FLORIDA POLYTECHNIC UNIVERSITY
FOUNDATION

Meeting Minutes
Governance Committee

November 4, 2024
9:30 AM (EST)

Approved January 21, 2025

Virtual Meeting

I. **Call to Order**

Committee Chair, Don Wilson, called the meeting of the Florida Polytechnic University Foundation Governance Committee to order at 9:32 AM.

II. **Roll Call**

Kim Kennedy called the roll: Committee Chair, Don Wilson; Kristen Lowers; and Dr. Muhammad Rashid were present (Quorum). Foundation CEO, Kathy Bowman, and BOD Vice Chair, Ana Wood-Rogers, were also present. University staff present were David Blanton, Chief Audit Executive; Allen Bottorff, VP and CFO; George Cotellis, Financial Consultant; Penney Farley, AVP and University Controller; Mercedes Gazaway, Executive Assistant to VP/CFO; Kim Kennedy, Executive Assistant to VP/CEO; Jasmine Peterson, Staff Accountant and Melaine Schmiz, Associate General Counsel.

Guests present were Alexander Mora, Associate with CLA; and Bryan Simkanich, Signing Director with CLA.

III. **Public Comment**

Kim Kennedy stated no requests for public comment were received.

IV. **Approval of Minutes**

Kristen Lowers motioned to approve the minutes of the Florida Polytechnic University Foundation Governance Committee meeting held August 27, 2024, as presented. Dr. Muhammad Rashid seconded the motion; a vote was taken, and the motion passed unanimously.

V. **Presentation of Fiscal Year 2024 Foundation Audit**

Chair Wilson introduced Bryan Simkanich and Alexander Mora from CliftonLarsenAllen who presented the Foundation's 2024 audit. The following information was provided:

- Deliverables and Audit Outline
  - Audited Finance Statements
  - Governance Communication Letter
  - Management Letter
  - 990 Tax Forms Preparation (In process)
- Audit Roles and Responsibilities
  - Governance
    - Strategic Direction
    - Accountability, including financial reporting
  - Management

        - Internal Controls
        - Accounting Policies
        - Management Decisions
        - Fair Presentation of Financial Statements
        - Programs to Present and Detect Fraud
- Audit Process and Risks
    - Significant Risks
        - Management override of controls
        - Philanthropic Revenue Recognition
    - Areas of Focus
        - IT & Internal Controls
        - Activities with University
        - Accounts Payable and Accruals
        - Pledge Existence and Valuation
        - Investment Existence and Valuation
- Audit Process Overview
    - Timeline and Process
        - Audit began mid-August through mid-September
        - Management was collaborative, responsive, and extremely professional throughout the process
        - Schedule and process had significant improvements from 2023
    - Audit Adjustments
        - 3 Audit adjustments (not material adjustments)
            - ❖ Discount on Long Term Receivables
            - ❖ Accounts Payable for Vendor Payments
            - ❖ Intercompany Transactions with University
            - ❖ 1 Passed adjustment related to pledge receivables
            - ❖ 3 Reclassifications for financial statement presentation purposes
- Results and Conclusions
    - Financial Statement – Audit opinion is Unmodified
    - Internal Controls over Financial Reporting
        - No material weakness noted!
        - No significant deficiency noted!
        - Prior year material weakness in internal controls over financial reporting has been remediated in 2024
            - ❖ Consulting during the year regarding pledge accounting and university support further education management on the correct accounting treatment during the year ended June 30, 2024.
            - ❖ Journal entries tested in 2024 were properly approved.
        - Prior year significant deficiency in internal controls over financial reporting has been remediated in 2024.
            - ❖ There were no gift or pledge agreements tested that were not timely executed to cause a revenue recognition cutoff discrepancy.
    - Financial Audit Results – Management Letter
        - Evaluate processes and controls of subledger reconciliations to ensure correct presentation and minimal audit adjustments.
        - Review processes and controls around payroll related giving agreements and credit card giving agreements to ensure underlying support for gift is retained.

        - Restricted and endowment funds tracking should be reviewed for efficiency. Endowment appreciation should be allocated to each endowment fund.

- Required Communication to Governance
    - Overall
        - Purpose is to provide and update on the audit since the planning discussions
        - No changes in scope of audit
        - Accounting policy changes
            - GASB Statement No. 100: Accounting Changes and Error Corrections
        - Estimates
            - Significant estimates present in financial statements
                - No significant estimates
            - Other estimates in financial statements
                - Fair value of investments
                - Allowance for pledges
    - Difficulties
        - No difficulties encountered
        - No disagreements encountered
        - No Internal Control over Financial Reporting findings
        - Management Letter Recommendations
    - Other
        - 3 non-material audit adjustments
        - 1 passed adjustment
        - Management representation letter signed
- Review of Financial Statement Reports
    - Approx. $1.1M (or 8.2%) decrease in total assets
    - Accounts Payable and Due to University increased by $61K (or 156%)
        - CEO Bowman stated the Foundation has developed a process whereby moving forward the Staff Accountant will confer with the appropriate University staff to determine if there are out-standing invoices.
    - Other Liabilities (Deferred Gift) decreased $2.25M
    - CEO Bowman provided context of the original gift made to USF and transferred by USF to Florida Polytechnic University Foundation. The funds were never recognized as revenue due to the language within the original gift agreement. The funds have always been classified as a liability and subsequent return of said funds by the donor(s) resulted in a reduction in the liabilities of the Foundation.
    - Overall Philanthropic Revenue down $4.1M but cash collections up $307K
    - Overall Operation Expenses up $330K (or 23%)
    - Presentation changes for Endowment Earnings and 2-year statements
- Questions and Open Discussion
    - Dr. Rashid requested the definition of “significant risk”. Bryan Simkanich replied it is a fluid, subjective evaluation, including estimate, value and/or dollar amount.
    - Dr. Rashid also asked how the audit samples are determine. Simkanich stated the sampling is random, involving higher dollar amounts and lower dollar amounts, along with use of data analytics for trends.
    - Dr. Rashid asked about crisis management for the Foundation should there be a loss of DSO management. CEO Bowman said the Foundation currently has very specific job descriptions for each individual and detailed responsibilities within that description. We

also have a strong Board of Directors that is supportive and attentive, along with CAPTrust who has done an excellent job with asset management for the Foundation.

VI. **Closing Remarks and Adjournment**

With no further business to discuss, this meeting of the Florida Polytechnic University Foundation Governance Committee adjourned at 10:07 AM.