



FLORIDA POLYTECHNIC
UNIVERSITY

Board of Trustees Audit & Compliance Committee Meeting

Wednesday, May 20, 2020, 10:00-10:15 AM
Or upon conclusion of the Academic & Student Affairs Committee meeting

Florida Polytechnic University
TELE-CONFERENCE MEETING

Dial In Number: 415-655-0001 | Access Code: 618 932 538#

Gary Wendt, Chair
Connor Coddington

Mark Bostick, Vice Chair
Dr. W. Earl Sasser

Dr. Victoria Astley

AGENDA

- | | |
|--|-------------------|
| I. Call to Order | Gary Wendt, Chair |
| II. Roll Call | Michele Rush |
| III. Public Comment | Gary Wendt, Chair |
| IV. Approval of the February 25, 2020 Minutes <i>*Action Required*</i> | Gary Wendt, Chair |
| V. University Financial Audit – (FYE 6/30/19) <i>*Action Required*</i> | David Blanton |
| VI. Foundation Form 990 (FYE 6/30/19) <i>*Action Required*</i> | David Blanton |
| VII. UAC Quality Assurance Review – Self Assessment (Report No. FPU 2020-07) <i>*Action Required*</i> | David Blanton |
| VIII. Charter Review and Approval/Committee Evaluation <i>*Action Required*</i> | David Blanton |
| IX. Closing Remarks and Adjournment | Gary Wendt, Chair |

Florida Polytechnic University
Board of Trustees

Audit and Compliance Committee Meeting

DRAFT MEETING MINUTES

Tuesday February 25, 2020
2:45 PM - 3:45 PM

Florida Polytechnic University, IST 1046
4700 Research Way, Lakeland, FL 33805

I. Call to Order

Committee Chair Gary Wendt called the meeting to order at 2:42 p.m.

II. Roll Call

Kim Abels called the roll: Committee Chair Gary Wendt, Committee Vice-Chair Mark Bostick, Trustee Earl Sasser, Trustee Ryan Perez, Trustee Adriene Perry and Trustee Victoria Astley were present (Quorum).

Other trustees present: No other trustees were present

Staff present: Mr. David Blanton, Mrs. Kim Abels, Mr. Alex Landback, Ms. Michele Rush, Mr. Rick Maxey, Mr. Kevin Calkins, Mr. John Sprenkle, Dr. Terry Parker, Mr. David Calhoun, Ms. Penny Farley, Mr. Tom Dvorske, Mr. Larry Locke, Ms. Deann Doll, Ms. Iliana Ricelli, and Mrs. Kathy Bowman were present.

III. Public Comment

There were no requests received for public comment.

IV. Approval of Minutes

Trustee Mark Bostick made a motion to approve the Audit & Compliance Committee meeting minutes of December 10, 2019. Trustee Earl Sasser seconded the motion; a vote was taken, and the motion passed unanimously.

V. 2018-2020 Audit & Compliance Committee Work Plan Review

Mr. David Blanton reviewed the Work Plan for 2018-2020. There were no changes to the Work Plan.

VI. Audit & Compliance Update

Mr. Blanton provided the Committee with an update of audit and compliance activities. The updates included the following:

- A. External Audits: Currently, Florida Poly's Financial audit for the fiscal year ended 3/30/19 is near completion and will soon be subjected to an audit of the Bright Futures Program administration and an Operational audit (both to be conducted by the Florida Auditors General).
- B. Internal Audit and Compliance Activities: Currently the University has the following projects in progress:
 - o Admissions Follow up review
 - o Quality Assurance Review (self-Assessment)
- C. Foundation Operating and Scholarship Funds: Mr. Blanton reported on the revenues and expenses for these Foundation funds through January of 2020. Revenues continue to decline; however, the University has also acted to reduce Foundation expenses for this same period.
- D. House Select Committee on Research Integrity: Mr. Blanton reported University Compliance has responded to 2 requests for information related to risks involving foreign influence in research.

VII. Foundation Financial Audit (FYE 6/30/19)

The CAE/CCO presented the Foundation's audited financial statements for the fiscal year ended June 30, 2019. The Foundation received a clean opinion and the balance sheet improved significantly as a result of the pledge forgiveness.

Trustee Adrienne Perry made a motion to approve the Foundation Financial audit (FYE 6/3019) Trustee Earl Sasser seconded the motion; a vote was taken, and the motion passed unanimously.

VIII. Crowe Internal Management and Accounting Control and Business Process Assessment (November 2019)

The CAE presented the assessment report by Crowe. LLP, and reported that Florida Poly fared very favorably with only two low risk observations (Written IT Policies/Procedures and Removable Media Controls).

Trustee Victoria Astley made a motion to recommend approval of the Crowe Internal Management and Accounting Control and Business Process Assessment, date November 2019 to the Board of Trustees. Trustee Mark Bostick seconded the motion; a vote was taken, and the motion passed unanimously.

IX. Closing Remarks and Adjournment

With no further business to discuss, the meeting adjourned at 3:26 p.m.

**Florida Polytechnic University
Audit and Compliance Committee
Board of Trustees
May 20, 2020**

Subject: University Financial Audit – Fiscal Year Ended 6/30/19

Proposed Committee Action

Recommend approval of the Florida Polytechnic University Financial audit conducted by the Florida Auditor General for the fiscal year ended June 30, 2019 to the Board of Trustees.

Background Information

In accordance with Section 11.45, Florida Statutes, a financial audit was performed on the University's basic financial statements for the fiscal year ended June 30, 2019 by the Florida Auditor General. David Blanton, Chief Audit Executive/Chief Compliance Officer (CAE/CCO) will present the results of the financial audit to the Committee for their consideration and approval.

Supporting Documentation: Florida Polytechnic University Financial audit report for the fiscal year ended June 30, 2019. (Auditor General Report No. 2020-131)

Prepared by: David A. Blanton, CAE/CCO

Report No. 2020-131
February 2020

STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

FLORIDA POLYTECHNIC UNIVERSITY

For the Fiscal Year Ended
June 30, 2019



Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the 2018-19 fiscal year, Dr. Randy K. Avent served as President of Florida Polytechnic University and the following individuals served as Members of the Board of Trustees:

| | |
|--|--------------------------------------|
| Donald H. Wilson, Chair | Frank T. Martin |
| Clifford "Cliff" K. Otto, Vice Chair | Henry McCance |
| Dr. Victoria Astley ^a from 5-2-19 | Ryan Perez ^b from 4-25-19 |
| R. Mark Bostick | Dr. Adrienne Perry |
| Dr. James Dewey ^a through 5-1-19 | Dr. Louis S. Saco |
| Rear Admiral Philip A. Dur, USN (Ret.) | Robert W. Stork |
| Dr. Richard P. Hallion | Gary C. Wendt |
| Travis Hills ^b through 4-24-19 | |

^a Faculty Senate Chair.

^b Student Body President.

The Auditor General conducts audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

The team leader was Gregory J. Lemieux, CPA, and the audit was supervised by Mark A. Arroyo, CPA.

Please address inquiries regarding this report to Jaime N. Hoelscher, CPA, Audit Manager, by e-mail at jaimehoelscher@aud.state.fl.us or by telephone at (850) 412-2868.

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State of Florida Auditor General

Claude Pepper Building, Suite G74 · 111 West Madison Street · Tallahassee, FL 32399-1450 · (850) 412-2722

FLORIDA POLYTECHNIC UNIVERSITY
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SUMMARY

SUMMARY OF REPORT ON FINANCIAL STATEMENTS

Our audit disclosed that the basic financial statements of Florida Polytechnic University (a component unit of the State of Florida) were presented fairly, in all material respects, in accordance with prescribed financial reporting standards.

SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

Our audit did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, issued by the Comptroller General of the United States.

AUDIT OBJECTIVES AND SCOPE

Our audit objectives were to determine whether Florida Polytechnic University and its officers with administrative and stewardship responsibilities for University operations had:

- Presented the University's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements; and
- Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements.

The scope of this audit included an examination of the University's basic financial statements as of and for the fiscal year ended June 30, 2019. We obtained an understanding of the University's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements. We also examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

An examination of Federal awards administered by the University is included within the scope of our Statewide audit of Federal awards administered by the State of Florida.

AUDIT METHODOLOGY

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Florida Polytechnic University, a component unit of the State of Florida, and its discretely presented component unit as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit, which represent 100 percent of the transactions and account balances of the discretely presented component unit columns. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Florida Polytechnic University and of its discretely presented component unit as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 2. and 3. to the financial statements, the University's discretely presented component unit changed its financial accounting framework from that prescribed by the Financial Accounting Standards Board to the framework prescribed by the Governmental Accounting Standards Board. This affects the comparability of amounts reported by the component unit for the 2018-19 fiscal year with amounts reported for the 2017-18 fiscal year. Our opinion is not modified with respect to this matter.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS**, the **Schedule of the University's Proportionate Share of the Total Other Postemployment Benefits Liability**, **Schedule of the University's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan**, **Schedule of University Contributions – Florida Retirement System Pension Plan**, **Schedule of the University's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan**, **Schedule of University Contributions – Health Insurance Subsidy Pension Plan**, and **Notes to Required Supplementary Information**, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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 February 27, 2020, on our consideration of the Florida Polytechnic University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. 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 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 Florida Polytechnic University's internal control over financial reporting and compliance.

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
February 27, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the University for the fiscal year ended June 30, 2019, and should be read in conjunction with the financial statements and notes thereto. The MD&A, and financial statements and notes thereto, are the responsibility of University management. The MD&A contains financial activity of the University for the fiscal years ended June 30, 2019, and June 30, 2018.

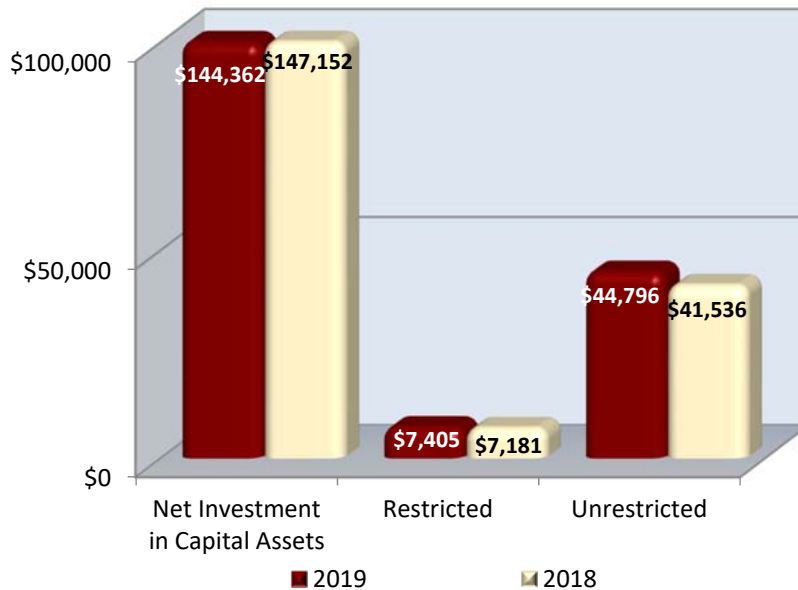
FINANCIAL HIGHLIGHTS

The University's assets and deferred outflows of resources totaled \$221.3 million at June 30, 2019. This balance reflects a \$3.2 million, or 1.5 percent, increase as compared to the 2017-18 fiscal year, resulting from an increase in investments due to an insurance recovery for damages to the Innovation, Science and Technology (IST) building during Hurricane Irma. Liabilities and deferred inflows of resources also increased by \$2.5 million, or 11.3 percent, totaling \$24.8 million at June 30, 2019, resulting from an increase in deferred inflows related to pensions, and a temporary cash overdraft. As a result, the University's net position increased by \$0.7 million, resulting in a year-end balance of \$196.6 million.

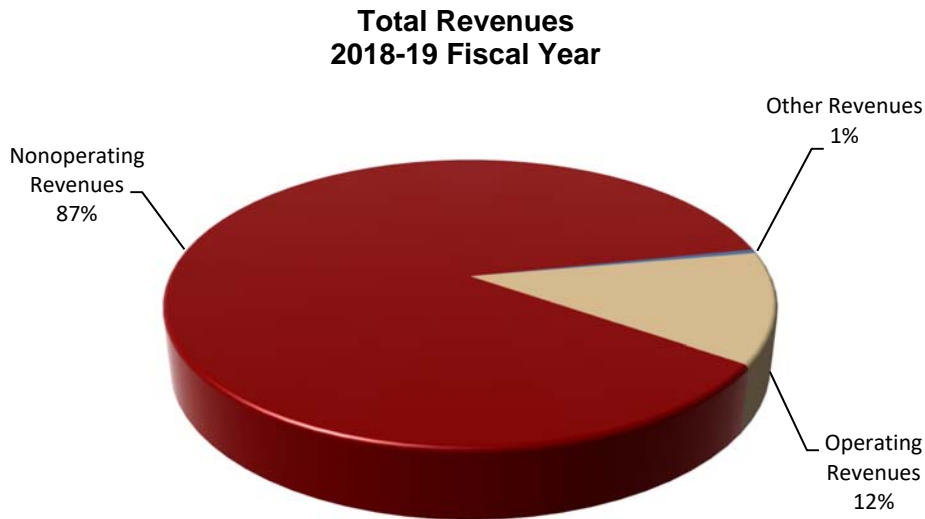
The University's operating revenues totaled \$8.3 million for the 2018-19 fiscal year, representing a 3.4 percent increase compared to the 2017-18 fiscal year due mainly to an increase in student tuition and fees. Operating expenses totaled \$60.5 million for the 2018-19 fiscal year, representing an increase of 10.3 percent as compared to the 2017-18 fiscal year due mainly to increased compensation and employee benefits, and services and supplies.

Net position represents the residual interest in the University's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources. The University's comparative total net position by category for the fiscal years ended June 30, 2019, and June 30, 2018, is shown in the following graph:

**Net Position
(In Thousands)**



The following chart provides a graphical presentation of University revenues by category for the 2018-19 fiscal year:



OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 35, the University’s financial report consists 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. The financial statements, and notes thereto, encompass the University and its component unit. Based on the application of the criteria for determining component units, the Florida Polytechnic University Foundation,

Inc. (Foundation) is included within the University reporting entity as a discretely presented component unit.

Information regarding the component unit's separately issued financial statements, is presented in the notes to financial statements. This MD&A focuses on the University, excluding the discretely presented component unit.

The Statement of Net Position

The statement of net position reflects the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the University, using the accrual basis of accounting, and presents the financial position of the University 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 University's current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the University's financial condition.

The following summarizes the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30:

Condensed Statement of Net Position at June 30 (In Thousands)

| | 2019 | 2018 |
|---------------------------------------|-------------------|-------------------|
| Assets | | |
| Current Assets | \$ 47,990 | \$ 34,765 |
| Capital Assets, Net | 145,043 | 148,763 |
| Other Noncurrent Assets | 19,571 | 24,848 |
| Total Assets | 212,604 | 208,376 |
| Deferred Outflows of Resources | 8,733 | 9,751 |
| Liabilities | | |
| Current Liabilities | 5,269 | 3,419 |
| Noncurrent Liabilities | 17,989 | 17,685 |
| Total Liabilities | 23,258 | 21,104 |
| Deferred Inflows of Resources | 1,516 | 1,154 |
| Net Position | | |
| Net Investment in Capital Assets | 144,362 | 147,152 |
| Restricted | 7,405 | 7,181 |
| Unrestricted | 44,796 | 41,536 |
| Total Net Position | \$ 196,563 | \$ 195,869 |

University Statement of Net Position changes were the result of the following factors:

- Assets increased \$4.2 million due to an increase in investments primarily due to insurance recovery for damage to the IST building during Hurricane Irma.
- Liabilities increased \$2.2 million primarily due to a temporary cash overdraft.

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

The statement of revenues, expenses, and changes in net position presents the University'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.

The following summarizes the University's activity for the 2018-19 and 2017-18 fiscal years:

Condensed Statement of Revenues, Expenses, and Changes in Net Position For the Fiscal Years (In Thousands)

| | <u>2018-19</u> | <u>2017-18</u> |
|---|-------------------|-------------------|
| Operating Revenues | \$ 8,281 | \$ 8,008 |
| Less, Operating Expenses | <u>60,501</u> | <u>54,831</u> |
| Operating Loss | (52,220) | (46,823) |
| Net Nonoperating Revenues | <u>58,336</u> | <u>46,551</u> |
| Income (Loss) Before Other Revenues and Loss | 6,116 | (272) |
| Other Revenues and Loss | <u>(5,422)</u> | <u>2,589</u> |
| Net Increase In Net Position | <u>694</u> | <u>2,317</u> |
| Net Position, Beginning of Year | 195,869 | 196,903 |
| Adjustment to Beginning Net Position (1) | <u>-</u> | <u>(3,351)</u> |
| Net Position, Beginning of Year, as Restated | <u>195,869</u> | <u>193,552</u> |
| Net Position, End of Year | <u>\$ 196,563</u> | <u>\$ 195,869</u> |

(1) For the 2017-18 fiscal year, the University's beginning net position was decreased in conjunction with the implementation of GASB Statement No. 75.

Operating Revenues

GASB Statement No. 35 categorizes revenues as either operating or nonoperating. Operating revenues generally result from exchange transactions where each of the parties to the transaction either gives or receives something of equal or similar value.

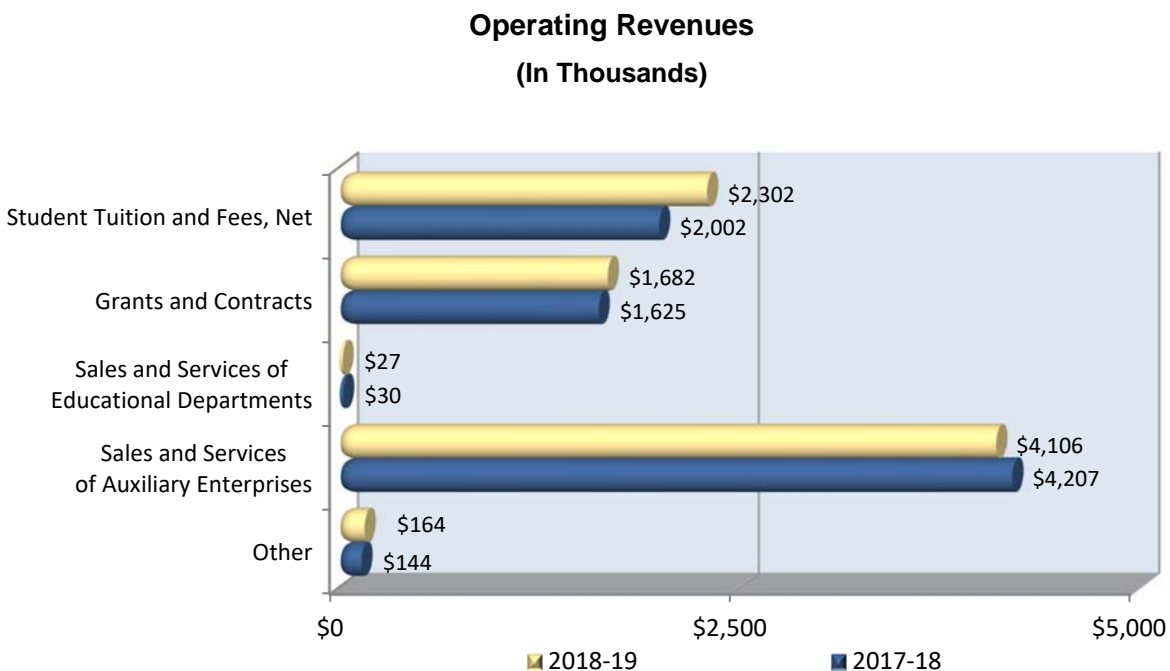
The following summarizes the operating revenues by source that were used to fund operating activities for the 2018-19 and 2017-18 fiscal years:

Operating Revenues For the Fiscal Years

(In Thousands)

| | 2018-19 | 2017-18 |
|---|-----------------|-----------------|
| Student Tuition and Fees, Net | \$ 2,302 | \$ 2,002 |
| Grants and Contracts | 1,682 | 1,625 |
| Sales and Services of Educational Departments | 27 | 30 |
| Sales and Services of Auxiliary Enterprises | 4,106 | 4,207 |
| Other | 164 | 144 |
| Total Operating Revenues | \$ 8,281 | \$ 8,008 |

The following chart presents the University's operating revenues for the 2018-19 and 2017-18 fiscal years:



University operating revenues were essentially unchanged in the current year.

Operating Expenses

Expenses are categorized as operating or nonoperating. The majority of the University's expenses are operating expenses as defined by GASB Statement No. 35. GASB gives financial reporting entities the choice of reporting operating expenses in the functional or natural classifications. The University has chosen to report the expenses in their natural classification on the statement of revenues, expenses, and changes in net position and has displayed the functional classification in the notes to financial statements.

The following summarizes operating expenses by natural classification for the 2018-19 and 2017-18 fiscal years:

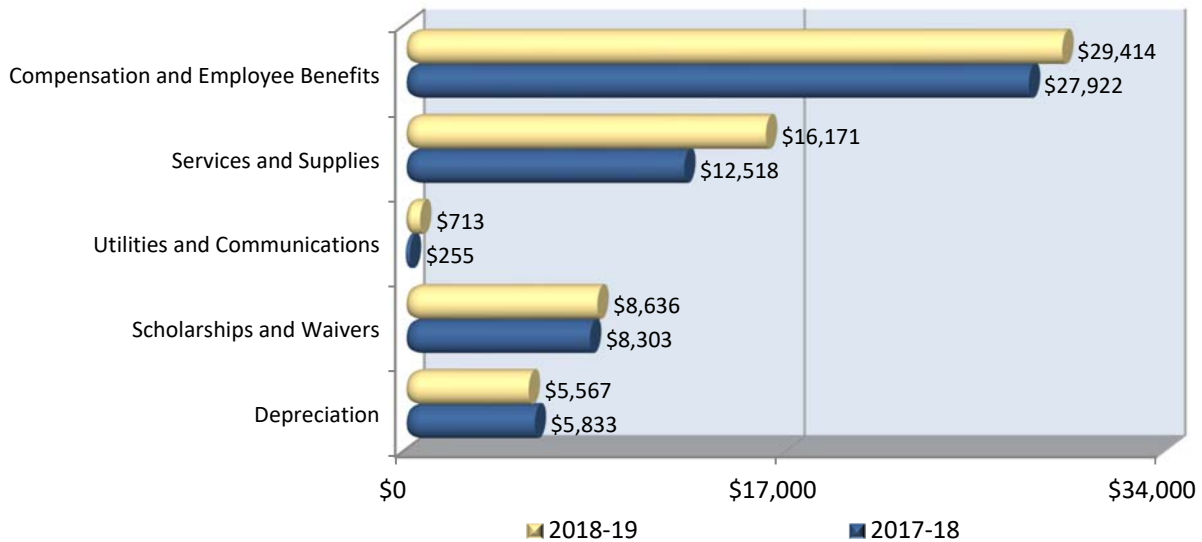
**Operating Expenses
For the Fiscal Years**

(In Thousands)

| | <u>2018-19</u> | <u>2017-18</u> |
|------------------------------------|------------------|------------------|
| Compensation and Employee Benefits | \$ 29,414 | \$ 27,922 |
| Services and Supplies | 16,171 | 12,518 |
| Utilities and Communications | 713 | 255 |
| Scholarships and Waivers | 8,636 | 8,303 |
| Depreciation | 5,567 | 5,833 |
| Total Operating Expenses | \$ 60,501 | \$ 54,831 |

The following chart presents the University’s operating expenses for the 2018-19 and 2017-18 fiscal years:

**Operating Expenses
(In Thousands)**



Changes in operating expenses were the result of the following factors:

- Compensation and employee benefits increased mainly due to increases in staffing levels and pension expense.
- Services and supplies increased primarily due to increases in meal plan payments, contracted outside legal counsel, and facilities services due to the Student Development Center coming online.

Nonoperating Revenues and Expenses

Certain revenue sources that the University relies on to provide funding for operations, including State noncapital appropriations, Federal and State student financial aid, and investment income are defined by GASB as nonoperating. Nonoperating expenses include capital financing costs and other costs related

to capital assets. The following summarizes the University's nonoperating revenues and expenses for the 2018-19 and 2017-18 fiscal years:

**Nonoperating Revenues (Expenses)
For the Fiscal Years**

(In Thousands)

| | 2018-19 | 2017-18 |
|---|------------------|------------------|
| State Noncapital Appropriations | \$ 39,207 | \$ 38,456 |
| Federal and State Student Financial Aid | 8,485 | 7,782 |
| Investment Income | 1,278 | 768 |
| Other Nonoperating Revenues | 8,170 | 386 |
| Unrealized Gain (Loss) on Investments | 1,253 | (282) |
| Loss on Disposal of Capital Assets | - | (427) |
| Interest on Capital Asset-Related Debt | (38) | (98) |
| Other Nonoperating Expenses | (19) | (34) |
| Net Nonoperating Revenues | \$ 58,336 | \$ 46,551 |

Net nonoperating revenues increased primarily due to the following factors:

- Federal and State student financial aid increased due to the increased awarding of Federal and State financial aid programs.
- Investment income increased due to higher yields. Unrealized gains increased as a result of market performance.
- Other nonoperating revenues increased due to the insurance recovery for damage to the IST building during Hurricane Irma.

Other Revenues and Loss

Other revenues in this category are composed of State capital appropriations and capital grants, contracts, donations, and fees. The following summarizes the University's other revenues and loss for the 2018-19 and 2017-18 fiscal years:

**Other Revenues and Loss
For the Fiscal Years**

(In Thousands)

| | 2018-19 | 2017-18 |
|--|-------------------|-----------------|
| State Capital Appropriations | \$ 157 | \$ 2,185 |
| Capital Grants, Contracts, Donations, and Fees | 140 | 404 |
| Special Item - Loss on Forgiveness of Scholarship Pledge | (5,719) | - |
| Total | \$ (5,422) | \$ 2,589 |

Other revenues and loss decreased primarily due to the following factors:

- Other revenues decreased because no Public Educational Capital Outlay (PECO) funds were received for the Applied Research Center (ARC) during the year ended June 30, 2019.
- The University forgave the scholarship pledge receivable due from the Foundation.

The Statement of Cash Flows

The statement of cash flows provides information about the University's financial results by reporting the major sources and uses of cash and cash equivalents. This statement will assist in evaluating the University's ability to generate net cash flows, its ability to meet its financial obligations as they come due, and its need for external financing. Cash flows from operating activities show the net cash used by the operating activities of the University. Cash flows from capital financing activities include all plant funds and related long-term debt activities. Cash flows from investing activities show the net source and use of cash related to purchasing or selling investments, and earning income on those investments. Cash flows from noncapital financing activities include those activities not covered in other sections.

The following summarizes cash flows for the 2018-19 and 2017-18 fiscal years:

Condensed Statement of Cash Flows For the Fiscal Years (In Thousands)

| | <u>2018-19</u> | <u>2017-18</u> |
|---|----------------------|----------------------|
| Cash Provided (Used) by: | | |
| Operating Activities | \$ (44,191) | \$ (38,965) |
| Noncapital Financing Activities | 47,689 | 40,218 |
| Capital and Related Financing Activities | 3,805 | (4,968) |
| Investing Activities | <u>(7,590)</u> | <u>4,007</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (287) | 292 |
| Cash and Cash Equivalents, Beginning of Year | <u>492</u> | <u>200</u> |
| Cash and Cash Equivalents, End of Year | <u><u>\$ 205</u></u> | <u><u>\$ 492</u></u> |

Major sources of funds came from State noncapital appropriations (\$39.2 million), Federal and State Student Financial Aid (\$8.5 million), other receipts for capital projects (\$8.2 million), sales and services of auxiliary enterprises (\$4.1 million), net student tuition and fees (\$2.7 million), Federal Direct Student Loan receipts (\$2.2 million), and grants and contracts (\$1.7 million). Major uses of funds were for payments made to and on behalf of employees (\$27.5 million), payments to suppliers (\$16.7 million), payments to and on behalf of students for scholarships (\$8.6 million), purchases or construction of capital assets (\$3.6 million), and Federal Direct Student Loan disbursements (\$2.2 million). Changes in cash and cash equivalents primarily were the result of increased payments to employees and suppliers offset by the receipt of insurance proceeds for hurricane damage.

CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENT, AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, the University had \$170 million in capital assets, less accumulated depreciation of \$25 million, for net capital assets of \$145 million. Depreciation charges for the current fiscal year totaled \$5.6 million. The following table summarizes the University's capital assets, net of accumulated depreciation, at June 30:

Capital Assets, Net at June 30

(In Thousands)

| | <u>2019</u> | <u>2018</u> |
|---------------------------------------|-------------------------|-------------------------|
| Land | \$ 18,156 | \$ 18,156 |
| Construction in Progress | 1,211 | 590 |
| Buildings | 87,315 | 88,796 |
| Infrastructure and Other Improvements | 32,765 | 34,372 |
| Furniture and Equipment | 3,786 | 4,422 |
| Library Resources | 1 | 2 |
| Other Capital Assets | 1,809 | 2,425 |
| Capital Assets, Net | <u>\$145,043</u> | <u>\$148,763</u> |

Additional information about the University's capital assets is presented in the notes to financial statements.

Capital Expenses and Commitment

Major capital expenses through June 30, 2019, were incurred on the ARC. The University's construction commitment at June 30, 2019, is as follows:

| | <u>Amount</u> <u>(In Thousands)</u> |
|--------------------------|--|
| Total Committed | \$ 3,137 |
| Completed to Date | <u>1,211</u> |
| Balance Committed | <u>\$ 1,926</u> |

Additional information about the University's construction commitment is presented in the notes to financial statements.

Debt Administration

As of June 30, 2019, the University had \$669,000 in outstanding installment purchases payable and capital lease payable, representing a decrease of \$907,000, or 57.6 percent, from the prior fiscal year. The following table summarizes the outstanding long-term debt by type for the fiscal years ended June 30:

Long-Term Debt at June 30

(In Thousands)

| | <u>2019</u> | <u>2018</u> |
|-----------------------|----------------------|------------------------|
| Installment Purchases | \$ 615 | \$ 1,509 |
| Capital Lease | <u>54</u> | <u>67</u> |
| Total | <u>\$ 669</u> | <u>\$ 1,576</u> |

Additional information about the University's long-term debt is presented in the notes to financial statements.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The University's economic condition is closely tied to that of the State of Florida. The budget that the Florida Legislature adopted for the 2019-20 fiscal year provided a 1.5 percent increase for State universities. The University's budget decreased 0.7 percent over the same period. The University expects revenues to remain consistent in the upcoming year.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A or other required supplemental information, and financial statements and notes thereto, or requests for additional financial information should be addressed to Mark Mroczkowski, Vice President and Chief Financial Officer, Florida Polytechnic University, 4700 Research Way, Lakeland, Florida 33805-8531.

BASIC FINANCIAL STATEMENTS

FLORIDA POLYTECHNIC UNIVERSITY A Component Unit of the State of Florida Statement of Net Position

June 30, 2019

| | <u>University</u> | <u>Component Unit</u> |
|---|--------------------|---------------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and Cash Equivalents | \$ 204,698 | \$ 534,401 |
| Investments | 37,818,267 | 771,893 |
| Accounts Receivable, Net | 234,434 | - |
| Contributions Receivable, Net | - | 272,719 |
| Interest Receivable | 191,610 | 8,537 |
| Due from State | 7,157,026 | - |
| Due from Component Unit | 3,064 | - |
| Other Current Assets | 2,381,256 | - |
| Total Current Assets | 47,990,355 | 1,587,550 |
| Noncurrent Assets: | | |
| Contributions Receivable, Net | - | 21,470 |
| Restricted Investments | 19,570,734 | 5,260,857 |
| Depreciable Capital Assets, Net | 125,676,098 | - |
| Nondepreciable Capital Assets | 19,367,488 | - |
| Total Noncurrent Assets | 164,614,320 | 5,282,327 |
| Total Assets | 212,604,675 | 6,869,877 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Other Postemployment Benefits | 17,000 | - |
| Pensions | 8,716,145 | - |
| Total Deferred Outflows of Resources | 8,733,145 | - |
| LIABILITIES | | |
| Current Liabilities: | | |
| Accounts Payable | 942,027 | 7,149 |
| Construction Contracts Payable | 11,818 | - |
| Salary and Wages Payable | 876,097 | - |
| Due to University | - | 3,064 |
| Deposits Payable | 30,299 | - |
| Unearned Revenue | 177,096 | - |
| Other Current Liabilities | 2,406,391 | 2,750,000 |
| Long-Term Liabilities - Current Portion: | | |
| Installment Purchases Payable | 281,199 | - |
| Capital Lease Payable | 14,377 | - |
| Compensated Absences Payable | 149,236 | - |
| Other Postemployment Benefits Payable | 15,000 | - |
| Net Pension Liability | 365,857 | - |
| Total Current Liabilities | 5,269,397 | 2,760,213 |

| | <u>University</u> | <u>Component Unit</u> |
|--|-----------------------|---------------------------|
| LIABILITIES (Continued) | | |
| Noncurrent Liabilities: | | |
| Installment Purchases Payable | 334,084 | - |
| Capital Lease Payable | 39,539 | - |
| Compensated Absences Payable | 1,343,121 | - |
| Other Postemployment Benefits Payable | 4,206,000 | - |
| Net Pension Liability | 12,065,968 | - |
| Total Noncurrent Liabilities | <u>17,988,712</u> | <u>-</u> |
| Total Liabilities | <u>23,258,109</u> | <u>2,760,213</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Other Postemployment Benefits | 427,000 | - |
| Pensions | 1,089,339 | - |
| Total Deferred Inflows of Resources | <u>1,516,339</u> | <u>-</u> |
| NET POSITION | | |
| Net Investment in Capital Assets | 144,362,569 | - |
| Restricted for Nonexpendable: | | |
| Endowment | - | 1,422,338 |
| Restricted for Expendable: | | |
| Capital Projects | 7,157,540 | - |
| Grants and Loans | 247,098 | - |
| Other | - | 1,235,226 |
| Unrestricted | 44,796,165 | 1,452,100 |
| TOTAL NET POSITION | <u>\$ 196,563,372</u> | <u>\$ 4,109,664</u> |

The accompanying notes to financial statements are an integral part of this statement.

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FLORIDA POLYTECHNIC UNIVERSITY
A Component Unit of the State of Florida
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2019

| | University | Component Unit |
|--|-----------------------|---------------------------|
| REVENUES | | |
| Operating Revenues: | | |
| Student Tuition and Fees, Net of Scholarship Allowances of \$5,541,003 | \$ 2,302,188 | \$ - |
| Federal Grants and Contracts | 290,305 | - |
| State and Local Grants and Contracts | 1,017,435 | - |
| Nongovernmental Grants and Contracts | 375,001 | - |
| Sales and Services of Educational Departments | 27,181 | - |
| Sales and Services of Auxiliary Enterprises | 4,105,599 | - |
| Contributions, Net | - | 687,128 |
| Other Operating Revenues | 163,646 | 385 |
| Total Operating Revenues | 8,281,355 | 687,513 |
| EXPENSES | | |
| Operating Expenses: | | |
| Compensation and Employee Benefits | 29,414,077 | - |
| Services and Supplies | 16,171,018 | 123,764 |
| Utilities and Communications | 713,061 | - |
| Scholarships, Fellowships, and Waivers | 8,635,984 | 932,155 |
| Depreciation | 5,566,928 | - |
| Other Operating Expenses | - | 220,597 |
| Total Operating Expenses | 60,501,068 | 1,276,516 |
| Operating Loss | (52,219,713) | (589,003) |
| NONOPERATING REVENUES (EXPENSES) | | |
| State Noncapital Appropriations | 39,207,184 | - |
| Federal and State Student Financial Aid | 8,484,670 | - |
| Unrealized Gain on Investment | 1,253,151 | - |
| Investment Income | 1,277,542 | 328,434 |
| Other Nonoperating Revenues | 8,170,370 | - |
| Interest on Capital Asset-Related Debt | (38,492) | - |
| Other Nonoperating Expenses | (18,585) | - |
| Net Nonoperating Revenues | 58,335,840 | 328,434 |
| Income (Loss) Before Other Revenues, Gain, and Loss | 6,116,127 | (260,569) |
| State Capital Appropriations | 157,026 | - |
| Capital Grants, Contracts, Donations, and Fees | 140,000 | - |
| Special Item - Gain (Loss) on Forgiveness of Scholarship Pledge | (5,718,582) | 5,718,582 |
| Increase in Net Position | 694,571 | 5,458,013 |
| Net Position, Beginning of Year | 195,868,801 | (1,028,147) |
| Adjustment to Beginning Net Position | - | (320,202) |
| Net Position, Beginning of Year, as Restated | 195,868,801 | (1,348,349) |
| Net Position, End of Year | \$ 196,563,372 | \$ 4,109,664 |

The accompanying notes to financial statements are an integral part of this statement.

FLORIDA POLYTECHNIC UNIVERSITY
A Component Unit of the State of Florida
Statement of Cash Flows

For the Fiscal Year Ended June 30, 2019

| | University |
|---|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Student Tuition and Fees, Net | \$ 2,682,260 |
| Grants and Contracts | 1,682,741 |
| Sales and Services of Educational Departments | 27,181 |
| Sales and Services of Auxiliary Enterprises | 4,105,599 |
| Payments to Employees | (27,493,881) |
| Payments to Suppliers for Goods and Services | (16,719,714) |
| Payments to Students for Scholarships | (8,639,048) |
| Other Operating Receipts | 163,646 |
| | (44,191,216) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| State Noncapital Appropriations | 39,207,184 |
| Federal and State Student Financial Aid | 8,484,670 |
| Federal Direct Loan Program Receipts | 2,164,141 |
| Federal Direct Loan Program Disbursements | (2,164,141) |
| Net Change in Funds Held for Others | (2,516) |
| | 47,689,338 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| State Capital Appropriations | 266,858 |
| Capital Grants, Contracts, Donations and Fees | 140,000 |
| Purchase or Construction of Capital Assets | (3,649,108) |
| Principal Paid on Capital Debt and Leases | (1,066,501) |
| Interest Paid on Capital Debt and Leases | (38,492) |
| Other Receipts for Capital Projects | 8,151,785 |
| | 3,804,542 |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Proceeds from Sales and Maturities of Investments | 42,815,804 |
| Purchases of Investments | (51,491,279) |
| Investment Income | 1,085,932 |
| | (7,589,543) |
| Net Decrease in Cash and Cash Equivalents | (286,879) |
| Cash and Cash Equivalents, Beginning of Year | 491,577 |
| Cash and Cash Equivalents, End of Year | \$ 204,698 |

| | <u>University</u> |
|---|------------------------|
| RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES | |
| Operating Loss | \$ (52,219,713) |
| Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities: | |
| Depreciation Expense | 5,566,928 |
| Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources: | |
| Receivables, Net | 404,115 |
| Due from Component Unit | (3,064) |
| Accounts Payable | 164,365 |
| Salaries and Wages Payable | (27,991) |
| Compensated Absences Payable | 67,438 |
| Unearned Revenue | (24,043) |
| Other Postemployment Benefits Payable | (262,000) |
| Net Pension Liability | 762,294 |
| Deferred Outflows of Resources Related to Other Postemployment Benefits | 514,000 |
| Deferred Inflows of Resources Related to Other Postemployment Benefits | 478,339 |
| Deferred Outflows of Resources Related to Pensions | 503,693 |
| Deferred Inflows of Resources Related to Pensions | (115,577) |
| NET CASH USED BY OPERATING ACTIVITIES | <u>\$ (44,191,216)</u> |
| SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND CAPITAL FINANCING ACTIVITIES | |
| Unrealized gains on investments were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows. | \$ 1,253,151 |
| The University entered into an installment purchase agreement, which is recognized on the statement of net position, but is not a cash transaction for the statement of cash flows. | \$ 159,316 |

The accompanying notes to financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Reporting Entity. The University is a separate public instrumentality that is part of the State university system of public universities, which is under the general direction and control of the Florida Board of Governors. The University is directly governed by a Board of Trustees (Trustees) consisting of 13 members. The Governor appoints 6 citizen members and the Board of Governors appoints 5 citizen members. These members are confirmed by the Florida Senate and serve staggered terms of 5 years. The chair of the faculty senate and the president of the student body of the University are also members. The Board of Governors establishes the powers and duties of the Trustees. The Trustees are responsible for setting policies for the University, which provide governance in accordance with State law and Board of Governors' Regulations, and selecting the University President. The University President serves as the executive officer and the corporate secretary of the Trustees and is responsible for administering the policies prescribed by the Trustees.

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

Discretely Presented Component Unit. Based on the application of the criteria for determining component units, the Florida Polytechnic University Foundation, Inc. (Foundation), a legally separate entity, is included within the University's reporting entity as a discretely presented component unit and is governed by a separate board. Florida Statutes authorize these organizations to receive, hold, invest, and administer property and to make expenditures to or for the benefit of the University. The Foundation solicits, collects, manages and directs contributions to various academic departments and programs of the University, and assists the University in fundraising, and public relations.

An annual audit of the organization's financial statements is conducted by independent certified public accountants. Additional information on the University's discretely presented component unit, including copies of audit reports, is available by contacting the University Controller.

Basis of Presentation. The University's accounting policies conform with accounting principles generally accepted in the United States of America applicable to public colleges and universities as prescribed by GASB. The National Association of College and University Business Officers (NACUBO) also provides the University with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB and the Financial Accounting Standards Board (FASB). GASB allows public universities various reporting options. The University has elected to report as an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and entitywide reporting including the following components:

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

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

The University's discretely presented component unit uses the economic resources measurement focus and the accrual basis of accounting, and follows GASB standards of accounting and financial reporting.

Significant interdepartmental sales between auxiliary service departments and other institutional departments have been eliminated from revenues and expenses for reporting purposes.

The University's principal operating activities consist of instruction, research, and public service. Operating revenues and expenses generally include all fiscal transactions directly related to these activities as well as administration, operation and maintenance of capital assets, and depreciation of capital assets. Nonoperating revenues include State noncapital appropriations, Federal and State student financial aid, and investment income. Unrealized losses on investments and interest on capital asset-related debt are nonoperating expenses. Other revenues generally include revenues for capital construction projects.

The statement of net position is presented in a classified format to distinguish between current and noncurrent assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the University's policy to first apply the restricted resources to such programs, followed by the use of the unrestricted resources.

The statement of revenues, expenses, and changes in net position is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the difference between the stated charge for goods and services provided by the University and the amount that is actually paid by the student or the third party making payment on behalf of the student. The University applied the "Alternate Method" as prescribed in NACUBO Advisory Report 2000-05 to determine the reported net tuition scholarship allowances. Under this method, the University computes these amounts by allocating

the cash payments to students, excluding payments for services, using a ratio of total aid to aid not considered third-party aid.

The statement of cash flows is presented using the direct method in compliance with GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

Cash and Cash Equivalents. Cash and cash equivalents consist of cash on hand and cash in demand accounts. University cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes.

Capital Assets. University capital assets consist of land, construction in progress, buildings, infrastructure and other improvements, furniture and equipment, library resources, and other capital assets. These assets are capitalized and recorded at cost at the date of acquisition or at acquisition value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The University has a capitalization threshold of \$5,000 for tangible personal property, \$100,000 for infrastructure and improvements, and \$250,000 for building renovations except that all new buildings and projects adding new square footage are capitalized. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 20 to 50 years
- Infrastructure and Other Improvements – 20 years
- Furniture and Equipment – 3 to 15 years
- Library Resources – 10 years
- Other Capital Assets – 10 years

Noncurrent Liabilities. Noncurrent liabilities include installment purchases payable, capital lease payable, compensated absences payable, other postemployment benefits payable, and net pension liabilities that are not scheduled to be paid within the next fiscal year.

Pensions. For purposes of measuring the net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deductions from the FRS and HIS fiduciary net positions have been determined on the same basis as they are reported by the FRS and the HIS plans. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

2. Reporting Changes – Component Unit

The Florida Legislature passed, and the Governor signed into law Chapter 2018-004, Laws of Florida, a provision that changed Section 1004.28, Florida Statutes, which addresses university direct-support

organizations (DSO). With this change, the University Board of Trustees is required to approve all DSO board members. Under current accounting guidance, a key factor in determining whether a DSO should report under the FASB versus the GASB is board control. With the change in Florida Statutes, the University has control of the board of the DSO and the FASB reporting model is no longer appropriate. The Foundation reported under FASB prior to the legislative change. The Foundation converted from FASB to the GASB reporting model for the 2018-19 fiscal year.

3. Adjustment to Beginning Net Position – Component Unit

The beginning net position of the Foundation was decreased by \$320,202 as a result of the change in the financial accounting framework as discussed in Note 2. The adjustment to beginning net position is due to the removal of endowment pledges.

4. Investments

Section 1011.42(5), Florida Statutes, authorizes universities to invest funds with the State Treasury and State Board of Administration (SBA) and requires that universities comply with the statutory requirements governing investment of public funds by local governments. Accordingly, universities are subject to the requirements of Chapter 218, Part IV, Florida Statutes. The Board of Trustees has adopted a written investment policy providing that surplus funds of the University shall be invested in those institutions and instruments permitted under the provisions of Florida Statutes. Pursuant to Section 218.415(16), Florida Statutes, the University is authorized to invest in the Florida PRIME investment pool administered by the SBA; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits and savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; direct obligations of the United States Treasury; obligations of Federal agencies and instrumentalities; securities of, or interests in, certain open end or closed end management type investment companies; and other investments approved by the Board of Trustees as authorized by law.

Investments set aside to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital assets are classified as restricted.

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

All of the University's recurring fair value measurements as of June 30, 2019, are valued using quoted market prices (Level 1 inputs), with the exception of obligations of United States government agencies and instrumentalities, and corporate equity securities which are valued using a matrix pricing model (Level 2 inputs) and investments with the State Treasury which are valued based on the University's share of the pool (Level 3 inputs).

The University's investments at June 30, 2019, are reported as follows:

| | Amount | Fair Value Measurements Using | | |
|---|----------------------|--|---|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments by fair value level | | | | |
| External Investment Pool: | | | | |
| State Treasury Special Purpose Investment Account | \$ 46,941,968 | \$ - | \$ - | \$ 46,941,968 |
| United States Treasury Securities | 3,397,381 | 3,397,381 | - | - |
| Obligations of United States Government | | | | |
| Agencies and Instrumentalities | 2,922,954 | - | 2,922,954 | - |
| Corporate Equity Securities | 3,871,976 | - | 3,871,976 | - |
| Money Market Funds | 254,722 | 254,722 | - | - |
| Total investments by fair value level | \$ 57,389,001 | \$ 3,652,103 | \$ 6,794,930 | \$ 46,941,968 |

External Investment Pools.

The University reported investments at fair value totaling \$46,941,968 at June 30, 2019, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities. Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The State Treasury SPIA investment pool carried a credit rating of AA-f by Standard & Poor's, had an effective duration of 2.71 years, and fair value factor of 1.0103 at June 30, 2019. Participants contribute to the State Treasury SPIA investment pool on a dollar basis. These funds are commingled and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participant's total cash balances. The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance. The University relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

Other Investments.

The University's other investments consisted of various debt securities and money market funds totaling \$10,447,033 at June 30, 2019. The following risks apply to those investments.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University's investment policy generally requires that the investment portfolio be maintained in such a manner as to provide sufficient liquidity to pay obligations as they become due. Recognizing that market value volatility is a function of maturity, a segment of the portfolio shall be maintained in a short-term maturity portfolio. Funds in excess of those required to meet current expenses may be invested in longer-term portfolios. Investment maturities at June 30, 2019 were as follows:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Investment Maturities (In Years)</u> | | |
|---|----------------------|---|---------------------|---------------------|
| | | <u>Less than 1</u> | <u>1-5</u> | <u>6-10</u> |
| Obligations of United States Government | | | | |
| Agencies and Instrumentalities | \$ 2,922,954 | \$ 997,640 | \$ 1,925,314 | \$ - |
| United States Treasury Securities | 3,397,381 | 373,756 | 2,494,916 | 528,709 |
| Corporate Equity Securities | 3,871,976 | 324,323 | 2,300,498 | 1,247,155 |
| Money Market Funds | 254,722 | 254,722 | - | - |
| Total investments by investment maturities | \$ 10,447,033 | \$ 1,950,441 | \$ 6,720,728 | \$ 1,775,864 |

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. United States Treasury Securities or obligations explicitly guaranteed by the United States Government are not considered to have credit risk and do not require disclosure of credit quality. At June 30, 2019, the University had \$3,397,381 of these investments. The University's investment policy requires the portfolio provide specific types of investments that may be purchased, including credit quality guidelines, where applicable, maintain a total average quality minimum of BBB. The policy states that securities in the BBB rating category can make up no more than 25 percent of the portfolio. At June 30, 2019, the University had obligations of United States Government agencies and instrumentalities and equity securities with quality ratings by nationally recognized rating agencies, as follows:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Credit Quality Rating (1)</u> | | |
|---|---------------------|----------------------------------|---------------------|---------------------|
| | | <u>AA</u> | <u>A</u> | <u>BBB</u> |
| Obligations of United States Government | | | | |
| Agencies and Instrumentalities | \$ 2,922,954 | \$ 2,723,737 | \$ 199,217 | \$ - |
| Corporate Equity Securities | 3,871,976 | 750,633 | 1,568,989 | 1,552,354 |
| Total investments by credit quality rating | \$ 6,794,930 | \$ 3,474,370 | \$ 1,768,206 | \$ 1,552,354 |

(1) The credit quality ratings are from Standard & Poor's.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of the failure of the counterparty, the value of the investments or collateral securities in the possession of an outside party will not be recoverable. Exposure to custodial credit risk relates to investment securities that are held by someone other than the entity and are not registered in the entities name. All University investments are held in safekeeping by a third-party custodian. There were no losses during the period due to default by counterparties to investment transactions.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The University policy states that a maximum of 5 percent of the funds be invested in securities of a single issuer, except that obligations of the United States Government agencies and instrumentalities are not subject to the limitations.

Component Unit Investments.

The University discretely presented component unit's investments at June 30, 2019 are reported at fair value as follows:

| | Amount | Fair Value Measurements Using | | |
|--|---------------------|--|---|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments by fair value level | | | | |
| Corporate Bonds | \$ 473,713 | \$ 473,713 | \$ - | \$ - |
| International Bonds | 124,653 | 124,653 | - | - |
| U.S. Government Bonds | 549,559 | 549,559 | - | - |
| Mutual Funds: | | | | |
| Bonds | 764,291 | 764,291 | - | - |
| Equity | 3,911,270 | 3,911,270 | - | - |
| Total investments by fair value level | 5,823,486 | \$ 5,823,486 | \$ - | \$ - |
| Investments by Amortized Cost | | | | |
| Money Market Account | 209,264 | | | |
| Total Investments | \$ 6,032,750 | | | |

5. Receivables

Accounts and Interest Receivable. Accounts and interest receivable represent amounts for student tuition and fees, contract and grant reimbursements due from third parties, various sales and services provided to students and third parties, and interest accrued on investments. As of June 30, 2019, the University reported the following amounts as accounts and interest receivable:

| Description | Amount |
|--|-------------------|
| Contracts and Grants | \$ 111,684 |
| Sales and Services | 61,495 |
| Student Tuition and Fees, Net | 61,255 |
| Investment Interest | 191,610 |
| Total Accounts and Interest Receivable, Net | \$ 426,044 |

Allowance for Doubtful Receivables. Allowances for doubtful accounts is reported based on management's best estimate as of fiscal year end considering type, age, collection history, and other factors considered appropriate. Accounts receivable are reported net of allowances of \$47,224 at June 30, 2019.

No allowance has been accrued for contracts and grants receivable, sales and services receivable, and investment interest receivable. University management considers these to be fully collectible.

6. Due From State

The amount due from State consists of \$7,157,026 of Public Education Capital Outlay (PECO) due from the State to the University for construction of University facilities.

7. Due From Component Unit

The amount due from component unit consists of amounts owed to the University by the Foundation for expense reimbursements.

8. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2019, is shown in the following table:

| <u>Description</u> | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> |
|--|------------------------------|-----------------------|-------------------|---------------------------|
| Nondepreciable Capital Assets: | | | | |
| Land | \$ 18,156,039 | \$ - | \$ - | \$ 18,156,039 |
| Construction in Progress | 590,389 | 1,260,725 | 639,665 | 1,211,449 |
| Total Nondepreciable Capital Assets | \$ 18,746,428 | \$ 1,260,725 | \$ 639,665 | \$ 19,367,488 |
| Depreciable Capital Assets: | | | | |
| Buildings | \$ 96,628,344 | \$ 639,665 | \$ - | \$ 97,268,009 |
| Infrastructure and Other Improvements | 41,035,547 | - | - | 41,035,547 |
| Furniture and Equipment | 7,771,707 | 594,659 | 27,811 | 8,338,555 |
| Library Resources | 16,358 | - | - | 16,358 |
| Other Capital Assets | 4,038,722 | - | - | 4,038,722 |
| Total Depreciable Capital Assets | 149,490,678 | 1,234,324 | 27,811 | 150,697,191 |
| Less, Accumulated Depreciation: | | | | |
| Buildings | 7,832,092 | 2,120,568 | - | 9,952,660 |
| Infrastructure and Other Improvements | 6,663,585 | 1,606,743 | - | 8,270,328 |
| Furniture and Equipment | 3,349,716 | 1,222,655 | 20,089 | 4,552,282 |
| Library Resources | 14,349 | 1,581 | - | 15,930 |
| Other Capital Assets | 1,614,512 | 615,381 | - | 2,229,893 |
| Total Accumulated Depreciation | 19,474,254 | 5,566,928 | 20,089 | 25,021,093 |
| Total Depreciable Capital Assets, Net | \$ 130,016,424 | \$ (4,332,604) | \$ 7,722 | \$ 125,676,098 |

9. Other Current Liabilities

The University maintained an account with a local bank to process general operating expenses and payroll transactions. Funds in excess of current need, including float, were invested. As a result, the University's records showed a temporary cash overdraft for the amount of outstanding checks not presented as of June 30, 2019. This did not, however, represent an overdraft in the University's depository account.

10. Unearned Revenue

Unearned revenue at June 30, 2019, includes student tuition and fees received prior to fiscal year end related to subsequent accounting periods. As of June 30, 2019, the University reported \$177,096 as unearned revenue.

11. Long-Term Liabilities

Long-term liabilities of the University at June 30, 2019, include installment purchases payable, capital lease payable, compensated absences payable, other postemployment benefits payable, and net pension liability. Long-term liabilities activity for the fiscal year ended June 30, 2019, is shown in the following table:

| <u>Description</u> | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Current Portion</u> |
|---------------------------------------|--------------------------|----------------------|----------------------|-----------------------|------------------------|
| Installment Purchases Payable | \$ 1,508,849 | \$ 159,316 | \$ 1,052,882 | \$ 615,283 | \$ 281,199 |
| Capital Lease Payable | 67,535 | - | 13,619 | 53,916 | 14,377 |
| Compensated Absences Payable | 1,424,919 | 319,054 | 251,616 | 1,492,357 | 149,236 |
| Other Postemployment Benefits Payable | 4,483,000 | 241,000 | 503,000 | 4,221,000 | 15,000 |
| Net Pension Liability | 11,669,531 | 11,071,471 | 10,309,177 | 12,431,825 | 365,857 |
| Total Long-Term Liabilities | \$ 19,153,834 | \$ 11,790,841 | \$ 12,130,294 | \$ 18,814,381 | \$ 825,669 |

Installment Purchases Payable. The University has entered into several installment purchase agreements for the purchase of equipment reported at \$5,018,051. The stated interest rates ranged from 1.21 percent to 5.59 percent. Future minimum payments remaining under installment purchase agreements and the present value of the minimum payments as of June 30, 2019, are as follows:

| <u>Fiscal Year Ending June 30</u> | <u>Amount</u> |
|--|-------------------|
| 2020 | \$ 325,326 |
| 2021 | 268,256 |
| 2022 | 46,065 |
| Total Minimum Payments | 639,647 |
| Less, Amount Representing Interest | 24,364 |
| Present Value of Minimum Payments | \$ 615,283 |

Capital Lease Payable. Vehicles in the amount of \$75,082 are being acquired under a capital lease agreement. The stated interest rate is 5.45 percent. Future minimum payments under the capital lease agreement and the present value of the minimum payments as of June 30, 2019, are as follows:

| <u>Fiscal Year Ending June 30</u> | <u>Amount</u> |
|--|------------------|
| 2020 | \$ 17,025 |
| 2021 | 17,025 |
| 2022 | 17,025 |
| 2023 | 8,512 |
| Total Minimum Payments | 59,587 |
| Less, Amount Representing Interest | 5,671 |
| Present Value of Minimum Payments | \$ 53,916 |

Compensated Absences Payable. Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave earned pursuant to Board of Governors' Regulations, University regulations, and bargaining agreements. Leave earned is accrued to the credit of the employee and records are kept on each employee's unpaid (unused) leave balance. The University reports a liability for the accrued leave; however, State noncapital appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the University expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. At June 30, 2019, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled \$1,492,357. The current portion of the compensated absences liability, \$149,236, is the amount expected to be paid in the coming fiscal year and represents a historical percentage of leave used applied to total accrued leave liability.

Other Postemployment Benefits Payable. The University follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for certain postemployment healthcare benefits administered by the State Group Health Insurance Program.

General Information about the OPEB Plan

Plan Description. The Division of State Group Insurance's Other Postemployment Benefits Plan (OPEB Plan) is a multiple-employer defined benefit plan administered by the State of Florida. Pursuant to the provisions of Section 112.0801, Florida Statutes, all employees who retire from the University are eligible to participate in the State Group Health Insurance Program. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. A retiree means any officer or employee who retires under a State retirement system or State optional annuity or retirement program or is placed on disability retirement and who begins receiving retirement benefits immediately after retirement from employment. In addition, any officer or employee who retires under the Florida Retirement System Investment Plan is considered a "retiree" if he or she meets the age and service requirements to qualify for normal retirement or has attained the age of 59.5 years and has the years of service required for vesting. The University subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because retiree healthcare costs are generally greater than active employee healthcare costs. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75. The OPEB Plan contribution requirements and benefit terms necessary for funding the OPEB Plan each year is on a pay-as-you-go basis as established by the Governor's recommended budget and the General Appropriations Act. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible.

Benefits Provided. The OPEB Plan provides healthcare benefits for retirees and their dependents. The OPEB Plan only provides an implicit subsidy as described above.

Proportionate Share of the Total OPEB Liability

The University's proportionate share of the total OPEB liability of \$4,221,000 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2017. At June 30, 2018, the University's proportionate share, determined by its proportion of total benefit payments made, was 0.04 percent, which remained unchanged from its proportionate share measured as of June 30, 2017.

Actuarial Assumptions and Other Inputs. The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|--|--|
| Inflation | 2.6 percent |
| Salary increases | |
| Regular Employees | 4.0 to 7.8 percent, including inflation |
| Special Risk Employees | 5.1 to 7.6 percent, including inflation |
| Senior Management Employees | 4.7 to 7.1 percent, including inflation |
| Discount rate | 3.87 percent |
| Healthcare cost trend rates | |
| PPO Plan | 8.8 Percent for 2019, decreasing to an ultimate rate of 3.8 percent for 2076 and later years |
| HMO Plan | 6.2 percent for 2019, to an ultimate rate of 3.8 percent for 2076 and later years |
| Retirees' share of benefit-related costs | 100 percent of projected health insurance premiums for retirees |

The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index.

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

The demographic actuarial assumptions for retirement, disability incidence, and withdrawal used in the June 30, 2017, valuation were based on the 2014 Experience Study prepared by Milliman on September 8, 2014. Updated assumptions for the FRS July 1, 2016, Actuarial Valuation were approved by the 2016 FRS Actuarial Assumptions Conference.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017, valuation were based on a review of recent plan experience done concurrently with the June 30, 2017, valuation.

The following changes have been made since the prior valuation:

- The discount rate as of the measurement date for GASB Statement No. 75 purposes was changed to 3.87 percent. The prior GASB Statement No. 75 valuation used 3.58 percent. The GASB Statement No. 75 discount rate is based on the 20-year municipal bond rate as of June 30, 2018.

Sensitivity of the University's Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the University's proportionate share of the total OPEB liability, as well as what the University's proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.87 percent) or 1 percentage point higher (4.87 percent) than the current rate:

| | <u>1% Decrease (2.87%)</u> | <u>Current Discount Rate (3.87%)</u> | <u>1% Increase (4.87%)</u> |
|--|------------------------------------|--|------------------------------------|
| University's proportionate share of the total OPEB liability | \$5,133,000 | \$4,221,000 | \$3,510,000 |

Sensitivity of the University's Proportionate Share of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following table presents the University's proportionate share of the total OPEB liability, as well as what the University's proportionate share of the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

| | <u>1% Decrease</u> | <u>Healthcare Cost Trend Rates</u> | <u>1% Increase</u> |
|--|--------------------|--|--------------------|
| University's proportionate share of the total OPEB liability | \$3,414,000 | \$4,221,000 | \$5,303,000 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.

For the fiscal year ended June 30, 2019, the University recognized OPEB expense of \$181,000. At June 30, 2019, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| <u>Description</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Change of assumptions or other inputs | \$ - | \$ 239,000 |
| Changes in proportion and differences between University benefit payments and proportionate share of benefit payments | - | 188,000 |
| Transactions subsequent to the measurement date | 17,000 | - |
| Total | <u>\$ 17,000</u> | <u>\$ 427,000</u> |

Of the total amount reported as deferred outflows of resources related to OPEB, \$17,000 resulting from transactions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability and included in OPEB expense in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>Fiscal Year Ending June 30</u> | <u>Amount</u> |
|-----------------------------------|---------------------|
| 2020 | \$ (42,700) |
| 2021 | (42,700) |
| 2022 | (42,700) |
| 2023 | (42,700) |
| 2024 | (42,700) |
| Thereafter | (213,500) |
| Total | \$ (427,000) |

Net Pension Liability. As a participating employer in the Florida Retirement System (FRS), the University recognizes its proportionate share of the collective net pension liabilities of the FRS cost-sharing multiple-employer defined benefit plans. As of June 30, 2019, the University's proportionate share of the net pension liabilities totaled \$12,431,825. Note 12. includes a complete discussion of defined benefit pension plans.

12. Retirement Plans – Defined Benefit Pension Plans

General Information about the Florida Retirement System (FRS).

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 121, Florida Statutes, also provides for nonintegrated, optional retirement programs in lieu of the FRS to certain members of the Senior Management Service Class employed by the State and faculty and specified employees in the State university system. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the University are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services Web site (www.dms.myflorida.com).

The University's FRS and HIS pension expense totaled \$2,944,615 for the fiscal year ended June 30, 2019.

FRS Pension Plan

Plan Description. The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.
- *Special Risk Class* – Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of creditable service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of creditable service. Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

The DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS-participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided. Benefits under the Plan are computed on the basis of age, and/or years of service, average final compensation, and credit service. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on retirement plan and/or the class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following table shows the percentage value for each year of service credit earned:

| <u>Class, Initial Enrollment, and Retirement Age/Years of Service</u> | <u>% Value</u> |
|--|----------------|
| Regular Class members initially enrolled before July 1, 2011 | |
| Retirement up to age 62 or up to 30 years of service | 1.60 |
| Retirement at age 63 or with 31 years of service | 1.63 |
| Retirement at age 64 or with 32 years of service | 1.65 |
| Retirement at age 65 or with 33 or more years of service | 1.68 |
| Regular Class members initially enrolled on or after July 1, 2011 | |
| Retirement up to age 65 or up to 33 years of service | 1.60 |
| Retirement at age 66 or with 34 years of service | 1.63 |
| Retirement at age 67 or with 35 years of service | 1.65 |
| Retirement at age 68 or with 36 or more years of service | 1.68 |
| Senior Management Service Class | 2.00 |
| Special Risk Class | 3.00 |

As provided in Section 121.101, Florida Statutes, if the member was initially enrolled in the Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member was initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2018-19 fiscal year were:

| <u>Class</u> | <u>Percent of Gross Salary</u> | |
|--|--------------------------------|---------------------|
| | <u>Employee</u> | <u>Employer (1)</u> |
| FRS, Regular | 3.00 | 8.26 |
| FRS, Senior Management Service | 3.00 | 24.06 |
| FRS, Special Risk | 3.00 | 24.50 |
| Deferred Retirement Option Program (applicable to members from all of the above classes) | 0.00 | 14.03 |
| FRS, Reemployed Retiree | (2) | (2) |

(1) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.

(2) Contribution rates are dependent upon retirement class in which reemployed.

The University's contributions to the Plan totaled \$957,925 for the fiscal year ended June 30, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2019, the University reported a liability of \$9,095,857 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The University's proportionate share of the net pension

liability was based on the University's 2017-18 fiscal year contributions relative to the total 2017-18 fiscal year contributions of all participating members. At June 30, 2018, the University's proportionate share was 0.030207815 percent, which was an increase of 0.001713571 from its proportionate share measured as of June 30, 2017.

For the year ended June 30, 2019, the University recognized pension expense of \$2,305,368. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| <u>Description</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 770,801 | \$ 27,976 |
| Change of assumptions | 2,973,029 | - |
| Net difference between projected and actual earnings on FRS Plan investments | - | 702,989 |
| Changes in proportion and differences between University contributions and proportionate share of contributions | 1,976,440 | - |
| University FRS contributions subsequent to the measurement date | 957,925 | - |
| Total | \$ 6,678,195 | \$ 730,965 |

The deferred outflows of resources totaling \$957,925, resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Fiscal Year Ending June 30</u> | <u>Amount</u> |
|-----------------------------------|---------------------|
| 2020 | \$ 1,912,241 |
| 2021 | 1,372,586 |
| 2022 | 435,184 |
| 2023 | 740,244 |
| 2024 | 457,269 |
| Thereafter | 71,781 |
| Total | \$ 4,989,305 |

Actuarial Assumptions. The total pension liability in the July 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Inflation | 2.60 percent |
| Salary increases | 3.25 percent, average, including inflation |
| Investment rate of return | 7.00 percent, net of pension plan investment expense, including inflation |

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation (1)</u> | <u>Annual Arithmetic Return</u> | <u>Compound Annual (Geometric) Return</u> | <u>Standard Deviation</u> |
|--------------------------|------------------------------|---------------------------------|---|---------------------------|
| Cash | 1% | 2.9% | 2.9% | 1.8% |
| Fixed Income | 18% | 4.4% | 4.3% | 4.0% |
| Global Equity | 54% | 7.6% | 6.3% | 17.0% |
| Real Estate (Property) | 11% | 6.6% | 6.0% | 11.3% |
| Private Equity | 10% | 10.7% | 7.8% | 26.5% |
| Strategic Investments | 6% | 6.0% | 5.7% | 8.6% |
| Total | <u>100%</u> | | | |
| Assumed inflation - Mean | | | 2.6% | 1.9% |

(1) As outlined in the Plan's investment policy.

Discount Rate. The discount rate used to measure the total pension liability was 7.00 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2018 valuation was updated from 7.10 percent to 7.00 percent.

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate:

| | <u>1% Decrease (6.00%)</u> | <u>Current Discount Rate (7.00%)</u> | <u>1% Increase (8.00%)</u> |
|---|----------------------------|--------------------------------------|----------------------------|
| University's proportionate share of the net pension liability | \$16,605,601 | \$9,095,857 | \$2,863,867 |

Pension Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

HIS Pension Plan

Plan Description. The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided. For the fiscal year ended June 30, 2019, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2019, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The University contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The University's contributions to the HIS Plan totaled \$173,940 for the fiscal year ended June 30, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2019, the University reported a liability of \$3,335,968 for its proportionate share of the net pension liability. The current portion of the net pension liability is the University's proportionate share of benefit payments expected to be paid within 1 year, net of the University's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The University's proportionate share of the net pension liability was based on the University's 2017-18 fiscal year contributions relative to the total 2017-18 fiscal year contributions of all participating members. At June 30, 2018, the University's proportionate share was 0.031518639 percent, which was an increase of 0.001206400 from its proportionate share measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the University recognized pension expense of \$639,247. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| <u>Description</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Change of assumptions | \$ 371,001 | \$ 352,706 |
| Difference between expected and actual experience | 51,072 | 5,668 |
| Net difference between projected and actual earnings on HIS Plan investments | 2,014 | - |
| Changes in proportion and differences between University HIS contributions and proportionate share of HIS contributions | 1,439,923 | - |
| University HIS contributions subsequent to the measurement date | 173,940 | - |
| Total | <u>\$ 2,037,950</u> | <u>\$ 358,374</u> |

The deferred outflows of resources totaling \$173,940, resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Fiscal Year Ending June 30</u> | <u>Amount</u> |
|-----------------------------------|---------------------|
| 2020 | \$ 436,922 |
| 2021 | 436,752 |
| 2022 | 339,850 |
| 2023 | 204,659 |
| 2024 | 70,835 |
| Thereafter | 16,618 |
| Total | <u>\$ 1,505,636</u> |

Actuarial Assumptions. The total pension liability at July 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------|--|
| Inflation | 2.60 percent |
| Salary Increases | 3.25 percent, average, including inflation |
| Municipal bond rate | 3.87 percent |

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

While an experience study had not been completed for the HIS Plan, the actuarial assumptions that determined the total pension liability for the HIS Plan were based on certain results of the most recent experience study for the FRS Plan.

Discount Rate. The discount rate used to measure the total pension liability was 3.87 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate

selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate used in the 2018 valuation was updated from 3.58 percent to 3.87 percent.

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 3.87 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.87 percent) or 1 percentage point higher (4.87 percent) than the current rate:

| | <u>1% Decrease (2.87%)</u> | <u>Current Discount Rate (3.87%)</u> | <u>1% Increase (4.87%)</u> |
|---|------------------------------------|--|------------------------------------|
| University's proportionate share of the net pension liability | \$3,788,472 | \$3,335,968 | \$2,949,611 |

Pension Plan Fiduciary Net Position. Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Comprehensive Annual Financial Report.

13. Retirement Plans – Defined Contribution Pension Plans

FRS Investment Plan. The SBA administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State's Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. University employees already participating in the State University System Optional Retirement Program or DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2018-19 fiscal year were as follows:

| <u>Class</u> | <u>Percent of Gross Compensation</u> |
|--------------------------------|--|
| FRS, Regular | 6.30 |
| FRS, Senior Management Service | 7.67 |
| FRS, Special Risk Regular | 14.00 |

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the FRS Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2019, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the University.

After termination and applying to receive benefits, the member may roll over vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided in which the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The University's Investment Plan pension expense totaled \$311,874 for the fiscal year ended June 30, 2019.

State University System Optional Retirement Program. Section 121.35, Florida Statutes, provides for an Optional Retirement Program (Program) for eligible university instructors and administrators. The Program is designed to aid State universities in recruiting employees by offering more portability to employees not expected to remain in the FRS for 8 or more years.

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing university contributes 5.14 percent of the participant's salary to the participant's account, 3.5 percent to cover the unfunded actuarial liability of the FRS pension plan, and 0.01 percent to cover administrative costs, for a total of 8.65 percent, and employees contribute 3 percent of the employee's salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the University to the participant's annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

The University's contributions to the Program totaled \$642,277, and employee contributions totaled \$406,483 for the 2018-19 fiscal year.

14. Construction Commitment

The University's construction commitment at June 30, 2019, was as follows:

| <u>Project Description</u> | <u>Total Commitment</u> | <u>Completed to Date</u> | <u>Balance Committed</u> |
|----------------------------|-----------------------------|------------------------------|------------------------------|
| Applied Research Center | \$ 3,137,795 | \$ 1,211,449 | \$ 1,926,346 |

15. Risk Management Programs

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Pursuant to Section 1001.72(2), Florida Statutes, the University participates in State self-insurance programs providing insurance for property and casualty, workers' compensation, general liability, fleet automotive liability, Federal Civil Rights, and employment discrimination liability. During the 2018-19 fiscal year, for property losses, the State retained the first \$2 million per occurrence for all perils except named windstorm and flood. The State retained the first \$2 million per occurrence with an annual aggregate retention of \$40 million for named windstorm and flood losses. After the annual aggregate retention, losses in excess of \$2 million per occurrence were commercially insured up to \$78 million for named windstorm and flood through February 14, 2019, and decreased to \$68.5 million starting February 15, 2019. For perils other than named windstorm and flood, losses in excess of \$2 million per occurrence were commercially insured up to \$225 million; and losses exceeding those amounts were retained by the State. No excess insurance coverage is provided for workers' compensation, general and automotive liability, Federal Civil Rights and employment action coverage; all losses in these categories, with the exception of out-of-state workers' compensation, are completely self-insured by the State through the State Risk Management Trust Fund established pursuant to Chapter 284, Florida Statutes. The State Risk Management Trust Fund purchases an insurance policy for out-of-state workers' compensation coverage. Payments on tort claims are limited to \$200,000 per person and \$300,000 per occurrence as set by Section 768.28(5), Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. Settlements have not exceeded insurance coverage during the past 3 fiscal years.

Pursuant to Section 110.123, Florida Statutes, University employees may obtain healthcare services through participation in the State group health insurance plan or through membership in a health maintenance organization plan under contract with the State. The State's risk financing activities associated with State group health insurance, such as risk of loss related to medical and prescription drug claims, are administered through the State Employees Group Health Insurance Trust Fund. It is the practice of the State not to purchase commercial coverage for the risk of loss covered by this Fund. Additional information on the State's group health insurance plan, including the actuarial report, is available from the Florida Department of Management Services, Division of State Group Insurance.

16. Litigation

The University is involved in several pending and threatened legal actions. The range of potential loss from all such claims and actions, as estimated by the University's legal counsel and management, should not materially affect the University's financial position.

17. Functional Distribution of Operating Expenses

The functional classification of an operating expense (instruction, research, etc.) is assigned to a department based on the nature of the activity, which represents the material portion of the activity attributable to the department. For example, activities of an academic department for which the primary departmental function is instruction may include some activities other than direct instruction such as research and public service. However, when the primary mission of the department consists of instructional program elements, all expenses of the department are reported under the instruction classification. The operating expenses on the statement of revenues, expenses, and changes in net position are presented by natural classifications. The following are those same expenses presented in functional classifications as recommended by NACUBO:

| <u>Functional Classification</u> | <u>Amount</u> |
|--|------------------------------------|
| Instruction | \$ 9,266,435 |
| Research | 4,334,845 |
| Public Services | 190,362 |
| Academic Support | 9,098,299 |
| Student Services | 4,073,824 |
| Institutional Support | 12,009,645 |
| Operation and Maintenance of Plant | 3,489,048 |
| Scholarships, Fellowships, and Waivers | 8,855,573 |
| Depreciation | 5,566,928 |
| Auxiliary Enterprises | 3,616,109 |
| Total Operating Expenses | <u><u>\$ 60,501,068</u></u> |

18. Related Party Transaction

On June 26, 2019, the Board approved the release of the scholarship pledge receivable from the Foundation in the amount of \$5,718,582. The scholarship pledge receivable was reported in the University's Statement of Net Position as due from component unit in prior fiscal years.

19. Subsequent Event

On September 11, 2019, the Board approved the construction management contract and the Guaranteed Maximum Price (GMP) proposal for Phase 1 of the Applied Research Center (ARC) totaling \$8.2 million. This contract was signed and fully executed on September 24, 2019. Additionally, on February 26, 2020, the Board approved the construction management contract and the GMP proposal for Phase 2 of the ARC totaling \$17.7 million.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the University's Proportionate Share of the Total Other Postemployment Benefits Liability

| | <u>2018</u> | <u>2017</u> |
|---|---------------|---------------|
| University's proportion of the total other postemployment benefits liability | 0.04% | 0.04% |
| University's proportionate share of the total other postemployment benefits liability | \$ 4,221,000 | \$ 4,483,000 |
| University's covered-employee payroll | \$ 16,978,875 | \$ 15,360,481 |
| University's proportionate share of the total other postemployment benefits liability as a percentage of its covered-employee payroll | 24.86% | 29.19% |

**Schedule of the University's Proportionate Share of the Net Pension Liability –
Florida Retirement System Pension Plan**

| | <u>2018 (1)</u> | <u>2017 (1)</u> | <u>2016 (1)</u> | <u>2015 (1)</u> |
|--|-----------------|-----------------|-----------------|-----------------|
| University's proportion of the FRS net pension liability | 0.030207815% | 0.028494244% | 0.022832875% | 0.019998331% |
| University's proportionate share of the FRS net pension liability | \$ 9,095,857 | \$ 8,428,407 | \$ 5,765,319 | \$ 2,583,054 |
| University's covered payroll (2) | \$ 16,978,875 | \$ 15,360,481 | \$ 11,660,838 | \$ 8,912,958 |
| University's proportionate share of the FRS net pension liability as a percentage of its covered payroll | 53.57% | 54.87% | 49.44% | 28.98% |
| FRS Plan fiduciary net position as a percentage of the FRS total pension liability | 84.26% | 83.89% | 84.88% | 92.00% |

(1) The amounts presented for each fiscal year were determined as of June 30.

(2) Covered payroll includes defined benefit plan actives, investment plan members, State university system optional retirement program members, and members in DROP because total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes

Schedule of University Contributions – Florida Retirement System Pension Plan

| | <u>2019 (1)</u> | <u>2018 (1)</u> | <u>2017 (1)</u> | <u>2016 (1)</u> |
|--|------------------|------------------|------------------|------------------|
| Contractually required FRS contribution | \$ 957,925 | \$ 860,898 | \$ 741,775 | \$ 563,074 |
| FRS contributions in relation to the contractually required contribution | <u>(957,925)</u> | <u>(860,898)</u> | <u>(741,775)</u> | <u>(563,074)</u> |
| FRS contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| University's covered payroll (2) | \$ 17,932,326 | \$ 16,978,875 | \$ 15,360,481 | \$ 11,660,838 |
| FRS contributions as a percentage of covered payroll | 5.34% | 5.07% | 4.83% | 4.83% |

(1) The amounts presented for each fiscal year were determined as of June 30.

(2) Covered payroll includes defined benefit plan actives, investment plan members, State university system optional retirement plan members, and members in DROP because total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes.

| <u>2014 (1)</u> | <u>2013 (1)</u> |
|-----------------|-----------------|
| 0.009648015% | 0.000813120% |
| \$ 588,671 | \$ 139,974 |
| \$ 4,212,980 | \$ 348,928 |
| 13.97% | 40.12% |
| 96.09% | 88.54% |

| <u>2015 (1)</u> | <u>2014 (1)</u> |
|------------------|------------------|
| \$ 487,576 | \$ 211,332 |
| <u>(487,576)</u> | <u>(211,332)</u> |
| \$ - | \$ - |
| \$ 8,912,958 | \$ 4,212,980 |
| 5.47% | 5.02% |

**Schedule of the University's Proportionate Share of the Net Pension Liability –
Health Insurance Subsidy Pension Plan**

| | <u>2018 (1)</u> | <u>2017 (1)</u> | <u>2016 (1)</u> | <u>2015 (1)</u> |
|--|-----------------|-----------------|-----------------|-----------------|
| University's proportion of the HIS net pension liability | 0.031518639% | 0.030312239% | 0.024197096% | 0.018486835% |
| University's proportionate share of the HIS net pension liability | \$ 3,335,968 | \$ 3,241,124 | \$ 2,820,072 | \$ 1,885,366 |
| University's covered payroll (2) | \$ 9,805,704 | \$ 9,232,755 | \$ 7,298,830 | \$ 5,391,296 |
| University's proportionate share of the HIS net pension liability as a percentage of its covered payroll | 34.02% | 35.10% | 38.64% | 34.97% |
| HIS Plan fiduciary net position as a percentage of the HIS total pension liability | 2.15% | 1.64% | 0.97% | 0.50% |

(1) The amounts presented for each fiscal year were determined as of June 30.

(2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

Schedule of University Contributions – Health Insurance Subsidy Pension Plan

| | <u>2019 (1)</u> | <u>2018 (1)</u> | <u>2017 (1)</u> | <u>2016 (1)</u> |
|--|------------------|------------------|------------------|------------------|
| Contractually required HIS contribution | \$ 173,940 | \$ 170,926 | \$ 160,241 | \$ 121,161 |
| HIS contributions in relation to the contractually required HIS contribution | <u>(173,940)</u> | <u>(170,926)</u> | <u>(160,241)</u> | <u>(121,161)</u> |
| HIS contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| University's covered payroll (2) | \$ 10,262,946 | \$ 9,805,704 | \$ 9,232,755 | \$ 7,298,830 |
| HIS contributions as a percentage of covered payroll | 1.69% | 1.74% | 1.74% | 1.66% |

(1) The amounts presented for each fiscal year were determined as of June 30.

(2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

| <u>2014 (1)</u> | <u>2013 (1)</u> |
|-----------------|-----------------|
| 0.009545059% | 0.000943115% |
| \$ 892,486 | \$ 82,111 |
| \$ 2,508,042 | \$ 55,192 |
| 35.58% | 148.77% |
| 0.99% | 1.78% |

| <u>2015 (1)</u> | <u>2014 (1)</u> |
|-----------------|-----------------|
| \$ 70,668 | \$ 32,698 |
| <u>(70,668)</u> | <u>(32,698)</u> |
| \$ - | \$ - |
| \$ 5,391,296 | \$ 2,508,042 |
| 1.31% | 1.30% |

1. Schedule of the University's Proportionate Share of the Total Other Postemployment Benefits Liability

No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Changes of Assumptions. The discount rate of the measurement date for GASB Statement No. 75 purposes was changed to 3.87 percent. The prior GASB Statement No.75 valuation used 3.58 percent. The GASB Statement No. 75 discount rate is based on the 20-year municipal bond rate as of the June 28, 2018.

2. Schedule of Net Pension Liability and Schedule of Contributions – Florida Retirement System Pension Plan

Changes of Assumptions. The long-term expected rate of return was decreased from 7.10 percent to 7.00 percent, and the active member mortality assumption was updated.

3. Schedule of Net Pension Liability and Schedule of Contributions – Health Insurance Subsidy Pension Plan

Changes of Assumptions. The municipal rate used to determine total pension liability increased from 3.58 percent to 3.87 percent.



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

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

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, a component unit of the State of Florida, and its discretely presented component unit as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated February 27, 2020, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine 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 University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the University's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control

that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is fluid and cursive, with a large initial "S" and "N".

Sherrill F. Norman, CPA
Tallahassee, Florida
February 27, 2020

**Florida Polytechnic University
Audit & Compliance Committee
Board of Trustees
May 20, 2020**

Subject: Foundation Form 990 (June 30, 2019 Fiscal Year)

Proposed Committee Action

Recommend approval of the Foundation's Form 990 for the fiscal year ended June 30, 2019 to the Board of Trustees.

Background Information

FPU 10.002(17) requires that each DSO shall submit its federal Internal Revenue Service Return of Organization Exempt from Income Tax form (Form 990) to the President. BOG Regulation 9.011(6), requires that Form 990 be submitted to the university board of trustees or designee at the times required by the applicable regulation or policy of the board of trustees. Copies of such forms shall be provided by each university to the Board of Governors. The Foundation's form 990 for the fiscal year ended June 30, 2019 was recently completed by independent certified public accountants.

Supporting Documentation: Foundation Form 990

Prepared by: David A. Blanton, CAE/CCO

Caution: Forms printed from within Adobe Acrobat products may not meet IRS or state taxing agency specifications. When using Acrobat, select the "Actual Size" in the Adobe "Print" dialog.

CLIENT'S COPY



CLA (CliftonLarsonAllen LLP)
CLAconnect.com

FLORIDA POLYTECHNIC UNIVERSITY
FOUNDATION, INC
4700 RESEARCH WAY
LAKELAND, FL 33805

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC:

ENCLOSED IS THE ORGANIZATION'S 2018 EXTENSION FORM.

SPECIFIC FILING INSTRUCTIONS ARE AS FOLLOWS.

FORM 8868 FOR FORM 990 RETURN:

THE EXTENSION FOR FORM 990 HAS QUALIFIED FOR ELECTRONIC FILING. FORM 8868
EXTENDS THE DUE DATE OF THE ORGANIZATION'S FORM 990 RETURN UNTIL MAY 15, 2020.
THE EXTENSION HAS BEEN TRANSMITTED ELECTRONICALLY TO THE IRS AND NO FURTHER
ACTION IS REQUIRED.

NO PAYMENT IS DUE WITH FORM 8868.

SINCERELY,

LAUREN BALLARD, CPA

Form **8879-EO**

IRS e-file Signature Authorization for an Exempt Organization

OMB No. 1545-1878

For calendar year 2018, or fiscal year beginning JUL 1, 2018, and ending JUN 30, 2019

2018

Department of the Treasury
Internal Revenue Service

▶ **Do not send to the IRS. Keep for your records.**
▶ **Go to www.irs.gov/Form8879EO for the latest information.**

Name of exempt organization

**FLORIDA POLYTECHNIC UNIVERSITY
FOUNDATION, INC**

Employer identification number

46-1426289

Name and title of officer

**DEREK HORTON
FOUNDATION TREASURER**

Part I Type of Return and Return Information (Whole Dollars Only)

Check the box for the return for which you are using this Form 8879-EO and enter the applicable amount, if any, from the return. If you check the box on line **1a**, **2a**, **3a**, **4a**, or **5a**, below, and the amount on that line for the return being filed with this form was blank, then leave line **1b**, **2b**, **3b**, **4b**, or **5b**, whichever is applicable, blank (do not enter -0-). But, if you entered -0- on the return, then enter -0- on the applicable line below. **Do not** complete more than one line in Part I.

| | | |
|---|--|---------------------------|
| 1a Form 990 check here ▶ <input checked="" type="checkbox"/> | b Total revenue , if any (Form 990, Part VIII, column (A), line 12) | 1b <u>841,356.</u> |
| 2a Form 990-EZ check here ▶ <input type="checkbox"/> | b Total revenue , if any (Form 990-EZ, line 9) | 2b _____ |
| 3a Form 1120-POL check here ▶ <input type="checkbox"/> | b Total tax (Form 1120-POL, line 22) | 3b _____ |
| 4a Form 990-PF check here ▶ <input type="checkbox"/> | b Tax based on investment income (Form 990-PF, Part VI, line 5) | 4b _____ |
| 5a Form 8868 check here ▶ <input type="checkbox"/> | b Balance Due (Form 8868, line 3c) | 5b _____ |

Part II Declaration and Signature Authorization of Officer

Under penalties of perjury, I declare that I am an officer of the above organization and that I have examined a copy of the organization's 2018 electronic return and accompanying schedules and statements and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the organization's electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the organization's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund. If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the organization's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I have selected a personal identification number (PIN) as my signature for the organization's electronic return and, if applicable, the organization's consent to electronic funds withdrawal.

Officer's PIN: check one box only

I authorize CLIFTONLARSONALLEN LLP to enter my PIN 26289
ERO firm name Enter five numbers, but do not enter all zeros

as my signature on the organization's tax year 2018 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I also authorize the aforementioned ERO to enter my PIN on the return's disclosure consent screen.

As an officer of the organization, I will enter my PIN as my signature on the organization's tax year 2018 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I will enter my PIN on the return's disclosure consent screen.

Officer's signature ▶ _____ Date ▶ _____

Part III Certification and Authentication

ERO's EFIN/PIN. Enter your six-digit electronic filing identification number (EFIN) followed by your five-digit self-selected PIN.

50586955902

Do not enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the 2018 electronically filed return for the organization indicated above. I confirm that I am submitting this return in accordance with the requirements of **Pub. 4163**, Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns.

ERO's signature ▶ _____ Date ▶ 11/14/19

ERO Must Retain This Form - See Instructions
Do Not Submit This Form to the IRS Unless Requested To Do So

LHA For Paperwork Reduction Act Notice, see instructions.

Form **8879-EO** (2018)

823051 10-26-18

Return of Organization Exempt From Income Tax
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ Do not enter social security numbers on this form as it may be made public.
▶ Go to www.irs.gov/Form990 for instructions and the latest information.

A For the 2018 calendar year, or tax year beginning **JUL 1, 2018** and ending **JUN 30, 2019**

| | | |
|--|--|---|
| B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending | C Name of organization FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC Doing business as Number and street (or P.O. box if mail is not delivered to street address) Room/suite 4700 RESEARCH WAY City or town, state or province, country, and ZIP or foreign postal code LAKELAND, FL 33805 F Name and address of principal officer: KEVIN ASPEGREN SAME AS C ABOVE | D Employer identification number 46-1426289 E Telephone number (863) 874-8416 G Gross receipts \$ 986,721. H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions) H(c) Group exemption number ▶ |
| I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527 | | |
| J Website: ▶ WWW.FLORIDAPOLYTECHNIC.ORG | | |
| K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶ | | L Year of formation: 2012 |
| | | M State of legal domicile: FL |

Part I Summary

| | | | | |
|-----------------------------|---------|---|--|------------|
| | 1 | Briefly describe the organization's mission or most significant activities: ESTABLISHED TO HELP SUSTAIN THE MISSION OF FLORIDA POLYTECHNIC UNIVERSITY. | | |
| | 2 | Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets. | | |
| Activities & Governance | 3 | Number of voting members of the governing body (Part VI, line 1a) | 3 | 22 |
| | 4 | Number of independent voting members of the governing body (Part VI, line 1b) | 4 | 21 |
| | 5 | Total number of individuals employed in calendar year 2018 (Part V, line 2a) | 5 | 0 |
| | 6 | Total number of volunteers (estimate if necessary) | 6 | 23 |
| | 7a | Total unrelated business revenue from Part VIII, column (C), line 12 | 7a | 0. |
| | 7b | Net unrelated business taxable income from Form 990-T, line 38 | 7b | 0. |
| | Revenue | 8 | Contributions and grants (Part VIII, line 1h) | 1,486,732. |
| 9 | | Program service revenue (Part VIII, line 2g) | 0. | 0. |
| 10 | | Investment income (Part VIII, column (A), lines 3, 4, and 7d) | 217,361. | 303,757. |
| 11 | | Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | -32,615. | -21,400. |
| 12 | | Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12) | 1,671,478. | 841,356. |
| Expenses | | 13 | Grants and similar amounts paid (Part IX, column (A), lines 1-3) | 1,582,747. |
| | 14 | Benefits paid to or for members (Part IX, column (A), line 4) | 0. | 0. |
| | 15 | Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) | 0. | 43,147. |
| | 16a | Professional fundraising fees (Part IX, column (A), line 11e) | 0. | 0. |
| | b | Total fundraising expenses (Part IX, column (D), line 25) ▶ 75,232. | | |
| | 17 | Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e) | 468,779. | 399,425. |
| | 18 | Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25) | 2,051,526. | 1,131,151. |
| | 19 | Revenue less expenses. Subtract line 18 from line 12 | -380,048. | -289,795. |
| Net Assets or Fund Balances | 20 | Total assets (Part X, line 16) | 7,091,332. | 6,869,877. |
| | 21 | Total liabilities (Part X, line 26) | 8,119,479. | 2,783,589. |
| | 22 | Net assets or fund balances. Subtract line 21 from line 20 | -1,028,147. | 4,086,288. |

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

| | | | | | |
|-------------------------------|---|--|-------------------------------|---|--------------------------|
| Sign Here | Signature of officer DEREK HORTON, FOUNDATION TREASURER Type or print name and title | Date | | | |
| Paid Preparer Use Only | Print/Type preparer's name LAUREN BALLARD, CPA | Preparer's signature LAUREN BALLARD, CPA | Date 11/14/19 | Check if self-employed <input type="checkbox"/> | PTIN P01451787 |
| | Firm's name ▶ CLIFTONLARSONALLEN LLP | Firm's EIN ▶ 41-0746479 | Phone no. 863-680-5600 | | |
| | Firm's address ▶ 402 SOUTH KENTUCKY AVENUE, SUITE 600 LAKELAND, FL 33801-5354 | | | | |

May the IRS discuss this return with the preparer shown above? (see instructions) Yes No

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III

1 Briefly describe the organization's mission:
ESTABLISHED TO HELP SUSTAIN THE MISSION OF FLORIDA POLYTECHNIC
UNIVERSITY TO EDUCATE STUDENTS EMPHASIZING SCIENCE, TECHNOLOGY,
ENGINEERING AND MATHEMATICS (STEM) IN AN INNOVATIVE, TECHNOLOGY-RICH,
AND INTERDISCIPLINARY LEARNING ENVIRONMENT.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No
If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No
If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code: _____) (Expenses \$ 932,155. including grants of \$ 688,579.) (Revenue \$ _____)
FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION FOSTERS THE MISSION OF THE
UNIVERSITY AND HAS PROVIDED SCHOLARSHIP SUPPORT TO THE UNIVERSITY EACH
YEAR SINCE IT'S INAUGURAL CLASS IN 14-15.

4b (Code: _____) (Expenses \$ _____ including grants of \$ _____) (Revenue \$ _____)

4c (Code: _____) (Expenses \$ _____ including grants of \$ _____) (Revenue \$ _____)

4d Other program services (Describe in Schedule O.)
(Expenses \$ _____ including grants of \$ _____) (Revenue \$ _____)

4e Total program service expenses **▶ 932,155.**

**FLORIDA POLYTECHNIC UNIVERSITY
FOUNDATION, INC**

Part IV Checklist of Required Schedules

| | Yes | No |
|---|----------|----------|
| 1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i> | X | |
| 2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> ? | X | |
| 3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i> | | X |
| 4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i> | X | |
| 5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i> | | X |
| 6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i> | | X |
| 7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i> | | X |
| 8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i> | | X |
| 9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i> | | X |
| 10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i> | | X |
| 11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable. | | |
| a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i> | | X |
| b Did the organization report an amount for investments - other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i> | | X |
| c Did the organization report an amount for investments - program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i> | | X |
| d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i> | | X |
| e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i> | X | |
| f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i> | X | |
| 12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i> | X | |
| b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i> | | X |
| 13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i> | | X |
| 14a Did the organization maintain an office, employees, or agents outside of the United States? | | X |
| b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i> | | X |
| 15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? <i>If "Yes," complete Schedule F, Parts II and IV</i> | | X |
| 16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? <i>If "Yes," complete Schedule F, Parts III and IV</i> | | X |
| 17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I</i> | | X |
| 18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i> | X | |
| 19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i> | | X |
| 20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i> | | X |
| b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? | | |
| 21 Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> | X | |

**FLORIDA POLYTECHNIC UNIVERSITY
FOUNDATION, INC**

Form 990 (2018)

46-1426289 Page 4

Part IV Checklist of Required Schedules (continued)

| | Yes | No |
|--|-----|----|
| 22 Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i> | 22 | X |
| 23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i> | 23 | X |
| 24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i> | 24a | X |
| b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? | 24b | |
| c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? | 24c | |
| d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? | 24d | |
| 25a Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> | 25a | X |
| b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> | 25b | X |
| 26 Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If "Yes," complete Schedule L, Part II</i> | 26 | X |
| 27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i> | 27 | X |
| 28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions): | | |
| a A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> | 28a | X |
| b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> | 28b | X |
| c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i> | 28c | X |
| 29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> | 29 | X |
| 30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> | 30 | X |
| 31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> | 31 | X |
| 32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> | 32 | X |
| 33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> | 33 | X |
| 34 Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i> | 34 | X |
| 35a Did the organization have a controlled entity within the meaning of section 512(b)(13)? | 35a | X |
| b If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> | 35b | |
| 36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> | 36 | X |
| 37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i> | 37 | X |
| 38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O | 38 | X |

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V

| | Yes | No |
|---|-----|----|
| 1a Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable | 1a | 6 |
| b Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable | 1b | 0 |
| c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? | 1c | |

Part V Statements Regarding Other IRS Filings and Tax Compliance (continued)

| | | Yes | No |
|------------|--|------------|----|
| 2a | Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return | | |
| | 2a | | 0 |
| b | If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions) | 2b | |
| 3a | Did the organization have unrelated business gross income of \$1,000 or more during the year? | 3a | X |
| b | If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O | 3b | |
| 4a | At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? | 4a | X |
| b | If "Yes," enter the name of the foreign country: See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR). | | |
| 5a | Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? | 5a | X |
| b | Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? | 5b | X |
| c | If "Yes" to line 5a or 5b, did the organization file Form 8886-T? | 5c | |
| 6a | Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? | 6a | X |
| b | If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? | 6b | |
| 7 | Organizations that may receive deductible contributions under section 170(c). | | |
| a | Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor? | 7a | X |
| b | If "Yes," did the organization notify the donor of the value of the goods or services provided? | 7b | X |
| c | Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? | 7c | X |
| d | If "Yes," indicate the number of Forms 8282 filed during the year | 7d | |
| e | Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? | 7e | X |
| f | Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? | 7f | X |
| g | If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? | 7g | |
| h | If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? | 7h | |
| 8 | Sponsoring organizations maintaining donor advised funds. Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year? | 8 | |
| 9 | Sponsoring organizations maintaining donor advised funds. | | |
| a | Did the sponsoring organization make any taxable distributions under section 4966? | 9a | |
| b | Did the sponsoring organization make a distribution to a donor, donor advisor, or related person? | 9b | |
| 10 | Section 501(c)(7) organizations. Enter: | | |
| a | Initiation fees and capital contributions included on Part VIII, line 12 | 10a | |
| b | Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities | 10b | |
| 11 | Section 501(c)(12) organizations. Enter: | | |
| a | Gross income from members or shareholders | 11a | |
| b | Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.) | 11b | |
| 12a | Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041? | 12a | |
| b | If "Yes," enter the amount of tax-exempt interest received or accrued during the year | 12b | |
| 13 | Section 501(c)(29) qualified nonprofit health insurance issuers. | | |
| a | Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O. | 13a | |
| b | Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans | 13b | |
| c | Enter the amount of reserves on hand | 13c | |
| 14a | Did the organization receive any payments for indoor tanning services during the tax year? | 14a | X |
| b | If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O | 14b | |
| 15 | Is the organization subject to the section 4960 tax on payment(s) of more than \$1,000,000 in remuneration or excess parachute payment(s) during the year? If "Yes," see instructions and file Form 4720, Schedule N. | 15 | X |
| 16 | Is the organization an educational institution subject to the section 4968 excise tax on net investment income? If "Yes," complete Form 4720, Schedule O. | 16 | X |

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response or note to any line in this Part VI

Section A. Governing Body and Management

| | | Yes | No |
|-----------|--|-----|----|
| 1a | Enter the number of voting members of the governing body at the end of the tax year If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O. | | |
| | 1a | 22 | |
| b | Enter the number of voting members included in line 1a, above, who are independent | | |
| | 1b | 21 | |
| 2 | Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? | 2 | X |
| 3 | Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person? | 3 | X |
| 4 | Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? | 4 | X |
| 5 | Did the organization become aware during the year of a significant diversion of the organization's assets? | 5 | X |
| 6 | Did the organization have members or stockholders? | 6 | X |
| 7a | Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? | 7a | X |
| b | Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? | 7b | X |
| 8 | Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following: | | |
| a | The governing body? | 8a | X |
| b | Each committee with authority to act on behalf of the governing body? | 8b | X |
| 9 | Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O | 9 | X |

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

| | | Yes | No |
|------------|--|-----|----|
| 10a | Did the organization have local chapters, branches, or affiliates? | 10a | X |
| b | If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes? | 10b | |
| 11a | Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? | 11a | X |
| b | Describe in Schedule O the process, if any, used by the organization to review this Form 990. | | |
| 12a | Did the organization have a written conflict of interest policy? If "No," go to line 13 | 12a | X |
| b | Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? | 12b | X |
| c | Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done | 12c | X |
| 13 | Did the organization have a written whistleblower policy? | 13 | X |
| 14 | Did the organization have a written document retention and destruction policy? | 14 | X |
| 15 | Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision? | | |
| a | The organization's CEO, Executive Director, or top management official | 15a | X |
| b | Other officers or key employees of the organization | 15b | X |
| | If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions). | | |
| 16a | Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? | 16a | X |
| b | If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements? | 16b | |

Section C. Disclosure

- 17** List the states with which a copy of this Form 990 is required to be filed **FL**
- 18** Section 6104 requires an organization to make its Forms 1023 (1024 or 1024-A if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
 Own website Another's website Upon request Other (explain in Schedule O)
- 19** Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
- 20** State the name, address, and telephone number of the person who possesses the organization's books and records **DEREK HORTON - (863)874-8416**
4700 RESEARCH WAY, LAKELAND, FL 33805

**FLORIDA POLYTECHNIC UNIVERSITY
FOUNDATION, INC**

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Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response or note to any line in this Part VII

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

| (A) Name and Title | (B) Average hours per week (list any hours for related organizations below line) | (C) Position (do not check more than one box, unless person is both an officer and a director/trustee) | | | | | | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W-2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|--------------------------------------|---|--|-----------------------|---------|--------------|------------------------------|--------|--|---|---|
| | | Individual trustee or director | Institutional trustee | Officer | Key employee | Highest compensated employee | Former | | | |
| (1) ALICE HUNT CHAIR | 1.25 | X | | X | | | 0. | 0. | 0. | |
| (2) JACK HARRELL VICE CHAIR | 1.25 | X | | X | | | 0. | 0. | 0. | |
| (3) CINDY ALEXANDER DIRECTOR | 1.25 | X | | | | | 0. | 0. | 0. | |
| (4) RALPH ALLEN DIRECTOR | 1.25 | X | | | | | 0. | 0. | 0. | |
| (5) TODD BAYLIS DIRECTOR | 1.25 | X | | | | | 0. | 0. | 0. | |
| (6) PHILLIPA GREENBERG DIRECTOR | 1.25 | X | | | | | 0. | 0. | 0. | |
| (7) FORD HEACOCK DIRECTOR | 1.25 | X | | | | | 0. | 0. | 0. | |
| (8) ROB KINCART DIRECTOR | 1.25 | X | | | | | 0. | 0. | 0. | |
| (9) MICHAEL LAWLEY DIRECTOR | 1.25 | X | | | | | 0. | 0. | 0. | |
| (10) JOSHUA MCCOY DIRECTOR | 1.25 | X | | | | | 0. | 0. | 0. | |
| (11) IVETTE O'DOSKI DIRECTOR | 1.25 | X | | | | | 0. | 0. | 0. | |
| (12) MARLENE O'TOOLE DIRECTOR | 1.25 | X | | | | | 0. | 0. | 0. | |
| (13) DR. SIGO PAREKATTIL DIRECTOR | 1.25 | X | | | | | 0. | 0. | 0. | |
| (14) BLAKE PAUL DIRECTOR | 1.25 | X | | | | | 0. | 0. | 0. | |
| (15) SHELLEY ROBINSON DIRECTOR | 1.25 | X | | | | | 0. | 0. | 0. | |
| (16) LORETTA SANDERS DIRECTOR | 1.25 | X | | | | | 0. | 0. | 0. | |
| (17) LAUREN SCHWENK DIRECTOR | 1.25 | X | | | | | 0. | 0. | 0. | |

**FLORIDA POLYTECHNIC UNIVERSITY
FOUNDATION, INC**

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

| (A) Name and title | (B) Average hours per week (list any hours for related organizations below line) | (C) Position (do not check more than one box, unless person is both an officer and a director/trustee) | | | | | | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W-2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|--|---|---|-----------------------|---------|--------------|------------------------------|--------|--|---|---|
| | | Individual trustee or director | Institutional trustee | Officer | Key employee | Highest compensated employee | Former | | | |
| (18) DONNA SLYSTER DIRECTOR | 1.25 | X | | | | | | 0. | 0. | 0. |
| (19) VIC STORY DIRECTOR | 1.25 | X | | | | | | 0. | 0. | 0. |
| (20) SERETHA TINSLEY DIRECTOR | 1.25 | X | | | | | | 0. | 0. | 0. |
| (21) GREGORY FANCELLI DIRECTOR | 1.25 | X | | | | | | 0. | 0. | 0. |
| (22) CLIFF OTTO DIRECTOR | 1.25 | X | | | | | | 0. | 0. | 0. |
| (23) KATHRYN MIZERECK DIRECTOR | 1.25 40.00 | X | | | | | | 0. | 129,280. | 21,545. |
| (24) DEREK HORTON TREASURER | 2.00 38.00 | | | X | | | | 0. | 121,195. | 26,767. |
| (25) KEVIN ASPEGREN CEO JULY - FEB | 2.00 38.00 | | | X | | | | 0. | 253,854. | 40,055. |
| (26) RANDY AVENT PRESIDENT/CEO FEB - JUNE | 2.00 38.00 | | | X | | | | 0. | 709,365. | 44,868. |
| 1b Sub-total | | | | | | | | 0. | 1,213,694. | 133,235. |
| c Total from continuation sheets to Part VII, Section A | | | | | | | | 0. | 0. | 0. |
| d Total (add lines 1b and 1c) | | | | | | | | 0. | 1,213,694. | 133,235. |

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **0**

| | Yes | No |
|--|-----|----|
| 3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i> | | X |
| 4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i> | X | |
| 5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i> | | X |

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

| (A) Name and business address | (B) Description of services | (C) Compensation |
|----------------------------------|--------------------------------|---------------------|
| NONE | | |
| | | |
| | | |
| | | |
| | | |

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization **0**

**FLORIDA POLYTECHNIC UNIVERSITY
FOUNDATION, INC**

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Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII

| | | | (A) Total revenue | (B) Related or exempt function revenue | (C) Unrelated business revenue | (D) Revenue excluded from tax under sections 512 - 514 | |
|--|---|--|----------------------|---|---|--|----------|
| Contributions, Gifts, Grants and Other Similar Amounts | 1 a Federated campaigns | 1a | | | | | |
| | b Membership dues | 1b | | | | | |
| | c Fundraising events | 1c | 158,270. | | | | |
| | d Related organizations | 1d | | | | | |
| | e Government grants (contributions) | 1e | | | | | |
| | f All other contributions, gifts, grants, and similar amounts not included above | 1f | 400,729. | | | | |
| | g Noncash contributions included in lines 1a-1f: \$ | | | | | | |
| | h Total. Add lines 1a-1f | | 558,999. | | | | |
| Program Service Revenue | 2 a _____ | Business Code | | | | | |
| | b _____ | | | | | | |
| | c _____ | | | | | | |
| | d _____ | | | | | | |
| | e _____ | | | | | | |
| | f All other program service revenue | | | | | | |
| | g Total. Add lines 2a-2f | | | | | | |
| Other Revenue | 3 Investment income (including dividends, interest, and other similar amounts) | | 303,757. | | | 303,757. | |
| | 4 Income from investment of tax-exempt bond proceeds | | | | | | |
| | 5 Royalties | | | | | | |
| | 6 a Gross rents | (i) Real | (ii) Personal | | | | |
| | | b Less: rental expenses | | | | | |
| | | c Rental income or (loss) | | | | | |
| | | d Net rental income or (loss) | | | | | |
| | 7 a Gross amount from sales of assets other than inventory | (i) Securities | (ii) Other | | | | |
| | | b Less: cost or other basis and sales expenses | | | | | |
| | | c Gain or (loss) | | | | | |
| | | d Net gain or (loss) | | | | | |
| | 8 a Gross income from fundraising events (not including \$ 158,270. of contributions reported on line 1c). See Part IV, line 18 | a | | 123,580. | | | |
| | | b Less: direct expenses | b | 145,365. | | | |
| | | c Net income or (loss) from fundraising events | | -21,785. | | | -21,785. |
| | 9 a Gross income from gaming activities. See Part IV, line 19 | a | | | | | |
| b Less: direct expenses | | b | | | | | |
| c Net income or (loss) from gaming activities | | | | | | | |
| 10 a Gross sales of inventory, less returns and allowances | a | | | | | | |
| | b Less: cost of goods sold | b | | | | | |
| | c Net income or (loss) from sales of inventory | | | | | | |
| Miscellaneous Revenue | | Business Code | | | | | |
| 11 a MISCELLANEOUS INCOME | 900099 | | 385. | | | 385. | |
| b _____ | | | | | | | |
| c _____ | | | | | | | |
| d All other revenue | | | | | | | |
| e Total. Add lines 11a-11d | | | 385. | | | | |
| 12 Total revenue. See instructions | | | 841,356. | 0. | 0. | 282,357. | |

**FLORIDA POLYTECHNIC UNIVERSITY
FOUNDATION, INC**

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Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX

| Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII. | (A) Total expenses | (B) Program service expenses | (C) Management and general expenses | (D) Fundraising expenses |
|--|-----------------------|---------------------------------|--|-----------------------------|
| 1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21 ... | 688,579. | 688,579. | | |
| 2 Grants and other assistance to domestic individuals. See Part IV, line 22 | | | | |
| 3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16 | | | | |
| 4 Benefits paid to or for members | | | | |
| 5 Compensation of current officers, directors, trustees, and key employees | | | | |
| 6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) | | | | |
| 7 Other salaries and wages | 43,147. | | 43,147. | |
| 8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions) | | | | |
| 9 Other employee benefits | | | | |
| 10 Payroll taxes | | | | |
| 11 Fees for services (non-employees): | | | | |
| a Management | | | | |
| b Legal | | | | |
| c Accounting | 17,800. | | 17,800. | |
| d Lobbying | 183,160. | 183,160. | | |
| e Professional fundraising services. See Part IV, line 17 | | | | |
| f Investment management fees | | | | |
| g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.) | 5,133. | | | 5,133. |
| 12 Advertising and promotion | | | | |
| 13 Office expenses | 1,097. | | 244. | 853. |
| 14 Information technology | 1,949. | | 1,949. | |
| 15 Royalties | | | | |
| 16 Occupancy | 240. | | | 240. |
| 17 Travel | 12,476. | | 9,549. | 2,927. |
| 18 Payments of travel or entertainment expenses for any federal, state, or local public officials ... | | | | |
| 19 Conferences, conventions, and meetings | 127,697. | 56,203. | 43,924. | 27,570. |
| 20 Interest | | | | |
| 21 Payments to affiliates | | | | |
| 22 Depreciation, depletion, and amortization | 31,741. | | | 31,741. |
| 23 Insurance | 2,429. | | | 2,429. |
| 24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.) | | | | |
| a DUES AND MEMBERSHIPS | 4,951. | | 4,951. | |
| b STATE REGISTRATION FEES | 2,200. | | 2,200. | |
| c _____ | | | | |
| d _____ | | | | |
| e All other expenses _____ | 8,552. | 4,213. | | 4,339. |
| 25 Total functional expenses. Add lines 1 through 24e | 1,131,151. | 932,155. | 123,764. | 75,232. |
| 26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. | | | | |

Check here if following SOP 98-2 (ASC 958-720)

**FLORIDA POLYTECHNIC UNIVERSITY
FOUNDATION, INC**

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Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X

| | | (A) Beginning of year | | (B) End of year | |
|---|--|--------------------------|------------|--------------------|--|
| Assets | 1 Cash - non-interest-bearing | 503,197. | 1 | 534,401. | |
| | 2 Savings and temporary cash investments | | 2 | | |
| | 3 Pledges and grants receivable, net | 846,978. | 3 | 294,189. | |
| | 4 Accounts receivable, net | | 4 | | |
| | 5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L | | | 5 | |
| | 6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instr). Complete Part II of Sch L | | | 6 | |
| | 7 Notes and loans receivable, net | | | 7 | |
| | 8 Inventories for sale or use | | | 8 | |
| | 9 Prepaid expenses and deferred charges | | | 9 | |
| | 10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D | 10a | | | |
| | b Less: accumulated depreciation | 10b | | 10c | |
| | 11 Investments - publicly traded securities | 5,741,157. | 11 | 6,032,750. | |
| | 12 Investments - other securities. See Part IV, line 11 | | 12 | | |
| | 13 Investments - program-related. See Part IV, line 11 | | 13 | | |
| | 14 Intangible assets | | 14 | | |
| | 15 Other assets. See Part IV, line 11 | 0. | 15 | 8,537. | |
| 16 Total assets. Add lines 1 through 15 (must equal line 34) | 7,091,332. | 16 | 6,869,877. | | |
| Liabilities | 17 Accounts payable and accrued expenses | 7,756. | 17 | 7,149. | |
| | 18 Grants payable | | 18 | | |
| | 19 Deferred revenue | 2,750,000. | 19 | 2,773,376. | |
| | 20 Tax-exempt bond liabilities | | 20 | | |
| | 21 Escrow or custodial account liability. Complete Part IV of Schedule D | | 21 | | |
| | 22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L | | | 22 | |
| | 23 Secured mortgages and notes payable to unrelated third parties | | 23 | | |
| | 24 Unsecured notes and loans payable to unrelated third parties | 4,110,797. | 24 | | |
| | 25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D | 1,250,926. | 25 | 3,064. | |
| | 26 Total liabilities. Add lines 17 through 25 | 8,119,479. | 26 | 2,783,589. | |
| Net Assets or Fund Balances | Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34. | | | | |
| | 27 Unrestricted net assets | -2,927,057. | 27 | 1,448,123. | |
| | 28 Temporarily restricted net assets | 700,063. | 28 | 1,215,827. | |
| | 29 Permanently restricted net assets | 1,198,847. | 29 | 1,422,338. | |
| | Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34. | | | | |
| | 30 Capital stock or trust principal, or current funds | | 30 | | |
| | 31 Paid-in or capital surplus, or land, building, or equipment fund | | 31 | | |
| | 32 Retained earnings, endowment, accumulated income, or other funds | | 32 | | |
| 33 Total net assets or fund balances | -1,028,147. | 33 | 4,086,288. | | |
| 34 Total liabilities and net assets/fund balances | 7,091,332. | 34 | 6,869,877. | | |

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Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI

| | | | |
|----|--|----|-------------|
| 1 | Total revenue (must equal Part VIII, column (A), line 12) | 1 | 841,356. |
| 2 | Total expenses (must equal Part IX, column (A), line 25) | 2 | 1,131,151. |
| 3 | Revenue less expenses. Subtract line 2 from line 1 | 3 | -289,795. |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) | 4 | -1,028,147. |
| 5 | Net unrealized gains (losses) on investments | 5 | 24,677. |
| 6 | Donated services and use of facilities | 6 | |
| 7 | Investment expenses | 7 | |
| 8 | Prior period adjustments | 8 | -320,202. |
| 9 | Other changes in net assets or fund balances (explain in Schedule O) | 9 | 5,699,755. |
| 10 | Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B)) | 10 | 4,086,288. |

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII

- 1 Accounting method used to prepare the Form 990: Cash Accrual Other _____
If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.
- 2a Were the organization's financial statements compiled or reviewed by an independent accountant? _____
If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both:
 Separate basis Consolidated basis Both consolidated and separate basis
- b Were the organization's financial statements audited by an independent accountant? _____
If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both:
 Separate basis Consolidated basis Both consolidated and separate basis
- c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? _____
If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.
- 3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? _____
- b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits _____

| | Yes | No |
|----|-----|----|
| | | |
| 2a | | X |
| | | |
| 2b | X | |
| | | |
| 2c | X | |
| | | |
| 3a | | X |
| | | |
| 3b | | |

Form 990 (2018)

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

| Calendar year (or fiscal year beginning in) ► | (a) 2014 | (b) 2015 | (c) 2016 | (d) 2017 | (e) 2018 | (f) Total |
|--|----------|----------|----------|----------|----------|-----------|
| 1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") | 3030406. | 4289043. | 1157618. | 1486732. | 558,999. | 10522798. |
| 2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf | | | | | | |
| 3 The value of services or facilities furnished by a governmental unit to the organization without charge | | | | | | |
| 4 Total. Add lines 1 through 3 | 3030406. | 4289043. | 1157618. | 1486732. | 558,999. | 10522798. |
| 5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f) | | | | | | 2933685. |
| 6 Public support. Subtract line 5 from line 4. | | | | | | 7589113. |

Section B. Total Support

| Calendar year (or fiscal year beginning in) ► | (a) 2014 | (b) 2015 | (c) 2016 | (d) 2017 | (e) 2018 | (f) Total |
|--|----------|----------|----------|----------|----------|--------------------------|
| 7 Amounts from line 4 | 3030406. | 4289043. | 1157618. | 1486732. | 558,999. | 10522798. |
| 8 Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources | 114,768. | 71,610. | 94,649. | 217,361. | 303,757. | 802,145. |
| 9 Net income from unrelated business activities, whether or not the business is regularly carried on | | | | | | |
| 10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) | | | | | 385. | 385. |
| 11 Total support. Add lines 7 through 10 | | | | | | 11325328. |
| 12 Gross receipts from related activities, etc. (see instructions) | | | | | 12 | |
| 13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here | | | | | | <input type="checkbox"/> |

Section C. Computation of Public Support Percentage

| | | |
|---|-----------|-------------------------------------|
| 14 Public support percentage for 2018 (line 6, column (f) divided by line 11, column (f)) | 14 | 67.01 % |
| 15 Public support percentage from 2017 Schedule A, Part II, line 14 | 15 | 79.10 % |
| 16a 33 1/3% support test - 2018. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization | | <input checked="" type="checkbox"/> |
| b 33 1/3% support test - 2017. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization | | <input type="checkbox"/> |
| 17a 10% -facts-and-circumstances test - 2018. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization | | <input type="checkbox"/> |
| b 10% -facts-and-circumstances test - 2017. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization | | <input type="checkbox"/> |
| 18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions | | <input type="checkbox"/> |

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 10 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Table with 7 columns: (a) 2014, (b) 2015, (c) 2016, (d) 2017, (e) 2018, (f) Total. Rows include: 1 Gifts, grants, contributions, and membership fees received; 2 Gross receipts from admissions; 3 Gross receipts from activities that are not an unrelated trade or business; 4 Tax revenues levied for the organization's benefit; 5 The value of services or facilities furnished by a governmental unit; 6 Total; 7a Amounts included on lines 1, 2, and 3 received from disqualified persons; 7b Amounts included on lines 2 and 3 received from other than disqualified persons; 8 Public support.

Section B. Total Support

Table with 7 columns: (a) 2014, (b) 2015, (c) 2016, (d) 2017, (e) 2018, (f) Total. Rows include: 9 Amounts from line 6; 10a Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources; 10b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975; 10c Add lines 10a and 10b; 11 Net income from unrelated business activities not included in line 10b; 12 Other income; 13 Total support.

14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here

Section C. Computation of Public Support Percentage

Table with 2 columns: Description, Percentage. Row 15: Public support percentage for 2018 (line 8, column (f), divided by line 13, column (f)) 15 %; Row 16: Public support percentage from 2017 Schedule A, Part III, line 15 16 %

Section D. Computation of Investment Income Percentage

Table with 2 columns: Description, Percentage. Row 17: Investment income percentage for 2018 (line 10c, column (f), divided by line 13, column (f)) 17 %; Row 18: Investment income percentage from 2017 Schedule A, Part III, line 17 18 %

19a 33 1/3% support tests - 2018. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization

b 33 1/3% support tests - 2017. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions

Part IV Supporting Organizations

(Complete only if you checked a box in line 12 on Part I. If you checked 12a of Part I, complete Sections A and B. If you checked 12b of Part I, complete Sections A and C. If you checked 12c of Part I, complete Sections A, D, and E. If you checked 12d of Part I, complete Sections A and D, and complete Part V.)

Section A. All Supporting Organizations

| | Yes | No |
|--|-----|----|
| 1 Are all of the organization's supported organizations listed by name in the organization's governing documents? <i>If "No," describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.</i> | | |
| 2 Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? <i>If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).</i> | | |
| 3a Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? <i>If "Yes," answer (b) and (c) below.</i> | | |
| b Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? <i>If "Yes," describe in Part VI when and how the organization made the determination.</i> | | |
| c Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? <i>If "Yes," explain in Part VI what controls the organization put in place to ensure such use.</i> | | |
| 4a Was any supported organization not organized in the United States ("foreign supported organization")? <i>If "Yes," and if you checked 12a or 12b in Part I, answer (b) and (c) below.</i> | | |
| b Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? <i>If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.</i> | | |
| c Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? <i>If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.</i> | | |
| 5a Did the organization add, substitute, or remove any supported organizations during the tax year? <i>If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).</i> | | |
| b Type I or Type II only. Was any added or substituted supported organization part of a class already designated in the organization's organizing document? | | |
| c Substitutions only. Was the substitution the result of an event beyond the organization's control? | | |
| 6 Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? <i>If "Yes," provide detail in Part VI.</i> | | |
| 7 Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (as defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i> | | |
| 8 Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i> | | |
| 9a Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? <i>If "Yes," provide detail in Part VI.</i> | | |
| b Did one or more disqualified persons (as defined in line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? <i>If "Yes," provide detail in Part VI.</i> | | |
| c Did a disqualified person (as defined in line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? <i>If "Yes," provide detail in Part VI.</i> | | |
| 10a Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? <i>If "Yes," answer 10b below.</i> | | |
| b Did the organization have any excess business holdings in the tax year? <i>(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)</i> | | |

Part IV Supporting Organizations (continued)

| | Yes | No |
|--|-----|----|
| 11 Has the organization accepted a gift or contribution from any of the following persons? | | |
| a A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization? | | |
| b A family member of a person described in (a) above? | | |
| c A 35% controlled entity of a person described in (a) or (b) above? <i>If "Yes" to a, b, or c, provide detail in Part VI.</i> | | |

Section B. Type I Supporting Organizations

| | Yes | No |
|---|-----|----|
| 1 Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? <i>If "No," describe in Part VI how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.</i> | | |
| 2 Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? <i>If "Yes," explain in Part VI how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.</i> | | |

Section C. Type II Supporting Organizations

| | Yes | No |
|--|-----|----|
| 1 Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? <i>If "No," describe in Part VI how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).</i> | | |

Section D. All Type III Supporting Organizations

| | Yes | No |
|---|-----|----|
| 1 Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided? | | |
| 2 Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? <i>If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).</i> | | |
| 3 By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? <i>If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.</i> | | |

Section E. Type III Functionally Integrated Supporting Organizations

| | | |
|---|--|--|
| 1 Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions). | | |
| a <input type="checkbox"/> The organization satisfied the Activities Test. Complete line 2 below. | | |
| b <input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete line 3 below. | | |
| c <input type="checkbox"/> The organization supported a governmental entity. Describe in Part VI how you supported a government entity (see instructions). | | |
| 2 Activities Test. Answer (a) and (b) below. | | |
| a Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? <i>If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.</i> | | |
| b Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? <i>If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.</i> | | |
| 3 Parent of Supported Organizations. Answer (a) and (b) below. | | |
| a Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? <i>Provide details in Part VI.</i> | | |
| b Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? <i>If "Yes," describe in Part VI the role played by the organization in this regard.</i> | | |

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations

1 Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970 (explain in Part VI.) **See instructions.** All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

| Section A - Adjusted Net Income | | (A) Prior Year | (B) Current Year (optional) |
|--|--|----------------|-----------------------------|
| 1 | Net short-term capital gain | 1 | |
| 2 | Recoveries of prior-year distributions | 2 | |
| 3 | Other gross income (see instructions) | 3 | |
| 4 | Add lines 1 through 3 | 4 | |
| 5 | Depreciation and depletion | 5 | |
| 6 | Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions) | 6 | |
| 7 | Other expenses (see instructions) | 7 | |
| 8 | Adjusted Net Income (subtract lines 5, 6, and 7 from line 4) | 8 | |

| Section B - Minimum Asset Amount | | (A) Prior Year | (B) Current Year (optional) |
|---|---|----------------|-----------------------------|
| 1 | Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year): | | |
| a | Average monthly value of securities | 1a | |
| b | Average monthly cash balances | 1b | |
| c | Fair market value of other non-exempt-use assets | 1c | |
| d | Total (add lines 1a, 1b, and 1c) | 1d | |
| e | Discount claimed for blockage or other factors (explain in detail in Part VI): | | |
| 2 | Acquisition indebtedness applicable to non-exempt-use assets | 2 | |
| 3 | Subtract line 2 from line 1d | 3 | |
| 4 | Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions) | 4 | |
| 5 | Net value of non-exempt-use assets (subtract line 4 from line 3) | 5 | |
| 6 | Multiply line 5 by .035 | 6 | |
| 7 | Recoveries of prior-year distributions | 7 | |
| 8 | Minimum Asset Amount (add line 7 to line 6) | 8 | |

| Section C - Distributable Amount | | | Current Year |
|---|---|---|--------------|
| 1 | Adjusted net income for prior year (from Section A, line 8, Column A) | 1 | |
| 2 | Enter 85% of line 1 | 2 | |
| 3 | Minimum asset amount for prior year (from Section B, line 8, Column A) | 3 | |
| 4 | Enter greater of line 2 or line 3 | 4 | |
| 5 | Income tax imposed in prior year | 5 | |
| 6 | Distributable Amount. Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions) | 6 | |
| 7 | <input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally integrated Type III supporting organization (see instructions). | | |

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations (continued)

| Section D - Distributions | Current Year |
|---|--------------|
| 1 Amounts paid to supported organizations to accomplish exempt purposes | |
| 2 Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity | |
| 3 Administrative expenses paid to accomplish exempt purposes of supported organizations | |
| 4 Amounts paid to acquire exempt-use assets | |
| 5 Qualified set-aside amounts (prior IRS approval required) | |
| 6 Other distributions (describe in Part VI). See instructions. | |
| 7 Total annual distributions. Add lines 1 through 6. | |
| 8 Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI). See instructions. | |
| 9 Distributable amount for 2018 from Section C, line 6 | |
| 10 Line 8 amount divided by line 9 amount | |

| Section E - Distribution Allocations (see instructions) | (i) Excess Distributions | (ii) Underdistributions Pre-2018 | (iii) Distributable Amount for 2018 |
|--|-----------------------------|--|---|
| 1 Distributable amount for 2018 from Section C, line 6 | | | |
| 2 Underdistributions, if any, for years prior to 2018 (reasonable cause required- explain in Part VI). See instructions. | | | |
| 3 Excess distributions carryover, if any, to 2018 | | | |
| a From 2013 | | | |
| b From 2014 | | | |
| c From 2015 | | | |
| d From 2016 | | | |
| e From 2017 | | | |
| f Total of lines 3a through e | | | |
| g Applied to underdistributions of prior years | | | |
| h Applied to 2018 distributable amount | | | |
| i Carryover from 2013 not applied (see instructions) | | | |
| j Remainder. Subtract lines 3g, 3h, and 3i from 3f. | | | |
| 4 Distributions for 2018 from Section D, line 7: \$ | | | |
| a Applied to underdistributions of prior years | | | |
| b Applied to 2018 distributable amount | | | |
| c Remainder. Subtract lines 4a and 4b from 4. | | | |
| 5 Remaining underdistributions for years prior to 2018, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in Part VI . See instructions. | | | |
| 6 Remaining underdistributions for 2018. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in Part VI . See instructions. | | | |
| 7 Excess distributions carryover to 2019. Add lines 3j and 4c. | | | |
| 8 Breakdown of line 7: | | | |
| a Excess from 2014 | | | |
| b Excess from 2015 | | | |
| c Excess from 2016 | | | |
| d Excess from 2017 | | | |
| e Excess from 2018 | | | |

Part VI **Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a, and 3b; Part V, line 1; Part V, Section B, line 1e; Part V, Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information. (See instructions.)

SCHEDULE A, PART II, LINE 10, EXPLANATION FOR OTHER INCOME:

MISCELLANEOUS INCOME

2018 AMOUNT: \$ 385.

Schedule B

(Form 990, 990-EZ, or 990-PF)

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.
▶ Go to www.irs.gov/Form990 for the latest information.

OMB No. 1545-0047

2018

Name of the organization

FLORIDA POLYTECHNIC UNIVERSITY
FOUNDATION, INC

Employer identification number

46-1426289

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

501(c)(3) (enter number) organization

4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

Note: Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

Special Rules

For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of **(1)** \$5,000; or **(2)** 2% of the amount on (i) Form 990, Part VIII, line 1h; or (ii) Form 990-EZ, line 1. Complete Parts I and II.

For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I (entering "N/A" in column (b) instead of the contributor name and address), II, and III.

For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Don't complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling \$5,000 or more during the year ▶ \$ _____

Caution: An organization that isn't covered by the General Rule and/or the Special Rules doesn't file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it doesn't meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

| | |
|---|---|
| Name of organization FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC | Employer identification number 46-1426289 |
|---|---|

Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

| (a) No. | (b) Name, address, and ZIP + 4 | (c) Total contributions | (d) Type of contribution |
|------------|---|----------------------------|---|
| 1 | <div style="background-color: black; width: 100%; height: 15px; margin-bottom: 5px;"></div> <div style="background-color: black; width: 100%; height: 15px; margin-bottom: 5px;"></div> <div style="background-color: black; width: 100%; height: 15px;"></div> | \$ 60,181. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 2 | <div style="background-color: black; width: 100%; height: 15px; margin-bottom: 5px;"></div> <div style="background-color: black; width: 100%; height: 15px; margin-bottom: 5px;"></div> <div style="background-color: black; width: 100%; height: 15px;"></div> | \$ 24,250. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 3 | <div style="background-color: black; width: 100%; height: 15px; margin-bottom: 5px;"></div> <div style="background-color: black; width: 100%; height: 15px; margin-bottom: 5px;"></div> <div style="background-color: black; width: 100%; height: 15px;"></div> | \$ 55,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 4 | <div style="background-color: black; width: 100%; height: 15px; margin-bottom: 5px;"></div> <div style="background-color: black; width: 100%; height: 15px; margin-bottom: 5px;"></div> <div style="background-color: black; width: 100%; height: 15px;"></div> | \$ 50,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 5 | <div style="background-color: black; width: 100%; height: 15px; margin-bottom: 5px;"></div> <div style="background-color: black; width: 100%; height: 15px; margin-bottom: 5px;"></div> <div style="background-color: black; width: 100%; height: 15px;"></div> | \$ 50,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 6 | <div style="background-color: black; width: 100%; height: 15px; margin-bottom: 5px;"></div> <div style="background-color: black; width: 100%; height: 15px; margin-bottom: 5px;"></div> <div style="background-color: black; width: 100%; height: 15px;"></div> | \$ 32,000. | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |

| | |
|--|---|
| Name of organization FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC | Employer identification number 46-1426289 |
|--|---|

Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

| (a) No. | (b) Name, address, and ZIP + 4 | (c) Total contributions | (d) Type of contribution |
|------------|--|----------------------------|---|
| 7 | <div style="background-color: black; width: 200px; height: 15px; margin-bottom: 5px;"></div> <div style="background-color: black; width: 250px; height: 15px; margin-bottom: 5px;"></div> <div style="background-color: black; width: 200px; height: 15px;"></div> | \$ <u>25,000.</u> | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 8 | <div style="background-color: black; width: 180px; height: 15px; margin-bottom: 5px;"></div> <div style="background-color: black; width: 200px; height: 15px; margin-bottom: 5px;"></div> <div style="background-color: black; width: 220px; height: 15px;"></div> | \$ <u>25,000.</u> | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 9 | <div style="background-color: black; width: 200px; height: 15px; margin-bottom: 5px;"></div> <div style="background-color: black; width: 280px; height: 15px; margin-bottom: 5px;"></div> <div style="background-color: black; width: 200px; height: 15px;"></div> | \$ <u>24,400.</u> | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 10 | <div style="background-color: black; width: 180px; height: 15px; margin-bottom: 5px;"></div> <div style="background-color: black; width: 250px; height: 15px; margin-bottom: 5px;"></div> <div style="background-color: black; width: 220px; height: 15px;"></div> | \$ <u>22,857.</u> | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 11 | <div style="background-color: black; width: 200px; height: 15px; margin-bottom: 5px;"></div> <div style="background-color: black; width: 280px; height: 15px; margin-bottom: 5px;"></div> <div style="background-color: black; width: 200px; height: 15px;"></div> | \$ <u>20,800.</u> | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| 12 | <div style="background-color: black; width: 120px; height: 15px; margin-bottom: 5px;"></div> <div style="background-color: black; width: 250px; height: 15px; margin-bottom: 5px;"></div> <div style="background-color: black; width: 200px; height: 15px;"></div> | \$ <u>19,700.</u> | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |

| | |
|--|---|
| Name of organization FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC | Employer identification number 46-1426289 |
|--|---|

Part II Noncash Property (see instructions). Use duplicate copies of Part II if additional space is needed.

| (a) No. from Part I | (b) Description of noncash property given | (c) FMV (or estimate) (See instructions.) | (d) Date received |
|------------------------------|--|---|----------------------|
| | | \$ _____ | _____ |
| | | \$ _____ | _____ |
| | | \$ _____ | _____ |
| | | \$ _____ | _____ |
| | | \$ _____ | _____ |
| | | \$ _____ | _____ |
| | | \$ _____ | _____ |
| | | \$ _____ | _____ |

| | |
|---|---|
| Name of organization FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC | Employer identification number 46-1426289 |
|---|---|

Part III Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than \$1,000 for the year from any one contributor. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of \$1,000 or less for the year. (Enter this info. once.) ▶ \$ _____
Use duplicate copies of Part III if additional space is needed.

| | | | |
|--|----------------------------|---|--|
| (a) No. from Part I | (b) Purpose of gift | (c) Use of gift | (d) Description of how gift is held |
| | | | |
| (e) Transfer of gift | | | |
| Transferee's name, address, and ZIP + 4 | | Relationship of transferor to transferee | |
| | | | |
| (a) No. from Part I | (b) Purpose of gift | (c) Use of gift | (d) Description of how gift is held |
| | | | |
| (e) Transfer of gift | | | |
| Transferee's name, address, and ZIP + 4 | | Relationship of transferor to transferee | |
| | | | |
| (a) No. from Part I | (b) Purpose of gift | (c) Use of gift | (d) Description of how gift is held |
| | | | |
| (e) Transfer of gift | | | |
| Transferee's name, address, and ZIP + 4 | | Relationship of transferor to transferee | |
| | | | |
| (a) No. from Part I | (b) Purpose of gift | (c) Use of gift | (d) Description of how gift is held |
| | | | |
| (e) Transfer of gift | | | |
| Transferee's name, address, and ZIP + 4 | | Relationship of transferor to transferee | |
| | | | |

SCHEDULE C
(Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No. 1545-0047

2018

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

For Organizations Exempt From Income Tax Under section 501(c) and section 527
▶ **Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.**
▶ **Go to www.irs.gov/Form990 for instructions and the latest information.**

If the organization answered "Yes," on Form 990, Part IV, line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations: Complete Parts I-A and B. Do not complete Part I-C.
- Section 501(c) (other than section 501(c)(3)) organizations: Complete Parts I-A and C below. Do not complete Part I-B.
- Section 527 organizations: Complete Part I-A only.

If the organization answered "Yes," on Form 990, Part IV, line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)): Complete Part II-A. Do not complete Part II-B.
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)): Complete Part II-B. Do not complete Part II-A.

If the organization answered "Yes," on Form 990, Part IV, line 5 (Proxy Tax) (see separate instructions) or Form 990-EZ, Part V, line 35c (Proxy Tax) (see separate instructions), then

- Section 501(c)(4), (5), or (6) organizations: Complete Part III.

| | |
|---|---|
| Name of organization FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC | Employer identification number 46-1426289 |
|---|---|

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

- 1 Provide a description of the organization's direct and indirect political campaign activities in Part IV.
- 2 Political campaign activity expenditures ▶ \$ _____
- 3 Volunteer hours for political campaign activities

Part I-B Complete if the organization is exempt under section 501(c)(3).

- 1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ \$ _____
- 2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ \$ _____
- 3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? Yes No
- 4a Was a correction made? Yes No
- b If "Yes," describe in Part IV.

Part I-C Complete if the organization is exempt under section 501(c), except section 501(c)(3).

- 1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ \$ _____
- 2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ▶ \$ _____
- 3 Total exempt function expenditures. Add lines 1 and 2. Enter here and on Form 1120-POL, line 17b ▶ \$ _____
- 4 Did the filing organization file **Form 1120-POL** for this year? Yes No
- 5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments. For each organization listed, enter the amount paid from the filing organization's funds. Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC). If additional space is needed, provide information in Part IV.

| (a) Name | (b) Address | (c) EIN | (d) Amount paid from filing organization's funds. If none, enter -0-. | (e) Amount of political contributions received and promptly and directly delivered to a separate political organization. If none, enter -0-. |
|----------|-------------|---------|---|--|
| | | | | |
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For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ. **Schedule C (Form 990 or 990-EZ) 2018**

Part II-A Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).

- A** Check if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures).
- B** Check if the filing organization checked box A and "limited control" provisions apply.

| Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.) | | (a) Filing organization's totals | (b) Affiliated group totals |
|--|--|----------------------------------|-----------------------------|
| 1a Total lobbying expenditures to influence public opinion (grass roots lobbying) | | | |
| b Total lobbying expenditures to influence a legislative body (direct lobbying) | | | |
| c Total lobbying expenditures (add lines 1a and 1b) | | | |
| d Other exempt purpose expenditures | | | |
| e Total exempt purpose expenditures (add lines 1c and 1d) | | | |
| f Lobbying nontaxable amount. Enter the amount from the following table in both columns. | | | |
| If the amount on line 1e, column (a) or (b) is: | The lobbying nontaxable amount is: | | |
| Not over \$500,000 | 20% of the amount on line 1e. | | |
| Over \$500,000 but not over \$1,000,000 | \$100,000 plus 15% of the excess over \$500,000. | | |
| Over \$1,000,000 but not over \$1,500,000 | \$175,000 plus 10% of the excess over \$1,000,000. | | |
| Over \$1,500,000 but not over \$17,000,000 | \$225,000 plus 5% of the excess over \$1,500,000. | | |
| Over \$17,000,000 | \$1,000,000. | | |
| g Grassroots nontaxable amount (enter 25% of line 1f) | | | |
| h Subtract line 1g from line 1a. If zero or less, enter -0- | | | |
| i Subtract line 1f from line 1c. If zero or less, enter -0- | | | |
| j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? | | | |

Yes No

4-Year Averaging Period Under Section 501(h)
 (Some organizations that made a section 501(h) election do not have to complete all of the five columns below.
 See the separate instructions for lines 2a through 2f.)

| Lobbying Expenditures During 4-Year Averaging Period | | | | | |
|---|----------|----------|----------|----------|-----------|
| Calendar year (or fiscal year beginning in) | (a) 2015 | (b) 2016 | (c) 2017 | (d) 2018 | (e) Total |
| 2a Lobbying nontaxable amount | | | | | |
| b Lobbying ceiling amount (150% of line 2a, column(e)) | | | | | |
| c Total lobbying expenditures | | | | | |
| d Grassroots nontaxable amount | | | | | |
| e Grassroots ceiling amount (150% of line 2d, column (e)) | | | | | |
| f Grassroots lobbying expenditures | | | | | |

Part II-B Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

| | (a) | | (b) |
|---|-----|----|----------|
| | Yes | No | Amount |
| 1 During the year, did the filing organization attempt to influence foreign, national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of: | | | |
| a Volunteers? | | X | |
| b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)? | | X | |
| c Media advertisements? | | X | |
| d Mailings to members, legislators, or the public? | | X | |
| e Publications, or published or broadcast statements? | | X | |
| f Grants to other organizations for lobbying purposes? | | X | |
| g Direct contact with legislators, their staffs, government officials, or a legislative body? | | X | |
| h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means? | | X | |
| i Other activities? | X | | 183,000. |
| j Total. Add lines 1c through 1i | | | 183,000. |
| 2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)? | X | | |
| b If "Yes," enter the amount of any tax incurred under section 4912 | | | |
| c If "Yes," enter the amount of any tax incurred by organization managers under section 4912 | | | |
| d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year? | | | |

Part III-A Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

| | Yes | No |
|--|-----|----|
| 1 Were substantially all (90% or more) dues received nondeductible by members? | 1 | |
| 2 Did the organization make only in-house lobbying expenditures of \$2,000 or less? | 2 | |
| 3 Did the organization agree to carry over lobbying and political campaign activity expenditures from the prior year? | 3 | |

Part III-B Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No," OR (b) Part III-A, line 3, is answered "Yes."

| | | |
|---|----|--|
| 1 Dues, assessments and similar amounts from members | 1 | |
| 2 Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid). | | |
| a Current year | 2a | |
| b Carryover from last year | 2b | |
| c Total | 2c | |
| 3 Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues | 3 | |
| 4 If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year? | 4 | |
| 5 Taxable amount of lobbying and political expenditures (see instructions) | 5 | |

Part IV Supplemental Information

Provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; Part II-A (affiliated group list); Part II-A, lines 1 and 2 (see instructions); and Part II-B, line 1. Also, complete this part for any additional information.

PART II-B, LINE 1, LOBBYING ACTIVITIES:

PAYMENT TO LOBBYIST FOR REPRESENTATION WITH LEGISLATORS.

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.**
▶ **Attach to Form 990.**

▶ **Go to www.irs.gov/Form990 for instructions and the latest information.**

OMB No. 1545-0047

2018
Open to Public Inspection

Name of the organization FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC **Employer identification number** 46-1426289

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

| | (a) Donor advised funds | (b) Funds and other accounts |
|---|--|------------------------------|
| 1 Total number at end of year | | |
| 2 Aggregate value of contributions to (during year) | | |
| 3 Aggregate value of grants from (during year) | | |
| 4 Aggregate value at end of year | | |
| 5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? | <input type="checkbox"/> Yes <input type="checkbox"/> No | |
| 6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? | <input type="checkbox"/> Yes <input type="checkbox"/> No | |

Part II Conservation Easements. Complete if the organization answered "Yes" on Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).
 Preservation of land for public use (e.g., recreation or education) Preservation of a historically important land area
 Protection of natural habitat Preservation of a certified historic structure
 Preservation of open space

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

| | Held at the End of the Tax Year |
|--|---------------------------------|
| a Total number of conservation easements | 2a |
| b Total acreage restricted by conservation easements | 2b |
| c Number of conservation easements on a certified historic structure included in (a) | 2c |
| d Number of conservation easements included in (c) acquired after 7/25/06, and not on a historic structure listed in the National Register | 2d |

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ _____

4 Number of states where property subject to conservation easement is located ▶ _____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

6 Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶ _____

7 Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶ \$ _____

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenue included on Form 990, Part VIII, line 1

(ii) Assets included in Form 990, Part X

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:

a Revenue included on Form 990, Part VIII, line 1

b Assets included in Form 990, Part X

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990. Schedule D (Form 990) 2018

Part VII Investments - Other Securities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

| (a) Description of security or category (including name of security) | (b) Book value | (c) Method of valuation: Cost or end-of-year market value |
|---|----------------|---|
| (1) Financial derivatives | | |
| (2) Closely-held equity interests | | |
| (3) Other | | |
| (A) | | |
| (B) | | |
| (C) | | |
| (D) | | |
| (E) | | |
| (F) | | |
| (G) | | |
| (H) | | |
| Total. (Col. (b) must equal Form 990, Part X, col. (B) line 12.) ▶ | | |

Part VIII Investments - Program Related.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

| (a) Description of investment | (b) Book value | (c) Method of valuation: Cost or end-of-year market value |
|---|----------------|---|
| (1) | | |
| (2) | | |
| (3) | | |
| (4) | | |
| (5) | | |
| (6) | | |
| (7) | | |
| (8) | | |
| (9) | | |
| Total. (Col. (b) must equal Form 990, Part X, col. (B) line 13.) ▶ | | |

Part IX Other Assets.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

| (a) Description | (b) Book value |
|---|----------------|
| (1) | |
| (2) | |
| (3) | |
| (4) | |
| (5) | |
| (6) | |
| (7) | |
| (8) | |
| (9) | |
| Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ▶ | |

Part X Other Liabilities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

| 1. (a) Description of liability | (b) Book value |
|---|----------------|
| (1) Federal income taxes | |
| (2) DUE TO FLORIDA POLYTECHNIC | |
| (3) UNIVERSITY | 3,064. |
| (4) | |
| (5) | |
| (6) | |
| (7) | |
| (8) | |
| (9) | |
| Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶ | 3,064. |

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII

FLORIDA POLYTECHNIC UNIVERSITY
FOUNDATION, INC

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

| | | | | |
|---|---|----|-----------|-----------|
| 1 | Total revenue, gains, and other support per audited financial statements | | 1 | 992,571. |
| 2 | Amounts included on line 1 but not on Form 990, Part VIII, line 12: | | | |
| a | Net unrealized gains (losses) on investments | 2a | 24,677. | |
| b | Donated services and use of facilities | 2b | | |
| c | Recoveries of prior year grants | 2c | | |
| d | Other (Describe in Part XIII.) | 2d | -18,827. | |
| e | Add lines 2a through 2d | 2e | | 5,850. |
| 3 | Subtract line 2e from line 1 | 3 | | 986,721. |
| 4 | Amounts included on Form 990, Part VIII, line 12, but not on line 1: | | | |
| a | Investment expenses not included on Form 990, Part VIII, line 7b | 4a | | |
| b | Other (Describe in Part XIII.) | 4b | -145,365. | |
| c | Add lines 4a and 4b | 4c | | -145,365. |
| 5 | Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.) | 5 | | 841,356. |

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

| | | | | |
|---|--|----|----------|------------|
| 1 | Total expenses and losses per audited financial statements | | 1 | 1,276,516. |
| 2 | Amounts included on line 1 but not on Form 990, Part IX, line 25: | | | |
| a | Donated services and use of facilities | 2a | | |
| b | Prior year adjustments | 2b | | |
| c | Other losses | 2c | | |
| d | Other (Describe in Part XIII.) | 2d | 145,365. | |
| e | Add lines 2a through 2d | 2e | | 145,365. |
| 3 | Subtract line 2e from line 1 | 3 | | 1,131,151. |
| 4 | Amounts included on Form 990, Part IX, line 25, but not on line 1: | | | |
| a | Investment expenses not included on Form 990, Part VIII, line 7b | 4a | | |
| b | Other (Describe in Part XIII.) | 4b | | |
| c | Add lines 4a and 4b | 4c | | 0. |
| 5 | Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.) | 5 | | 1,131,151. |

Part XIII Supplemental Information.

Provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

PART X, LINE 2:

THE FOUNDATION ADOPTED THE INCOME TAX STANDARD FOR UNCERTAIN TAX POSITIONS ON JANUARY 1, 2009. AS A RESULT OF THE IMPLEMENTATION, THE FOUNDATION DETERMINED THERE WERE NO UNCERTAIN TAX POSITION FOR WHICH EITHER RECOGNITION OR DISCLOSURE IS REQUIRED IN THE FINANCIAL STATEMENTS.

PART XI, LINE 2D - OTHER ADJUSTMENTS:

WRITE OFF OF UNCOLLECTIBLE PLEDGES -18,827.

PART XI, LINE 4B - OTHER ADJUSTMENTS:

DIRECT FUNDRAISING EVENT EXPENSES -145,365.

FLORIDA POLYTECHNIC UNIVERSITY

Part II Fundraising Events. Complete if the organization answered "Yes" on Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000.

| | | (a) Event #1 | (b) Event #2 | (c) Other events | (d) Total events (add col. (a) through col. (c)) |
|--|---|----------------------------|--------------|------------------------|--|
| | | PIVOT 2019 (event type) | (event type) | NONE (total number) | |
| Revenue | 1 Gross receipts | 281,850. | | | 281,850. |
| | 2 Less: Contributions | 158,270. | | | 158,270. |
| | 3 Gross income (line 1 minus line 2) | 123,580. | | | 123,580. |
| Direct Expenses | 4 Cash prizes | | | | |
| | 5 Noncash prizes | | | | |
| | 6 Rent/facility costs | | | | |
| | 7 Food and beverages | 36,900. | | | 36,900. |
| | 8 Entertainment | 87,090. | | | 87,090. |
| | 9 Other direct expenses | 21,375. | | | 21,375. |
| | 10 Direct expense summary. Add lines 4 through 9 in column (d) | | | | 145,365. |
| 11 Net income summary. Subtract line 10 from line 3, column (d) | | | | -21,785. | |

Part III Gaming. Complete if the organization answered "Yes" on Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

| | | (a) Bingo | (b) Pull tabs/instant bingo/progressive bingo | (c) Other gaming | (d) Total gaming (add col. (a) through col. (c)) |
|---|--------------------------------------|---|---|---|---|
| | | 1 Gross revenue | | | |
| Direct Expenses | 2 Cash prizes | | | | |
| | 3 Noncash prizes | | | | |
| | 4 Rent/facility costs | | | | |
| | 5 Other direct expenses | | | | |
| | 6 Volunteer labor | <input type="checkbox"/> Yes _____ % <input type="checkbox"/> No | <input type="checkbox"/> Yes _____ % <input type="checkbox"/> No | <input type="checkbox"/> Yes _____ % <input type="checkbox"/> No | |
| 7 Direct expense summary. Add lines 2 through 5 in column (d) | | | | | |
| 8 Net gaming income summary. Subtract line 7 from line 1, column (d) | | | | | |

9 Enter the state(s) in which the organization conducts gaming activities: _____

a Is the organization licensed to conduct gaming activities in each of these states? Yes No

b If "No," explain: _____

10a Were any of the organization's gaming licenses revoked, suspended, or terminated during the tax year? Yes No

b If "Yes," explain: _____

**SCHEDULE I
(Form 990)**

Department of the Treasury
Internal Revenue Service

**Grants and Other Assistance to Organizations,
Governments, and Individuals in the United States**
Complete if the organization answered "Yes" on Form 990, Part IV, line 21 or 22.

▶ **Attach to Form 990.**

▶ **Go to www.irs.gov/Form990 for the latest information.**

OMB No. 1545-0047

2018

**Open to Public
Inspection**

Name of the organization **FLORIDA POLYTECHNIC UNIVERSITY
FOUNDATION, INC**

**Employer identification number
46-1426289**

Part I General Information on Grants and Assistance

- 1** Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? **Yes** **No**
- 2** Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

Part II Grants and Other Assistance to Domestic Organizations and Domestic Governments. Complete if the organization answered "Yes" on Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

| 1 (a) Name and address of organization or government | (b) EIN | (c) IRC section (if applicable) | (d) Amount of cash grant | (e) Amount of non-cash assistance | (f) Method of valuation (book, FMV, appraisal, other) | (g) Description of noncash assistance | (h) Purpose of grant or assistance |
|---|----------------|--|---------------------------------|--|--|--|---|
| FLORIDA POLYTECHNIC UNIVERSITY 4700 RESEARCH WAY LAKELAND, FL 33805 | 46-0764837 | STATE OF FLORIDA | 688,579. | 0. | N/A | N/A | STUDENT SCHOLARSHIPS AND UNIVERSITY SALARIES |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table ▶ 1.

3 Enter total number of other organizations listed in the line 1 table ▶ 0.

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule I (Form 990) (2018)

FLORIDA POLYTECHNIC UNIVERSITY
 FOUNDATION, INC

Part III **Grants and Other Assistance to Domestic Individuals.** Complete if the organization answered "Yes" on Form 990, Part IV, line 22.
 Part III can be duplicated if additional space is needed.

| (a) Type of grant or assistance | (b) Number of recipients | (c) Amount of cash grant | (d) Amount of non-cash assistance | (e) Method of valuation (book, FMV, appraisal, other) | (f) Description of noncash assistance |
|---------------------------------|--------------------------|--------------------------|-----------------------------------|---|---------------------------------------|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

Part IV **Supplemental Information.** Provide the information required in Part I, line 2; Part III, column (b); and any other additional information.

PART I, LINE 2:

THE FOUNDATION REQUIRES THE UNIVERSITY TO SUBMIT INVOICES TO SUPPORT THE AMOUNTS NEEDED TO COVER SCHOLARSHIPS AND SALARIES. THE FOUNDATION ALSO REQUIRES THE UNIVERSITY TO SUBMIT THE NAMES OF THE STUDENTS THAT HAVE BEEN AWARDED THE SCHOLARSHIPS ALONG WITH THE INVOICES.

**SCHEDULE J
(Form 990)**

Compensation Information

OMB No. 1545-0047

2018

Open to Public Inspection

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees
 ▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 23.
 ▶ Attach to Form 990.
 ▶ Go to www.irs.gov/Form990 for instructions and the latest information.

Department of the Treasury
Internal Revenue Service

Name of the organization **FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC** Employer identification number **46-1426289**

Part I Questions Regarding Compensation

1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

- | | |
|--|--|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (such as maid, chauffeur, chef) |

b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked on line 1a?

3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.

- | | |
|--|--|
| <input type="checkbox"/> Compensation committee | <input type="checkbox"/> Written employment contract |
| <input type="checkbox"/> Independent compensation consultant | <input type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <input type="checkbox"/> Approval by the board or compensation committee |

4 During the year, did any person listed on Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:

- a** Receive a severance payment or change-of-control payment? **4a**
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan? **4b**
- c** Participate in, or receive payment from, an equity-based compensation arrangement? **4c**
- If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.

5 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:

- a** The organization? **5a**
- b** Any related organization? **5b**
- If "Yes" on line 5a or 5b, describe in Part III.

6 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:

- a** The organization? **6a**
- b** Any related organization? **6b**
- If "Yes" on line 6a or 6b, describe in Part III.

7 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described on lines 5 and 6? If "Yes," describe in Part III

8 Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III

9 If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

| | Yes | No |
|-----------|-----|----|
| 1b | | |
| 2 | | |
| 4a | | X |
| 4b | | X |
| 4c | | X |
| 5a | | X |
| 5b | | X |
| 6a | | X |
| 6b | | X |
| 7 | | X |
| 8 | | X |
| 9 | | |

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2018

FLORIDA POLYTECHNIC UNIVERSITY
FOUNDATION, INC

Schedule J (Form 990) 2018

46-1426289

Page 2

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported on Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that aren't listed on Form 990, Part VII.

Note: The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

| (A) Name and Title | | (B) Breakdown of W-2 and/or 1099-MISC compensation | | | (C) Retirement and other deferred compensation | (D) Nontaxable benefits | (E) Total of columns (B)(i)-(D) | (F) Compensation in column (B) reported as deferred on prior Form 990 |
|---|------|--|-------------------------------------|-------------------------------------|--|-------------------------|---------------------------------|---|
| | | (i) Base compensation | (ii) Bonus & incentive compensation | (iii) Other reportable compensation | | | | |
| (1) KATHRYN MIZERECK DIRECTOR | (i) | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| | (ii) | 129,280. | 0. | 0. | 0. | 21,545. | 150,825. | 0. |
| (2) KEVIN ASPEGREN CEO JULY - FEB | (i) | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| | (ii) | 253,854. | 0. | 0. | 21,483. | 18,572. | 293,909. | 0. |
| (3) RANDY AVENT PRESIDENT/CEO FEB - JUNE | (i) | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| | (ii) | 709,365. | 0. | 0. | 26,217. | 18,651. | 754,233. | 0. |
| | (i) | | | | | | | |
| | (ii) | | | | | | | |
| | (i) | | | | | | | |
| | (ii) | | | | | | | |
| | (i) | | | | | | | |
| | (ii) | | | | | | | |
| | (i) | | | | | | | |
| | (ii) | | | | | | | |
| | (i) | | | | | | | |
| | (ii) | | | | | | | |
| | (i) | | | | | | | |
| | (ii) | | | | | | | |
| | (i) | | | | | | | |
| | (ii) | | | | | | | |
| | (i) | | | | | | | |
| | (ii) | | | | | | | |
| | (i) | | | | | | | |
| | (ii) | | | | | | | |
| | (i) | | | | | | | |
| | (ii) | | | | | | | |

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

▶ Go to www.irs.gov/Form990 for the latest information.

OMB No. 1545-0047

2018

Open to Public
Inspection

| | | | |
|--------------------------|---|--------------------------------|------------|
| Name of the organization | FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC | Employer identification number | 46-1426289 |
|--------------------------|---|--------------------------------|------------|

FORM 990, PART VI, SECTION B, LINE 11B:

A COMPLETE COPY OF THE 990 IS PROVIDED TO EVERY MEMBER OF THE BOARD OF DIRECTORS FOR REVIEW PRIOR TO BEING FILED WITH THE IRS.

FORM 990, PART VI, SECTION B, LINE 12C:

IN CONNECTION WITH ANY ACTUAL OR POSSIBLE CONFLICTS OF INTEREST, AN INTERESTED PERSON MUST DISCLOSE THE EXISTENCE OF HIS OR HER FINANCIAL INTEREST AND ALL MATERIAL FACTS TO THE DIRECTORS AND MEMBERS OF COMMITTEES WITH BOARD-DELEGATED POWERS CONSIDERING THE PROPOSED TRANSACTIONS OR ARRANGEMENT. THE REMAINING BOARD OR COMMITTEE MEMBERS SHALL DECIDE WHETHER A CONFLICT OF INTEREST EXISTS. AN INTERESTED PERSON MAY MAKE A PRESENTATION AT THE BOARD OR COMMITTEE MEETING, BUT AFTER SUCH PRESENTATION, HE OR SHE SHALL BE INVITED AND ALLOWED (BUT NOT REQUIRED) TO LEAVE THE MEETING DURING THE DISCUSSION OF, AND THE VOTE ON, THE TRANSACTION OR ARRANGEMENT THAT RESULTS IN THE CONFLICT OF INTEREST. THE CHAIR OF THE BOARD OR THE COMMITTEE SHALL, IF APPROPRIATE, APPOINT A DISINTERESTED PERSON OR COMMITTEE TO INVESTIGATE ALTERNATIVES TO THE PROPOSED TRANSACTION OR ARRANGEMENT. AFTER EXERCISING DUE DILIGENCE, THE BOARD OR COMMITTEE SHALL DETERMINE WHETHER THE FOUNDATION CAN OBTAIN A MORE ADVANTAGEOUS TRANSACTION OR ARRANGEMENT WITH REASONABLE EFFORTS FROM A PERSON OR ENTITY THAT WOULD NOT GIVE RISE TO A CONFLICT OF INTEREST. IF A MORE ADVANTAGEOUS TRANSACTION OR ARRANGEMENT IS NOT REASONABLY ATTAINABLE UNDER CIRCUMSTANCES THAT WOULD NOT GIVE RISE TO A CONFLICT OF INTEREST, THE BOARD OR COMMITTEE SHALL DETERMINE BY A MAJORITY VOTE OF THE DISINTERESTED DIRECTORS OR MEMBERS IN ATTENDANCE WHETHER TO ENTER INTO THE TRANSACTION DESPITE THE CONFLICT OF INTEREST.

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule O (Form 990 or 990-EZ) (2018)

832211 10-10-18

Name of the organization **FLORIDA POLYTECHNIC UNIVERSITY
FOUNDATION, INC**

Employer identification number
46-1426289

FORM 990, PART VI, SECTION C, LINE 19:

THE ORGANIZATION MAKES ITS GOVERNMENT DOCUMENTS, CONFLICT OF INTEREST
POLICY, AND FINANCIAL STATEMENTS AVAILABLE UPON REQUEST

FORM 990, PART XI, LINE 9, CHANGES IN NET ASSETS:

| | |
|---|------------|
| WRITE OFF OF UNCOLLECTIBLE PLEDGES | -18,827. |
| GAIN ON FORGIVENESS OF PLEDGE LIABILITY | 5,718,582. |
| TOTAL TO FORM 990, PART XI, LINE 9 | 5,699,755. |

**SCHEDULE R
(Form 990)**

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.

▶ Attach to Form 990.

▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2018

Open to Public Inspection

Name of the organization **FLORIDA POLYTECHNIC UNIVERSITY
FOUNDATION, INC** Employer identification number **46-1426289**

Part I Identification of Disregarded Entities. Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

| (a) Name, address, and EIN (if applicable) of disregarded entity | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Total income | (e) End-of-year assets | (f) Direct controlling entity |
|--|-------------------------|---|---------------------|---------------------------|-------------------------------------|
| | | | | | |
| | | | | | |
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Part II Identification of Related Tax-Exempt Organizations. Complete if the organization answered "Yes" on Form 990, Part IV, line 34, because it had one or more related tax-exempt organizations during the tax year.

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Exempt Code section | (e) Public charity status (if section 501(c)(3)) | (f) Direct controlling entity | (g) Section 512(b)(13) controlled entity? | |
|--|-------------------------|---|-------------------------------|---|-------------------------------------|--|----|
| | | | | | | Yes | No |
| FLORIDA POLYTECHNIC UNIVERSITY - 46-0764837 4700 RESEARCH WAY LAKELAND, FL 33805 | UNIVERSITY | FLORIDA | | | N/A | | X |
| | | | | | | | |
| | | | | | | | |
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For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule R (Form 990) 2018

**FLORIDA POLYTECHNIC UNIVERSITY
FOUNDATION, INC**

Part V Transactions With Related Organizations. Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

Note: Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

| | Yes | No |
|--|-----|----|
| a Receipt of (i) interest, (ii) annuities, (iii) royalties, or (iv) rent from a controlled entity | | X |
| b Gift, grant, or capital contribution to related organization(s) | X | |
| c Gift, grant, or capital contribution from related organization(s) | | X |
| d Loans or loan guarantees to or for related organization(s) | | X |
| e Loans or loan guarantees by related organization(s) | | X |
| f Dividends from related organization(s) | | X |
| g Sale of assets to related organization(s) | | X |
| h Purchase of assets from related organization(s) | | X |
| i Exchange of assets with related organization(s) | | X |
| j Lease of facilities, equipment, or other assets to related organization(s) | | X |
| k Lease of facilities, equipment, or other assets from related organization(s) | | X |
| l Performance of services or membership or fundraising solicitations for related organization(s) | | X |
| m Performance of services or membership or fundraising solicitations by related organization(s) | | X |
| n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s) | | X |
| o Sharing of paid employees with related organization(s) | | X |
| p Reimbursement paid to related organization(s) for expenses | | X |
| q Reimbursement paid by related organization(s) for expenses | | X |
| r Other transfer of cash or property to related organization(s) | | X |
| s Other transfer of cash or property from related organization(s) | | X |

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

| (a) Name of related organization | (b) Transaction type (a-s) | (c) Amount involved | (d) Method of determining amount involved |
|---|----------------------------------|------------------------|--|
| (1) FLORIDA POLYTECHNIC UNIVERSITY | B | 688,579. | CASH PAID |
| (2) | | | |
| (3) | | | |
| (4) | | | |
| (5) | | | |
| (6) | | | |

Application for Automatic Extension of Time To File an Exempt Organization Return

Department of the Treasury
Internal Revenue Service

▶ **File a separate application for each return.**
▶ **Go to www.irs.gov/Form8868 for the latest information.**

Electronic filing (e-file). You can electronically file Form 8868 to request a 6-month automatic extension of time to file any of the forms listed below with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, for which an extension request must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit www.irs.gov/e-file-providers/e-file-for-charities-and-non-profits.

Automatic 6-Month Extension of Time. Only submit original (no copies needed).

All corporations required to file an income tax return other than Form 990-T (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

| | | Enter filer's identifying number |
|---|--|--|
| Type or print File by the due date for filing your return. See instructions. | Name of exempt organization or other filer, see instructions. FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC | Employer identification number (EIN) or 46-1426289 |
| | Number, street, and room or suite no. If a P.O. box, see instructions. 4700 RESEARCH WAY | Social security number (SSN) |
| | City, town or post office, state, and ZIP code. For a foreign address, see instructions. LAKELAND, FL 33805 | |

Enter the Return Code for the return that this application is for (file a separate application for each return) 0 1

| Application Is For | Return Code | Application Is For | Return Code |
|--|-------------|-----------------------------------|-------------|
| Form 990 or Form 990-EZ | 01 | Form 990-T (corporation) | 07 |
| Form 990-BL | 02 | Form 1041-A | 08 |
| Form 4720 (individual) | 03 | Form 4720 (other than individual) | 09 |
| Form 990-PF | 04 | Form 5227 | 10 |
| Form 990-T (sec. 401(a) or 408(a) trust) | 05 | Form 6069 | 11 |
| Form 990-T (trust other than above) | 06 | Form 8870 | 12 |

DEREK HORTON

- The books are in the care of ▶ **4700 RESEARCH WAY - LAKELAND, FL 33805**
Telephone No. ▶ **(863)874-8416** Fax No. ▶ _____
- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____. If this is for the whole group, check this box . If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension is for.

1 I request an automatic 6-month extension of time until **MAY 15, 2020** , to file the exempt organization return for the organization named above. The extension is for the organization's return for:
▶ calendar year _____ or
▶ tax year beginning **JUL 1, 2018** , and ending **JUN 30, 2019** .

2 If the tax year entered in line 1 is for less than 12 months, check reason: Initial return Final return
 Change in accounting period

| | | | |
|---|-----------|----|----|
| 3a If this application is for Forms 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions. | 3a | \$ | 0. |
| b If this application is for Forms 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit. | 3b | \$ | 0. |
| c Balance due. Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions. | 3c | \$ | 0. |

Caution: If you are going to make an electronic funds withdrawal (direct debit) with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

**Florida Polytechnic University
Audit & Compliance Committee
Board of Trustees
May 20, 2020**

Subject: University Audit Quality Assurance Review (QAR) Self-Assessment (FPU 2020-07)

Proposed Committee Action

Recommend approval of the Quality Assurance Review (QAR) Self-Assessment, prepared by the Chief Audit Executive, to the Board of Trustees.

Background Information

The audit charter provides that University Audit will establish a quality assurance and improvement program (QAIP) of internal auditing for the chief audit executive and the department as a whole. Additionally, the Charter requires that University Audit adhere to the Code of Ethics and the Standards put forth by the Institute of Internal Auditing (IIA). Such Standards require that the Chief Audit Executive must develop and maintain a QAIP that covers all aspects of the internal audit activity. The QAIP is comprised of ongoing assessments, periodic assessments, and external assessments. This QAR Self-Evaluation effectively covers the periodic assessment component of a QAIP and will also serve to prepare the university for an external assessment that is required by 2022.

The Audit and Compliance Committee should familiarize themselves with the Standards (included in the report as Exhibit A, Evaluation Summary and Ratings Criteria), and evaluate whether the Committee's performance, with respect to the responsibilities outlined in the Audit Committee Charter are being performed satisfactorily.

Supporting Documentation: Report FPU 2020-07: University Audit & Compliance Quality Assurance Review (QAR) Self-Assessment

Prepared by: David A. Blanton, CAE/CCO



FLORIDA POLYTECHNIC
UNIVERSITY

Report No: FPU 2020-07

April 2020

**University Audit & Compliance
Quality Assurance Review (QAR)
Self-Assessment**

David A. Blanton, CPA, CCEP
Chief Audit Executive and Chief Compliance Officer

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University Audit and Compliance (UAC) is employed by the University. UAC’s mission is to serve the University by recommending actions to assist in achieving its strategic and operational objectives. This assistance includes evaluating and providing assurance of activities designed and implemented by management to strengthen internal controls, reduce risk to and waste of resources, and improve operations to enhance the performance and reputation of the University. Accordingly, this report is intended solely for the use of University management and its various oversight authorities and is not intended for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Executive Summary:

Pursuant to the Audit Work Plan¹ approved by the Audit & Compliance Committee, University Audit and Compliance (UAC) performed a Quality Assurance Review (QAR) Self-Assessment. As outlined below, a QAR self-assessment is one of the three (3) required components of an effective Quality Assurance and Improvement Plan (QAIP):

1. Ongoing monitoring. (Done continuously).
2. Periodic self-assessments. (This QAR self-assessment and UAC's annual report).
3. External assessment. (To be conducted by July 2022).

This report summarizes the QAR self-assessment completed by UAC. The *International Standards for the Professional Practice of Internal Auditing (Standards)* requires that the Chief Audit Executive must develop and maintain a QAIP that covers all aspects of the internal audit activity. Overall, this assessment supports an opinion that UAC **generally conforms** to the IIA *Standards* and Code of Conduct. This is the highest rating possible under the IIA guidance. A detailed list of individual standards and the Code of Ethics along with UAC's determination of conformance is shown in **Exhibit A**.

The scope of the QAR included all aspects of the internal audit activity, as set forth in the Charter and approved by the Board (which defines the purpose, authority, and responsibility of University Audit). The QAR self-assessment concluded on April 30, 2020 and provides senior management and the Board with information about University Audit as of that date. The *Standards* and Code of Ethics in place and effective as of November 2019 were the basis for QAR self-assessment which focused on internal audit activity from July 2019 up to the release of this report.

The following matters, summarized below, are discussed further in the **Observations** section of this report and are presented to support the QAIP and assist the Audit and Compliance Committee (AACC) in achieving its oversight responsibilities of University Audit:

Gaps to Conformance with the *Standards* or the Code of Ethics:

- No significant nonconformance noted.

Opportunities for Continuous Improvement:

- Key Performance Indicators (KPI's) should be expanded and enhanced to provide greater information for the AACC in fulfillment of their oversight responsibilities.
- Written policies and procedures for University Audit should be updated to reflect current practice.

¹ UAC Work Plan for the Fiscal Year Ended June 30, 2020, approved September 11, 2019.

- UAC should periodically facilitate the self-evaluation of AACC's performance and ensure they communicate the results to the Board, as prescribed by the AACC Charter. As part of this process, audit charters should be reviewed and amended as necessary.
- UAC should enhance documentation to support the linkage of risks identified in audit planning to audit work performed.
- UAC should enhance follow-up monitoring for completed audits.

Background, Objectives, Scope, and Methodology:

Background:

The Audit Charter² provides that University Audit will establish a quality assurance and improvement program (QAIP) of internal auditing for the chief audit executive and the department as a whole. This program must include an external assessment conducted at least once every five (5) years³. The external assessment report and any related improvement plans shall be presented to the Board of Trustees, with a copy provided to the Florida Board of Governors. Additionally, the Charter requires that University Audit adhere to the Code of Ethics and the *Standards*⁴ put forth by the Institute of Internal Auditing (IIA). Such *Standards* require that the Chief Audit Executive must develop and maintain a QAIP that covers all aspects of the internal audit activity.

Common elements of all QAIP's include:

- A scope that includes all aspects of the internal audit activity.
- An evaluation of conformance with the *Standards* and the Code of Ethics.
- An appraisal of the efficiency and effectiveness of the internal audit activity.
- The identification of opportunities for continuous improvement.
- Involvement by the Board in oversight of the QAIP.

As depicted in **Figure 1** below, a QAIP provides for the following three components:

- Ongoing Monitoring. This is continually done to ensure the processes in place are working effectively and efficiently, on an audit by audit basis. This is accomplished through the use of checklists, templates, standardized audit forms and reports, reporting of time and progress against the audit plan, and project-specific surveys from audit clients at the conclusion of each project.
- Periodic Self-Assessments. This is periodically done to ensure conformance, quality, infrastructure support, added value, and performance achievement. UAC has established procedures to perform self-assessments annually, with a more formalized process and

² Florida Polytechnic University Internal Audit Charter, approved by the Board of Trustees on March 15, 2017

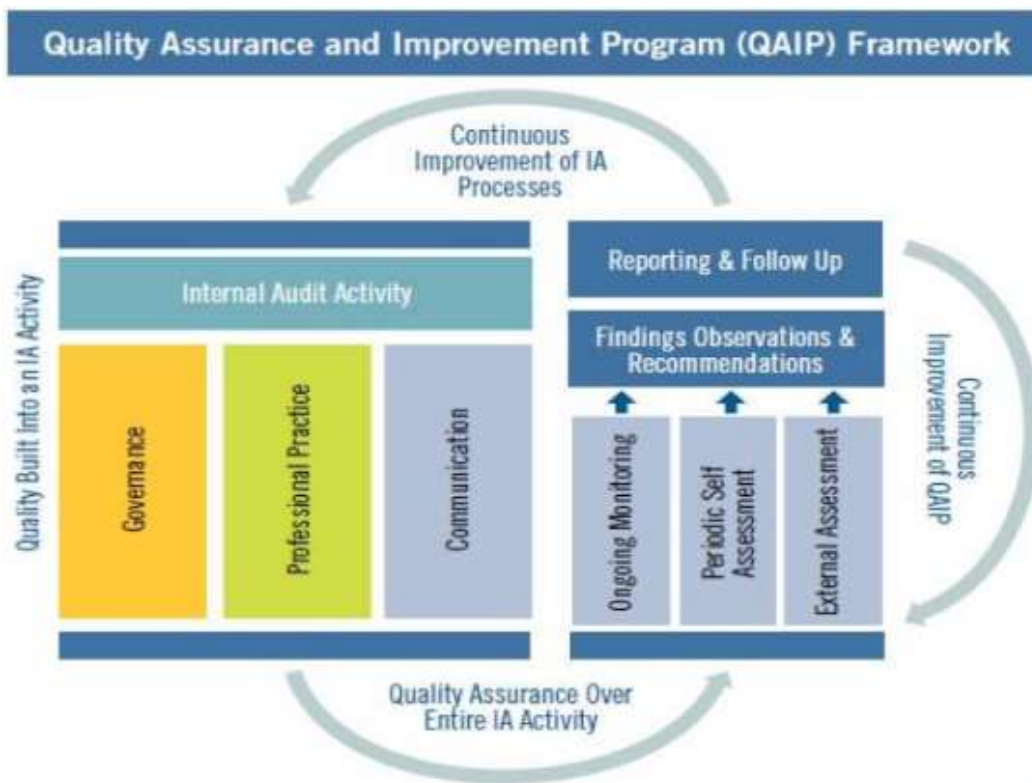
³ Initial external assessment must be completed by July 31, 2022, five years after inception of UAC.

⁴ The *International Standards for the Professional Practice of Internal Auditing (Standards)*

interim report presented to the Board at the mid-point of each external assessment. This report is presented to satisfy UAC’s procedure with respect to interim reporting, provided that UAC’s first ever external QAR is due in 2022. In addition, UAC’s Annual Report and quarterly updates to the Audit and Compliance Committee are prepared and presented to the Board to further support periodic self-assessments.

- External Assessment. This is done to assess the achievement of all aspects of the QAIP (design, plan, performance, report, monitoring, and improvement plan) and conformance to the IIA’s Code of Conduct and *Standards*. Since UAC was effectively established on July 31, 2017, with my hiring, the initial external assessment is required to be completed by July 31, 2022.

FIGURE 1



Objectives:

The principle objectives of the QAR self-assessment were to:

- assess University Audit's conformance with the *Standards* and the Code of Ethics.
- evaluate University Audit's effectiveness in carrying out its mission (as set forth in University Audit's Charter and expressed in the expectations of Florida Polytechnic University's management); identify successful internal audit practices demonstrated by University Audit; and to identify opportunities for continuous improvement to enhance the efficiency and effectiveness of the infrastructure, processes, and the value to their stakeholders.

Scope:

The scope of the QAR self-assessment included all aspects of the internal audit activity, as set forth in the Charter and approved by the Board (which defines the purpose, authority, and responsibility of University Audit). The QAR self-assessment concluded on April 30, 2020, and provides senior management and the Board with information about UAC as of that date. The Standards and Code of Ethics in place and effective as of April 2020 were the basis for the QAR self-assessment⁵ which focused on internal audit activity from July 2019 up to the release of this report.

UAC would like to thank University staff and Board members who took time to provide responses and valuable feedback in completing the self-assessment surveys. Their cooperation was greatly appreciated and the QAR would not be possible without their honest contributions to the assessment.

Methodology:

To achieve the objectives of this QAR self-assessment, UAC performed the following activities:

- UAC compiled and prepared information consistent with the methodology established in the Quality Assessment Manual (2017) for the Internal Audit Activity. This information included completed and detailed planning guides, together with supporting documentation; an evaluation summary, documenting conclusions and observations; and preparation of the self-assessment report.
- UAC selected key stakeholders (senior management and the board) and surveyed them about UAC's conformance with the standards. Surveys were sent out to the individuals identified and tabulated by UAC. Survey results are summarized in **Exhibit C**.
- UAC reviewed a sample of two audit projects and associated working papers and reports; reviewed survey data received from Florida Polytechnic stakeholders; and prepared

⁵ As outlined by the *Quality Assessment Manual for the Internal Audit Activity* which captures modifications to the IIA's *International Standards for the Professional Practice of Internal Auditing*, effective January 1, 2017.

diagnostic tools consistent with the methodology established for a QAR in the *Quality Assessment Manual for the Internal Audit Activity*.

Opinion as to Conformance with the *Standards* and the Code of Ethics:

Overall, this self-assessment supports an opinion that UAC **generally conforms** to the IIA *Standards* and the Code of Ethics. This is the highest rating possible under IIA guidance. A detailed list of conformance with individual standards and the Code of Ethics is shown in **Exhibit A**.

The IIA's *Quality Assessment Manual for the Internal Audit Activity* suggests a scale of three rankings when opining on the internal audit activity: "Generally Conforms," "Partially Conforms," and "Does Not Conform." The ranking of "Generally Conforms" means that an internal audit activity has a charter, policies, and processes that are in conformance with the *Standards* and the Code of Ethics. "Partially Conforms" means that deficiencies in practice are noted and are judged to deviate from the *Standards* and the Code of Ethics; however, these deficiencies did not preclude the internal audit activity from performing its responsibilities in an acceptable manner. "Does Not Conform" means that deficiencies in practice are judged to deviate from the *Standards* and the Code of Ethics, and are significant enough to seriously impair or preclude the internal audit activity from performing adequately in all or in significant areas of its responsibilities. A detailed description of conformance criteria can be found in **Exhibit A**.

Observations:

Observations are divided into three categories:

1. Successful Internal Audit Practices. Areas where Internal Audit (IA) is operating in a particularly effective or efficient manner when compared to the practice of internal auditing demonstrated in other internal audit activities.
2. Gaps to Conformance with the Standards or the Code of Ethics. Areas identified during the QA where the assessment team has concluded that IA is operating in a manner that falls short of achieving one or more major objectives, with the *Standards* or the Code of Ethics that results in an opinion for an individual standard of "partially conforms" or "does not conform."
3. Opportunities for Continuous Improvement. Observations of opportunities to enhance the efficiency or effectiveness of IA's infrastructure of processes. These items do not indicate a lack of conformance with the *Standards* or the Code of Ethics, but rather offer suggestions on how to better align with criteria defined in the *Standards* or the Code of Ethics.

Successful Internal Audit Practices

The following successful practices were noted during this self-assessment:

- Standard 1000 – Purpose, Authority, and Responsibility: University Audit continues to evolve and improve its practices and processes since its inception on July 31, 2017.
- Standard 1000 – Purpose, Authority, and Responsibility: University Audit’s charter is comprehensive and contains all the mandatory elements of the International Professional Practices Framework.
- Standard 2060 – Reporting to Senior Management and the Board: The CAE reports frequently to senior management and the Board on University Audit’s purpose, authority, responsibility, and performance relative to its plan.
- Standard 2110 – Governance: The CAE regularly attends and participates in University Leadership meetings and briefings with senior management and the Board, affording him the knowledge to evaluate and contribute to the improvement of governance processes for strategic and operational decisions.

Gaps to Conformance with the Standards or the Code of Ethics

No significant nonconformance noted.

Opportunities for Continuous Improvement

Observation 1: Standard 1300/Quality Assurance and Improvement Program (QAIP) Standard 1311/Internal Assessments

Standards: A quality assurance and improvement program is designed to enable an evaluation of the internal audit activity’s conformance with the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. The chief audit executive (CAE) should encourage board oversight in the quality assurance and improvement program.

Internal assessments must include ongoing monitoring of the performance of the internal audit activity.

Observation: Key Performance Indicators (KPI’s) could be incorporated into the annual report prepared by UAC to enhance internal assessments and facilitate enhanced oversight by the Audit and Compliance Committee.

Recommendation: KPI’s should be evaluated and incorporated into UAC’s annual report.

University Audit Response and Action Plan: The CAE will seek input from the Audit and Compliance Committee on relevant and meaningful KPI’s and incorporate such metrics into the annual report presented in September of each year for the preceding fiscal year.

Observation 2: Standard 2040/Policies and Procedures

Standard: The CAE must establish policies and procedures to guide the internal audit activity.

Observation: Policies and procedures were initially drafted, upon the establishment of the Internal Audit function, in 2017; however such policies and procedures have not be reviewed and updated to reflect changes since the inception of the audit function.

Recommendation: The CAE should review and revise written internal audit policies and procedures.

University Audit Response and Action Plan: The CAE will review and revise, as necessary, the policies and procedures that were developed for the internal audit function.

Observation 3: Standard 2060/Reporting to Senior Management and the Board Standard 1010/Recognizing Mandatory Guidance in the Internal Audit Charter

Standards: The CAE must report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan and on its conformance with the Code of Ethics and the Standards.

Organizational independence is effectively achieved when the chief audit executive reports functionally to the board and is evidenced by periodic review and approval of the Internal Audit Charter.

Observation: The CAE should periodically facilitate the evaluation of Audit and Compliance Committee's performance and governing documents and ensure communication of such to the full Board. Specifically, the following improvements are recommended:

- Both the University Audit and the Audit and Compliance Committee's (AACC) charter should be reviewed and formally approved by the AACC. Both charters were initially approved in March of 2017 and require review and approval every three years. As part of this QAR, the charters were reviewed and will be presented to the AACC in May for formal approval.
- The AACC Charter requires that the Committee periodically perform a self-evaluation to evaluate the Committee's own performance, on a periodic basis, and communicate the results to the Board.

Recommendation: The University Charter and the AACC Charter should be presented to the Committee at their next meeting and formally approved. Additionally, the AACC should evaluate their performance and communicate the results to the Board.

University Audit Response and Action Plan: The CAE will review the charters and present them for review and approval at the next AACC meeting and facilitate the evaluation of the AACC's performance.

Observation 4: Standard 2200/Engagement Planning

Standard: Internal auditors must develop and document a plan for each engagement, including the engagement's objectives, scope, timing, and resource allocations. The plan must consider the organization's strategies, objectives, and risks relevant to the engagement.

Observation: Although risks are assessed and specific to each planned project, UAC could benefit from linking specific risks identified in the planning phase to the actual work performed and project objectives to ensure they appropriately addressed in each planned project.

Recommendation: The CAE should enhance procedures to ensure appropriate linkage between risks identified in planning and audit work performed for each audit performed.

University Audit Response and Action Plan: This matter has been corrected. The CAE has modified the risk assessment template to document that all relevant risks identified in the planning phase are appropriately addressed in the corresponding audit support (working papers).

Observation 5: Standard 2500/Monitoring Progress

Standard: The chief audit executive must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.

Observation: Since the inception of UAC on July 31, 2017, the following audit projects have been issued with audit observations requiring follow-up monitoring:

- Audit of Sponsored Research Activities (November 2018)
- Follow-up Review on Auditor General Operational Report (February 2019)
- Audit of Americans with Disability Act and University Disability Services (July 2019)

Although UAC has developed procedures that define a process for follow-up⁶, such monitoring has not been performed, to date, for the various projects listed above. Additionally, the use of a tracking document would assist UAC in tracking and ensuring the timely follow up and monitoring of audit observations.

Recommendation: The CAE should continue efforts at performing follow-up work and reporting the results of such matters to the Board.

⁶ UAC written procedures provide that follow-up on findings deemed significant will be performed within 12 months of the implementation target date for each planned corrective action.



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University Audit & Compliance
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Lakeland, Florida 33805
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University Audit Response and Action Plan: The CAE will prioritize follow-up procedures on previous audits and report such matters to the Board.

Exhibit A: Evaluation Summary and Rating Definitions

EVALUATION SUMMARY AND RATING DEFINITIONS

| | GC | PC | DNC |
|---------------------------|-------------------------------------|-----------|------------|
| Overall Evaluation | <input checked="" type="checkbox"/> | | |

| Attribute Standards (1000 through 1300) | | GC | PC | DNC |
|--|--|-------------------------------------|-----------|------------|
| 1000 | Purpose, Authority, and Responsibility | | | |
| 1010 | Recognizing Mandatory Guidance in the Internal Audit Charter | <input checked="" type="checkbox"/> | | |
| 1100 | Independence and Objectivity | | | |
| 1110 | Organizational Independence | <input checked="" type="checkbox"/> | | |
| 1111 | Direct Interaction with the Board | <input checked="" type="checkbox"/> | | |
| 1112 | Chief Audit Executive Roles Beyond Internal Auditing | <input checked="" type="checkbox"/> | | |
| 1120 | Individual Objectivity | <input checked="" type="checkbox"/> | | |
| 1130 | Impairment to Independence or Objectivity | <input checked="" type="checkbox"/> | | |
| 1200 | Proficiency and Due Professional Care | | | |
| 1210 | Proficiency | <input checked="" type="checkbox"/> | | |
| 1220 | Due Professional Care | <input checked="" type="checkbox"/> | | |

| | | | | |
|------|---|-------------------------------------|--|--|
| 1230 | Continuing Professional Development | <input checked="" type="checkbox"/> | | |
| 1300 | Quality Assurance and Improvement Program | | | |
| 1310 | Requirements of the Quality Assurance and Improvement Program | <input checked="" type="checkbox"/> | | |
| 1311 | Internal Assessments | <input checked="" type="checkbox"/> | | |
| 1312 | External Assessments | n/a | | |
| 1320 | Reporting on the Quality Assurance and Improvement Program | <input checked="" type="checkbox"/> | | |
| 1321 | Use of “Conforms with the <i>International Standards for the Professional Practice of Internal Auditing</i> ” | <input checked="" type="checkbox"/> | | |
| 1322 | Disclosure of Nonconformance | <input checked="" type="checkbox"/> | | |

| Performance Standards (2000 through 2600) | | GC | PC | DNC |
|--|--|-------------------------------------|-----------|------------|
| 2000 | Managing the Internal Audit Activity | | | |
| 2010 | Planning | <input checked="" type="checkbox"/> | | |
| 2020 | Communication and Approval | <input checked="" type="checkbox"/> | | |
| 2030 | Resource Management | <input checked="" type="checkbox"/> | | |
| 2040 | Policies and Procedures | <input checked="" type="checkbox"/> | | |
| 2050 | Coordination and Reliance | <input checked="" type="checkbox"/> | | |
| 2060 | Reporting to Senior Management and the Board | <input checked="" type="checkbox"/> | | |

| | | | | |
|------|---|-------------------------------------|--|--|
| 2070 | External Service Provider and Organizational Responsibility for Internal Auditing | n/a | | |
| 2100 | Nature of Work | | | |
| 2110 | Governance | <input checked="" type="checkbox"/> | | |
| 2120 | Risk Management | <input checked="" type="checkbox"/> | | |
| 2130 | Control | <input checked="" type="checkbox"/> | | |
| 2200 | Engagement Planning | | | |
| 2201 | Planning Considerations | <input checked="" type="checkbox"/> | | |
| 2210 | Engagement Objectives | <input checked="" type="checkbox"/> | | |
| 2220 | Engagement Scope | <input checked="" type="checkbox"/> | | |
| 2230 | Engagement Resource Allocation | <input checked="" type="checkbox"/> | | |
| 2240 | Engagement Work Program | <input checked="" type="checkbox"/> | | |
| 2300 | Performing the Engagement | | | |
| 2310 | Identifying Information | <input checked="" type="checkbox"/> | | |
| 2320 | Analysis and Evaluation | <input checked="" type="checkbox"/> | | |
| 2330 | Documenting Information | <input checked="" type="checkbox"/> | | |
| 2340 | Engagement Supervision | n/a | | |
| 2400 | Communicating Results | | | |
| 2410 | Criteria for Communicating | <input checked="" type="checkbox"/> | | |

| | | | | |
|------|---|-------------------------------------|--|--|
| 2420 | Quality of Communications | <input checked="" type="checkbox"/> | | |
| 2421 | Errors and Omissions | <input checked="" type="checkbox"/> | | |
| 2430 | Use of “Conducted in Conformance with the <i>International Standards for the Professional Practice of Internal Auditing</i> ” | <input checked="" type="checkbox"/> | | |
| 2431 | Engagement Disclosure of Nonconformance | <input checked="" type="checkbox"/> | | |
| 2440 | Disseminating Results | <input checked="" type="checkbox"/> | | |
| 2450 | Overall Opinions | n/a | | |
| 2500 | Monitoring Progress | <input checked="" type="checkbox"/> | | |
| 2600 | Communicating the Acceptance of Risks | <input checked="" type="checkbox"/> | | |

| Code of Ethics | | GC | PC | DNC |
|----------------|----------------|-------------------------------------|----|-----|
| | Code of Ethics | <input checked="" type="checkbox"/> | | |

LEGEND:

: Indicates either GC (generally conforms), PC (partially conforms), or DNC (does not conform), as applicable. See page 14 of this report for rating definitions.

n/a: Indicates not applicable for the following reasons:

- 1312: An external assessment is not required until July 2022 since UAC began operations on 7/31/17.
- 2070: UAC does not currently utilize external service providers.
- 2340: UAC only employs one position and thus supervision of staff is not applicable.
- 2450: UAC does not include overall opinions in their reports.

RATING DEFINITIONS

GC – “Generally Conforms” means that the assessor or the assessment team has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual standard or elements of the Code of Ethics in all material respects. For the sections and major categories, this means that there is general conformity to a majority of the individual Standard or element of the Code of Ethics and at least partial conformity to the others within the section/category. There may be significant opportunities for improvement, but these should not represent situations where the activity has not implemented the *Standards* or the Code of Ethics, and has not applied them effectively or achieved their stated objectives. As indicated above, general conformance does not require complete or perfect conformance, the ideal situation, or successful practice, etc.

PC – “Partially Conforms” means that the assessor or assessment team has concluded that the activity is making good-faith efforts to comply with the requirements of the individual standard or elements of the Code of Ethics or a section or major category, but falls short of achieving some major objectives. These will usually represent significant opportunities for improvement in effectively applying the *Standards* or the Code of Ethics and/or achieving their objectives. Some deficiencies may be beyond the control of the internal audit activity and may result in recommendations to senior management or the board of the organization.

DNC – “Does Not Conform” means that the assessor or assessment team has concluded that the internal audit activity is not aware of, is not making good-faith efforts to comply with, or is failing to achieve many or all of the objectives of the individual standard or element of the Code of Ethics or a section or major category. These deficiencies will usually have a significantly negative impact on the internal audit activity’s effectiveness and its potential to add value to the organization. These may also represent significant opportunities for improvement, including actions by senior management or the board.

Exhibit B: List of Individuals Surveyed

The following Florida Polytechnic University employees and Board members were provided an opportunity to be interviewed or surveyed in order to provide an independent assessment component of this QAR and a measure of perceived value with respect to UAC. From the list below, 16 stakeholders provided feedback and their responses are graphed in **Exhibit C**.

Randy K. Avent, President

Don Wilson, Chair Board of Trustees

Gary C. Wendt, Trustee/Chair Audit and Compliance Committee

Mark Bostick, Trustee/Vice-Chair Audit and Compliance Committee

Adrienne Perry, Trustee/Audit and Compliance Committee

Earl Sasser, Trustee/Audit and Compliance Committee

Ryan Perez, Trustee/Audit and Compliance Committee

Victoria Astley, Trustee/Audit and Compliance Committee

Terry Parker, Executive Vice-President and Provost

Gina DeJulio, Vice President and General Counsel

Mark Mroczkowski, Vice President and Chief Financial Officer

Kathryn Miller, Vice Provost Student Affairs

Tom Dvorske, Vice Provost Academic Affairs

Ben Beachy, Associate Vice President and Chief Information Officer

John Sprenkle, Interim Assistant Vice President and Controller

David Calhoun, Assistant Vice President Facilities and Safety Services

Treasa McLean, Assistant Vice President Procurement and Auxiliary Enterprises

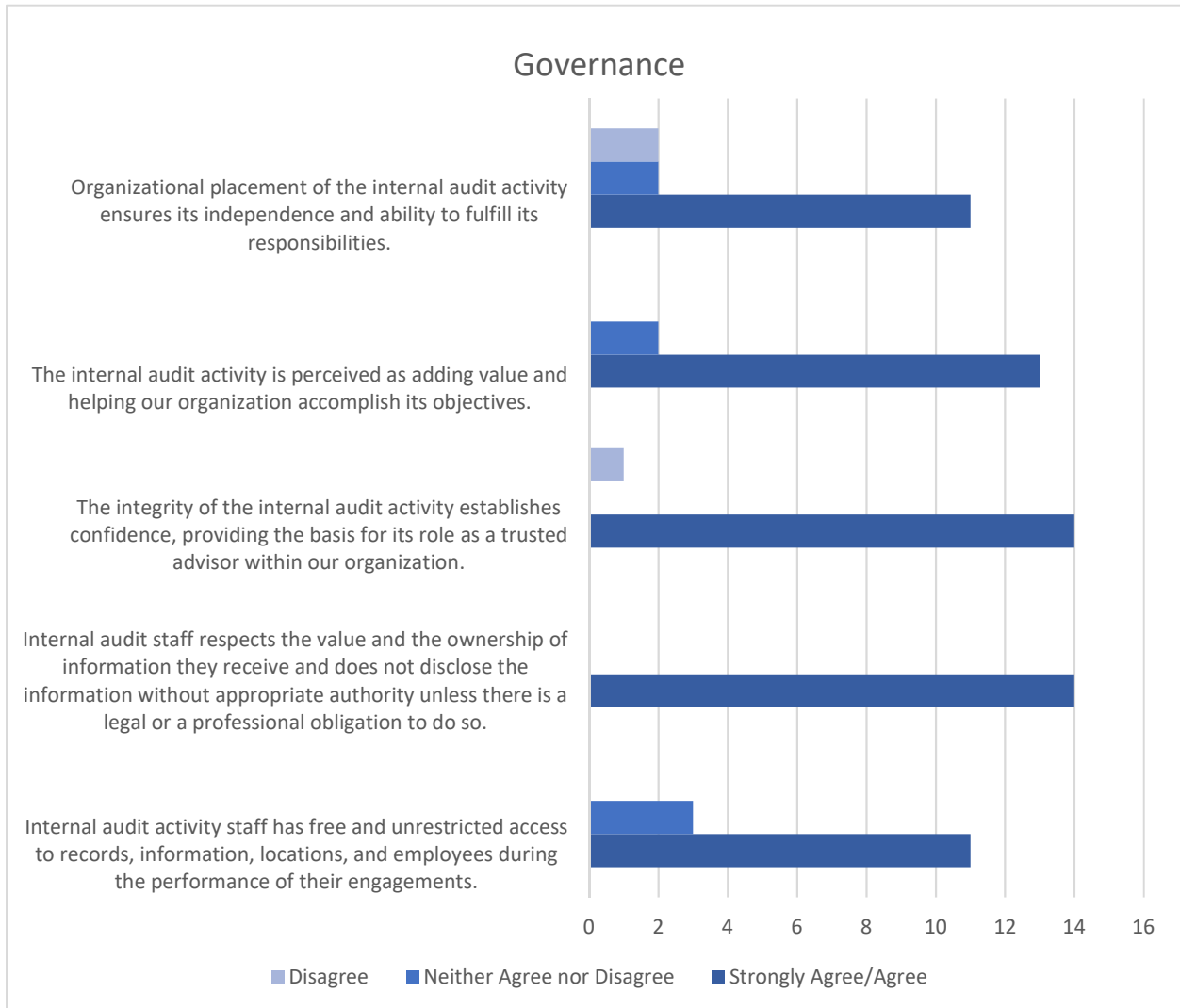
Rick Maxey, Assistant Vice President – Board Liaison and Economic Development

BenMatthew Corpus, Associate Vice Provost Admissions and Financial Aid

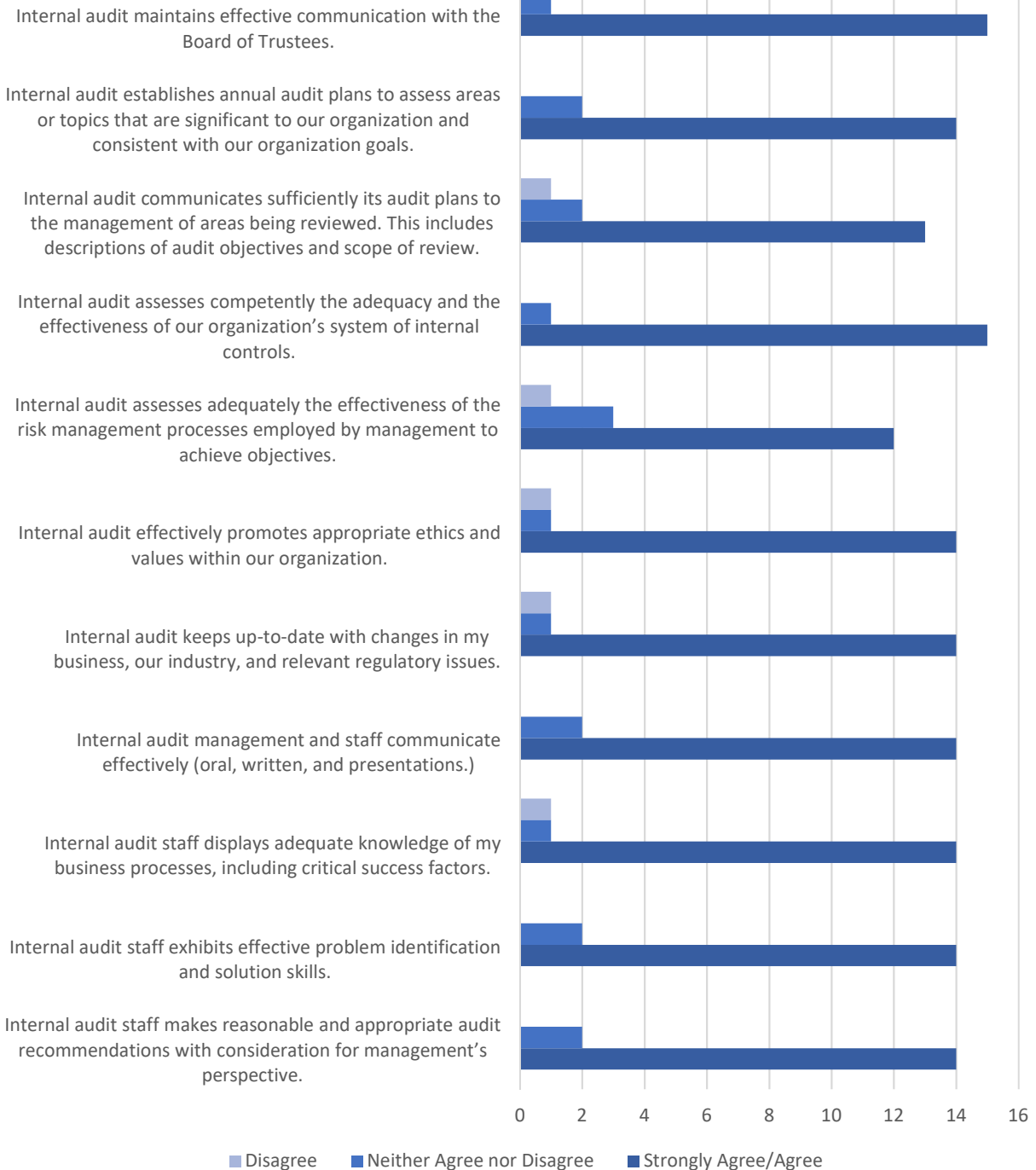
Kathy Bowman, Vice President Advancement

Results of survey responses are summarized in **Exhibit C**.

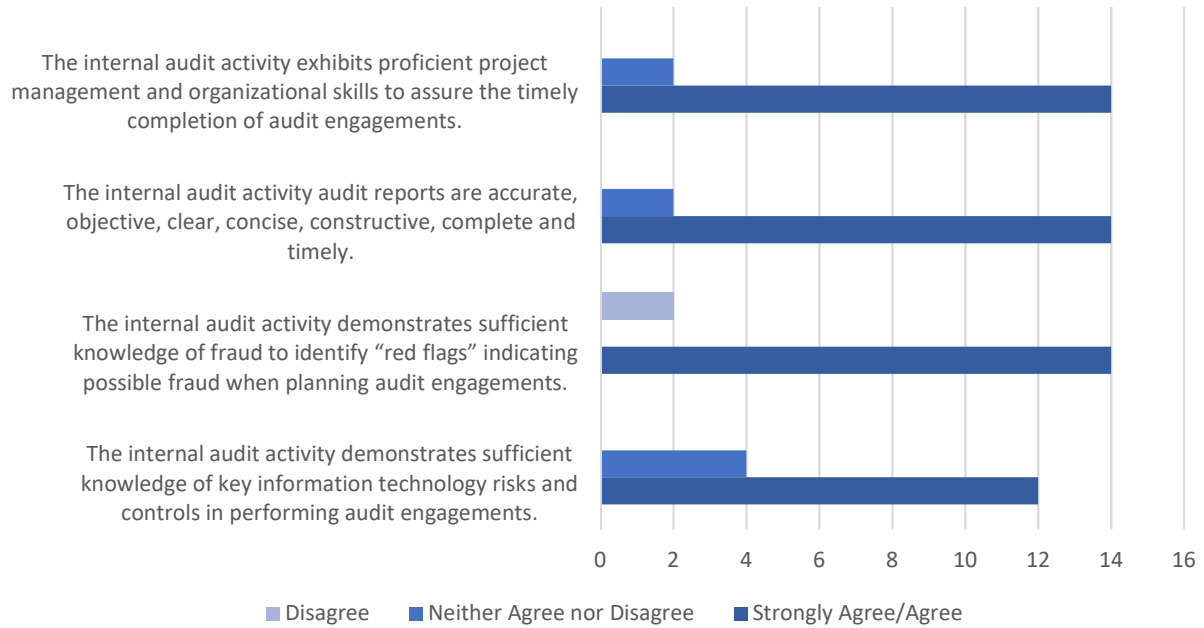
Exhibit C: Survey Results



Internal Audit Management & Staff



Internal Audit Process



**Florida Polytechnic University
Audit & Compliance Committee
Board of Trustees
May 20, 2020**

Subject: Review and Approval of all Audit and Compliance Charters

Proposed Committee Action

Recommend approval of (1) the Audit and Compliance Committee (AACC) Charter, (2) the Internal Audit Charter, and (3) the Compliance and Ethics Charter to the Board of Trustees. Recommend a self-evaluation by the Audit Committee of their performance relative to the Standards and the Audit Committee Charter.

Background Information

The Audit & Compliance Committee Charter requires that the AACC (1) review the Committee's charter annually and update as necessary and (2) ensure that any changes to the charter are discussed with the Board and reapproved. The AACC should evaluate whether the Committee's performance, with respect to the responsibilities outlined in the Audit Committee Charter, are being performed satisfactory and whether any changes to the charter are necessary.

The Audit Charter and the Compliance and Ethics Charter requires that these charters are to be reviewed and approved at least every three (3) years for consistency with applicable Florida Board of Governors and University regulations, professional standards, and industry best practices. The AACC should evaluate whether any changes to the charters are necessary.

Supporting Documentation:

Board of Trustees Charter, Audit & Compliance Committee (last approved 3/15/17)

Florida Polytechnic University Internal Audit Charter (approved 3/15/17)

Florida Polytechnic University Compliance and Ethics Charter (approved 3/15/17)

Prepared by: David A. Blanton, CAE/CCO



**FLORIDA POLYTECHNIC
UNIVERSITY**

**Board of Trustees
Charter
Audit and Compliance Committee**

Purpose

The Audit and Compliance Committee (“AACC” or the “Committee”) is one of the standing committees of the Board of Trustees. The primary purpose of the AACC is to assist the Board in fulfilling its oversight responsibilities for the following areas:

- Oversight of the University’s internal controls
- Oversight and direction of the internal and external auditing functions ensuring its independence
- Integrity of the University’s annual financial statements
- The performance of the University’s independent audit functions
- Approval of the annual audit plan
- Monitoring and controlling risk exposure
- Monitoring compliance with laws, rules and regulations
- Oversight and direction of the University’s compliance and ethics program ensuring its independence
- Set standards for ethical conduct

The Committee is responsible for taking appropriate actions to establish the overall standards for ethical behavior, sound risk management and sound business practices. The AACC serves as the point of contact between the Board of Trustees, external auditors, and state and federal auditors. The Chair of the AACC serves as the liaison between the Florida Polytechnic University Board of Trustees and the AACC

Composition

The AACC shall consist of no less than three members of the Board of Trustees. The Chair and the Vice-Chair shall be ex-officio voting members. The AACC Chair and members are appointed and removed by Chair of the Board of Trustees.

AACC members shall be free from any financial, family or other material personal relationship that would impair his or her independence from the management of the University.

Quorum

A majority of AACC members present at a committee meeting constitutes quorum for purposes of committee business.

Authority

To fulfill its oversight role, the AACC has the authority to investigate or study matters within the AACC's scope of responsibility. The Board authorized the Committee to:

- Perform activities within the scope of its charter
- Have unrestricted access to management, faculty, and employees of the University and its DSOs, as well as to all their books, records, and facilities.
- Study or investigate any matter related to audit, compliance, or related concerns such as potential fraud or conflicts of interest that the Committee deems appropriate.
- Engage independent counsel, independent accountants and other advisers as it deems necessary to discharge its duties.
- Provide oversight and direction of the internal auditing function, of external auditors, and of engagements with state auditors.
- Provide oversight and direction of the institutional compliance, ethics, and risk program, and be knowledgeable of the program with respect to its implementation and effectiveness.
- Perform other duties as assigned by the Board.

The AACC shall inform the Board of all actions and the results.

Meetings

The AACC shall meet at least (4) four times annually. The AACC may schedule additional meetings if needed. All meetings are open to the public and all committee members are expected to attend each meeting in person or via conference call. The AACC will invite members of management, auditors, or others to attend meetings and provide pertinent information. The Chair of the Committee shall discuss the meeting agenda with the Vice President and Chief Financial Officer prior to each meeting to finalize the agenda and review the issues to be discussed. Meeting agendas and the supporting materials will be provided in advance and the committee members will be briefed prior to each meeting. Minutes will be prepared for each meeting.

Confidential/Exempt Issues

Issues being addressed by the Audit and Compliance Committee are subject to Chapter 119, Florida Statutes (Public Records). Meetings are confidential and exempt from the public when the discussion involves sensitive issues related to individuals or an on-going investigation related to Sections 112.3187-112.31895, Florida Statutes - "Whistle-blower's Act".

Responsibilities and Duties

The AACC has the following responsibilities and duties:

General

- Assisting the Board of Trustees in fulfilling oversight responsibilities in relation to financial reporting, internal control systems, risk management systems, compliance with laws rules and regulations and internal and external audit functions. Its role is to

- provide advice and recommendations to the Board within the scope of this Charter.
- Adopt flexible procedures in order to react to changing conditions and provide reasonable assurances to the Board that the scope of audit services and the adequacy of the internal control systems are in compliance with state and federal laws, regulations and requirements.
 - Adopt a formal written charter that specifies the scope, responsibilities, processes and practices of the committee. The charter should be reviewed annually.
 - Maintain minutes of meetings and activities.
 - Report committee actions to the Board that the committee may deem appropriate.
 - Direct the Internal Auditor to conduct investigations into any matters within its scope of responsibility and obtaining advice and assistance from outside legal, accounting, or other advisers, as necessary, to perform its duties and responsibilities. Meeting with and seeking any information it requires from employees, officers, directors, or external parties.
 - Conduct or authorize investigations into matters within the committee's scope of responsibilities. The AACC shall be empowered to retain independent accountants, counsel or others to assist it in the conduct of any investigation.
 - Perform other governance oversight as assigned by the Board.

Review and monitor implementation of management's response to internal and external audit recommendations.

Internal Control

Regarding internal controls, the AACC shall:

- a. Consider the effectiveness of the University's internal control systems, including information technology security and control.
- b. Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.
- c. Review management's written responses to significant findings and recommendations of the auditors, including the timetable to correct weaknesses in the internal control system.
- d. Review the adequacy of accounting, management, and financial processes of the University and its DSOs.

Financial Statements

The AACC shall receive and review Auditor General financial statement audits related to the University and conducted for the purpose of determining whether the University:

- a. Presented the basic financial statements in accordance with generally accepted accounting principles;
- b. Established and implemented internal controls over financial reporting and

compliance with requirements that could have a direct and material effect on the financial statements; and

- c. Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements.

Receiving and reviewing any disclosure of: i) significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the System's ability to record, process, summarize, and report financial data; and ii) any fraud, whether material or not, that involves management or other employees who have a significant role in the System's internal controls.

The AACC shall follow up, as determined appropriate, on any findings contained in Auditor General financial statement audits of the Board Office and State University System of Florida.

External Audit

With regard to external audits, the AACC shall:

- a. Receive and review all external auditors' reports of the University, including that the University's Boards of Trustees and its President take timely and appropriate corrective actions.
- b. If the AACC determines that circumstances require special purpose audits beyond that provided by the Auditor General of the State of Florida, then the AACC shall:
 - i. Review and approve the selection of external auditors or may delegate such authority to the President.
 - ii. Review and approve the audit plan and significant changes to the plan.
 - iii. Review all significant findings and recommendations noted by external auditors.
- c. Meet periodically with appropriate University staff and independent auditors to discuss and evaluate the scope and results of audits.

Internal Audit

With regard to internal audits, the AACC shall:

- a. Approve the internal audit charter.
- b. Review the independence, qualifications, activities, performance, resources, and structure of the internal audit function and ensure no unjustified restrictions or limitations are made.
- c. Review and approve the proposed internal audit plan for the coming year or the multi-year plan and ensure that it addresses key areas of risk based on risk assessment procedures performed by Audit in consultation with management and the Committee.
- d. Review the Internal Auditor's performance of audit activities relative to its plan.
- e. Ensure that significant findings and recommendations made by the internal

auditors and management's proposed response are received, discussed, and appropriately resolved.

Compliance and Ethics Program

With regard to compliance, the AACC shall:

- a. Approve the compliance charter.
- b. Review the effectiveness of the University's efforts to comply with Board of Governors Regulations and any applicable Federal, State and local laws, rules and regulations.
- c. Review and approve the Compliance Program Plan and any subsequent changes.
- d. Review the independence, qualifications, activities, resources, and structure of the compliance and ethics function and ensure no unjustified restrictions or limitations are made.
- e. Review the effectiveness of the compliance and ethics program in preventing or detecting noncompliance, unethical behavior, and criminal misconduct and ensure that it has appropriate standing and visibility across the University.
- f. Ensure that significant findings and recommendations made by the chief compliance and ethics officer are received, discussed, and appropriately resolved.
- g. Ensure that procedures for reporting misconduct, or ethical and criminal violations are well publicized and administered and include a mechanism that allows for anonymity or confidentiality, whereby members of the university community may report or seek guidance without the fear of retaliation.
- h. Review the effectiveness of the system for monitoring compliance with laws and regulations and management's investigation and follow-up (including disciplinary action) of any wrongful acts or non-compliance.
- i. Review the proposed compliance and ethics work plan for the coming year and ensure that it addresses key areas of risk and includes elements of an effective program as defined by Chapter 8 of the Federal Sentencing Guidelines.
- j. Obtain regular updates from the chief compliance and ethics officer regarding compliance and ethics matters that may have a material impact on the organization's financial statements or compliance policies.
- k. Review the findings of any examinations or investigations by regulatory bodies.
- l. Review the University and DSO conflict of interest policies to ensure that: 1) the term "conflict of interest" is clearly defined, 2) guidelines are comprehensive, 3) annual signoff is required, and 4) potential conflicts are adequately resolved and documented.

Investigative Responsibilities

With regard to investigations, the AACC shall:

- a. Ensure a process exists for receiving anonymous complaints and review the nature and disposition of reported matters.
- b. Institute and oversee special investigations as needed.

- c. Direct the Internal Auditor to conduct, coordinate, or request investigations when the Board determines that the University is unwilling or unable to address credible allegations relating to waste, fraud, or financial mismanagement.
- d. When requested by the Office of General Counsel or the University Police, direct the Internal Auditor to assist them in their investigations.

Reporting Responsibilities

- a. Regularly update the Board about its activities and make appropriate recommendations.
- b. Ensure the Board is aware of matters that may cause significant financial, legal, reputational, or operational impact to the University or its DSOs.
- c. Receive a summary of findings from completed internal and external audits and the status of implementing related recommendations.
- d. Receive a summary of findings from completed reports related to the compliance, ethics, or risk programs.

Other Responsibilities

The AACC's other responsibilities shall include but not be limited to performing activities consistent with this Charter, regulations, rules and governing laws that the Board or AACC determines are necessary or appropriate.

Evaluating Performance

- a. Evaluate the Committee's own performance, both of individual members and collectively, on a periodic basis and communicate the results of this evaluation to the Board.
- b. Review the Committee's charter annually and update as necessary.
- c. Ensure that any changes to the charter are discussed with the Board and reapproved

AACC Chair Responsibilities

The AACC Chair shall:

- a. Preside at all AACC meetings and shall have the authority to call any special or emergency meetings of the Committee. The AACC Chair shall assign members responsibility for specific projects.
- b. Approve decisions regarding the appointment, replacement and removal of the Internal Auditor. This responsibility will help ensure the Internal Auditor is independent and possesses the competencies necessary to perform the position duties and responsibilities as outlined in the position description.
- c. Provide input to the Board of Trustees on the annual performance evaluation of the Internal Auditor.

- d. Accept the Internal Auditor's determination of no further Board action when, as a result of a Preliminary Inquiry, the Internal Auditor recommends that no further Board action is warranted. In all other situations the Audit Committee shall review the matter at its next meeting.

The AACCC Vice-Chair shall perform the duties of the AACCC Chair and have the same power and authority in the absence or disability of the AACCC Chair.

Adoption of Charter

The Florida Polytechnic University Board of Trustees adopted the Audit and Compliance Committee Charter on March 15, 2017.

History: Adopted September 9, 2015, reviewed and amended March 15, 2017

FLORIDA POLYTECHNIC UNIVERSITY INTERNAL AUDIT CHARTER

Purpose and Mission

The University's internal auditor shall be composed of a Chief Audit Executive and his assistants, if any, either employees or contractors and are hereinafter referred to collectively as "University Audit". University Audit shall provide internal audits and reviews, management consulting and advisory services, investigations of fraud and abuse, follow-up of audit recommendations, evaluation of the processes of risk management and governance, and coordination with external auditors. University Audit will escalate and report the results of this work to appropriate internal and external parties including the President and Board of Trustees.

The mission of the office is to serve the University by recommending actions to assist them in achieving its strategic and operational objectives. This assistance includes providing recommendations to management of activities designed and implemented by management to strengthen internal controls, reduce risk to and waste of resources, and improve operations to enhance the performance and reputation of the University. In addition, University Audit assists the Audit and Compliance Committee of the Board of Trustees in accomplishing its oversight responsibilities in accordance with the University's Board of Trustees and Florida Board of Governors guidelines and regulations.

Definition and Role of Internal Auditing

According to the Institute of Internal Auditors:

"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes."

Under the IIA "Three Lines of Defense" model, Internal Audit serves as "the third line of defense" as noted below: The first line of defense is provided by front line staff and operational management. The systems, internal controls, the control environment and culture developed and implemented by these business units is crucial in anticipating and managing operational risks. The second line of defense is provided by the risk management and compliance functions. These functions provide the oversight and the tools, systems and advice necessary to support the first line in identifying, managing, and monitoring risks. The third line of defense is provided by the internal audit function. This function provides a level of independent assurance that the risk management and internal control framework is working as designed.

Reporting Structure and Independence

University Audit reports administratively to the President, and functionally to the Audit and Compliance Committee of the Board of Trustees. This reporting structure promotes independence and full consideration of audit recommendations and management action plans.

All internal audit activities shall remain free of influence by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of an independent and objective mental attitude necessary in rendering reports.

To maintain independence in accordance with serving as the "third line of defense" University Audit is **not authorized** to:

- Perform any operational duties (such as implementing or performing internal controls, developing University-wide or department level procedures, installing systems or preparing records or tendering legal opinions) for the areas of the University or any affiliated organizations external to the department.
- Initiate or approve accounting transactions or selection of third-party vendors external to the department.
- Direct the activities of any University employee not employed by University Audit, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal audit staff during the course of audit work in providing requested documentation or clarification of University processes and practices.

Authority

University Audit has the authority to audit or investigate all areas of the University, including its direct support organizations, auxiliary facilities and services, faculty practice plan corporations, and other component units. Audits, reviews, and investigations shall not be restricted or limited by management, the President, or the Board of Trustees.

University Audit has unrestricted and timely access to records, data, personnel, and physical property relevant to performing audits, reviews, investigations, and consulting services. Documents and information given to internal auditors will be handled in the same prudent and confidential manner as by those employees normally accountable for those records. As required by law, University Audit will comply with the Florida Sunshine Law and public record requests. University Audit will notify the chair of the board of trustee's Audit and Compliance Committee or the President as appropriate, of any unresolved restriction, barrier or limitation to obtaining necessary information to perform their duties. If the University is not able to remedy such limitations, the chief audit executive shall timely notify the Board of Governors (through the OIGC) of any such restrictions, barrier, or limitation.

Duties and Responsibilities

University Audit performs three types of projects:

- Perform audits and reviews according to the risk-based annual plan, which is submitted to the President and the Audit and Compliance Committee.

- Audits are assurance services defined as examinations of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organization. Examples include financial, operational performance, compliance, systems and data security and due diligence engagements relating to vendors and third-party relationships.
- Consulting services, the nature and scope of which are agreed to with the client, are intended to add value and improve an organization's governance, risk management, and control processes without University Audit assuming management responsibility. Examples include reviews, recommendations (advice), facilitation of and providing guidance relating to management's control self-assessment initiatives, identification of leading practices, and providing training to the University community in areas such as fraud awareness, risk management, internal controls and other related subject matter.
- Investigations are independent evaluations of allegations generally focused on improper activities including misuse of University resources, fraud, financial irregularities, and academic integrity concerns along with research misconduct. Management will also be informed of any identified significant control weaknesses such as management override of controls along with unethical behavior, lack of academic integrity, failure to provide adequate oversight, or similar types of actions. In conjunction with performance of or participation in investigations across the University community, University Audit is responsible for determining whether allegations associated with an investigation fall under the State of Florida Whistle-blower Act in accordance with sections 112.3187-112.31895, Florida Statutes.

In addition, as noted in Florida Board of Governors Regulation 4.002 State University Chief Audit Executives, University Audit is responsible to review statutory whistle-blower information and coordinate all activities of the University as required by the Florida Whistle-blower's Act. When performing any of these activities, University Audit will focus on:

- a) Evaluating the economy, efficiency and effectiveness in the administration of University programs and operations
- b) Recommending adjustments to existing internal controls to enhance the prevention and detection of fraud and abuse within University programs and operations
- c) Examine the validity of significant and credible allegations relating to waste, fraud or financial mismanagement as provided in Board of Governors Regulation 4.001.

Audits will be scheduled and performed according to the risk-based annual plan, which is submitted to the President, the Audit and Compliance Committee and the Florida Board of Governors. The plan will be updated as necessary to reflect changes in the University's strategic plan, program initiatives, and external environmental factors along with accommodating requests

from the Board of Trustees and University management. Consulting services and investigations will be scheduled and performed on a case-by-case basis.

Follow-up on open audit issues will be performed on a regular basis to evaluate management's progress in implementing internal audit recommendations generated by all audit department projects as defined above.

In addition, University Audit will work with third parties such as the State University System of Florida Board of Governors, the Florida Auditor General, external auditors (public accounting firms), and relevant federal, state and local government agencies to discuss internal control related activities and provide requested information.

To help ensure University Audit has the capabilities to perform these functions, the department will:

- use existing or request additional funds to maintain a professional staff with sufficient size, knowledge, skills, experience, and professional certifications along with obtaining appropriate technology that increases the department's capabilities, productivity and efficiency ,
- use third-party resources (i.e. co-sourcing) as appropriate to supplement the department's efforts and,
- establish a quality assurance improvement program of internal auditing for the office of chief audit executive and the department as a whole. This program must include an external assessment conducted at least once every five (5) years. The external assessment report and any related improvement plans shall be presented to the Board of Trustees, with a copy provided to the Florida Board of Governors.,
- prepare an annual report summarizing the activities of the department for the preceding fiscal year, the office's plans and resource requirements, including significant changes, and the impact of resource limitations for distribution to the President, Board of Trustees and Florida Board of Governors.
- report on a routine basis (through written or verbal means) to the Audit and Compliance Committee and/or the full Board of Trustees on matters including significant risk exposures, control issues, fraud risks, governance issues and other matters as requests by the President and/or the Board of Trustees.

Professional Standards

University Audit adheres to the Code of Ethics and the *International Standards for the Professional Practice of Internal Auditing* adopted by The Institute of Internal Auditors. In addition, this charter will be reviewed and approved at least every three (3) years for consistency with applicable Florida Board of Governors and University regulations, professional standards, and industry best practices.

Approved by the Board of Trustees
March 15, 2017

FLORIDA POLYTECHNIC UNIVERSITY
COMPLIANCE AND ETHICS CHARTER

Purpose and Mission

The University's Compliance and Ethics Program shall be composed of a Chief Compliance and Ethics Officer and his assistants, if any, either employees or contractors and are hereinafter referred to collectively as “University Compliance”. University Compliance provides oversight and guidance to university-wide ethics, compliance, and enterprise risk management activities, and fosters a culture that embeds these disciplines in all university functions and activities. The office provides centralized and coordinated oversight through the ongoing development of effective policies and procedures, education and training, monitoring, communication, risk assessment, and response to reported issues as required by Chapter 8 of the Federal Sentencing Guidelines and Board of Governors Regulation 4.003. These guidelines and regulation set forth the requirements of an effective compliance and ethics program and require promoting compliance with laws and ethical conduct.

The mission of the office is to support and promote a culture of ethics, compliance, risk mitigation, and accountability.

Reporting Structure and Independence

University Compliance reports administratively to the President, and functionally to the Audit and Compliance Committee of the Board of Trustees. This reporting structure promotes independence and full consideration of University Compliance’ recommendations and action plans.

The Chief Compliance and Ethics Officer and staff shall have organizational independence and objectivity to perform their responsibilities and all activities of the office shall remain free from influence.

Authority

University Compliance has the authority to review or investigate all areas of the university, including its direct support organizations and faculty practice plan. Reviews and investigations shall not be restricted or limited by management, the President, or the Board of Trustees. University Compliance has unrestricted and timely access to records, data, personnel, and physical property relevant to performing compliance reviews and investigations, and to allow for appropriate oversight and guidance related to compliance, ethics, and risk mitigation efforts.

The Chief Compliance and Ethics Officer will notify the President and request remediation of any unresolved restriction or barrier imposed by any individual on the scope of any inquiry, or the failure to provide access to necessary information or people for the purposes of such inquiry. If unresolved by the President or if the inappropriate restriction is imposed by the President, the Chief Compliance and Ethics Officer will notify the chair of the Audit and

Compliance Committee of the Board of Trustees. If not resolved, the Chief Compliance and Ethics Officer will notify the Board of Governors through the Office of the Inspector General and Director of Compliance.

Documents and records obtained for the above purposes will be handled in compliance with applicable laws, regulations, and university policies and procedures. As required by law, University Compliance will comply with public records requests.

Duties and Responsibilities

The duties and responsibilities of the Chief Compliance And Ethics Officer and staff include projects and activities that fulfill the requirements for an effective compliance and ethics program as required by Chapter 8 of the Federal Sentencing Guidelines and Board of Governors Regulation 4.003. The University Compliance and Ethics Program (“Program”) will be reasonably designed to optimize its effectiveness in preventing or detecting noncompliance, unethical behavior, and criminal conduct. The Program’s design supports mitigation of risks to the university and its employees and provides safe harbor in the event of misconduct or noncompliance. The following elements define the duties and responsibilities of the office:

1. Oversight of Compliance and Ethics and Related Activities
2. Development of Effective Lines of Communication
3. Providing Effective Training and Education
4. Revising and Developing Policies and Procedures
5. Performing Internal Monitoring, Investigations, and Compliance Reviews
6. Responding Promptly to Detected Problems and Undertaking Corrective Action
7. Enforcing and Promoting Standards through Appropriate Incentives and Disciplinary Guidelines
8. Measuring Compliance Program Effectiveness
9. Oversight and Coordination of External Inquiries into Compliance with Federal and State Laws and Take Appropriate Steps to Ensure Safe Harbor

The Chief Compliance and Ethics Officer and staff will:

- Develop a Program plan based on the requirements for an effective program. The Program plan and subsequent changes will be provided to the board of trustees for approval. A copy of the approved plan will be provided to the board of governors.
- Provide training to university employees and Board of Trustees’ members regarding their responsibility and accountability for ethical conduct and compliance with applicable laws, regulations, rules, policies, and procedures. The Program plan will specify when and how often this training will occur.

- Obtain an external review of the Program’s design and effectiveness at least once every five years. The review and any recommendations for improvement will be provided to the President and Board of Trustees. The assessment will be approved by the Board of Trustees and a copy provided to the Board of Governors.
- Identify and provide oversight and coordination of compliance partners responsible for compliance and ethics related activities across campus and provide communication, training, and guidance on the Program and compliance and ethics related matters.
- Administer and promote, a compliance and ethics hotline, an anonymous mechanism available for individuals to report potential or actual misconduct and violations of university policy, regulations, or law, and ensure that no individual faces retaliation for reporting a potential or actual violation when such report is made in good faith.
- Maintain and communicate the university’s policy on reporting misconduct and protection from retaliation and ensure the policy articulates the steps for reporting and escalating matters of alleged misconduct, including criminal conduct, when there are reasonable grounds to believe such conduct has occurred.
- Communicate routinely to the President and the board of trustees regarding Program activities. Annually report on the effectiveness of the Program. Any Program plan revisions, based on the Chief Compliance and Ethics Officer’s report, shall be approved by the Board of Trustees. A copy of the report and revised plan will be provided to the Board of Governors.
- Promote and enforce the Program, in consultation with the President and board of trustees, consistently through appropriate incentives and disciplinary measures to encourage a culture of compliance and ethics. Failures in compliance and ethics will be addressed through appropriate measures, including education or disciplinary action.
- Initiate, conduct, supervise, coordinate, or refer to other appropriate offices such inquiries, investigations, or reviews deemed appropriate in accordance with university regulations and policies, state statutes, and/or federal regulations.
- Make necessary modification to the Program in response to detected non-compliance, unethical behavior, or criminal conduct and take steps to prevent its occurrence.
- Assist the university in its responsibility to use reasonable efforts to exclude within the university and its affiliated organizations individuals whom it knew or should have known through the exercise of due diligence to have engaged in conduct not consistent with an effective Program.
- Coordinate or request compliance activity information or assistance as necessary from

any university, federal, state, or local government entity. Oversee and coordinate external inquiries into compliance with federal and state laws and take appropriate steps to ensure safe harbor in instances of non-compliance.

University Compliance provides guidance on compliance, ethics, and related matters to the university community. The office collaborates with compliance partners and senior leadership to review and resolve compliance and ethics issues and coordinate compliance and ethics activities, accomplish objectives, and facilitate the resolution of problems.

To ensure University Compliance staff has the capabilities to perform the duties and responsibilities as described the Chief Compliance and Ethics Officer will:

- Maintain a professional staff with sufficient size, knowledge, skills, experience, and professional certifications
- Utilize third-party resources as appropriate to supplement the department's efforts
- Perform assessments of the program and make appropriate changes and improvements

Professional Standards

University Compliance adheres to the *Florida Code of Ethics* and the *Code of Professional Ethics for Compliance and Ethics Professionals*.

The University Compliance Charter will be reviewed at least every three years for consistency with applicable Board of Governors and university regulations, professional standards, and best practices. Subsequent changes will be submitted to the Board of Trustees for approval. A copy of the charter and any subsequent changes will be provided to the Board of Governors.

Approved by the Board of Trustees
March 15, 2017