

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Florida Polytechnic University Foundation, Inc.
Lakeland, Florida

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of the Florida Polytechnic University Foundation, Inc. (the Foundation), a discretely presented component unit of Florida Polytechnic University, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation, as of June 30, 2024 and 2023, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2024, on our consideration of the Foundation'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 solely 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 the effectiveness of the Foundation's 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 Foundation's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Orlando, Florida
October 25, 2024

**FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)**

The management’s discussion and analysis of Florida Polytechnic University Foundation, Inc. (Foundation), a component unit of Florida Polytechnic University (the University), financial performance provides an overview of the Foundation’s financial activities for the years ended June 30, 2024, 2023, and 2022. It should be read with the accompanying financial statements and notes.

The Foundation was established in 2012, and the current Chief Executive Officer began serving in September 2019. Until fiscal year 2020, the University managed the Foundation’s accounting utilizing shared resources allowing the Foundation to begin build its investments through fundraising. Beginning in FY2020, the Foundation separated accounting from the University Finance and Administration Division and began managing the Foundations finances independently.

The Director of Advancement Operations (the Director) retired in April 2023 after serving from FY20 and was responsible for the transition of the accounting system from the University to the Foundation. This is the third audit of the Foundation and the first audit since the Director retired. A staff accountant was hired in February 2023 to train with the Director before his retirement in April 2023. The current staff accountant performed her first audit for the Foundation for FY23. In addition, a part-time accounting consultant was subsequently hired in June 2023 to assist the staff accountant and provide an additional layer of oversight for the Foundation.

Overview of the Financial Statements

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). See the notes to the financial statements for a summary of the Foundation’s significant accounting policies.

Pursuant to GASB Statement No. 35, *Basic Financial Statements—Management’s Discussion and Analysis—for Public Colleges and Universities*, the Foundation’s basic financial statements include: the statement of net position; the statement of revenues, expenses, and changes in net position; the statement of cash flows; and other required supplemental information.

Statement of Net Position – The statement of net position reflects the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Foundation, using the accrual basis of accounting, and presents the financial position of the Foundation at a specified time. Assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, equal net position, which is one indicator of the Foundation’s current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the Foundation’s financial condition. Restricted net position is comprised of expendable and nonexpendable and consists of assets that have constraints placed upon their use either by external donors or creditors or through laws or regulations imposed through constitutional provisions or enabling legislature. Nonexpendable assets represent endowment assets whose principal cannot be spent and are required by the donor to be held in perpetuity. Unrestricted net position consists of assets that do not meet the definition of restricted.

The Statement of Revenues, Expenses, and Changes in Net Position – The statement of revenues, expenses, and changes in net position presents the Foundation’s revenue and expense activity, categorized as operating and nonoperating. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

**FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Statement of Net Position

The following schedule is a summary of the Foundation's statements of net position as of June 30, 2024 and the two preceding fiscal years.

	2024	2023	2022	2024-2023 Increase (Decrease)	2023-2022 Increase (Decrease)
ASSETS					
Cash and Cash Equivalents	\$ 1,018,116	\$ 890,379	\$ 627,686	\$ 127,737	\$ 262,693
Investments	6,663,410	7,199,522	6,095,923	(536,112)	1,103,599
Contributions Receivable, Net	4,771,810	5,562,569	2,403,485	(790,759)	3,159,084
Other Assets	73,981	-	-	73,981	-
Total Assets	<u>\$ 12,527,317</u>	<u>\$ 13,652,470</u>	<u>\$ 9,127,094</u>	<u>\$ (1,125,153)</u>	<u>\$ 4,525,376</u>
LIABILITIES AND NET POSITION					
LIABILITIES					
Accounts Payable and Due to University	\$ 100,540	\$ 39,258	\$ 32,144	\$ 61,282	\$ 7,114
Other Liabilities	-	2,250,000	2,750,000	(2,250,000)	(500,000)
Total Liabilities	<u>100,540</u>	<u>2,289,258</u>	<u>2,782,144</u>	<u>(2,188,718)</u>	<u>(492,886)</u>
NET POSITION					
Restricted:					
Expendable	6,319,065	6,024,782	2,005,233	294,283	4,019,549
Nonexpendable Endowments	4,300,678	3,859,611	3,532,862	441,067	326,749
Unrestricted	1,807,034	1,478,819	806,855	328,215	671,964
Total Net Position	<u>12,426,777</u>	<u>11,363,212</u>	<u>6,344,950</u>	<u>1,063,565</u>	<u>5,018,262</u>
Total Liabilities and Net Position	<u>\$ 12,527,317</u>	<u>\$ 13,652,470</u>	<u>\$ 9,127,094</u>	<u>\$ (1,125,153)</u>	<u>\$ 4,525,376</u>

Total assets as of June 30, 2024, were \$12,527,317, a decrease of \$1,125,153 from the prior year. Total assets decreased due to a refund paid to a donor related to a conditional gift in the amount of \$2.25M, in addition to collections on pledges greater than new pledges received during the year ended June 30, 2024. Total liabilities decreased by \$2,188,715 which was mostly due to the refund of a conditional gift to the donor during the year ended June 30, 2024. The details behind the refund is in Note 4. The Foundation's net position as of June 30, 2024, was \$12,426,777, an increase of \$1,063,565 from the prior year due to positive philanthropic activity exceeding operational expenses during the year ended June 30, 2024.

Total assets as of June 30, 2023, were \$13,652,470, an increase of \$4,525,376 from the prior year. Total assets increased due to an increase in all asset categories. Total liabilities showed a decrease of \$492,886 due mostly to the \$500,000 revenue recognized from a deferred conditional gift. The Foundation's net position as of June 30, 2024, was \$11,363,212, an increase of \$5,018,262 from the prior year. The Foundation received a significant pledge from a single donor during the year related to university support.

As of June 30, 2024 and 2023, approximately 85% and 87%, of the Foundation's net position was restricted, of which approximately 35% and 34% are considered nonexpendable for endowments, respectively. The remaining 51% and 53% are restricted is for scholarships, capital funding, academic advancement, and student activities. As of June 30, 2024 and 2023, the remaining balance of net position, or approximately 15% and 13%, respectively, of the total net position, is unrestricted and may be used to meet the Foundation's unrestricted obligations.

**FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Statement of Revenues, Expenses, and Changes in Net Position

The following summarizes the Foundation's changes in net position for the fiscal year ended June 30, 2024 and the two preceding fiscal years.

	2024	2023	2022	2024-2023 Increase (Decrease)	2023-2022 Increase (Decrease)
REVENUES					
Contributions, Net	\$ 1,403,085	\$ 5,464,458	\$ 2,916,649	\$ (4,061,373)	\$ 2,547,809
Investment Earnings/(Losses)	985,669	686,121	(997,089)	299,548	1,683,210
University Support	413,578	276,800	-	136,778	276,800
Total Revenues	<u>2,802,332</u>	<u>6,427,379</u>	<u>1,919,560</u>	<u>(3,625,047)</u>	<u>4,507,819</u>
EXPENSES					
Services and Supplies	842,484	928,369	599,719	(85,885)	328,650
Scholarships, Fellowships, and Waivers	516,331	281,683	570,309	234,648	(288,626)
Other Operating Expenses	379,952	199,065	125,651	180,887	73,414
Total Expenses	<u>1,738,767</u>	<u>1,409,117</u>	<u>1,295,679</u>	<u>329,650</u>	<u>113,438</u>
CHANGE IN NET POSITION	1,063,565	5,018,262	623,881	(3,954,697)	4,394,381
Net Position - Beginning of Year	<u>11,363,212</u>	<u>6,344,950</u>	<u>5,721,069</u>	<u>5,018,262</u>	<u>623,881</u>
NET POSITION - END OF YEAR	<u>\$ 12,426,777</u>	<u>\$ 11,363,212</u>	<u>\$ 6,344,950</u>	<u>\$ 1,063,565</u>	<u>\$ 5,018,262</u>

During the year ended June 30, 2024, contributions to the foundation totaled \$1,403,085, a decrease of \$4,061,373 from fiscal year 2023. During the year ended June 30, 2023, contributions to the Foundation totaled \$5,464,458, an increase of \$2,547,809 from fiscal year 2022. Contributions to the Foundation represent unrestricted, scholarship, and endowment support. During the years ended June 30, 2024 and 2023, investment income increased by \$299,548 and \$1,683,210, respectively, from the prior years, mostly due to market performance increases correlated with current year investment contributions. University support is noncash revenue which represents payroll, benefits, and occupancy expenses paid by Florida Polytechnic University on behalf of the Foundation. These related expenses are recorded in services and supplies within operating expenses. During the year ended June 30, 2024, University support increased by \$136,778 due to increased foundation time and efforts on staff along with reevaluating time studies for the Foundation related staff. Prior to June 30, 2023, the university did not record university support.

During the year ended June 30, 2024, service and supplies expense decreased by \$85,885 due to no longer utilizing a third-party consultant expense related to philanthropic management and growth. During the year ended June 30, 2023, service and supplies expenses increased by \$328,650 due to added consultant expense for the Foundation's first fundraising campaign, audit expenses incurred for a mandated audit by the Board of Governors for all State University Direct Support Organizations, along with the non-cash expenses paid for by the University as mentioned before. During the year ended June 30, 2024 scholarships, fellowships, and waivers expense increased by \$516,331 due to higher funding amounts approved to be paid related to scholarship and endowment fundings to support students at the University. During the year ended June 30, 2023, scholarships, fellowships, and waivers expense decreased by \$288,626 due to a decrease in funding to the university during fiscal year 2023. During the years ended June 30, 2024 and 2023, other operating expenses increased by \$180,887 and \$73,414, respectively, mostly related to increased academic program expenses along with the University's 10-year gala fundraising event the year ended June 30, 2024.

**FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)**

Economic Factors

The Foundation continues to grow overall financial resources during the year which is a testament to the continued effort of the Advancement staff to utilize the best practice known as “moves management taking qualifying prospects from initial conversations of support for the Foundation culminating in the donor’s investment supporting the University through the Foundation. It is the objective of the Foundation to be a strong advocate for funding resources ensuring the university meets the strategic mission to serve students and industry through excellence in education, discovery, and application of engineering and applied sciences.

Request for Information

If you have any questions concerning the basic financial statements or other accounting information in this report, please contact the Foundation at:

Florida Polytechnic University Foundation
Kathleen (Kathy) Bowman, VP (Vice President) Advancement & CEO (Chief Executive Officer)
4700 Research Way, Lakeland, FL 33805

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
STATEMENTS OF NET POSITION
JUNE 30, 2024 AND 2023

ASSETS	<u>2024</u>	<u>2023</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,018,116	\$ 890,379
Unrestricted Investments	198,521	86,915
Pledge Receivable, Net	<u>772,143</u>	<u>941,603</u>
Total Current Assets	1,988,780	1,918,897
NONCURRENT ASSETS		
Pledge Receivable, Net	3,999,667	4,620,966
Restricted Noncurrent Assets:		
Investments - Endowment	4,190,908	3,510,727
Investments - Restricted for Other Long-Term Purpose	2,273,981	3,601,880
Deposits	<u>73,981</u>	<u>-</u>
Total Noncurrent Assets	<u>10,538,537</u>	<u>11,733,573</u>
 Total Assets	 <u>\$ 12,527,317</u>	 <u>\$ 13,652,470</u>
LIABILITIES AND NET POSITION		
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 71,935	\$ 752
Due to University	28,605	38,506
Other Liabilities	<u>-</u>	<u>2,250,000</u>
Total Current Liabilities	100,540	2,289,258
NET POSITION		
Restricted:		
Expendable:		
Scholarships	4,050,773	3,822,077
Capital Projects	1,763,292	1,697,705
Academia	505,000	505,000
Nonexpendable Endowments	4,300,678	3,859,611
Unrestricted	<u>1,807,034</u>	<u>1,478,819</u>
Total Net Position	<u>12,426,777</u>	<u>11,363,212</u>
 Total Liabilities and Net Position	 <u>\$ 12,527,317</u>	 <u>\$ 13,652,470</u>

See accompanying Notes to Financial Statements.

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
REVENUES		
Contributions, Net of Allowance and Discounts	\$ 1,019,475	\$ 5,162,708
University Support	413,578	276,800
Total Revenues	1,433,053	5,439,508
EXPENSES		
Services and Supplies	842,484	928,369
Scholarships, Fellowships, and Waivers	516,331	281,683
Other Operating Expenses	379,952	199,065
Total Expenses	1,738,767	1,409,117
OPERATING INCOME (LOSS)	(305,714)	4,030,391
NONOPERATING REVENUES (EXPENSES)		
Realized Gains/(Losses) on Investments, Interest, and Dividends	94,621	(12,654)
Unrealized Gain on Investments	891,048	698,775
Total Nonoperating Revenues	985,669	686,121
NET INCOME BEFORE ENDOWMENT CONTRIBUTIONS	679,955	4,716,512
ENDOWMENT CONTRIBUTIONS	383,610	301,750
CHANGE IN NET POSITION	1,063,565	5,018,262
Net Position - Beginning of Year	11,363,212	6,344,950
NET POSITION - END OF YEAR	\$ 12,426,777	\$ 11,363,212

See accompanying Notes to Financial Statements.

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Contributions	\$ 1,810,234	\$ 1,503,624
Cash Paid for Refunds of Contribution	(2,250,000)	-
Cash Payments for Services and Supplies	(428,906)	(644,455)
Cash Payments for Scholarships, Fellowships, and Waivers	(516,331)	(281,683)
Cash Payments for Other Operating Expenses	<u>(392,651)</u>	<u>(199,065)</u>
Net Cash Provided (Used) by Operating Activities	(1,777,654)	378,421
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(1,298,923)	(1,293,837)
Proceeds from Sale of Investments	2,568,912	662,657
Receipts from Interest and Dividends	<u>251,792</u>	<u>213,702</u>
Net Cash Provided (Used) by Investing Activities	1,521,781	(417,478)
NONCAPITAL FINANCING ACTIVITIES		
Endowment contributions Received for Other than Capital Purchases	<u>383,610</u>	<u>301,750</u>
Net Cash Provided by Noncapital Financing Activities	<u>383,610</u>	<u>301,750</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	127,737	262,693
Cash and Cash Equivalents - Beginning of Year	<u>890,379</u>	<u>627,686</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,018,116</u>	<u>\$ 890,379</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (305,714)	\$ 4,030,391
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Changes in Operating Assets and Liabilities:		
Pledge Receivables	790,759	(3,159,084)
Deposits	(37,101)	-
Accounts Payable	34,303	(31,392)
Due to University	(9,901)	38,506
Other Liabilities	<u>(2,250,000)</u>	<u>(500,000)</u>
Total Adjustments	<u>(1,471,940)</u>	<u>(3,651,970)</u>
Net Cash Used by Operating Activities	<u>\$ (1,777,654)</u>	<u>\$ 378,421</u>

See accompanying Notes to Financial Statements.

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Florida Polytechnic University Foundation, Inc. (the Foundation) was incorporated on October 30, 2012. Foundation was formed as a direct-support organization in accordance with Section 1004.28, Florida statutes, and operates exclusively for the benefit of Florida Polytechnic University (the University). The Foundation is considered a component unit of the University. The governing body of the Foundation is the board of directors (the Board). The Board is comprised of not less than 3 and not more than 45 elected directors, revised by the nominations committee, elected by the Board, and confirmed by the University board of trustees. The Foundation's purpose is to receive, hold, invest and administer property and to make expenses to or for the benefit of the University by encouraging alumni and friends to provide private funds and other resources for the University's benefit, to manage those assets, to provide volunteer leadership in support of the University's objectives and to perform all business matter to accomplish these purposes, and to exercise rights in intellectual property for the benefit of the University.

Reporting Entity

According to the Foundations bylaws and Section 1004.28, Florida statutes, the University board of trustees shall approve all appointments to the Foundation Board, resulting in University control of the Board. Therefore, the Foundation's financial statements are prepared in accordance with generally accepted accounting principles applicable to governmental nonprofit organizations as prescribed by the Governmental Accounting Standards Board (GASB).

In evaluating the Foundation as a reporting entity, there were no component units identified for which the Foundation is considered financially accountable.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting coupled with an economic resources measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Foundation applies accounting and financial reporting standards applicable to governmental entities. Accordingly, the Foundation applies statements issued by the Governmental Accounting Standards Board.

The Foundation is engaged only in business-type activities and is required to present the financial statements required for enterprise funds which are part of proprietary funds.

Proprietary funds account for their activities similar to those found in the private sector, where cost recovery and the determination of net income are useful or necessary for sound fiscal management. The focus of proprietary fund measurement is upon the determination of operating income, changes in net position, financial net position and cash flows. Currently, the Foundation reports its proprietary fund activities in a single enterprise fund.

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents, and Restricted Cash

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Cash balances held for restricted purposes are shown as restricted cash on the statements of net position and are excluded from cash and cash equivalents.

Contributions Receivable

The Foundation accounts for its pledges in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Unrestricted and restricted contributions receivable are recorded in the statement of net position. If management expects the cash from the contribution receivable to be received more than one year in the future, the promises to give revenue and receivable are discounted for the time value of money (i.e., net present value). Endowment pledges are not recognized in the statement of net position. These contributions are not revalued in subsequent years and the Foundation has not elected the fair value option. Discount amortization is recognized as contribution revenue in subsequent years.

Management reviews, and if applicable, estimates an allowance for uncollectible promises based on historical write-offs. Contributions are reported at net realizable value in the initial year and a discount is recorded, if applicable.

Investments

Investments consist primarily of assets invested in marketable equity and debt securities and money market accounts. Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. The realized and unrealized gain or loss on investments is reflected in the statement of revenue, expenses, and change in fund balance.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that change in the fair values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of net position.

Investment Income

Gains or losses on the sale of the investments are based on the weighted-average cost method. Realized gains (losses) are recognized based on the trade date for investments sold during the year. For investments held as of year-end any changes in fair value during the year are recorded as unrealized gains (losses) for the year. Interest and dividend income is recognized as revenue in the period earned.

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deposits

Deposits primarily consist of amounts paid in advance to vendors for assets the Foundation has not yet received which will provide future benefit to support the Foundations.

Net Position

Classification of net position is defined as follows:

- **Restricted Net Position** – This category represents the net position of the Foundation which is restricted by constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through enabling legislation.

Expendable – This portion of restricted net position comprises expendable funds with restrictions to use for the benefit of various programs at the University, including the expendable portion of endowment funds.

Nonexpendable – This portion of restricted net position consists of nonexpendable funds with restrictions to use for the benefit of various programs at the University. The corpus of the permanent endowments are retained while the net earnings or losses on endowment funds are included in expendable funds available for expense.

- **Unrestricted Net Position** – Represents funds that are available without restriction for carrying out the Foundation's objectives.

Net Position Flow Assumption – Sometimes the Foundation will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted and unrestricted, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Foundation's policy to consider restricted funds to have been depleted before unrestricted funds are applied.

Revenue Recognition

The Foundation recognizes gifts of cash, investment securities, or pledges receivable as revenue when all eligibility requirements have been met with the exception of pledges to the endowment which are recognized when funds are received. Donations of securities and other nonmonetary items are recorded as revenue based on their acquisition value at the date of the gift. Donated services are not recognized by the Foundation. Conditional promises to give are not recognized until the condition has been met.

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating and Nonoperating Activities

Operating revenues and expenses represent ongoing activities of the Foundation, as well as ongoing activities that are in support of the University's programs. Operating activities relate to the Foundation's principal function, which is to solicit, receive, hold, invest, and administer charitable contributions for the benefit of the University. Operating revenues also include University related support. Nonoperating revenues include investment returns.

Income Tax Status

The Foundation is a nonprofit organization that is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). Unrelated business income, as defined by Section 509(a)(1) of the IRC is subject to federal income tax. The Foundation currently has no unrelated business taxable income. Accordingly, no provision for income taxes has been recorded.

The Foundation has reviewed and evaluated the relevant technical merits of its tax position in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes and determined that there are no uncertain tax positions that would have a material impact on the financial statements.

Compensated Absences, Other Postemployment Benefits, and Pension Liability

Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave pursuant to Section 6C-5.920, Florida Administrative Code. Leave earned is accrued to the credit of the employee and records are kept on each employee's unpaid (unused) leave balance. Employees also accrue retirement benefits for pension and other postemployment benefits over the time of employment at the University. Since all the employees who work for the Foundation are considered employees of the University, this compensated absences liability, along with liabilities for pensions and other postemployment benefits, is reported by the University and therefore is not reflected on the Foundation's financial statements.

Use of Estimates

The preparation of 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. Net position and changes in net position are unchanged as a result of the reclassifications.

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and Cash Equivalents

At June 30, 2024, the recorded amount of cash and cash equivalents of the Foundation's deposits was \$1,018,116. Operating bank account balances as of June 30, 2024, were \$938,880. Cash equivalents as of June 30, 2024, include \$77,138 of money market funds held in brokerage accounts with an average duration of less than one year and a credit rating of AAA.

At June 30, 2023, the recorded amount of cash, cash equivalents, and restricted cash of the Foundation's deposits was \$890,379. Operating bank account balances as of June 30, 2023, were \$835,944. Cash equivalents as of June 30, 2024, include \$70,345 of money market funds held in brokerage accounts with an average duration of less than one year and a credit rating of AAA.

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Foundation will not be able to recover deposits. Cash deposits consist of noninterest-bearing demand deposits, money market accounts and cash deposits.

At June 30, 2024 and 2023, \$690,978 and \$570,034, respectively, in cash deposits are not insured by federal deposit insurance and are not collateralized.

Investments

The goal of the Foundation's investments is set forth in the investment policy manual as approved by the Foundation's board of directors. Such goal is designed to maximize growth, minimize risk, and provide lasting income in support of the University. The investment policy manual also provides information on asset classes, target allocations and ranges of acceptable investment categories. However, the policy does not address specific types of risks such as credit risk and interest rate risk that the Foundation may be exposed to as outlined below.

Investments are allocated across the following investment strategies at June 30:

	2024	2023
Equity Mutual Funds	\$ 4,342,809	\$ 4,712,001
Bonds Mutual Funds	2,320,601	2,487,521
Total Investments	<u>\$ 6,663,410</u>	<u>\$ 7,199,522</u>

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. It is the Foundation's policy to require that all securities be held by the Foundation's agent in the Foundation's name. The Foundation's investments as of June 30, 2024 and 2023, are uninsured and registered with securities held by the Foundation's agent in the Foundation's name.

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Credit Risk

Credit risk is the risk that an insurer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law does not limit investment options of the Foundation. The Foundation had no policy on credit risk. Presented below is the actual rating as of June 30, 2024 and 2023, for each type of investment.

<u>Investment Type</u>	<u>Rating</u>	<u>2024</u>	<u>2023</u>
Mutual Funds:			
Equity Funds	NR	\$ 4,342,809	\$ 4,712,001
Bonds Funds	NR	2,320,601	2,487,521
Total Investments		<u>\$ 6,663,410</u>	<u>\$ 7,199,522</u>

Interest Rate Risk

Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. The Foundation had no policy on interest rate risk.

As of June 30, 2024, the Foundation had the following investments and related maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>		
		Less than <u>1 year</u>	<u>1 - 5 Years</u>	<u>> 5 Years</u>
Mutual Funds:				
Equity Funds	\$ 4,342,809	\$ 4,342,809	\$ -	\$ -
Bonds Funds	2,320,601	2,320,601	-	-
Total Investments	<u>\$ 6,663,410</u>	<u>\$ 6,663,410</u>	<u>\$ -</u>	<u>\$ -</u>

As of June 30, 2023, the Foundation had the following investments and related maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>		
		Less than <u>1 year</u>	<u>1 - 5 Years</u>	<u>> 5 Years</u>
Mutual Funds:				
Equity Funds	\$ 4,712,001	\$ 4,712,001	\$ -	\$ -
Bonds Funds	2,487,521	2,487,521	-	-
Total Investments	<u>\$ 7,199,522</u>	<u>\$ 7,199,522</u>	<u>\$ -</u>	<u>\$ -</u>

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurement and Application*, establishes a framework for measuring fair value through a 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The level of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The fair value hierarchy prioritizes the inputs into three broad levels:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that government can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for an asset or liability either directly or indirectly.

Level 3 – Unobservable inputs for an asset or liability.

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 use of unobservable inputs.

The following tables present the assets measured at fair value on a recurring basis on the statements of net position for the year ended June 30, 2024, by the GASB Statement No. 72 hierarchy (as described above).

Investment Type	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Mutual Funds:				
Equity Funds	\$ 4,342,809	\$ 4,342,809	\$ -	\$ -
Bonds Funds	2,320,601	2,320,601	-	-
Total Investments	<u>\$ 6,663,410</u>	<u>\$ 6,663,410</u>	<u>\$ -</u>	<u>\$ -</u>

The following tables present the assets measured at fair value on a recurring basis on the statements of net position for the year ended June 30, 2023.

Investment Type	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Mutual Funds:				
Equity Funds	\$ 4,712,001	\$ 4,712,001	\$ -	\$ -
Bonds Funds	2,487,521	2,487,521	-	-
Total Investments	<u>\$ 7,199,522</u>	<u>\$ 7,199,522</u>	<u>\$ -</u>	<u>\$ -</u>

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 3 PLEDGE RECEIVABLE

Pledges receivable future collections, the discount, and the related allowance for potentially uncollectible amounts are summarized as follows at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Pledges Receivable	\$ 5,459,845	\$ 6,391,603
Less: Allowance for Doubtful Amounts	(12,371)	-
Less: Discount on Future Payments	(675,664)	(829,034)
Total Pledges Receivables, Net	<u>\$ 4,771,810</u>	<u>\$ 5,562,569</u>
Current Pledges Receivable, Net	\$ 772,143	\$ 941,603
Noncurrent Pledges Receivable, Net	3,999,667	4,620,966
Total Pledges Receivable, Net	<u>\$ 4,771,810</u>	<u>\$ 5,562,569</u>

Noncurrent pledges receivable are net of discounts on future payments using a risk-free interest rate at the time the pledge was initially recognized. Discount rates used for pledges currently outstanding range from 3.01% to 4.33%.

NOTE 4 OTHER LIABILITIES – DEFERRED/CONDITIONAL GIFT

During fiscal year 2014, an anonymous donor gave \$5,000,000 to the Foundation in the form of a conditional gift which was not recognized as revenue until the donor and the Foundation agreed to terms. According to the second amendment to the donation agreement, \$250,000 was returned to the donor in fiscal year 2015. \$2,000,000 of the donation was designated for unrestricted purposes. Funds were available in a dollar-for-dollar match as donations were received from additional donors. During fiscal year June 30, 2014, \$447,200 was matched and recognized as revenue. During fiscal year-end June 30, 2015, the remaining \$1,552,800 was matched, collected, and recognized as revenue. The remaining \$2,750,000 could not be used until the anonymous donor and Foundation enter an agreement as to how the funds will be released. The second amendment of the donation agreement states, if a written agreement is not reached on or before August 1, 2015, the anonymous donor may at any time, upon its written request, request a refund of the remainder of the donation. If this event occurs, the Foundation is required to return the \$2,750,000 to the anonymous donor within 30 days of the anonymous donor's written request. During the year ended June 30, 2023, the donor and the University came to an agreement to utilize \$500,000 on a high-level endowed chair (Distinguished Chair). This \$500,000 was released and no longer subject to being returned. At June 30, 2023, The Foundation had \$2,250,000 in other liabilities which represented the remainder of the conditional gift not yet recognized. In April 2024, the donor requested a refund of remaining \$2,250,000. The Foundation returned the funding to the donor in June 2024.

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 5 ENDOWMENT

The Foundation's endowment balance is comprised of funds established for the purposes of scholarships. As of June 30, 2024, the endowments investment and cash account balances were combined \$4,300,678. The endowment recovered is previous years underwater funds during the year ended June 30, 2024 due to positive market results.

As of June 30, 2023, the endowments investment and cash account balances were combined \$3,576,196; however, the endowment balance was \$3,859,611 of which \$283,415 is a reduction of unrestricted net position, to cover the investment losses and underwater endowments.

The Foundation authorizes expenses for the uses and purposes for which endowment funds were established. The Foundation's general total spending rate for eligible endowments was calculated in accordance with the Foundation's investment policy and used a total spending rate of 4.0% for fiscal years 2024 and 2023. The total spending rate for each fund is determined by the finance committee on an annual basis and is approved by the Foundation Board.

The Foundation is allowed to spend a portion of the total return on endowment funds for current year needs. Any remainder of the total return is to be reinvested to keep pace with and exceed inflations.

NOTE 6 RELATED PARTY TRANSACTIONS

The Foundation is the primary fundraiser for the University; in return, the University provides administrative and fundraising support to the Foundation for salaries and related benefits which are reported as University Support, on the statement of revenues, expenses, and changes in net position.

During the years ended June 30, 2024 and 2023, the Foundation provided scholarships, and other academic support in the amounts of \$676,503 and \$595,137, respectively, to the University. Amounts owed to the University as of June 30, 2024 and 2023 related to these items were \$28,605 and \$30,506, respectively, which are reported as due to University, on the statements of net position.

During the years ended June 30, 2024 and 2023, contribution revenue from the Foundation board of directors and University board of trustees totaled \$115,300 and \$69,253, respectively. Outstanding pledges receivables from board members at June 30, 2024 and 2023, were \$82,500 and \$52,584, respectively.

NOTE 7 CONCENTRATIONS

During the years ended June 30, 2024 and 2023, approximately 39% and 67%, respectively of the total contribution revenue recorded was from one donor (unique donor each year). The unique donor from 2023 has outstanding pledges which represent 69% and 74% of total pledge receivables as of June 30, 2024 and 2023, respectively.



**INDEPENDENT AUDITORS' 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***

Board of Directors
Florida Polytechnic University Foundation, Inc.
Lakeland, Florida

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 financial statements of the Florida Polytechnic University Foundation, Inc. (Foundation), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated October 25, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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 or significant deficiencies may exist that were not identified.


Board of Directors
Florida Polytechnic University Foundation, Inc.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation'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 financial statements. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Orlando, Florida
October 25, 2024



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