal/State grants & contracts	11,093,303	-	-	11,093,303
Private grants & contracts	1,686,389	-	-	1,686,389
Subtotal sponsored programs	12,779,692	-	-	12,779,692
Institutes and project research	470,223	-	-	470,223
Auxiliary enterprises	42,816,429	-	-	42,816,429
Total operating expenses	199,374,898	-	-	199,374,898
Operating loss	(6,258,448)	(1,183,344)	-	(7,441,792)
NON-OPERATING ACTIVITIES				
Gifts	-	1,048	472,569	473,617
Interest and dividends - endowment and other	96,285	2,044,688	-	2,140,973
Net realized and unrealized gain on investments	(197,838)	(4,112,876)	-	(4,310,714)
Insurance recovery	133,091	-	-	133,091
Loss on disposition of long-lived assets	(327,182)	-	-	(327,182)
Endowment payout	-	(2,571,147)	-	(2,571,147)
Transfer	(87,620)	87,620	-	-
Non-operating income/(loss)	(383,264)	(4,550,667)	472,569	(4,461,362)
CHANGE IN NET ASSETS	(6,641,712)	(5,734,011)	472,569	(11,903,154)
NET ASSETS - Beginning of year, as restated	79,070,840	20,536,989	51,033,543	150,641,372
NET ASSETS - End of period	\$ 72,429,128	\$ 14,802,978	\$ 51,506,112	\$ 138,738,218

See notes to consolidated financial statements.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDING

	<u>4/30/2017</u>	<u>4/30/2016</u> <u>Restated</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 10,026,281	\$ (11,903,154)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,784,380	10,823,439
Accrued interest on capital leases	(38,725)	(62,283)
Amortization of bond issuance costs	5,498	5,498
Amortization of intangible assets	7,059	-
Net realized and unrealized (gain)/loss on investments	(6,621,102)	4,310,714
Change in bad debt allowance for accounts receivable	164,395	(1,152,316)
Change in bad debt allowance for student loans receivable	24,548	(11,790)
Change in bad debt allowance for pledge receivable	233,763	87,951
Loss on disposition of long-lived assets	24,723	327,182
Change in actuarial liability for annuities payable, net	115,079	(39,960)
Proceeds from annuities	-	43,841
Change in assets and liabilities:		
Accounts receivable	295,428	4,466,047
Pledges receivable	118,711	289,153
Prepaid expenses, inventories and other assets	198,873	(163,709)
Student loans receivable	101,620	726,688
Accounts payable and accrued expenses	(363,003)	(2,829,700)
Deposits and deferred revenue	1,502,012	(58,375)
Refundable government loans	20,478	(129,861)
Net cash provided by operating activities	<u>13,600,018</u>	<u>4,729,365</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(2,583,032)	(2,611,213)
Proceeds from investments	417,719	2,968,043
Proceeds from disposition of assets	1,772,822	25,950
Purchase of long-lived assets	<u>(2,046,494)</u>	<u>(8,738,542)</u>
Net cash used in investing activities	<u>(2,438,985)</u>	<u>(8,355,762)</u>

See notes to consolidated financial statements.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.**CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
FOR THE YEARS ENDING**

	<u>4/30/2017</u>	<u>4/30/2016 Restated</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of annuity obligations	(109,761)	(114,621)
Repayment of long term debt	(1,405,015)	(1,584,141)
Repayment of capital lease obligations	(713,762)	(430,881)
Net cash used in financing activities	<u>(2,228,538)</u>	<u>(2,129,643)</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND CASH HELD WITH FIDUCIARY	8,932,495	(5,756,040)
CASH AND CASH EQUIVALENTS		
Beginning of period	<u>5,867,676</u>	<u>11,623,716</u>
CASH AND CASH EQUIVALENTS		
End of period	<u>\$ 14,800,171</u>	<u>\$ 5,867,676</u>
SUPPLEMENTAL CASH FLOW INFORMATION - Interest Paid	<u>\$ 1,456,132</u>	<u>\$ 1,370,514</u>

See notes to consolidated financial statements.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2017 and 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization - Florida Institute of Technology, Inc. (the “University”) is an accredited, coeducational, independently controlled and supported university, which was established in 1958. It is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools. The University is a not-for-profit corporation under both federal and state laws. The University is committed to the pursuit of excellence in teaching and research in the sciences, engineering, technology, business, psychology, aviation and related disciplines.

Basis of Presentation - The consolidated financial statements of the University include the accounts of the various administrative and academic divisions that are controlled by the University, including FIT Aviation, LLC and FIT Museum of Art, Inc. (known as Foosaner Art Museum), wholly owned subsidiaries of the University. The consolidated financial statements have been prepared on the accrual basis of accounting. All intercompany balances and transactions have been eliminated.

Net assets, revenues, gains and support are classified based on the existence or absence of donor-imposed restrictions. A description of the three classes of net assets follows:

Unrestricted Net Assets

Unrestricted net assets represent the difference between assets and liabilities that are not restricted by donor-imposed stipulations. Net assets which were previously restricted for which the University has met donor restrictions are released from restriction and reported as unrestricted net assets in the consolidated financial statements.

Temporarily Restricted Net Assets

Temporarily restricted net assets are defined as net assets subject to donor-imposed stipulations that may or will be met either by actions of the University and/or the passage of time. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire within the fiscal year in which the contributions are received.

Permanently Restricted Net Assets

Permanently restricted net assets include gifts subject to donor-imposed stipulations that the corpus be maintained permanently by the University. Generally, the donors of these assets permit the University to use all, or part of, the earnings on related investments for general or specific purposes.

Cash and Cash Equivalents - Cash and cash equivalents include all highly liquid debt instruments purchased with an original maturity of less than three months. The carrying amounts of cash and cash equivalents approximate fair value because of the short maturity of these financial instruments.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2017 and 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Credit Risk - The University maintains its cash and cash equivalents in financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC") for up to \$250,000 per depositor. At April 30, 2017, approximately \$14,550,000 of the University's balances were subject to custodial credit risk.

Accounts Receivable, net - Accounts receivable are generated by student accounts with deferred payment arrangements, delinquent student accounts, or other transactions in which the University has provided services in advance of payment. Accounts receivable also includes balances related to sponsored programs, which are receivables generated through private and government grants and contracts. Management estimates an allowance for uncollectible accounts based upon their review of delinquent accounts and an assessment of the University's historical evidence of collections. It is the University's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Pledges Receivable, net - Pledges are unconditional written promises to contribute to the University in the future. Pledges are recognized at estimated present value in the period the pledges are received. Management estimates an allowance for uncollectible pledges based upon their review of delinquent pledges and an assessment of the University's historical evidence of collections. Pledges are adjusted to the net present value using a discount rate that is comparable to the average interest rate for long term interest bearing debt issued by the U.S. Treasury.

Prepaid Expenses, Inventories and Other Assets, net - Prepaid expenses are amounts that are paid in advance by the University to a vendor for goods and services. Inventories of supplies are stated at the lower of cost (weighted average) or market value.

Student Loans Receivable, net - Student loans receivable result from lending activities to students utilizing University and federal resources designated for that purpose. Management estimates an allowance for uncollectible student loans based upon their review of delinquent student loans and an assessment of the University's historical evidence of collections. It is the University's policy to charge off uncollectible student loans receivable when management determines the receivable will not be collected. Federal funds provided for this purpose are included in the Refundable Government Loans liability.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2017 and 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments - The University's investments in securities are reported at fair value. Contributed investments in securities are initially recorded at their fair value on the date of the gift. The University maintains its investments in securities with four brokerage firms that are members of the Securities Investor Protection Corporation ("SIPC"). At times, the brokerage firm accounts may also include cash balances. Cash and securities held at a member brokerage firm are insured by the SIPC up to \$500,000 per customer, including a maximum of \$250,000 for cash. The amount of cash in the investment account subject to custodial credit risk at April 30, 2017 was approximately \$2,200,000.

Long-Lived Assets, net - Long-lived assets are recorded at cost if purchased or at estimated fair value if received by gift. The University's policy is to capitalize assets acquired through purchase greater than \$1,000 and acquired by gifts greater than \$5,000 having a useful life greater than one year. Depreciation of long-lived assets is recorded on the straight-line method over their estimated useful lives ranging from 5 to 50 years.

<u>Description</u>	<u>Estimated useful life</u>
Buildings	20 to 50 years
Building improvements	7 to 20 years
Leasehold improvements	Length of lease
Vehicles and boats	5 to 10 years
Computer hardware	5 to 10 years
Computer software	5 years (amortized)
Furniture and equipment	5 to 15 years
Library books	12 years
Airplanes	5 to 12 years

Deposits and Deferred Revenue - Tuition revenue and certain related costs are recognized in the fiscal year in which the program is predominantly conducted. Deposits primarily represent amounts held by the University for various student related services.

Refundable Government Loans - Refundable government loans represent federal funds provided to the University to be used for student loans. The balance represents the amount refundable to the federal government if the University terminated its participation in the loan program.

Collections - The University's collections consist of donated art and other objects that are held for educational and curatorial purposes. In conformity with accounting principles generally accepted in the United States of America, the University has elected to exclude the value of the collections from the consolidated statements of financial position, and the value of donations of collections from revenue in the consolidated statements of activities. Collections currently held in the Foosaner Art Museum and Ruth Funk Center for Textile Arts were appraised at \$4.6 million during the fiscal year ended April 30, 2014. The University has other collections throughout the campus that were not included with that appraisal.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2017 and 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Conditional Promises to Give - Because of uncertainties with regard to reliability and valuation, bequest intentions and other conditional promises are only recognized as assets if and when the specified conditions are met. Non-bequest conditional pledges whose conditions have not been met totaled approximately \$2 million and \$1.6 million as of April 30, 2017 and 2016, respectively. Promises that are associated with bequests and wills whose conditions have not been met totaled approximately \$9.8 million as of April 30, 2017 and 2016.

Income Taxes - The University is a tax-exempt institution under Section 501(c)(3) of the Internal Revenue Code. The University is classified as an organization whereby contributions to it qualify for deductions as charitable contributions. Accordingly, no provision for income taxes has been made in the consolidated financial statements. No assessments are outstanding, and the University's management believes that the University has operated in accordance with its tax-exempt status.

However, the University does engage in activities that may give rise to unrelated business income tax. As such, the University files an unrelated business income tax return that includes FIT Aviation, LLC and other activities subject to unrelated business income tax.

Deferred income taxes are provided on a method whereby deferred tax assets are recognized for temporary differences, which are the differences between the reported amount of assets and liabilities and their tax basis and arise predominantly from net operating losses and the allowance for doubtful accounts receivable. Determination of current or long-term status of the deferred tax asset is based on the current or long-term nature of the underlying asset. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Measurement of deferred income tax is based on enacted tax rates and laws that will be in effect when the differences are expected to reverse.

The University accounts for income taxes in accordance with Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 740, Income Taxes, which clarifies the accounting and disclosure requirements for uncertainty in tax positions. It requires a two-step approach to evaluate tax positions and determine if they should be recognized in the consolidated financial statements. The two-step approach involves recognizing any tax positions that are more likely than not to occur and then measuring those positions to determine if they are recognizable in the consolidated financial statements. Management regularly reviews and analyzes all tax positions and has determined that no uncertain tax positions requiring recognition have occurred.

The University is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The University believes it is no longer subject to income tax examinations for fiscal years prior to 2013.

Advertising - The University expenses advertising costs when incurred. Advertising expense totaled approximately \$2.2 million and \$3 million for each of the years ended April 30, 2017 and 2016, respectively.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2017 and 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates in the Preparation of Consolidated Financial Statements - The preparation of consolidated financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

2. ACCOUNTS RECEIVABLE, NET

Accounts receivable consisted of the following at April 30:

	2017	2016
Students	\$ 2,126,286	\$ 3,335,764
Sponsored research and similar agreements	3,529,547	2,585,843
Aviation	139,526	169,180
Total	5,795,359	6,090,787
Less: allowance for doubtful accounts	(982,373)	(817,978)
Accounts receivable, net	<u>\$ 4,812,986</u>	<u>\$ 5,272,809</u>

3. PLEDGES RECEIVABLE, NET

Pledges receivable, discounted using a risk-free rate of 3%, are expected to be realized in the following time frames at April 30:

	2017	2016
Due:		
Less than one year	\$ 684,355	\$ 654,472
One year to five years	1,470,292	1,650,893
More than five years	1,256,134	1,287,000
Total	3,410,781	3,592,365
Less: discount	(438,834)	(501,707)
Less: allowance	(419,714)	(185,951)
Pledges receivable, net	<u>\$ 2,552,233</u>	<u>\$ 2,904,707</u>

One pledge from a related party had a balance of \$2,200,000 (78% of pledges receivable, net) as of April 30, 2017.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2017 and 2016

4. PREPAID EXPENSES, INVENTORIES AND OTHER ASSETS, NET

Prepaid expenses, inventories and other assets consisted of the following at April 30:

	<u>2017</u>	<u>2016</u>
Prepaid expenses	\$ 1,964,588	\$ 2,158,342
Prepaid insurance	1,900,388	1,835,962
Prepaid rent	1,312,500	1,370,833
Inventories	971,903	997,027
Other	676,943	668,529
Prepaid expenses, inventories, and other assets, net	<u>\$ 6,826,322</u>	<u>\$ 7,030,693</u>

5. STUDENT LOANS RECEIVABLE, NET

Student loans receivable consisted of the following at April 30:

	<u>2017</u>	<u>2016</u>
Perkins	\$ 4,614,081	\$ 4,689,429
Merit	179,472	205,743
Frueauff	3,363	3,363
Total	4,796,916	4,898,535
Less: allowance for doubtful accounts	<u>(85,848)</u>	<u>(61,299)</u>
Student loans receivable, net	<u>\$ 4,711,068</u>	<u>\$ 4,837,236</u>

Loans to students include participation in the Perkins Federal revolving loan program. The availability of funds for loans under the program is dependent on reimbursements to the pool from repayments on outstanding loans. Funds advanced by the Federal government of \$4,636,651 and \$4,616,173 at April 30, 2017 and 2016, respectively, are ultimately refundable to the government and are classified as liabilities in the consolidated statements of financial position. Outstanding loans cancelled under the program result in a reduction of the funds available for loans and a decrease in the liability to the government.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2017 and 2016

6. INVESTMENTS

Investments consisted of the following at April 30:

	<u>2017</u>	<u>2016</u>
Short term investments	\$ 2,465,217	\$ 2,610,124
Debt mutual funds	3,207,849	2,868,010
US government notes and bonds	1,727,687	962,676
Corporate bonds	5,141,040	5,303,002
Mortgage/asset backed securities	6,709,827	6,298,374
Municipal bonds	1,075,536	1,046,624
Equity mutual funds	20,932,081	23,527,853
Common stocks	30,115,448	20,159,821
Alternative investments	2,143,772	1,955,558
Surplus notes	640,000	640,000
Total investments	<u>\$ 74,158,457</u>	<u>\$ 65,372,042</u>

Net realized and unrealized gains and losses on investments consisted of the following for the years ended April 30:

	<u>2017</u>	<u>2016</u>
Unrestricted		
Endowments:		
Realized gain/(loss)	\$ 294,288	\$ (197,838)
Temporarily restricted		
Endowments:		
Realized/unrealized gain/(loss)	6,140,676	(3,986,912)
Annuity contracts & charitable remainder trusts:		
Realized gain/(loss)	186,138	(125,964)
Subtotal	<u>6,326,814</u>	<u>(4,112,876)</u>
Total realized and unrealized gains / (losses), net	<u>\$ 6,621,102</u>	<u>\$ (4,310,714)</u>

Concentrations of market risk included the following at April 30:

	<u>2017</u>		<u>2016</u>	
	Amount	Percentage	Amount	Percentage
EuroPacific growth fund	\$ 12,840,494	17%	\$ 10,717,456	16%
Vanguard Russell 1000 Growth	\$ 13,475,997	18%	-	0%

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2017 and 2016

7. LONG-LIVED ASSETS, NET

Long-lived assets consisted of the following at April 30:

	<u>2017</u>	<u>2016</u>
Land	\$ 9,210,513	\$ 9,210,513
Building and land improvements	30,184,193	29,606,588
Buildings	121,824,186	118,561,703
Equipment - Siemens energy project	15,870,042	15,870,042
Equipment	12,293,319	11,237,165
Vehicles and boats	2,212,323	1,322,387
Aircraft	8,934,959	11,161,654
Software	1,271,398	1,207,316
Library materials	606,009	598,389
Construction in progress	397,304	234,196
Total	<u>202,804,246</u>	<u>199,009,953</u>
Less: accumulated depreciation	<u>(75,706,210)</u>	<u>(64,369,426)</u>
Long-lived assets, net	<u>\$ 127,098,036</u>	<u>\$ 134,640,527</u>

Depreciation expense was \$7,784,380 and \$10,823,439 for the years ended April 30, 2017 and 2016, respectively.

8. ENDOWMENTS

Spending Policy

The University has a spending policy that governs the rate at which funds are transferred from the endowment to the operating fund. The annual allocation to the operating fund is calculated as a percentage of the endowment fair value. The policy allows for a transfer of 5% of the fair value during the subsequent fiscal year by using a moving average, computed on the last three calendar years of endowment fair values. Transfers were made in accordance with the aforementioned spending policy, and amounted to \$3,027,420 and \$2,571,147 for the years ended April 30, 2017 and 2016, respectively.

Investment Policy

In approving endowment spending and related policies, as part of the prudent and diligent discharge of its duties, the Board of Trustees of the University, as authorized by the State of Florida, has relied upon the actions, reports, information, advice and counsel taken or provided by its duly constituted committees and the duly appointed officers of the University, including University counsel, and in doing so has interpreted the law to require the preservation of the historic dollar value of donor-restricted endowment funds, absent explicit donor direction to the contrary.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2017 and 2016

8. ENDOWMENTS (continued)

Investment Policy (continued)

As a result of this interpretation, for accounting and consolidated financial statement purposes, the University classifies as permanently restricted net assets the historic dollar value of assets held as donor-restricted endowment, including any subsequent gifts and any accumulations to donor-restricted endowments made in accordance with the direction of the applicable gift instruments.

The endowment net asset balance consisted of the following at April 30:

	<u>2017</u>	<u>2016</u>
Donor-restricted endowment fund		
Temporarily restricted	\$ 13,243,797	\$ 8,435,736
Permanently restricted	<u>51,902,239</u>	<u>51,317,533</u>
Total donor-restricted	<u>65,146,036</u>	<u>59,753,269</u>
Board-designated endowment fund		
Unrestricted	<u>6,114,448</u>	<u>2,845,147</u>
Total funds	<u>\$ 71,260,484</u>	<u>\$ 62,598,416</u>

The changes in the University's endowments as of and for the years ended April 30, 2017 and 2016 are below:

	<u>2017</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets -				
Beginning of year	\$ 2,845,147	\$ 8,435,736	\$ 51,317,533	\$ 62,598,416
Investment income	89,398	1,863,702	-	1,953,100
Realized and unrealized gain on investments - net of fees	281,892	5,882,103	-	6,163,995
Additions to investment pool - net	3,039,920	-	392,507	3,432,427
Appropriation of endowment assets for expenditure	(141,909)	(2,885,511)	-	(3,027,420)
Reclassification	-	-	192,199	192,199
Transfer for underwater endowments	-	(52,233)	-	(52,233)
Endowment net assets -				
End of year	<u>\$ 6,114,448</u>	<u>\$ 13,243,797</u>	<u>\$ 51,902,239</u>	<u>\$ 71,260,484</u>

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2017 and 2016

8. ENDOWMENTS (continued)

Investment Policy (continued)

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets -				
Beginning of year	\$ 3,116,402	\$ 13,011,149	\$ 50,905,334	\$ 67,032,885
Investment income	96,285	1,969,275	-	2,065,560
Realized and unrealized (loss)				
on investments - net of fees	(209,126)	(4,219,575)	-	(4,428,701)
Additions to investment pool - net	-	-	412,199	412,199
Appropriation of endowment assets				
for expenditure	-	(2,571,147)	-	(2,571,147)
Reclassification	(158,414)	158,414	-	-
Transfer for underwater				
endowments	-	87,620	-	87,620
Endowment net assets -				
End of year	<u>\$ 2,845,147</u>	<u>\$ 8,435,736</u>	<u>\$ 51,317,533</u>	<u>\$ 62,598,416</u>

9. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following at April 30:

	2017	2016
Accounts payable	\$ 1,086,696	\$ 978,160
Accrued expenses		
Accrued salaries and wages	3,448,993	3,868,533
Accrued vacation	4,897,153	4,920,967
Due to BISK	2,937,627	3,405,638
Deferred rent	7,079,621	6,286,732
Other accrued expenses	2,416,875	2,769,938
Total accounts payable and accrued expenses	<u>\$ 21,866,965</u>	<u>\$ 22,229,968</u>

10. DEPOSITS AND DEFERRED REVENUE

Deposits and deferred revenue consisted of the following at April 30:

	2017	2016
Deposits	\$ 2,385,917	\$ 2,017,412
Deferred revenue/tuition	7,687,875	6,554,368
Total deposits and deferred revenue	<u>\$ 10,073,792</u>	<u>\$ 8,571,780</u>

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2017 and 2016

11. ANNUITIES PAYABLE

The University is a party to several forms of split-interest contracts and agreements. In return for a lump-sum payment to the University or to an outside trustee, the donor specifies a beneficiary (or beneficiaries) who receive periodic payments, usually for the beneficiary's lifetime. The University is named as a remainder beneficiary. Upon the death of the beneficiary, the University receives the residual funds.

During the term of the agreement, funds are invested with the objective of providing income to fund periodic payments to beneficiaries and provide some growth through appreciation for the remainder interest. At April 30, 2017 and 2016, the University was a party to the following types of split-interest agreements:

- Annuity contracts
- Charitable remainder trusts

The University serves as trustee/administrator for the annuity programs and records the investment and actuarial liability for annuities payable in its consolidated financial statements as temporarily restricted net assets. Trustees for the charitable remainder trusts are designated by the donor. When the University is the trustee, the trust assets, liabilities, revenues and expenses are recorded in the University's consolidated financial statements. In those cases where the University is not the trustee, only the estimated present value of the future remainder interest is recognized.

On an annual basis, the University revalues the liability related to future distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments are calculated using the current annual period treasury yield rate and applicable mortality tables for each beneficiary.

Annuities payable consisted of the following at April 30:

	<u>2017</u>	<u>2016</u>
Charitable remainder trusts	\$ 1,824,005	\$ 1,799,930
Annuities payable	<u>193,694</u>	<u>212,451</u>
Total annuities payable	<u>\$ 2,017,699</u>	<u>\$ 2,012,381</u>

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2017 and 2016

12. CAPITAL LEASE OBLIGATIONS

Siemens Performance Contract

On September 24, 2009, the University entered into an agreement with Siemens Public, Inc. (“Siemens”) to lease various types of equipment under a performance contract agreement (“Siemens contract”) with Siemens Building Technologies.

The initial contract lease under the Siemens contract was refinanced on September 24, 2014 to reduce the effective annual interest rate from 5.77% to 3.0%, and to extend the term to allow for payment of the previous balloon payment over an additional nine years through September 2029. As of April 30, 2017 and 2016, this capital lease obligation was \$6,818,701 and \$7,265,301, respectively.

On September 30, 2014, the University entered into a second capital lease under the Siemens contract for additional equipment, the purchase and installation of which was completed during the year ending April 30, 2016. In accordance with the terms of this capital lease, Siemens advanced \$5.5 million to the University at inception for the anticipated total cost of the equipment and its installation. The funds were deposited to an escrow account in the name of the University and were disbursed as the purchases and installation progressed. This lease has an effective annual interest rate of 3.2% that was charged from the date of the initial advance. Monthly payments commenced in October 2015 and extend through September 2033. As of April 30, 2017 and 2016, this capital lease obligation was \$5,297,208 and \$5,538,726, respectively.

The Center for Aeronautics and Innovation

On April 17, 2013, the University entered into an agreement with the City of Melbourne Airport Authority to lease the property now known as the Center for Aeronautics and Innovation (“CAI”).

The agreement is a 40 year lease with monthly payments beginning January 1, 2014. It contains both a capital lease component for the building and an operating lease component for the land.

The University has the option to extend the lease for two additional terms of five years each. The initial rent is based on 31,000 square feet of floor space and includes a building lease rate of \$6.26 per square foot. As of April 30, 2017 and 2016, the total capital lease obligation was \$4,070,445 and \$4,110,128, respectively.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2017 and 2016

12. CAPITAL LEASE OBLIGATIONS (continued)

Total Capital Leases

The following represents assets held under capital leases by major classes, which are included in long-lived assets at April 30:

	<u>2017</u>	<u>2016</u>
Vehicles	\$ -	\$ 37,464
Building - CAI	4,100,000	4,100,000
Equipment - Siemens energy project	15,870,042	15,870,042
Subtotal	19,970,042	20,007,506
Less: accumulated depreciation	(5,562,589)	(4,656,900)
Total assets held under capital lease	<u>\$ 14,407,453</u>	<u>\$ 15,350,606</u>

The interest rates on the lease obligations range from 3% to 3.771%, and mature from 2018 through 2053.

The present value of future minimum lease payments under capital leases for the next five years ending April 30 and thereafter are as follows:

2018	\$ 1,267,682
2019	1,269,359
2020	1,272,715
2021	1,272,715
2022	1,272,715
Thereafter	16,226,280
Total minimum lease payments	22,581,466
Less amounts representing interest	(6,395,112)
Present value of net minimum lease payments	<u>\$ 16,186,354</u>

The carrying value of capital lease obligations approximates fair value. These financial instruments bear rates that approximate current market rates for debt of similar credit quality and maturities.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2017 and 2016

13. LINE OF CREDIT

The University has a line of credit, which consists of a promissory note agreement with a commercial bank, under which the University may borrow up to \$15,000,000 for working capital purposes. On November 12, 2008, the University entered into an office lease agreement with Broadstone FIT Florida, LLC for the Harris Commons (formerly known as Florida Tech Commons) building. A portion of the Line of Credit was used to secure an Irrevocable Letter of Credit for \$3,032,000 to be used as a security deposit for this lease as required by the second amendment to this lease dated December 13, 2010. The remaining available line of credit balance of \$11,968,000 is payable on demand and is subject to certain restrictions. At April 30, 2017 and 2016, the University had no outstanding balances under this agreement. The interest rate is based on the one-month LIBOR plus 1.75% (2.19% at April 30, 2017). In addition, a quarterly fee is charged to the University based on the unused balance. The University has pledged tuition and fees and unrestricted revenues as collateral for the line of credit.

14. LONG-TERM DEBT

Long term debt consisted of the following at April 30:

	<u>2017</u>	<u>2016</u>
18 year annuity contract mortgage, fixed interest rate of 5.824%, maturing January 15, 2032, collateralized by real estate.	\$ 1,888,907	\$ 1,970,992
2013 Series A Brevard County bonds, fixed interest rate 2.45%, maturing July 1, 2032. Collateral for these bonds is tuition and fee revenue.	20,245,000	21,335,833
2013 Series B Brevard County bonds, fixed interest rate 2.45%, maturing February 1, 2043. Collateral for these bonds is tuition and fee revenue.	9,279,406	9,511,503
Long-term debt	<u>\$ 31,413,313</u>	<u>\$ 32,818,328</u>

Scheduled principal payments on the above obligations due in each of the next five years ended April 30 and thereafter are as follows:

2018	\$ 1,581,582
2019	1,648,309
2020	1,719,929
2021	1,788,196
2022	1,866,417
Thereafter	<u>22,808,880</u>
Total	<u>\$ 31,413,313</u>

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2017 and 2016

14. LONG-TERM DEBT (continued)

The carrying value of long-term debt approximates fair value. These financial instruments bear rates that approximate current market rates for debt of similar credit quality and maturities.

Interest expense and debt services fees for all debt obligations for the years ended April 30, 2017 and 2016 totaled \$1,422,905 and \$1,313,729, respectively.

The bonds contain certain financial covenants with respect to cash flow and debt ratios for which the University was in compliance at April 30, 2017 and 2016.

15. RESTRICTIONS ON NET ASSETS

Restricted net assets consisted of the following at April 30:

	<u>2017</u>	<u>2016</u>
Temporarily restricted net assets:		
Programs and passage of time	\$ 4,228,611	\$ 4,339,104
Annuity and similar funds	15,658,845	10,463,874
Total temporarily restricted net assets	<u>\$ 19,887,456</u>	<u>\$ 14,802,978</u>
Permanently restricted net assets:		
General endowments	\$ 7,964,132	\$ 7,962,633
Scholarship endowments	17,252,497	17,024,790
Departmental endowments	26,685,609	26,330,111
Endowed pledges	337,935	188,578
Total permanently restricted net assets	<u>\$ 52,240,173</u>	<u>\$ 51,506,112</u>

Net assets released from restrictions, as reported on the consolidated statement of activities, occur primarily by incurring expenses satisfying the restricted purposes, principally for construction, instruction, research, and departmental support or by the passage of time.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2017 and 2016

16. OTHER REVENUES

Other revenues included in the consolidated statement of activities consisted of the following for the years ended April 30:

	<u>2017</u>	<u>2016</u>
Designated spending	\$ 2,887,916	\$ 2,994,627
Admission applications, late registration, parking	767,977	1,266,238
Other	560,580	644,047
Fees for services	649,566	908,591
Student organizations revenue	473,433	499,355
Total other revenues	<u>\$ 5,339,472</u>	<u>\$ 6,312,858</u>

17. FUNDRAISING

Fundraising expenses consisted of the following for the years ended April 30:

	<u>2017</u>	<u>2016</u>
General	\$ 3,690,279	\$ 5,176,633
WFIT Radio Station	201,934	344,824
Athletics	920,857	534,806
Total fundraising expenses	<u>\$ 4,813,070</u>	<u>\$ 6,056,263</u>

In addition to the expenses above, individual departments of the University host fundraisers throughout the year. Fundraising expenses incurred at the individual department level are included with their program expenses.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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18. EMPLOYEE BENEFIT PLAN

The University maintains a defined contribution plan. An employee is eligible to contribute to the plan on date of hire. After 30 days of continued service, if an employee elects to contribute to the plan, the University may match this contribution up to 5% of the employee's salary. Retirement plan contributions for the years ended April 30, 2017 and 2016, were \$2,966,895 and \$3,048,372 respectively.

19. RELATED PARTY TRANSACTIONS

The University has liabilities due to parties related through current and former employment and board relationships, including lifetime annuities and charitable remainder trust lifetime annuities. Payment terms vary from monthly to quarterly. The total outstanding liability to all related parties at April 30, 2017 and 2016 was \$328,675 and \$360,537, respectively.

The University had a lease agreement with a board member for 5,000 square feet of storage space at a base rent of \$6.50 per square foot plus common area maintenance of \$1.98 per square foot. This lease was entered into on March 25, 2008 and extended through March 31, 2016. The lease had an annual cost of living index escalator determined in accordance with the U.S. Department of Labor Cost of Living Index. Total rent payments made to the board member were \$30,000 for the year ended April 30, 2016. The lease was not renewed upon termination.

The University has an agreement with BISK, which is owned by a board member, to develop various online degree programs and to market and recruit students for those programs.

20. COMMITMENTS AND CONTINGENCIES

The University is involved in various legal actions arising in the normal course of activities and is also subject to periodic audits and inquiries by various regulatory agencies. Although the ultimate outcome is not determinable at this time, management, after taking into consideration advice of legal counsel, believes that the resolution of these pending matters should not have a material adverse effect upon the University's financial position.

BISK

On January 13, 2006, the University entered into a 20-year agreement with BISK for collaboration of development and marketing of the University's for-credit distance learning program. BISK and the University will comply with accreditation standards of The Southern Association of Colleges and Schools, and any accreditation body that the University elects to join. The first 16 years of this agreement is non-cancelable, and once the 20-year term expires, BISK may extend this agreement in increments of 5 years. The payment terms to the University are based on a sharing arrangement of gross revenue adjusted for expenses in accordance with the contractually negotiated percentages for each respective program.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2017 and 2016

20. COMMITMENTS AND CONTINGENCIES (continued)

Ellucian

The University is party to an agreement with Ellucian, to provide onsite technology management services and software licensing for computer system support which expires on December 31, 2017. The agreement requires an annual payment for support services of approximately \$1.6 million plus hourly fees for additional services and annual maintenance and license fees. Total fees paid to Ellucian for the years ended April 30, 2017 and 2016 were \$2,056,414 and \$1,918,349, respectively.

WFIT Building Contingency

On January 13, 2011, WFIT Radio Station (the "Station", a department of the University) entered an agreement with the Florida Department of Education ("FDOE") to construct and furnish a new radio station. Construction was completed during the year ended April 30, 2013 at a total cost of \$1,574,820 for the building. The station also spent \$395,799 for improvements to connect the new building to existing structures. Upon completion, the FDOE leased the new building to the Station for 20 years at \$1 per year with four successive renewal options of five years each, for a total of 40 years, at the end of which title to the building transfers to the Station. Due to the bargain rent and title transfer, and upon completion of the building and start of the lease, this transaction was considered to be the contribution of a building with an estimated fair value equal to its total cost that is temporarily restricted for use as a radio station over the extended lease term, which also coincides with the building's estimated useful life. This temporarily restricted contribution is being released from restriction on a straight-line basis over the 40 year lease term while the building is being depreciated on a straight-line basis over 50 years, its useful life in accordance with the normal depreciation policy of the University for similar assets.

Insurance Pool

The University is a member of the Florida Independent Colleges and Universities Risk Management Association, Inc. ("FICURMA") insurance pool which includes, but is not limited to, coverage of property, general and auto liability, workers' compensation, and excess crime. FICURMA was formed to assist universities in the State of Florida in controlling insurance costs. There is a risk that additional assessments could be incurred by the University as the result of this insurance pool. However, management does not believe any additional assessments exist as of April 30, 2017.

Operating Leases

The University Financing Foundation (TUFF) Florida Tech LLC

The University entered into a 30-year operating and ground lease with TUFF Florida Tech LLC for residence halls, a dining facility, a parking garage, an aquatic facility and a research laboratory. Rent payments on the facilities range between \$33,000 and \$60,000 per month and escalate annually at a fixed rate per facility of 1-2% each. The University retains ownership of the land, and acts as lessor on the ground lease. All facilities were completed from 2008 to 2011. The lease expires October 2039.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2017 and 2016

20. COMMITMENTS AND CONTINGENCIES (continued)

Operating Leases (continued)

Melbourne Airport Authority

Buehler Building

The University entered into a ground lease with the Melbourne Airport Authority to lease property for a period of forty years starting March 1, 2009. Base rent for the property is \$0.15 per square foot of the property for the first five years, and is paid monthly. The estimated square footage disclosed in the lease is approximately 435,600 square feet.

Additionally, the University entered into an improved land lease March 1, 2009. The rent is based upon the Melbourne Airport Authority's construction expenses, amortized over a 35-year period at the rate of one-year LIBOR (0.99% at April 30, 2017) plus 200 basis points.

On the fifth anniversary of the Rent Commencement Date, and all subsequent fifth anniversaries, the base rent and the improved land lease rent shall be increased by a factor of the Consumer Price Index for the previous five-year period. According to the terms of the agreement, the annual percentage increase will not be less than 2% or more than 5% per year for each of the previous five-year periods.

The University is responsible for real estate taxes, fees, and assessments on the property. The University has an option to extend the lease for four additional terms of five years each.

Center for Aeronautics and Innovation

As described in Note 12, the University entered into a 40-year land lease on April 17, 2013 with the Melbourne Airport Authority for the Center for Aeronautics and Innovation. The lease includes an incremental escalation every five years, equal to the percentage increase in the Consumer Price Index. The increase will not be less than 2% or more than 5% per year.

Harris Commons

The University entered into a 15-year triple net operating office lease with Broadstone FIT Florida, LLC in March 2012. The University occupies all 62,523 square feet of the building. Gross rental payments (base rent) for the first twelve (12) months of the term are equal to \$18.75 per square foot, and are paid monthly. According to the terms of the agreement, the annual percentage increase based on the changes in the consumer price index will not be less than 1.5% or more than 3% per year.

The University is responsible for real estate taxes, fees, and assessments on the property.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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20. COMMITMENTS AND CONTINGENCIES (continued)

Operating Leases (continued)

The University is a lessee in other leasing obligations with monthly payments ranging from \$800 to \$13,400. The lease terms range from one to five years. Total facilities rent expense recognized for the years ended April 30, 2017 and 2016 was \$6,923,031 and \$7,026,726, respectively.

Total Operating Leases

In accordance with FASB ASC 840, *Leases*, the University recognizes lease expense over the course of the lease agreements using the straight-line method. Leasing commitments for the next five years ending April 30 and thereafter are as follows:

2018	\$ 5,958,423
2019	6,054,359
2020	6,170,653
2021	6,261,790
2022	6,354,359
Thereafter	<u>111,106,528</u>
Total lease payments	<u>\$ 141,906,112</u>

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2017 and 2016

21. FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosure*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 fair value measurements) and the lowest priority to unobservable inputs (level 3 fair value measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the University has the ability to access.

Level 2 Inputs to the valuation methodology include

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Level 3 Fair Value Measurements

Surplus note - Held with association, is not actively traded, and significant other observable inputs are not available; thus, the fair value of the surplus note is determined by discounting the related cash flows based on current yields of similar instruments with comparable durations and historical returns on the note. The fair value of surplus notes is equal to the discounted future expected cash flows of the note.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2017 and 2016

21. FAIR VALUE MEASUREMENTS (continued)

The following table summarizes the relevant valuation information used to calculate the fair value of level 3 assets as of April 30, 2017 and 2016:

Type	Fair Value	Valuation Technique	Significant Unobservable Inputs	Rate or Range of rates
			Discount rate	9.66%
Surplus notes	\$ 640,000	Discounted expected futures cash flows	Expected rate of return	11%

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the University believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the University's investments at fair value as of April 30, 2017.

Description	Total	(Level 1)	(Level 2)	(Level 3)
Investments				
Short-term investments	\$ 2,465,217	\$ 2,465,217	\$ -	\$ -
Debt mutual funds	3,207,849	3,207,849	-	-
US government notes and bonds	1,727,687	1,727,687	-	-
Corporate bonds	5,141,040	5,141,040	-	-
Mortgage/asset backed securities	6,709,827	6,709,827	-	-
Municipal bonds	1,075,536	1,075,536	-	-
Equity mutual funds	20,932,081	20,932,081	-	-
Common stocks	30,115,448	30,115,448	-	-
Alternative investments	2,143,772	2,143,772	-	-
Surplus notes	640,000	-	-	640,000
Total Investments	\$ 74,158,457	\$ 73,518,457	\$ -	\$ 640,000

FLORIDA INSTITUTE OF TECHNOLOGY, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****YEARS ENDED APRIL 30, 2017 and 2016**

21. FAIR VALUE MEASUREMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the University's investments at fair value as of April 30, 2016.

Description	Total	(Level 1)	(Level 2)	(Level 3)
Short-term investments	\$ 2,610,124	\$ 2,610,124	\$ -	\$ -
Debt mutual funds	2,868,010	2,868,010	-	-
US government notes and bonds	962,676	962,676	-	-
Corporate bonds	5,303,002	5,303,002	-	-
Mortgage/asset backed securities	6,298,374	6,298,374	-	-
Municipal bonds	1,046,624	1,046,624	-	-
Equity mutual funds	23,527,853	23,527,853	-	-
Common stocks	20,159,821	20,159,821	-	-
Alternative investments	1,955,558	1,955,558	-	-
Surplus notes	640,000	-	-	640,000
Total Investments	<u>\$ 65,372,042</u>	<u>\$ 64,732,042</u>	<u>\$ -</u>	<u>\$ 640,000</u>

22. DEFERRED INCOME TAXES

The University has unrelated business income which is not exempt from federal income taxes, including the activities of its wholly owned subsidiary, FIT Aviation, LLC. For the years ended April 30, 2017 and 2016, there was no provision for federal income taxes because the total of these activities resulted in a net loss and the benefit derived therefrom has been offset by a valuation allowance.

The University's deferred tax asset is based on operating loss carryforwards. A deferred income tax valuation allowance has been provided for the years ended April 30, 2017 and 2016. The valuation allowance reduces the deferred tax asset to an amount that represents management's best estimate of the amount of such deferred tax asset that will actually be realized.

As of April 30, 2017, the University had federal net operating loss carryforwards of approximately \$23.7 million, which includes a net operating loss of approximately \$1.5 million for the year ended April 30, 2017.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2017 and 2016

22. DEFERRED INCOME TAXES (continued)

The University's deferred tax asset is as follows at April 30:

	<u>2017</u>	<u>2016</u>
Deferred tax assets:		
Non-current:		
Net operating loss carryforwards	\$ 8,926,000	\$ 8,345,000
Valuation allowance for net non-current deferred tax assets	<u>(8,926,000)</u>	<u>(8,254,600)</u>
Total deferred tax assets	<u>\$ -</u>	<u>\$ -</u>

23. RESTATEMENT OF FINANCIAL STATEMENTS

During the year ended April 30, 2017, management discovered three areas which required retrospective adjustment to correct balances presented in previously issued financial statements.

The first correction was the result of reconciliation procedures performed on the liability balance payable to BISK. While performing this reconciliation, management discovered adjustments to revenue which had been made in error during the years ended April 30, 2014 and 2013. This error resulted in a \$2,049,931 overstatement of net assets and a corresponding understatement of accounts payable and accrued expenses as of April 30, 2016.

In addition, as a result of this reconciliation, management made a change in the presentation of the accounts for the year ended April 30, 2017 and retrospectively to April 30, 2016. The activity has been consolidated to clearly identify the due to/due from component. This is a more appropriate treatment of the accounts.

The second correction was the result of reconciliation procedures performed on the Federal Work Study (FWS) program and the funds that have been received for this program from the Federal Government. During these reconciliation procedures, management discovered that the University had previously recognized expenses associated with this program which should have been funded by the Federal Government. As a result, accounts receivable and net asset balances were corrected to properly reflect the amounts due from the Federal Government. The total impact of this correction was \$342,128.

The third correction that was made was to properly defer revenue which had been recognized in a prior period related to consulting projects performed by the University. The revenue associated with these contracts was previously recognized on a cash basis resulting in a total overstatement of net assets of \$265,783.

Cash flows for the year ended April 30, 2016 have been restated to properly reflect these corrections.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2017 and 2016

23. RESTATEMENT OF FINANCIAL STATEMENTS (continued)

The effect of the restatement on the change in unrestricted net assets and financial position as of and for the year ended April 30, 2016 are as follows:

	As Previously Reported	Restated
Change in net assets	\$ 140,702,805	\$ 138,738,218
Accounts payable and accrued expenses	\$ 22,511,372	\$ 22,229,968
Accounts receivable	\$ 7,253,017	\$ 5,272,809
Deposits and deferred revenue	\$ 8,305,997	\$ 8,571,780

24. SUBSEQUENT EVENTS

The University's management has evaluated subsequent events through August 24, 2017, the date the consolidated financial statements were available to be issued, and has determined that no additional subsequent events have occurred that require disclosure.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
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Federal Grantor / Pass-through Grantor / Program Title	Federal CFDA State CSFA Numbers	Agency Contract/Grant Number	Federal / State Expenditures	Passed Through to Subrecipients
<u>FEDERAL</u>				
RESEARCH AND DEVELOPMENT CLUSTER:				
<u>U.S. DEPARTMENT OF COMMERCE</u>				
<u>National Oceanic & Atmospheric Administration - NOAA</u>				
<i>Florida Sea Grant, Characterization & Modeling of the Damage</i>	11.417	NA14OAR4170108	\$ 48,422	\$ -
<u>National Institute of Standards and Technology:</u>				
<i>Energy Florida, Consortium for Advanced Production and Engineering</i>	N/A	70NANB15H069	16,234	-
<u>Economic Development Administration:</u>				
<i>Center for Advanced Manufacturing and Innovative Design</i>	11.307	04-79-07091	71,412	-
Subtotal, U.S. Department of Commerce:			136,068	-
<u>NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION</u>				
<i>Multi-Regional HAB Toxin Diagnostics for the Marine Mammal</i>	11.439	NA15NMF4390049	38,846	-
<i>Multi-Regional HAB Toxin Diagnostics for the Marine Mammal</i>	11.439	NA16NMF4390151	7,785	-
<i>An Ensemble-Based Approach to Forecasting Surf, Set-up, and</i>	11.468	NA14NWS4680014	25,672	-
<i>An Ensemble-Based Approach to Forecasting Surf, Set-up, and</i>	11.468	NA14NWS4680014	28,951	-
Subtotal, National Oceanic and Atmospheric Administration:			101,254	-
<u>U.S. DEPARTMENT OF DEFENSE</u>				
<u>Office of Naval Research:</u>				
<i>Advanced Nontoxic Anti-Fouling Coatings Research</i>	12.300	N00014-10-1-0919	192,624	-
<i>Advanced Nontoxic Anti-Fouling Coatings Research, Test Site Facility</i>	12.300	N00014-16-1-3123	174,919	-
<i>Large Scale Seawater Facility for Development of Hullbug</i>	12.300	N00014-11-1-0915	36,287	-
<i>Large Scale Seawater Facility for Development of Ship Hull Grooming</i>	12.300	N00014-16-1-3050	171,776	-
<i>Controlling Electronic, Desolvation and Cooperative Effects</i>	12.300	N00173-10-1-G025	24,732	-
<i>Enabling Applications Security in Tactical Clouds</i>	12.300	N00014-15-1-2292	32,510	-
<i>Static Immersion of Nano Structure Coatings and Iodine Air Bubble</i>	12.300	N00014-15-1-0068	1,524	-
<i>Exploring the Role of Topography and Land-sea Contrast</i>	12.300	N00014-16-1-3091	15,755	-
<i>Development of a STEM Education Program in Support of Naval Flight</i>	12.300	N00014-16-1-3170	49,394	-
<i>L-3 Communications, Marine Fouling Study</i>	N/A	20201	2,240	-
<i>NRL, Field Testing of Oil Bloom Coating</i>	N/A	N00167-15-P-0269	25,733	-
<i>ASEC, Cognitive Task Analysis of Naval Combat Crews</i>	N/A	N61340-15-C-0024	188,489	-
<i>ASEC, Cognitive Task Analysis of Naval Combat Crews Option 3.3</i>	N/A	N61340-15-C-0024	16,143	-
<u>Department of the Air Force:</u>				
<i>Griffiss Institute, Conjugate Gradient-based Accelerated Training</i>	N/A	G219-FIT2012	1,937	-
<i>AFOSR, On a Theory of Broadband Absorption Suppression</i>	12.800	FA9550-15-1-0086	118,926	-
<u>Other Department of Defense Programs:</u>				
<i>Univ. of Florida, Multi-Scale Coupling Strategies for Multi-</i>	12.351	HDTRA1-14-1-0031	13,195	-
<i>Raytheon BBN/AFRL, Attack Surface Characterization</i>	N/A	FA8750-14-C-0104	1,623	-
<i>Raytheon BBN/AFRL, Defense Quantification Service</i>	N/A	FA8750-15-C-0067	194,679	-
<i>Raytheon BBN/AFRL, Behavior-extracting Autonomous Resiliency Toolkit</i>	N/A	FA8750-16-C0053	147,906	-
<i>Raytheon BBN/AFRL, Adaptive Resource Management Enabling Deception</i>	N/A	HR0011-16-C-0058	183,362	-
<i>Raytheon BBN/AFRL, Integrated Decision Engine for Evolving Defenses</i>	N/A	FA8750-16-C0205	39,970	-
<i>AFRL, A Systems Behavior Approach to Integrated Moving Target</i>	N/A	FA8750-13-2-0064	568,092	-
<i>AFRL, ADW: Semi-automated Moving Target Defense Wrapping</i>	N/A	FA8750-15-C-0061	387,772	102,793
<i>Naval Undersea Warfare CTR, Biofouling Prevention</i>	N/A	N66604-16-P-0385	24,183	-
<i>Mainstream Engineering, Weapon Inspection Sustainment and Recording</i>	N/A	HQ0147-15-C-7306	7,282	1,270
<i>Mainstream Engineering, Integrated Health Sensing for Highly Efficient Weapon</i>	N/A	HQ0147-16-7807	7,700	-
<i>Mainstream Engineering, Development of Modular Thermal Management</i>	N/A	N000253-16-P-0258	20,255	2,899
<i>Harris, Sushi-WindTunnel - FIT(Tests for Fiber Optic Cable)</i>	N/A	A000333375	4,774	-
Subtotal, U.S. Department of Defense:			2,653,782	106,962

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FLORIDA INSTITUTE OF TECHNOLOGY, INC.
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Federal Grantor / Pass-through Grantor / Program Title	Federal CFDA State CSFA Numbers	Agency Contract/Grant Number	Federal / State Expenditures	Passed Through to Subrecipients
<u>FEDERAL</u>				
RESEARCH AND DEVELOPMENT CLUSTER (continued):				
<u>U.S. DEPARTMENT OF ENERGY</u>				
<u>US CMS Project:</u>				
<i>Fermi Lab</i> , US CMS 2013 LPC Fellowship	N/A	609712	6,914	-
<i>Fermi Lab</i> , LPC CMS Detector Upgrade HCAL System for 2014	N/A	616788	48,301	-
<i>Fermi Lab</i> , US CMS Phase 2 Upgrade R&D Endcap Muons	N/A	627249	4,209	-
<i>BNL</i> , Development of Large Area GEM Detectors	N/A	DE-AC02-98CH10886	85,506	-
<i>Lawrence Livermore</i> , MultiGrid for Systems and Time-Dependent	N/A	DE-AC52-07NA27344	6,314	-
<i>SIEMENS</i> , Siemens Laser Project - DOE H2 - High Temp TBC	N/A	DE-FC26-05NT42644-ARRA	20,508	-
<u>Other Department of Energy Programs:</u>				
<i>Georgia Tech</i> , HCIDI-FIT Contribution Proposal	81.000	DE-AC07-05ID14517	8,018	-
Experimental High Energy Physics Research	81.049	DE-SC0013794	134,232	-
Experimental High Energy Physics Research	81.049	DE-SC0013794	163,034	-
Collaborative Research: A Model of Partially Ionized Plasma Flows	81.049	DE-SC0008721	8	-
Search for New Physics in Top Quark Production and Upgrade of	81.049	DE-SC0011778	(380)	-
<i>UF</i> , Development of 3-D Computational Tools for Study of Shock	81.124	DE-NA0002378	41,251	-
Subtotal, U.S. Department of Energy:			517,915	-
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<u>National Institutes of Health:</u>				
The Therapeutic Workplace Intervention in Community Settings	93.279	5R34DA032778-03	18,921	18,921
<i>UCSF</i> , Energy Independent Single Photon Molecular Imaging	93.286	5R01EB012965-03	4,081	-
Cell Cycle Assembly of Nucleoprotein Complexes	93.859	R01GM54042-12A2	9,099	-
Development of Light Triggered Molecular Tools Critical for Under	93.859	1R15GM112119-01A1	57,838	-
<u>Health Resources and Human Services:</u>				
Graduate Psychology Education Programs	93.131	1D40HP29822-01-00	166,851	-
<u>National Heart, Lung and Blood Institute:</u>				
Biochemical Pathways of 12- HETE & 12-KETE	97.701	2R01HL081873-16	253	-
<u>Center for Disease Control and Prevention:</u>				
<i>USF</i> , Depletion Today Keeps the Apple Away: Effects of Workplace	93.262	5T42OH008438-11	3,150	-
Subtotal, U.S. Department of Health and Human Services:			260,193	18,921
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
<u>The Mitre Corporation</u> , Pollen Enterprise Database Phase IV				
	N/A	HSHQDC-14-D-00006	335,286	-
<i>DHS</i> , A Federated Command and Control Infrastructure for Adaptive	N/A	HSHQDC-14-C-B0032	251,763	-
<i>Intelligent Automation</i> , Shelf-shielding Dynamic Network Architecture	N/A	HHSP233201600073C	10,279	-
Subtotal, U.S. Department of Homeland Security:			597,328	-
<u>STATE OF FLORIDA DEPARTMENT OF TRANSPORTATION</u>				
<i>FAA</i> , Air Transportation Center of Excellence	20.109	10-C-CST-FIT-012	(988)	-
<i>FAA</i> , Air Transportation Center of Excellence	20.109	10-C-CST-FIT-012	1,077	-
<i>FAA</i> , Air Transportation Center of Excellence	20.109	10-C-CST-FIT-026	4,973	-
<i>FAA</i> , Air Transportation Center of Excellence	20.109	10-C-CST-FIT-030	(3,842)	-
<i>FAA</i> , COE Partnership to Enhance General Aviation	20.109	12-C-GA-FIT-01-002	84,672	11,000
<i>FAA</i> , COE Partnership to Enhance General Aviation	20.109	12-C-GA-FIT-011	73,404	-
<i>FAA</i> , COE Partnership to Enhance General Aviation	20.109	12-C-GA-FIT-010	45,720	-
<i>FAA</i> , COE Partnership to Enhance General Aviation Safety Human Factors	20.109	12-C-GA-FIT-015	38,991	-
<i>FAA</i> , COE Partnership to Enhance General Aviation Safety Database	20.109	12-C-GA-FIT-022	64,209	-
<i>FAA</i> , COE - Acquisition Distance of LED Based Runway Closure	20.109	12-C-GA-FIT-009	32,074	-
<i>FAA</i> , COE - Onboard Context Sensitive Information System	20.109	15-C-CST-FIT-001	36,945	-
<i>FAA</i> , WHJTC Fuels Program - Rig Testing Support	N/A	DTFACT-13-D-00010-0005	4,009	-
<i>FAA</i> , Flight Demonstration for AoA-limiting Systems on Part 23 Aircraft	N/A	DTFACT-17-C-00001	40,983	25,000
Dwight David Eisenhower Transportation Fellowship Program Graduate	20.215	DTFH6416G00049	5,000	-
Subtotal, State of Florida Department of Transportation:			427,227	36,000
<u>U.S. DEPARTMENT OF THE INTERIOR</u>				
<i>Univ. of Texas at Austin</i> , Chukchi Seas Offshore Monitoring	15.423	M11AC00007	13,067	-
<i>National Park Service</i> , Compilation and Summary of Data to Access	15.954	P15AC01747	20,475	-
Florida Fish & Wildlife Commission, Identifying Coral Refuges	15.634	FL-T-F16AF00528	37,545	-
Subtotal, U.S. Department of the Interior:			71,087	-
<u>U.S. SMALL BUSINESS ADMINISTRATION</u>				
Women's Business Center Sustainability Pilot Program	59.043	SBAHQ-14-W-0048	62,085	5,128
Women's Business Center Sustainability Pilot Program	59.043	SBAHQ-15-W-0018	60,720	3,526
Women's Business Center Sustainability Pilot Program	59.043	SBAHQ-15-W-0018	80,783	-
Subtotal, U.S. Small Business Administration			203,588	8,654

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FEDERAL				
RESEARCH AND DEVELOPMENT CLUSTER (continued):				
NATIONAL SCIENCE FOUNDATION				
IPA Program Director for the Integrative Graduate Education (IGERT)	TBD	DGE-1255346-002	49,164	-
I-CORPS: Smart Multi-sensor Wireless Network System for Storm	47.041	1535760	22,177	-
I-CORPS: 3D Curvature-defined Microenvironments for Cell and Tissue	47.041	IIP-1627705	10,147	-
Collaborative Research: Measuring Information Content of the Artifacts	47.041	CMMI-1532894	49,274	-
Collaborative Research: Exploring the Evolution of Design Requirements	47.041	CMMI-1463358	36,307	-
Collaborative Research: Improving Capabilities of Micro-scale Vibratory	47.041	CMMI-1561829	52,531	-
EAGER: Non-invasive Cerebrovascular Regulation Assessment	47.041	CBET-1435511	(278)	-
Capstone Design Projects in Rehabilitation to Aid Persons with Disabilities	47.041	CBET-1403345	24,476	-
EAGER: Non-invasive Cerebrovascular Regulation Assessment	47.041	CBET-1451360	238	-
UNS: Novel Biomaterials with Light-controlled CO Release for Modulation	47.041	CBET-1510003	49,121	-
UNS: Novel Biomaterials with Light-controlled CO Release for Modulation	47.041	CBET-1510003	39,610	-
Univ. of Texas at Austin , Natural Hazards Engineering Research	47.041	UTA15-000858	36,787	-
Design Interactive, Virtual Reality Rehabilitation Technologies for Children	47.041	1647093	14,969	-
I-CORPS: Mesh-free Monte Carlo Methods for Integrated Simulation	47.041	IIP-1707563	24,548	-
Univ. of Notre Dame , Quarknet FY2016 Summer Workshop	47.049	PHY-1219444	16,373	-
Univ. of MN , IMA Thematic Program on Mathematics & Optics	47.049	DMS-1440471	17,996	-
Scanning Tunneling Microscopy Barrier Height	47.049	CHE-1058427	21,476	-
REU Site: Partial Differential Equations and Dynamical Systems	47.049	DMS-1359074	77,352	-
Chiral Pyridines for Catalytic Organic Transformation	47.049	CHE-1461196	65,734	45
Caltech, Design and Characterization of Composite Membranes	47.049	68D-1096387	94,574	-
Reversible Metastable-state Photoacids	47.049	CHE-1565613	35,966	-
CAREER: The Plasmochemistry and Photochemistry of Upper	47.050	AGS-0955379	37,553	-
SHINE: Injection, Acceleration and Transport of Solar Energetic	47.050	AGS-1156056	69,782	1,551
Lightning Initiation and Propagation with an Advanced Computer	47.050	AGS-1348046	65,087	17,628
Collaborative Research - Understanding the Full Range of Amazon	47.050	EAR-1303831	78,935	-
Collaborative Research - COSEE Florida - Water as Habitat	47.050	OCE-1038998	11,646	-
OCE-RIG: Role of Air-Sea Coupling on the Madden-Julian Oscillation	47.050	OCE-1323400	20,115	-
Duke , FESD Type I: The Dynamics of Mountains, Landscapes	47.050	EAR-1338694	94,711	-
Collaborative Research: Deep Drilling of Lake Junin, Peru:	47.050	EAR-1402054	16,003	-
Collaborative Research: Climate Change Mesoscale Oceanography	47.050	OCE-1535007	100,020	-
CEDAR: High Speed Spectroscopic Studies of Lightning Bolts	47.050	AGS-1552177	83,076	-
Waves, Bubbles and Splashes from Jovian Impacts	47.050	AST-1627409	10,661	-
EAGER: Development of a Forensic Pollen Database & Climate Modeling	47.050	AGS-1630493	70,316	-
Collaborative Research Belmont Forum: Vulnerability of Populations	47.050	ICER-1624207	82,019	25,725
Incorporating 3D RMHD Turbulence Simulations & Kinetic Plasma	47.050	AGS-1258998	11,382	-
UNH , Balloon Observation of Gamma-Ray Glows from Thunderstorms	47.050	AGS-1618457	3,773	-
UNH , CEDAR: High Speed Spectroscopic Studies of Lightning Bolt	47.050	N/A	7,265	-
Adjustment of Western Pacific Ocean Coral Reefs to Sea-level Rise	47.050	OCE-1657633	144	-
CRII: SaTC: Hardware Based Authorization & Trusted Platform Module	47.070	CNS-1566530	31,466	-
REU Site: Advances of Machine Learning in Theory & Applications	47.070	CNS-1560345	113,453	-
REU Sites: Research at the Intersection of Biology and Mathematics	47.074	DBI-1359341	63,162	-
IDBR (Type A): Development of App and Web Interface for Automated	47.074	DBI-1152306	42,183	-
Investigating the Timing and Consequences of Pleistocene Megafaunal	47.074	DEB-1260983	62,324	-
Behavioral Correlates of Extremely High-Sensitivity Thermal	47.074	IOS-1052200	50,069	-
Collaborative Research: RET in Engineering and Computer Science Site	47.076	CNS-1200552	47,544	-
Collaborative Research: STEM Education in Virtual Worlds Workshop Series	47.076	DUE-1650342	1,015	-
Evaluating Students' Learning and Attitudes in a Virtual Chemistry Lab	47.076	DUE-1140841	15,852	-
Graduate Research Fellowship Program (L. Schwikert)	47.076	DGE-1444314	13,228	-
Growing the Community College Pipeline for Careers in Civil, Chemical	47.076	DUE-1356455	92,234	-
EDU: Collaborative: HACE Lab: An Online Hardware Security Attack	47.076	DGE-1623299	2,246	-
Collaborative Research: Climate Change and Predatory Invasion	47.078	1141877	22,102	301
CAREER: Micro and Nano Methods to Reveal Cell	47.082	ECCS-0845954	9	-
VentureWell, Pathways Program 2015	N/A	N/A	3,176	-
Subtotal, National Science Foundation:			2,061,093	45,250

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<u>FEDERAL</u>				
RESEARCH AND DEVELOPMENT CLUSTER (continued):				
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<u>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</u>				
<i>Florida Space Grant:</i>				
FSG, NASA Lunabotic Competition	43.999	UCF01-0000262768	992	-
FSG, Atomic Force Microscopy for Space Alliance	N/A	UCF01-0000242593	5,862	-
UCF-FSG, Self-assembly in Biology and the Origin of Life (SABOL)	43.999	NNX10AM01H	1,920	-
UCF-FSG, Development of Compact Sensors for Neurophysiological	43.999	NNX15A110H	14,945	-
UCF-FSG, Thermal Evaluation on ISRU Manufacture of Building Material	43.999	NNX15A101H	21,196	-
UCF-FSG, 2015-2016 Hybrid Rocket Competition 2 - Student Teams	43.999	NNX10AM01H	490	(35)
UCF-FSG, A Martian Regolith Simulant Database	43.999	NNX10AM01H	7,499	-
UCF-FSG, Noval Inexpensive Biomufacturing Platforms for 3D Culture	43.999	NNX15A110H	7,983	-
UCF-FSG, Testing the Wind-shock Paradigm for B-type Star X-ray	43.999	NNX10AM01H	1,780	-
UCF-FSG, Mid to Long IR SPP SPLP Enhanced Hybrid Interometer	43.999	NNX10AM01H	510	-
UCF-FSG, Thermal Driven Production of Commodities from Interplanetary	43.999	NNX10AM01H	3,327	-
UCF-FSG, 2016-2017 Hybrid Rocket Competition 2 - Student Teams	43.999	NNX10AM01H	1,000	-
UCF-FSG, 2016-2017 Student Collaborative Project: NASA Robotic	43.999	NNX10AM01H	1,988	-
UCF-FSG, 2016-2017 Senior Design Student Project: CubeSat	43.999	NNX10AM01H	513	-
UCF-FSG, 2016-2017 Senior Design Student Project: Cerebus	43.999	NNX10AM01H	498	-
ERAU, Propellant Depot Modeling	43.999	NNX515-004	6,678	-
<u>NASA SHARED SERVICES CENTER</u>				
<u>NASA Goddard SpaceFlight Center</u>				
UNH, Mounds, Microclimates, and Maize: Understanding the Influence	43.001	NNX13A040G	91,967	-
Erosion on Titan as Revealed by its Crater Population	43.001	NNX14AE09G	27,275	10,608
UNH, Multi-scale Investigation of the Energetic Particle Behavior	43.001	NNX14AJ53G	42,438	-
Global System Based Approach to Test a Mechanism of the IBEX	43.001	NNX14AP24G	71,968	16,952
Probing Centrifugal Magnetospheres of B-type Stars	43.001	NNX15AG33G	3,360	-
RapidSCAT Sigma-0 and Tb Measurements Validation	43.001	NNX15AT70G	22,143	-
Connecting Theory and Simulations of Turbulence in the Inner	43.001	NNX15AB74G	123,941	-
NASA SFRO: Experimental Investigation of Polyimide Wire Repair System	43.001	NNX16AK66A	18,370	-
A New Tool for Studying Jupiter's Clouds, Storms and Vortices - FIT	43.001	NNX16AQ03G	4,993	-
Regolith Dispersion from Rocket Plume Cratering During Lunar Landing	N/A	NNX12AK72G	17,156	-
<u>Space Telescope Science Institute (STSCI):</u>				
The Physics of the Jets of Powerful Radio Galaxies and Quasars	N/A	HST-GO-13674.001-A	26,934	-
Probing the Extreme Wind Confinement of the Most Magnetic O	N/A	HST-GO-13734.011-A	21,266	-
Extreme Variability in the M87 Jet	N/A	HST-GO-13759.003-A	2,252	-
The Intriguing Formation of Haumea's Satellites	N/A	HST-GO-13873.001-A	250	-
<u>Other NASA Programs:</u>				
PENN, Inferring the Architectures of Planetary Systems from Kepler	43.001	NNX14A176G	33,499	-
UHN, Drought Induced Vegetation Change and Fire in Amazonian Forests	43.001	NNX14AD31G	22,449	-
UMBC, Energetics, Physics, and Impact of Large-scale Jets: Fast	43.001	NNX15AE55G	41,653	-
Probing the Magnetic Structure of the Heliosphere with MeV and TeV	43.001	NNX15AN72G	18,826	912
UCF, NRA Research Opportunities in Space & Earth Sciences	43.001	NNX118AD87G	57,042	-
UNM, NASA Swarmathon	43.008	NNX15AM14A	24,787	-
NSTRF - Experimental, Numerical and Analytical Characterization	43.009	NNX14AM08H	18,807	-
Assessment, Diagnostics, Corrections and Ground Testing of RINGS	43.009	NNX15Q85A	5,536	-
SVGS-Based Navigation of Rings onboard ISS	43.009	NNM17AA03A	2,697	-
SAS, Propellant Automated Rendezvous and Transfer Project Technology	N/A	14-0002	(1,787)	-
SAS, Flow Loss Through Corrugated Lines with Various Bend Angles	N/A	NNJ09GA02B	19,083	-
SAO, 3C 111: An Ideal Galaxy For Revealing Jet Physics	N/A	NAS8-03060	(1,103)	-
SAO, NGC 1624-2: The O-type Star with the Strongest Magnetic	N/A	NAS8-03060	25,947	-
SAO, Testing the Wind-shock Paradigm for B-type Star X-ray	43.001	NAS8-03060	37,489	-
SAO, Radiative Cooling in 2D and 3D Modles of Magnetically	43.001	NAS8-03060	14,313	-
SAO, Phase-resolved Chandra Grating Analysis of the Prototype	43.001	NAS8-03060	29,990	-
SAO, A Probe of the Hybrid Colliding Wind and Centrifugal	43.001	NAS8-03060	15,000	-
CASIS, Development and Deployment of Change Injection Device	N/A	NNH11CD70A	4,328	-
Abacus Technology, IDEAS: Innovative Display and Environmental	N/A	NNK08OH01C	4,954	-
QNA, Distillation Brine Purification for Resource Recovery	N/A	NNK11EA08C	88	-
Investigation of the Radio Signatures Produced by Cosmic-ray	N/A	NNK12A002H	4,276	-
A.I. Solutions, Flexible Body Control Demonstration Using Fiber	N/A	NNK13LA12C	96,476	-
A.I. Solutions, Feasibility Study of Solid State Nitrogen Gas Generator	N/A	NNK12LA12C	2,160	-
X-ray Diffraction Analysis of Aggregating Proteins and Amyloid Fibers	N/A	NNK13OB11C	18,420	-
KSC, Propellant Automated Rendezvous and Transfer Project Technology	N/A	NNK14LB27P	225	-
JPL, Aerospace-Mechanical-Electrical Integration & Test Model	N/A	NNN12AA01C	9,853	-
Gordon Nelson & Assoc., New Flexible FR Polyurethane Foams	N/A	NNX13CK18C	39,907	-
An investigation of Solar Energetic Particles from Poorly Concentrated	N/A	NNX15AB76G	46,919	-
NSBRI, Mitigation of the Spacecraft Radiation Environment Via	N/A	N/A	19,315	-
Testing Analytical & Numerical Models in Phase Coarsening Using NASA	43.007	NNX16AT74G	16,306	-
NASA IPA Agreement (Oluseyi)	N/A	N/A	62,831	-
Subtotal, National Aeronautics and Space Administration:			1,241,780	28,437
<u>U.S. ARMY</u>				
Brockington & Associates, Everglades Paleocology Study	N/A	W912EP-13-F-0020	18,983	-
ARO, Refinement and Validation of the 3CS Assessment Project	12.431	W911NF-16-2-0011	49,250	(1,000)
Modus Operandi, Fluxus SBIR Phase II - Task Order 002	N/A	6266-15-120	22,681	-
Modus Operandi, Review of PRT for Use in Automatic Processing	N/A	6272-16-120	20,737	-
Toward A Theory of Trust Development, Violation, & Repair Across	12.630	N61340-15C-0024	109,313	4,000
Evaluating Cross-Shore Sediment Grain Size Distribution Sediment	12.630	W912HZ-17-2-0011	1,472	-
Subtotal, U.S. Army:			222,436	3,000

See independent auditor's report.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
AS OF APRIL 30, 2017

Federal Grantor / Pass-through Grantor / Program Title	Federal CFDA State CSFA Numbers	Agency Contract/Grant Number	Federal / State Expenditures	Passed Through to Subrecipients
<u>FEDERAL</u>				
RESEARCH AND DEVELOPMENT CLUSTER (continued):				
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
<i>National Academy of Sciences, Remote Sensing w/ Mobile LiDAR</i>	N/A	FR-RRD-0058-14-01-00	20,695	674
<i>Univ. of S. Alabama, Alabama Archaeology</i>	N/A	N/A	2	-
<i>Development and Testing of the Miniaturized Pavement Pressuremeter</i>	N/A	BDV28	128,054	-
Subtotal, U.S. Department of Transportation:			148,751	674
<u>U.S. DEPARTMENT OF JUSTICE</u>				
<i>Office of the Attorney General, Victims of Crime Act (VOCA)</i>	16.575	V11046	36	-
<i>Office of the Attorney General, Victims of Crime Act (VOCA)</i>	16.575	V12046	461	-
<i>Office of the Attorney General, Victims of Crime Act (VOCA) 2013-2014</i>	16.575	V13046	7,575	320
<i>Office of the Attorney General, Victims of Crime Act (VOCA) 2014-2015</i>	16.575	V169-14046	(9,226)	-
<i>Office of the Attorney General, Victims of Crime Act (VOCA) 2015-2016</i>	16.575	V169-14046	23,130	-
<i>Office of the Attorney General, Victims of Crime Act (VOCA) 2016-2017</i>	16.575	V169-14046	19,649	-
Subtotal, U.S. Department of Justice:			41,625	320
<u>UNITED NATIONS, COMPREHENSIVE NUCLEAR-TEST-BAN TREATY ORGANIZATION</u>				
<i>General Dynamics, GDAIS RASA</i>	N/A	51ESM751649	427	-
<i>General Dynamics, GDAIS RASA</i>	N/A	51ESM830782	6,266	-
Subtotal, United Nations, Comprehensive Nuclear-Test-Ban Treaty Org:			6,693	-
<u>U.S. DEPARTMENT OF STATE</u>				
<i>IREX, Iraq University of Linkages Program - 2015 Small Grants</i>	19.021	SIZ-100-11-GR052	32,863	-
<i>Carbon-14 Elevations as a Indicator of Underground Weapons Testing</i>	N/A	SAQMMA16M2264	57,398	-
Subtotal, U.S. Department of State			90,261	-
<u>OTHER</u>				
<i>Olgoonik Fairweather, ANIMIDA III</i>	N/A	M13PC00019	40,787	-
Subtotal, Other:			40,787	-
Subtotal, Research and Development Cluster:			\$ 8,821,868	\$ 248,218
<u>CORPORATION FOR PUBLIC BROADCASTING</u>				
<i>Corporation for Public Broadcasting</i>	N/A	N/A	\$ 101,848	\$ -
Subtotal, Corporation for Public Broadcasting:			101,848	-
<u>U.S. DEPARTMENT OF VETERANS AFFAIRS</u>				
<i>IPA Agreement - Dr. Che</i>	N/A	580D52019	7,518	-
<i>IPA Agreement - Dr. Che</i>	N/A	580D72093	11,868	-
<i>Post 9/11 Veterans Educational Assistance</i>	64.028	N/A	8,312,932	-
Subtotal, U.S. Department of Veterans Affairs:			8,332,318	-
STUDENT FINANCIAL AID CLUSTER:				
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Federal Supplemental Educational:				
<i>Opportunity Grant Program</i>	84.007	N/A	581,257	-
<i>Federal Work Study Program</i>	84.033	N/A	578,949	-
<i>JLD 11-12</i>	84.033	N/A	66,450	-
<i>Federal Perkins Loan Program</i>	84.038	N/A	822,875	-
<i>Federal Pell Grant Program</i>	84.063	N/A	8,415,535	-
<i>Subsidized Direct Lending</i>	84.268	N/A	10,563,426	-
<i>Unsubsidized Direct Lending</i>	84.268	N/A	35,116,385	-
<i>Plus Direct Lending</i>	84.268	N/A	10,997,052	-
<i>Grad Plus Direct Lending</i>	84.268	N/A	2,692,101	-
Subtotal, Student Financial Aid Cluster:			69,834,030	-
TOTAL FEDERAL EXPENDITURES			\$ 87,090,064	\$ 248,218
<u>STATE</u>				
<u>FLORIDA OFFICE OF INSURANCE REGULATIONS</u>				
<i>FIU - Development of Florida Public Model 2013-2014</i>	N/A	N/A	\$ 69,492	\$ -
<i>FIU - Enhancement of Florida Public Model w/ Storm Surge</i>	N/A	N/A	69,099	-
Subtotal, Florida Office of Insurance Regulations			138,591	-
<u>FLORIDA DIVISION OF EMERGENCY MANAGEMENT</u>				
<i>FIU - Investigation & Incorporation of WOW testing outputs in the Florida</i>	31.066	800006394-02	34,819	-
<i>FIU - Investigation and Incorporation of WOW testing outputs 2016-17</i>	31.066	800007429-01	2	-
Subtotal, Florida Division of Emergency Management			34,821	-
<u>FLORIDA DEPARTMENT OF HEALTH</u>				
Medical Services to Abused/Neglected Children				
<i>Family Learning Program 2012-2013</i>	64.006	CSABV	(47)	-
<i>Family Learning Program 2014</i>	64.006	CSABV	249	-
<i>Family Learning Program 2015</i>	64.006	CSABV	1,088	-
<i>Family Learning Program 2015-2016</i>	64.006	CSABV	19,083	-
<i>Family Learning Program 2016-2017</i>	64.006	CSABV	24,767	-
Subtotal, Florida Department of Health:			45,140	-

See independent auditor's report.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
AS OF APRIL 30, 2017

Federal Grantor / Pass-through Grantor / Program Title	Federal CFDA State CSFA Numbers	Agency Contract/Grant Number	Federal / State Expenditures	Passed Through to Subrecipients
<u>FLORIDA DEPARTMENT OF EDUCATION</u>				
Public Radio Stations Grant	48.056	857-99790-4S001	32	-
Public Radio Stations Grant	48.056	857-99790-6Q001	1,099	(6,388)
Public Radio Stations Grant	48.056	857-99790-7Q001	86,689	3,799
Subtotal, Florida Department of Education:			87,820	(2,589)
<u>FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION</u>				
<i>Brevard County (FDEP), Muck Dredging Project: Efficiency of Muck</i>	37.039	4500085050	41,093	99
<i>Brevard County (FDEP), Muck Dredging Project: Hydrologic & Water Quality</i>	37.039	4500085050	47,898	-
<i>Brevard County (FDEP), Muck Dredging Project: Biological Responses</i>	37.039	4500085050	22,915	-
<i>Brevard County (FDEP), Muck Dredging Project: Biological Responses</i>	37.039	4500085050	41,751	-
<i>Brevard County (FDEP), Muck Dredging Project: Biological Responses</i>	37.039	4500085050	35,076	-
<i>Brevard County (FDEP), Muck Dredging Project: Movement Measurements</i>	37.039	4500085050	60,068	-
<i>Brevard County (FDEP), Muck Dredging Project: Water and Sediment Quality</i>	37.039	S0714	48,064	-
<i>Brevard County (FDEP), Muck Dredging Project: Subtask 1</i>	37.039	S0714	36,731	-
<i>Brevard County (FDEP), Muck Dredging Project: Subtask 2</i>	37.039	S0714	34,659	-
<i>Brevard County (FDEP), Muck Dredging Project: Subtask 4</i>	37.039	S0714	284,654	-
<i>Brevard County (FDEP), Muck Dredging Project: Subtask 6</i>	37.039	S0714	19,140	-
<i>Brevard County (FDEP), Muck Dredging Project: Subtask 8</i>	37.039	S0714	191,483	-
<i>Brevard County (FDEP), Muck Dredging Project: Subtask 9</i>	37.039	S0714	29,279	9,710
<i>Brevard County (FDEP), Muck Dredging Project: Subtask 5</i>	37.039	S0714	71,098	14,583
<i>Brevard County (FDEP), Muck Dredging Project: Subtask 7</i>	37.039	S0714	58,983	-
<i>Brevard County (FDEP), Muck Dredging Project: Subtask 3</i>	37.039	S0714	54,033	-
<i>Florida Inland Navigation Dist., Indian River Reach 1 Muck Study</i>	N/A	ICWR-IR-14-01	(285)	-
<i>Sebastian Inlet Tax District Commission - State of the Inlet Analysis 2014</i>	N/A	W/O: 1314-011-FIT	(2,019)	-
<i>Sebastian Inlet Tax District Commission - Wave, Weather and Tide Data</i>	N/A	W/O: 1415-002-FIT	1,499	-
<i>Sebastian Inlet Tax District Commission - Wave, Weather and Tide Data</i>	N/A	W/O: 1516-001-FIT	97,385	7,351
<i>Sebastian Inlet Tax District Commission - Wave, Weather and Tide Data (Equ)</i>	N/A	W/O: 1516-001-FIT	2,500	-
<i>Sebastian Inlet Tax District Commission - Wave, Weather and Tide Data Collection</i>	N/A	W/O: 1617-001-FIT	11,244	1,685
<i>Sebastian Inlet Tax District Commission - Wave, Weather and Tide Data Collection</i>	N/A	W/O: 1617-001-FIT	10,773	-
<i>Sebastian Inlet Tax District Commission - State of the Inlet Analysis 2015-16</i>	N/A	W/O: 1415-010-FIT	31,750	3,300
<i>Sebastian Inlet Tax District Commission - State of the Inlet Analysis 2016-17</i>	N/A	W/O: 1516-012-FIT	30,259	-
<i>Marine Resource Council , NEP SJRWMD Outreach</i>	N/A	N/A	11,461	-
Subtotal, Florida Department of Environmental Protection:			1,271,492	36,728
<u>FLORIDA DEPARTMENT OF TRANSPORTATION</u>				
FDOT Training: FRP Composites Short Course	N/A	N/A	1,329	-
Proof of Concept for Using Unmanned Aerial Vehicles	N/A	N/A	25,754	-
Improving Design Phase Evaluations for High Pile Rebound Sites	N/A	N/A	9,795	-
Accuracy, Consistency and Reliability of Raw Traffic Data from Vehicle	N/A	BDV28 977-03	66,968	-
Subtotal, Florida Department of Transportation:			103,846	-
<u>FLORIDA DEPARTMENT OF HIGHWAY SAFETY AND MOTOR VEHICLES</u>				
Specialty License Plate	76.049	N/A	5,681	-
<i>FAU, Assessing the Impacts of HAB Toxins on Dolphins</i>	76.011	AWD000932	14,975	-
<i>FAU, Dolphins as Sentinels for Harmful Algal Bloom Toxin</i>	76.011	AWD001123	409	-
<i>Mote Marine Lab - Effects of Elevated pCO2 and Temperature on Larval</i>	76.069	POR-2013-10	5,445	-
Subtotal, Florida Department of Highway Safety and Motor Vehicles:			26,510	-
<u>FLORIDA DEPARTMENT OF ECONOMIC OPPORTUNITY</u>				
<i>Space Florida - FAA COE CST Matching Funds Program</i>	40.004	15-062	4,000	-
<i>East Coast Zoological Society of Florida - Restoring Natural Filtration</i>	40.012	HL037	93,001	-
Subtotal, Florida Department of Economic Opportunity:			97,001	-
<u>FLORIDA STUDENT FINANCIAL ASSISTANCE</u>				
Florida Resident Access Grant	48.064	N/A	3,211,500	-
Scholarships for Children of Deceased or Disabled Veterans	48.055	N/A	48,743	-
Florida Private Student Assistance Grant	48.054	N/A	466,486	-
Jose Marti Scholarship Challenge Grant	48.052	N/A	2,000	-
FL College Work Experience (FWEP08)	N/A	N/A	738	-
Subtotal, Florida Student Financial Assistance:			3,729,467	-
<u>OTHER STATE STUDENT FINANCIAL ASSISTANCE</u>				
Delaware State Grant	N/A	N/A	1,875	-
Subtotal, Other State Student Financial Assistance:			1,875	-
<u>FLORIDA BRIGHT FUTURES SCHOLARSHIPS</u>				
Academic Top Scholars Award (Bright Futures)	48.059	N/A	1,100	-
Florida Academic Scholars Award (Bright Futures)	48.059	N/A	643,338	-
Florida Medallion Scholars Award (Bright Futures)	48.059	N/A	471,394	-
Subtotal, Florida Bright Futures Scholarships:			1,115,832	-
Total, Student Financial Assistance and Bright Futures Scholarships:			4,847,174	-
TOTAL STATE, FINANCIAL ASSISTANCE AND BRIGHT FUTURES EXPENDITURES:			\$ 6,652,395	\$ 34,139

See independent auditor's report.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE YEAR ENDED APRIL 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The accompanying schedule of expenditures of federal awards and state financial assistance summarizes the expenditures incurred under all federal and state awards received by Florida Institute of Technology, Inc. (the "University") for the year ended April 30, 2017. For purposes of this schedule, federal awards and state projects include all grants, contracts, loans, and loan guarantee agreements entered into directly between the University and agencies and departments of the federal and state government and federal and state awards passed through other agencies. Expenditures for federal and state awards programs are recognized on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles*, and Audit Requirements for Federal Awards and Chapter 10.650, *Rules of the Auditor General*; therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements.

2. PROGRAM CLUSTERS

Federal Uniform Guidance and the Florida State Single Audit Act define a cluster of programs as a grouping of closely related programs that share common compliance requirements. According to this definition, we have determined the Student Financial Assistance Programs and Research and Development Programs to be Federal clusters of programs and the Florida Student Financial Assistance to be a State cluster of programs.

3. LOANS OUTSTANDING

The University had the following loan balances due to the federal government at April 30, 2017:

<u>Cluster/Program Title</u>	<u>Number</u>	<u>Outstanding</u>
Federal Perkins Loan Program	84.038	<u>\$ 4,636,651</u>

4. GUARANTEED STUDENT LOAN PROGRAMS

During the year ended April 30, 2017, the University processed new loans under the following Guaranteed Student Loan Programs:

	<u>Loans to Students</u>
Stafford Loans	\$ 45,679,811
Parents' Loans for Undergraduate and Graduate Students	<u>13,689,153</u>
Total Guaranteed Student Loan Program	<u>\$ 59,368,964</u>

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE YEAR ENDED APRIL 30, 2017

5. CONTINGENCY

The grant revenue amounts received are subject to audit and adjustment. If any expenditures are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the University. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

6. INDIRECT COST RATE

Under the current federally negotiated rate agreement, the University uses a predetermined indirect cost rate using a modified total direct cost base. This rate is in effect until April 30, 2019. The University applies a 45% indirect cost rate or a 22% off campus rate on a modified total direct cost basis to all federal grants, unless otherwise restricted by the agency.

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

SCHEDULE OF POPULATIONS, SAMPLES TESTED, AND QUESTIONED COSTS FOR FLORIDA STUDENT FINANCIAL ASSISTANCE PROGRAMS
YEAR ENDED APRIL 30, 2017

		Award Population		Award Sample			Questioned Costs				
		Amount	Recipients	Amount	% of Population Amount	Recipients	% of Population Recipients	Amount	% of Sample Amount	Recipients	% of Sample Recipients
Florida Academic Scholars Award	FLAS	\$ 643,338	222	\$ 137,926	21%	50	23%	\$ -	0%	-	0%
Florida Medallion Scholars Award	FLMS	471,394	229	102,179	22%	50	22%	-	0%	-	0%
Florida Top Scholars Award	CHAL	1,100	1	1,100	100%	1	100%	-	0%	-	0%
Florida Resident Access Grant	FRAG	3,211,500	1211	142,500	4%	50	4%	-	0%	-	0%
Florida Student Assistance Grant	FSAG	466,486	391	60,281	13%	50	13%	-	0%	-	0%
Florida Work Experience Program	FWEP	738	0	-	0%	0	0%	-	0%	-	0%
Jose Marti Scholarship Challenge Grant	JOSE	2,000	1	2,000	100%	1	100%	-	0%	-	0%
Scholarship for Children of Veterans	CDDV	48,743	10	48,743	100%	10	100%	-	0%	-	0%
		<u>\$ 4,845,299</u>	<u>2065</u>	<u>\$ 494,729</u>		<u>212</u>		<u>\$ -</u>		<u>-</u>	

See independent auditor's report.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees of
Florida Institute of Technology, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Florida Institute of Technology, Inc. (the "University" a nonprofit organization), which comprise the consolidated statement of financial position as of April 30, 2017, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 24, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Melbourne, Florida
August 24, 2017

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL

To the Board of Trustees of
Florida Institute of Technology, Inc.

Report on Compliance for Each Major Federal Program and State Project

We have audited Florida Institute of Technology, Inc.'s (the "University", a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and Chapter 10.650, *Rules of the Auditor General* that could have a direct and material effect on each of the University's major Federal programs and State projects for the year ended April 30, 2017. The University's major Federal programs and State projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its Federal awards and State financial assistance applicable to its Federal programs and State projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major Federal programs and State projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, *Rules of the Auditor General*. Those standards, the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program and State project occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program and State project. However, our audit does not provide a legal determination of the University's compliance.

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs and State projects for the year ended April 30, 2017.

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program and State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and State project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program or State project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program or State project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program or State project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Melbourne, Florida
August 24, 2017

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED APRIL 30, 2017

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

- | | |
|---------------------------------------------------------------------------|------------|
| 1. Type of auditor's report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | None noted |
| 3. Noncompliance material to the consolidated financial statements noted? | No |

Federal Awards

- | | |
|---------------------------------------------------------------------------------------------------------------|------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | None noted |
| 2. Type of auditor's report issued on compliance for major programs: | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.156(a)? | No |

4. Identification of major federal award programs:

CFDA Number

Name of Federal Program

Various

Student Financial Aid Programs
Cluster

- | | |
|-----------------------------------------------------------------------------|-------------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$2,606,642 |
| 6. Auditee qualified as a low-risk auditee? | Yes |

FLORIDA INSTITUTE OF TECHNOLOGY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED APRIL 30, 2017

SECTION I - SUMMARY OF AUDITOR'S RESULTS (continued)

State Financial Assistance

- | | | |
|----|-----------------------------------------------------------------------------------------|------------|
| 1. | Internal control over major projects: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiencies identified? | None noted |
| 2. | Type of auditor's report issued on compliance for major projects: | Unmodified |
| 3. | Any audit findings disclosed that are required to be reported under Rule 10.654(1)(h)4? | No |
| 4. | Any management letter issued under Rule 10.656(3)(e)? | No |

5. Identification of major state financial assistance projects:

CSFA Number

Various

48.059

Name of State Project

Florida Student Financial Assistance Cluster
The Florida Bright Futures Scholarship Programs

6. Dollar threshold used to distinguish between type A and type B projects:

\$300,000

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported

SECTION III - FINDINGS AND QUESTIONED COSTS

None reported

SECTION IV - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None reported