



Florida Polytechnic University Foundation, Inc.

FINANCIAL STATEMENTS

June 30, 2022



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REPORT





Carr, Riggs & Ingram, LLC
3000 Bayport Drive
Suite 500
Tampa, FL 33607

813.855.3036
813.207.2998 (fax)
CRIcpa.com

INDEPENDENT AUDITORS' REPORT

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

Opinions

We have audited the accompanying financial statements of the Florida Polytechnic University Foundation, Inc. (Foundation), as of and for the year ended June 30, 2022, 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 respective financial position of the Foundation, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's 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 opinions.

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 opinions. 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 and budgetary comparison information 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 November 16, 2022, 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Tampa, Florida
November 16, 2022



MANAGEMENT'S DISCUSSION AND ANALYSIS



Florida Polytechnic University Foundation, Inc.
Management's Discussion and Analysis
June 30, 2022

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

Financial Highlights

As of June 30, 2022, the Foundation reported total assets of \$9,127,094 total liabilities of \$2,782,144 and a net position of \$6,344,950. The Foundation is a not-for-profit corporation incorporated in the State of Florida, but reports financial information in accordance with the Governmental Accounting Standards Board (GASB).

Overview of the Financial Statements

The basic financial statements consist of three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows.

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, equals 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.

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
June 30, 2022

Statement of Net Position

As noted above, net position may serve, over time, as a useful indicator of a government's financial position. The following schedules provide a summary of assets, liabilities, and net position and changes in net position of the Foundation:

<i>June 30,</i>	2022	2021	Increase (Decrease)
Assets			
Cash and cash equivalents	\$ 627,686	\$ 801,388	\$ (173,702)
Investments	6,095,923	7,256,294	(1,160,371)
Contributions receivable, net	2,403,485	441,000	1,962,485
Total assets	\$ 9,127,094	\$ 8,498,682	\$ 628,412
Liabilities			
Accounts payable	\$ 32,144	\$ 27,616	\$ 4,528
Other liabilities	2,750,000	2,750,000	-
Total liabilities	2,782,144	2,777,616	4,528
Net Position			
Restricted for			
Expendable	2,005,233	880,969	1,124,264
Nonexpendable Endowments	3,532,862	3,568,738	(35,876)
Unrestricted	806,855	1,271,362	(464,507)
Total net position	\$ 6,344,950	\$ 5,721,069	\$ 623,881

Total assets as of June 30, 2022, were \$9,127,094, an increase of \$628,412 from the prior year. Total assets increased due to an increase in donations of \$1,711,297 but a decrease in investment earnings of \$2,469,409. Total liabilities showed a slight increase of \$4,528 due to an increase in operational expenses. The Foundation's net position as of June 30, 2022, was \$6,344,950, an increase of \$623,881 from the prior year.

Florida Polytechnic University Foundation, Inc.
Management's Discussion and Analysis
June 30, 2022

The Statement of Revenues, Expenses, and Changes in Net Position

As of June 30, 2022, approximately 82% of the Foundation's net position was restricted, of which approximately 62% is considered nonexpendable for endowments. The remaining 38% restricted is for scholarships, student wellness, and other student activities. The remaining balance of net position, or approximately 18% of the total net position, is unrestricted and may be used to meet the Foundation's unrestricted obligations.

<i>For the year ended June 30,</i>	2022	2021	Increase (Decrease)
Revenues			
Contributions, net of allowance and discounts	\$ 2,990,445	\$ 1,279,148	\$ 1,711,297
Miscellaneous revenue	251	104	147
Investment earnings/ (losses)	(997,089)	1,472,320	(2,469,409)
Total revenues	1,993,607	2,751,572	(757,965)
Expense			
Services and supplies	599,719	362,745	236,974
Scholarships, fellowships, and waivers	570,309	549,427	20,882
Other operating expenses	125,651	128,910	(3,259)
Bad debt expense	74,047	37,389	36,658
Total expenses	1,369,726	1,078,471	291,255
Change in net position	623,881	1,673,101	(1,049,220)
Net Position, beginning of year	5,721,069	4,047,968	1,673,101
Net Position, end of year	\$ 6,344,950	\$ 5,721,069	\$ 623,881

Contributions to the Foundation totaled \$2,990,445, an increase of \$1,711,297 from the prior year. Contributions to the Foundation represent unrestricted, scholarship, and endowment support. Service and supplies expense totaled \$599,719, an increase of \$236,974 due to an added consultant expense for an upcoming fundraising campaign. Scholarships, fellowships, and waivers expense was \$570,309, an increase of \$20,882. Other operating expenses totaled \$125,651, a decrease of \$3,259.

Economic Factors

The Foundation was able to increase contributions by \$1,711,297 during a global pandemic which significantly impacted the ability to cultivate relationships with potential donors. This increase was offset by an investment loss in market value of \$2,469,409 due to the Russia/Ukraine war and its negative effects on the price of oil and gas. 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.

**Florida Polytechnic University Foundation, Inc.
Management's Discussion and Analysis
June 30, 2022**

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 Advancement & CEO Florida Polytechnic University Foundation
4700 Research Way, Lakeland, FL 33805



FINANCIAL STATEMENTS



Florida Polytechnic University Foundation, Inc.
Statement of Net Position

<i>June 30,</i>		2022
<hr/>		
Assets		
Current assets		
Cash and cash equivalents	\$	218,072
Cash and cash equivalents - restricted		409,614
Investments		162,142
Contributions receivable, net		622,398
<hr/>		
Total current assets		1,412,226
Noncurrent assets		
Restricted noncurrent assets		
Investments - endowment		3,189,730
Investments - restricted for other long term purpose		2,744,051
Contributions receivable, net		1,781,087
<hr/>		
Total noncurrent assets		7,714,868
<hr/>		
Total assets	\$	9,127,094
<hr/> <hr/>		
Liabilities		
Current Liabilities		
Accounts payable	\$	32,144
Other liabilities		2,750,000
<hr/>		
Total liabilities		2,782,144
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Net position		
Restricted		
Expendable		
Scholarships		1,980,233
Other programs		25,000
Nonexpendable endowments		3,532,862
Unrestricted		806,855
<hr/>		
Total net position		6,344,950
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Total liabilities and net position	\$	9,127,094
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The accompanying notes are an integral part of these financial statements.

Florida Polytechnic University Foundation, Inc.
Statement of Revenues, Expenses and Changes in Net Position

<i>For the year ended June 30,</i>	<u>2022</u>
Operating revenues	
Contributions, net of allowance and discounts	\$ 2,916,398
Miscellaneous revenue	251
<hr/>	
Total operating revenues	2,916,649
Operating expenses	
Services and supplies	599,719
Scholarships, fellowships, and waivers	570,309
Other operating expenses	125,651
<hr/>	
Total operating expenses	1,295,679
<hr/>	
Operating income	1,620,970
Nonoperating revenues (expenses)	
Realized gain on investments and dividends	451,309
Unrealized loss on investments and dividends	(1,448,398)
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Total nonoperating revenues (expenses)	(997,089)
<hr/>	
Change in net position	623,881
<hr/>	
Net position, beginning of year	5,721,069
<hr/>	
Net position, end of year	<u>\$ 6,344,950</u>

The accompanying notes are an integral part of these financial statements.

Florida Polytechnic University Foundation, Inc.
Statement of Cash Flows

<i>Year ended June 30,</i>	<i>2022</i>
Operating activities	
Cash received from contributions	\$ 954,164
Cash payments for services and supplies	(595,188)
Cash payments for scholarships, fellowships, and waivers	(570,309)
Cash payments for other operating expenses	(125,651)
<hr/>	
Net cash used in operating activities	(336,984)
Investing activities	
Purchases of investments	(3,248,023)
Proceeds from sale of investments	3,411,305
<hr/>	
Net cash provided by investing activities	163,282
<hr/>	
Net decrease in cash and cash equivalents	(173,702)
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Cash and cash equivalents, beginning of year	801,388
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Cash and cash equivalents, end of year	627,686
<hr/> <hr/>	
Reconciliation of operating income to net cash provided by operating activities	
Operating income	1,620,970
Changes in assets and liabilities	
Accounts receivable	(1,962,485)
Accounts payable	4,531
<hr/>	
Total adjustments	(1,957,954)
<hr/>	
Net cash provided by operating activities	\$ (336,984)
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The accompanying notes are an integral part of these financial statements.

Florida Polytechnic University Foundation, Inc. Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Florida Polytechnic University Foundation, Inc. (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 (University). The Foundation is considered a component unit of the University. The governing body of the Foundation is the Board of Directors (Board). The Board is comprised of not less than three and not more than forty-five 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 expenditures 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 by-laws 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.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

The statement of net position and statement of revenues, expenses and changes in net position are reported using the flow of economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Assets, Liabilities, and Net Position

Cash and Cash Equivalents

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.

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.

Management estimates the 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. 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.

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 activities.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position (Continued)

Investments (Continued)

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 financial position.

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 expenditure.

Unrestricted net position – This category includes funds that do not meet the definition of restricted.

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 - net position and unrestricted - net position, 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 - net position to have been depleted before unrestricted - net position is applied.

Florida Polytechnic University Foundation, Inc.
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 non-monetary items are recorded as revenue based on their acquisition value at the date of the gift. Donated services are not recognized by the Foundation.

Income Tax Status

The Foundation is a not-for-profit organization that is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Unrelated business income, as defined by Section 509(a)(1) of the Code 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 determined there were no uncertain tax position for which either recognition or disclosure is required in the 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.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 16, 2022 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 2: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

At June 30, 2022, \$250,000 of the Foundation's bank balances is covered by federal depository insurance (FDIC).

Florida Polytechnic University Foundation, Inc.
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

Credit risk – Section 150: Investments of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations. The Foundation had no policy on credit risk.

Custodial credit risk – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution the Foundation may not be able to recover deposits.

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, 2022, the Foundation had the following investments and related maturities:

Investment type	Investment Maturities			
	Fair Value	Less than 1 year	1-5 Years	> 5 Years
Mutual funds				
Equity funds	\$ 4,081,995	\$ 4,081,995	\$ -	\$ -
Bonds funds	2,013,928	2,013,928	-	-
Total investments	\$ 6,095,923	\$ 6,095,923	\$ -	\$ -

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, 2022 for each type of investment. Presented below is the actual rating as of June 30, 2022 for each type of investment.

Investment type	Rating	Fair Value
Mutual funds		
Equity funds	NR	\$ 4,081,995
Bonds funds	NR	2,013,928
Total investments		\$ 6,095,923

Fair Value – GASB Codification Section 3100: Fair Value Measurements 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Florida Polytechnic University Foundation, Inc.
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

The three levels of the fair value hierarchy under the codification 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 Foundation 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.

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 use of unobservable inputs.

The Foundation's investments at June 30, 2022 are reported at fair value as follows:

Investment type	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Mutual funds				
Equity funds	\$ 4,081,995	\$ 4,081,995	\$ -	\$ -
Bonds funds	2,013,928	2,013,928	-	-
Total investments	\$ 6,095,923	\$ 6,095,923	\$ -	\$ -

Florida Polytechnic University Foundation, Inc.
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Contribution Receivable

Contribution receivable at June 30, 2022 are summarized as follows:

Expected receipt of contribution in:	Amount
2023	\$ 635,100
2024	625,100
2025	425,000
2026	405,000
2027	400,000
<hr/>	
Gross contributions receivable	2,490,200
Less discount for present value	(74,013)
Less allowance for doubtful contributions receivable	(12,702)
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Net contributions receivable	\$ 2,403,485

Contributions receivable consist primarily of promises from individuals and corporations within the Central Florida and Tampa Bay area. Management has established an allowance account as its estimate of uncollectible promises to give of \$12,702 at June 30, 2022.

Other Liabilities

The Foundation has \$2,750,000 in other liabilities as of year ended June 30, 2022. During fiscal year 2014, an anonymous donor gave \$5,000,000 to the Foundation. According to the stipulations of 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 cannot 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 thereafter, upon its written request remove 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. As of the issuance of the June 30, 2022 financial statements, an agreement has not been reached with the anonymous donor, although on-going discussions have/are taking place between the University and the anonymous donor in regards to status of designated benchmarks. To date, the anonymous donor has not requested the funds be returned.

Florida Polytechnic University Foundation, Inc.
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Endowment Composition

The Foundation's endowment balance is comprised of funds established for the purposes of scholarships. As of June 30, 2022 the balance was \$3,189,730 of which \$3,532,864 was nonexpendable and \$343,134 is a reduction of unrestricted net position, to cover the investment losses.

The Foundation authorizes expenditures for the uses and purposes for which endowment funds were established.

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. Dividends earned on endowment funds are to be spent on a percentage of the average prior five calendar years' market value when available.

Note 3: RELATED PARTY TRANSACTIONS

The Foundation contributed \$720,309 to the University for the year ended June 30, 2022.

For the year ended June 30, 2022, contribution revenue from the Foundation Board of Directors and University Board of Trustees totaled \$65,828.



Carr, Riggs & Ingram, LLC
3000 Bayport Drive
Suite 500
Tampa, FL 33607

813.855.3036
813.207.2998 (fax)
CRlcpa.com

**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, 2022, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated November 16, 2022.

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.

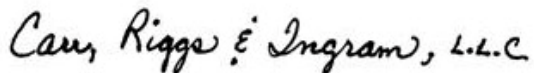
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

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.



CARR, RIGGS & INGRAM, LLC

Tampa, Florida
November 16, 2022