

BOARD OF TRUSTEES Audit & Compliance Committee

**Wednesday, November 10, 2021
1:30 PM – 2:00 PM**

**Florida Polytechnic University
WEBEX TELECONFERENCE MEETING**

Dial in: 1-415-655-0001 | Access code: 2439 602 8888#

MEMBERS

Bob Stork, Chair
Lyn Stanfield

Mark Bostick, Vice Chair

Dr. Laine Powell

AGENDA

- | | | |
|-------|---|------------------------|
| I. | Call to Order | Bob Stork, Chair |
| II. | Roll Call | Kim Abels |
| III. | Public Comment | Bob Stork, Chair |
| IV. | Approval of the September 8, 2021 Minutes
Action Required | Bob Stork, Chair |
| V. | 2021-22 Audit & Compliance Committee Work Plan Review | David Blanton, CAE/CCO |
| VI. | Audit & Compliance Update | David Blanton, CAE/CCO |
| VII. | Textbook Monitoring Report – Fall 2021 | David Blanton, CAE/CCO |
| VIII. | Foundation Financial Audit – FYE21 | David Blanton, CAE/CCO |
| IX. | Closing Remarks and Adjournment | Bob Stork, Chair |



Audit & Compliance Committee Meeting

DRAFT MEETING MINUTES

Wednesday September 8, 2021
12:30 PM – 1:30 PM

Florida Polytechnic University WEBEX TELE-CONFERENCE MEETING

I. Call to Order

Committee Vice Chair Mark Bostick called the meeting to order at 12:30 p.m.

II. Roll Call

Kim Abels called the roll: Committee Chair Bob Stork, Committee Vice Chair Mark Bostick and Trustee Laine Powell were present (Quorum).

Other Trustees present: Board Chair Cliff Otto and Trustee Samantha Ashby.

Staff present: President Randy Avent, Ms. Gina DeIulio, Mrs. Kathy Bowman, Mr. David Blanton, Mr. Larry Locke, Mr. John Causey, Mr. David Calhoun, Ms. Penney Farley, Mr. Mike Dieckmann and Mr. Alex Landback, Ms. Melaine Schmiz, Mrs. Kim Abels, Ms. Michele Rush, and Mrs. Kris Wharton.

III. Public Comment

There were no requests received for public comment.

IV. Approval of the April 26, 2021, minutes

Trustee Laine Powell made a motion to approve the Audit & Compliance Committee meeting minutes of April 26, 2021. Trustee Bob Stork seconded the motion; a vote was taken, and the motion passed unanimously.

V. 2021-2022 Audit & Compliance Committee Work Plan

Mr. David Blanton, Chief Compliance Officer and Chief Audit Executive, presented the 2021-2022 University Audit and Compliance (UAC) Committee Work Plan.

Trustee Laine Powell made a motion to approve the Audit & Compliance Committee Work Plan. Trustee Bob Stork seconded the motion; a vote was taken, and the motion passed unanimously.

VI. Audit and Compliance Update

Mr. Blanton provided the Committee with an update on all Audit & Compliance activities.

- External Audits: Updates were provided on the following audits:
 - Bright Futures and Florida Student Assistance Grants – conducted by the Auditor General. (Not completed)
 - Financial Audit – conducted by the Auditor General (not completed)
 - US Department of Education – Federal Student Assistance (completed with no findings but final report not released)
 - Florida Retirement System Audit – completed – no findings.
 - Foundation Internal Controls Review – initiated by the BOG – has not started
- Internal Audit and Compliance Activities: Currently, University Audit & Compliance has the following projects in progress or planned:
 - 5-year Review of Compliance Program – Self-evaluation completed awaiting review by external validation team
 - Follow-up review of prior findings
 - Textbook Affordability Monitoring Review (Fall 2021 term)
 - PBF Audit – to begin in fall 2021

VII. UAC Annual Report-FYE 21

Mr. Blanton presented the Annual Report summarizing both University Audit and Compliance activities for FYE21. This report was presented as “information only” and was used to facilitate the Committee’s oversight of the audit and compliance functions.

VIII. UAC Risk Assessment & Audit Plan- FYE 22

Mr. Blanton presented the annual risk assessment and audit plan outlining the proposed work to be performed by University Audit for FYE22.

Trustee Laine Powell made a motion to recommend approval of the University Audit Risk Assessment and Audit Plan for the 2021-22 fiscal year to the Board of Trustees. Trustee Bob Stork seconded the motion; a vote was taken, and the motion passed unanimously.

IX. UAC Compliance & Ethics Program Plan – FYE 22

Mr. Blanton presented the UAC Compliance & Ethics Program Plan for fiscal year ending 2022.

Trustee Bob Stork made a motion to recommend approval to the Board of Trustees of the University Compliance & Ethics Program Plan for the fiscal year 2021-2022. Trustee Laine Powell seconded the motion; a vote was taken, and the motion passed unanimously.

X. UAC Compliance Monitoring Review – Financial Disclosures & Conflicts of Interest

The Committee was presented the results of a monitoring review over conflicts of interest and financial disclosures. In summary, procedures and controls over these areas were deemed to be operating effectively with only minor suggestions for improvement.

XI. Performance Based Funding (PBF) Audit Scope & Objectives 2021 Audit

The Committee was presented the proposed scope and objectives for the upcoming PBF Data Integrity audit.

Trustee Laine Powell made a motion to recommend approval to the Board of Trustees of the Performance Based Funding Data Integrity Audit Scope and objectives to be performed by University Audit. Trustee Bob Stork seconded the motion; a vote was taken, and the motion passed unanimously.

XII. Closing Remarks and Adjournment

With no further business to discuss, the meeting adjourned at 1:10 p.m.

**Florida Polytechnic University
Audit and Compliance Committee
Board of Trustees
November 10, 2021**

Subject: Audit and Compliance Committee Work Plan Review

Proposed Committee Action

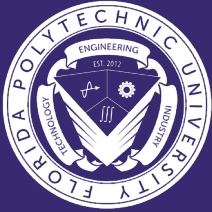
Review only. No action required.

Background Information

David Blanton, Chief Compliance Officer and Chief Audit Executive, will review the Committee's 2021-2022 Committee Work Plan.

Supporting Documentation: 2021-2022 Audit and Compliance Committee Work Plan

Prepared by: David Blanton, Chief Compliance Officer and Chief Audit Executive



Committee Work Plan

Audit and Compliance Committee Work Plan 2021-2022 *Revised 9.8.21*

SEPTEMBER

- Audit and Compliance Committee Charter (*review and approve every two years – due September 2022*)
- University Operational Audit – Auditor General (*minimum every three years*)
- UAC Annual Report (*prior FY*)
- UAC Risk Assessment and Audit Plan (*current FY*)
- University Compliance and Ethics Program Plan (*current FY*)
- Performance Based Funding Audit Scope Approval

NOVEMBER

- CARES Act Monitoring Report (*Reviewed November 2020*)
- Textbook Affordability Monitoring Report (*Fall semester*)

FEBRUARY

- Performance Based Funding Audit and Data Integrity Certification
- University Annual Financial Audit (*prior FY*)
- Foundation 990 Financial Audit (*prior FY*)

JUNE

- Textbook Affordability Monitoring Report (*Spring semester*)
- Bright Futures Audit (*review and approve every two years – due June 2022 for two prior FYs*)

**Florida Polytechnic University
Audit and Compliance Committee
Board of Trustees
November 10, 2021**

Subject: Textbook Adoption Monitoring Review – Fall 2021

Proposed Committee Action

Information only. No action required.

Background Information

University Compliance conducted a monitoring review over textbook adoptions, to determine compliance with State law. State law requires each university to post prominently in the course registration system and on its website, as early as feasible, but at least 45 days before the first day of class for each term, a hyperlink to lists of required and recommended textbooks and instructional materials for at least 95 percent of all courses and course selections offered at the university during the upcoming term.

The university contracts with a bookstore vendor (vendor) to manage and operate the bookstore. The university notifies the vendor of adoptions and the vendor is responsible for subsequently posting the adopted textbooks and instructional materials on the vendor website. At the request of the university, the vendor provided a course file report evidencing the dates that (1) university staff communicated the adoption and (2) the subsequent posting of such information by the vendor to their website.

In conducting this interim monitoring review, University Compliance included a review of the vendor course file, university records, analytical review procedures, and inquiries to arrive at the conclusions reached and summarized in the monitoring review report. This monitoring report assists the Committee in their oversight responsibility and consideration of this matter which has been cited as audit findings in several recent operational audits.

Supporting Documentation: UAC Report No. 2022-05, Textbook Adoptions Compliance Monitoring Review

Prepared by: David A. Blanton, CAE/CCO



FLORIDA POLYTECHNIC
UNIVERSITY

Report No: FPU 2022-05

October 2021

**University Audit & Compliance
Textbook Adoptions
Compliance Monitoring Review
Fall 2021**

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

**University Audit & Compliance
Textbook Adoptions Compliance Monitoring Review
Fall 2021 Semester**

Index

I.	Background and Monitoring Approach.....	3
II.	Entrance/Exit Conference.....	3
III.	Monitoring Results.....	4
IV.	Findings/Instances of Non-compliance.....	5
V.	Other Observations.....	6
VI.	References and Technical Assistance.....	6

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.

I. Background and Monitoring Approach

Pursuant to the Audit Work Plan¹ approved by the Audit & Compliance Committee, University Audit and Compliance (UAC) conducted a monitoring review over compliance with textbook affordability laws² for the Fall 2021 semester. This monitoring review was performed as a result of the risk assessment prepared by UAC for the 2021-22 fiscal year and as a result of recurring findings in the State Auditor General's operational audits³. The university may be subjected to additional oversight and accountability⁴ by both the Board of Governors and the Joint Legislative Auditing Committee due to the recurrence of noncompliance in this area for the last three operational audits.

State law² requires each university to post prominently in the course registration system and on its website, as early as feasible, but at least 45 days before the first day of class for each term, a hyperlink to lists of required and recommended textbooks and instructional materials for at least 95 percent of all courses and course selections offered at the university during the upcoming term.

The university contracts with a bookstore vendor (vendor) to manage and operate the bookstore. The university notifies the vendor of adoptions and the vendor is responsible for subsequently posting the adopted textbooks and instructional materials on the vendor website. At the request of the university, the vendor provided a course file report evidencing the dates that (1) university staff communicated the adoption and (2) the subsequent posting of such information by the vendor to their website.

Procedures performed by UAC in conducting this monitoring review included review of the vendor course file and university records, analytical review procedures, and inquiries to arrive at the conclusions reached in **Section III** of this report. This monitoring review and the related report was not conducted pursuant to *Institute of Internal Auditing Standards*.

II. Entrance/Exit Conference

Entrance Conference: At the inception of the monitoring review, UAC communicated with university academic and institutional research staff to explain the purpose and the scope of the monitoring review and to establish a timeline for completion.

Exit Conference: At the conclusion of the monitoring review, UAC communicated with university academic and institutional research staff to discuss the results of the review. A summary of the findings/observations was provided, and corrective action was discussed.

¹ UAC Compliance and Ethics Program Plan for the Fiscal Year Ended June 30, 2022.

² Section 1004.085(5), Florida Statutes

³ Auditor General operational audit report Nos. 2016-067, 2018-214, and 2021-008.

⁴ Pursuant to BOG Regulation 4.004 and Section 11.45(7)(j), Florida Statutes.

III. Monitoring Results

UAC performed monitoring procedures over textbook adoptions and compliance with applicable laws for the Fall 2021 semester. UAC found that textbook adoptions were timely posted in accordance with State law and that required reporting over textbook affordability was accurate and timely.

Table 1 below outlines various compliance requirements applicable to this review and provides an indication as to whether appropriate controls have been designed and implemented to ensure compliance for each requirement. Detailed findings or observations for any noncompliance referenced in the tables below are included in **Section IV** of this report.

Table 1 Textbook Affordability Compliance Criteria			Finding #
1.	The university complied with the requirement that a hyperlink to lists of required and recommended textbooks and instructional materials for at least 95 percent of all courses and course selections offered at the University for the Fall 2021 term was prominently posted in the course registration system and on its website at least 45 days prior to the first day of class.	<input checked="" type="checkbox"/>	-
2.	Exceptions to the compliance deadline were properly submitted in writing to the designated university official and outlined reasonable justification for the exception in accordance with Board of Governors (BOG) Regulation 8.003(1)(h).	<input checked="" type="checkbox"/>	-
3.	The University accurately and timely reported textbook adoptions to the Chancellor of the State University System by September 30, 2021, as required ⁵ .	<input checked="" type="checkbox"/>	-

LEGEND:

- Appropriate controls in place to ensure compliance for this requirement.
- Processes need to be enhanced to ensure compliance for this requirement.

⁵ The "Textbook and Instructional Materials Affordability Annual Report" was presented to and approved by the Florida Poly Board of Trustees on September 8, 2021 and filed with the BOG on September 22, 2021.

IV. Findings/Instances of Non-compliance

No compliance monitoring findings.

As noted in **Table 2** below, the university complied with the requirement that a hyperlink to lists of required and recommended textbooks and instructional materials for at least 95 percent of all courses and course selections offered at the University for the Fall 2021 term was prominently posted in the course registration system and on its website at least 45 days prior to the first day of class.

Table 2 Textbook and Instructional Materials Textbook Posting Dates⁶ Fall 2021 Term	
Timely Course Sections	346
Late Course Sections	3
Total Course Sections	349
Percent Timely	99.1%

UAC was able to conclude that the University had established appropriate controls to ensure material compliance with textbook adoption requirements.

⁶Posting date as reflected in vendor course file report.

V. Other Observations

UAC performed similar compliance monitoring reviews for previous semesters. The results of those monitoring efforts can be found in **Reports FPU 2021-05 and 2021-07**. The most previous compliance monitoring review, for Spring 2021, disclosed that the university was compliant with State textbook adoption laws (timely adoption rate of 96.6%); however, improvements were necessary to properly document and approve justifiable exceptions in accordance with BOG Regulations. Based on compliance monitoring performed for the Fall 2021 semester, this matter was adequately corrected.

BOG Regulations over textbook adoptions were amended in September 2020 to require innovative pricing techniques and payment options for course materials include opt-out and opt-in provisions for students. In the most recent Annual Textbook and Instructional Materials Affordability Report filed with the BOG, the university indicated that the opt-in provision was not fully implemented due to logistical issues during the COVID-19 response and that University representatives met with the bookstore vendor to review their opt-in program. The University responded that further evaluation and potential savings will be conducted during the upcoming spring term. UAC will report on the progress of these potential cost reduction options in future monitoring efforts.

UAC would like to extend gratitude to Zaira Medina for her assistance with these monitoring efforts and for enhancing controls to ensure compliance.

VI. References and Technical Assistance

Listed below are the applicable guidelines and other information related to textbook adoption compliance that were used by UAC to set the scope of this monitoring review:

- Florida Poly Regulation FPU-5.003, Textbook and Instructional Materials Selection and Affordability
- Section 1004.085(5), Florida Statutes
- Section 1004.085(7), Florida Statutes
- BOG Regulation 8.003, Textbook and Instructional Materials Affordability

AGENDA ITEM: VIII.

**Florida Polytechnic University
Audit & Compliance Committee
Board of Trustees
November 10, 2021**

Subject: Foundation Financial Audit (June 30, 2021 Fiscal Year Ending)

Proposed Committee Action

Information only. No action required.

Background Information

David Blanton will provide the Committee with an overview of the Foundation's financial audit for the fiscal year ended June 30, 202, by Carr, Riggs & Ingram (independent CPA firm).

Pursuant to University Regulation (FPU 10.002), the Foundation is required to submit the annual financial audit to the University Board of Trustees for review and oversight.

Supporting Documentation: Foundation Audit Report; Prepared by CRI

Prepared by: David A. Blanton, CAE/CCO



Florida Polytechnic University Foundation, Inc.

FINANCIAL STATEMENTS

June 30, 2021



	Page
INTRODUCTORY SECTION	
Table of Contents	
FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Statement of Net Position	7
Statement of Revenues, Expenses and Changes in Net Position	8
Statement of Cash Flows	9
Notes to Financial Statements	10
REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	18
Schedule of Findings and Responses	20

DRAFT

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Florida Polytechnic University Foundation, Inc. (Foundation) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Foundation'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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 auditors' 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, the financial statements referred to above present fairly, in all material respects, the respective net position of the Florida Polytechnic University Foundation, Inc., as of June 30, 2021, and the respective changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–6 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 **October xx, 2021**, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

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

CARR, RIGGS & INGRAM, LLC

Tampa, Florida

October xx, 2021

Florida Polytechnic University Foundation, Inc.
Management's Discussion and Analysis
June 30, 2021

The management's discussion and analysis of Florida Polytechnic University Foundation, Inc.'s (Foundation), a component unit of Florida Polytechnic University, financial performance provides an overview of the Foundation's financial activities for the year ended June 30, 2021. It should be read in conjunction with the accompanying financial statements and notes.

Financial Highlights

As of June 30, 2021, the Foundation reported total assets of \$8,498,682, total liabilities of \$2,777,613 and a net position of \$5,721,069. The Foundation is a not-for-profit corporation incorporated in the State of Florida, but reports financial information in accordance with the Governmental Accounting Standards Board (GASB).

Overview of the Financial Statements

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

Statement of Net Position – The statement of net position reflects the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Foundation, using the accrual basis of accounting, and presents the financial position of the Foundation at a specified time. Assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, equals net position, which is one indicator of the Foundation's current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the Foundation's financial condition.

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

Florida Polytechnic University Foundation, Inc.
Management's Discussion and Analysis
June 30, 2021

STATEMENT OF NET POSITION

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

<i>June 30,</i>	2021	2020	Increase (Decrease)
Assets			
Cash and cash equivalents	\$ 801,388	\$ 1,011,539	\$ (210,151)
Investments	7,256,294	5,451,562	1,804,732
Contributions receivable, net	441,000	466,964	(25,964)
Accrued interest	-	5,034	(5,034)
Other non-current assets	-	800	(800)
Total assets	\$ 8,498,682	\$ 6,935,899	\$ 1,562,783
Liabilities			
Accounts payable	\$ 27,613	\$ 21,623	\$ 5,990
Due to Florida Polytechnic University	-	116,308	(116,308)
Other liabilities	2,750,000	2,750,000	-
Total liabilities	2,777,613	2,887,931	(110,318)
Net Position			
Restricted for			
Expendable	880,969	839,417	41,552
Nonexpendable Endowments	3,568,738	2,176,573	1,392,165
Unrestricted	1,271,362	1,031,978	239,384
Total net position	\$ 5,721,069	\$ 4,047,968	\$ 1,673,101

Total assets as of June 30, 2021 were \$8,498,682, an increase of \$1,562,783 from the prior year. Total assets increased due to an increase in donations of \$488,959 and investment earnings of \$1,316,895. Total liabilities decreased by \$110,318 due to the payoff of a scholarship payment owed to Florida Polytechnic University. The Foundation's net position as of June 30, 2021 was \$5,721,069, an increase of \$1,673,101 from the prior year.

Florida Polytechnic University Foundation, Inc.
Management's Discussion and Analysis
June 30, 2021

THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

As of June 30, 2021, approximately 78% of the Foundation's net position was restricted, of which approximately 62% is considered nonexpendable for endowments. The remaining 16% restricted is for scholarships, student wellness, and other student activities. The remaining balance of net position, or approximately 22% of the total net position, is unrestricted and may be used to meet the Foundation's unrestricted obligations.

<i>For the year ended June 30,</i>	2021	2020	Increase (Decrease)
Revenues			
Contributions, net of allowance and discounts	\$ 1,279,148	\$ 790,189	\$ 488,959
Miscellaneous revenue	104	2,827	(2,723)
Investment earnings	1,472,320	155,425	1,316,895
Total revenues	2,751,572	948,441	• (4,523,109)
Expense			
Services and supplies	362,745	298,797	63,948
Scholarships, fellowships, and waivers	549,427	290,000	259,427
Other operating expenses	128,910	421,340	(292,430)
Bad debt expense	37,389	-	37,389
Total expenses	1,078,471	1,010,137	30,945
Change in net position	1,673,101	(61,696)	(4,287,675)
Net Position, beginning of year	4,047,968	4,109,664	(61,696)
Net Position, end of year	\$ 5,721,069	\$ 4,047,968	\$ 1,673,101

Contributions to the Foundation totaled \$1,279,148, an increase of \$488,959 from the prior year. Contributions to the Foundation represent unrestricted, scholarship, and endowment support. Service and supplies expense totaled \$362,745, an increase of \$63,948. Scholarships, fellowships, and waivers expense was \$549,427, an increase of \$259,427 due to a greater number of scholarships provided. Other operating expenses totaled \$128,910, a decrease of \$292,430 due to the COVID-19 pandemic which limited travel and entertainment expenses that would normally be incurred with donor face-to-face meetings and fundraising events.

Florida Polytechnic University Foundation, Inc.
Management's Discussion and Analysis
June 30, 2021

Economic Factors

The Foundation was able to increase contributions by \$488,959 during a global pandemic which significantly impacted the ability to cultivate relationships with potential donors. We implemented strategic resources moving all accounting functions to the Foundation's oversight. As part of our due diligence in efficient operations, the Foundation transferred to a new investment firm, migrated to a new financial institution separate from the university, and negotiated with the university on key leadership retention commitments. It is the objective of the Foundation to be a strong advocate for funding resources ensuring the university meets the strategic mission to serve students and industry through excellence in education, discovery, and application of engineering and applied sciences.

Request for Information

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

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

Florida Polytechnic University Foundation, Inc.
Statement of Net Position

<i>June 30,</i>	<i>2021</i>
Assets	
Current assets	
Cash and cash equivalents	\$ 801,388
Investments	411,714
Contributions receivable, net	315,500
<hr/>	
Total current assets	1,528,602
Noncurrent assets	
Restricted noncurrent assets	
Investments - endowment	3,485,077
Investments - restricted for other long term purpose	3,359,503
Contributions receivable, net	125,500
<hr/>	
Total noncurrent assets	6,970,080
<hr/>	
Total assets	\$ 8,498,682
<hr/>	
Liabilities	
Current Liabilities	
Accounts payable	\$ 27,613
Other liabilities	2,750,000
<hr/>	
Total liabilities	2,777,613
<hr/>	
Net Position	
Restricted	
Expendable	
Scholarships	609,503
Other programs	271,466
Nonexpendable endowments	3,568,738
Unrestricted	1,271,362
<hr/>	
Total net position	5,721,069
<hr/>	
Total liabilities and net position	\$ 8,498,682
<hr/>	

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

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

<i>For the year ended June 30,</i>	2021
Operating Revenues	
Contributions, net of allowance and discounts	\$ 1,279,148
Miscellaneous revenue	104
<hr/>	
Total operating revenues	1,279,252
Operating Expenses	
Services and supplies	362,745
Scholarships, fellowships, and waivers	549,427
Other operating expenses	128,910
<hr/>	
Total operating expenses	1,041,082
<hr/>	
Operating income	238,170
Nonoperating Revenues (Expenses)	
Realized gain on investments and dividends	969,557
Unrealized gain on investments and dividends	502,763
Bad debt expense	(37,389)
<hr/>	
Total nonoperating revenues (expenses)	1,434,931
<hr/>	
Change in net position	1,673,101
<hr/>	
Net position, beginning of year	4,047,968
<hr/>	
Net position, end of year	\$ 5,721,069
<hr/>	

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

Florida Polytechnic University Foundation, Inc.
Statement of Cash Flows

Year ended June 30, **2021**

Operating Activities

Cash received from contributions	\$ 1,267,827
Cash payments for services and supplies	(356,755)
Cash payments for scholarships, fellowships, and waivers	(665,735)
Cash payments for other operating expenses	(128,110)

Net cash provided by operating activities 117,227

Investing Activities

Purchases of investments	(8,931,872)
Proceeds from sale of investments	8,604,494

Net cash used by investing activities (327,378)

Net decrease in cash and cash equivalents (210,151)

Cash and cash equivalents, beginning of year 1,011,539

Cash and cash equivalents, end of year \$ 801,388

**Reconciliation of Operating Income
to Net Cash Provided by Operating Activities**

Operating income	\$ 238,170
Changes in assets and liabilities	
Accounts receivable	(11,425)
Accounts payable	6,790
Due to Florida Polytechnic University	(116,308)

Total adjustments (120,943)

Net cash provided by operating activities \$ 117,227

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

Florida Polytechnic University Foundation, Inc. Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting coupled with an economic resources measurement focus.

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

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

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

Florida Polytechnic University Foundation, Inc.
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Assets, Liabilities, and Net Position

Cash and Cash Equivalents

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

Contributions Receivable

The Foundation accounts for its pledges in accordance with GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions. Unrestricted and restricted contributions receivable are recorded in the statement of net position. If management expects the cash from the contribution receivable to be received more than one year in the future, the promises to give revenue and receivable are discounted for the time value of money (i.e., net present value). For 2021 management has not applied a discount rate on long term contributions receivable as the majority of the balance will be collected within year ending June 30, 2022.

Management estimates the allowance for uncollectible promises based on historical write-offs. Contributions are reported at net realizable value in the initial year and a discount is recorded. These contributions are not revalued in subsequent years and the Foundation has not elected the fair value option. Discount amortization is recognized as contribution revenue in subsequent years.

Investments

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position (Continued)

Net Position

Classification of net position is defined as follows:

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

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

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

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

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

Revenue Recognition

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

Florida Polytechnic University Foundation, Inc.
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status

The Foundation is a not-for-profit organization that is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Unrelated business income, as defined by Section 509(a)(1) of the Code is subject to federal income tax. The Foundation currently has no unrelated business taxable income. Accordingly, no provision for income taxes has been recorded.

The Foundation determined there were no uncertain tax position for which either recognition or disclosure is required in the Financial Statements.

Use of Estimates

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

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, **October xx, 2021** and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 2: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

At June 30, 2021, \$250,000 of the Foundation's bank balances is covered by federal depository insurance (FDIC).

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

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

Florida Polytechnic University Foundation, Inc.
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

As of June 30, 2021, the Foundation had the following investments and related maturities:

Investment Type	Investment Maturities			
	Fair Value	Less than 1 year	1-5 Years	> 5 Years
Mutual Funds				
Equity	\$ 5,288,372	\$ 5,288,372	\$ -	\$ -
Bonds	1,967,922	1,967,922	-	-
Total Investments	\$ 7,256,294	\$ 7,256,294	\$ -	\$ -

Credit Risk - Credit risk is the risk that an insurer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law does not limit investment options of the Foundation. The Foundation had no policy on credit risk. Presented below is the actual rating as of June 30, 2021 for each type of investment. The Foundation had no policy on credit risk. Presented below is the actual rating as of June 30, 2021 for each type of investment.

Investment Type	Rating	Fair Value
Mutual Funds		
Equity	NR	\$ 5,288,372
Bonds	NR	1,967,922
Total Investments		\$ 7,256,294

Fair Value – GASB Codification Section 3100: Fair Value Measurements establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Florida Polytechnic University Foundation, Inc.
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

The three levels of the fair value hierarchy under the codification are described as follows:

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

Level 2: Inputs to the valuation methodology include:

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

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

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

The Foundation's investments at June 30, 2021 are reported at fair value as follows:

Investment Type	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Mutual Funds				
Equity	\$ 5,288,372	\$ 5,288,372	\$ -	\$ -
Bonds	1,967,922	1,967,922	-	-
Total Investments	\$ 7,256,294	\$ 7,256,294	\$ -	\$ -

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Contribution Receivable

Contribution receivable at June 30, 2021 are summarized as follows:

Expected receipt of contribution in:	Amount
2022	\$ 315,500
2023	66,500
2024	39,000
2025	20,000
Net contributions receivable	\$ 441,000

Contributions receivable consist primarily of promises from individuals and corporations within the Central Florida and Tampa Bay area. Management has established an allowance account as its estimate of uncollectible promises to give of \$-0- at June 30, 2021.

Other Liabilities

The Foundation has \$2,750,000 in other liabilities as of year ended June 30, 2021. During fiscal year 2014, an anonymous donor gave \$5,000,000 to the Foundation. According to the stipulations of the second amendment to the donation agreement, \$250,000 was returned to the anonymous donor in fiscal year 2015. \$2,000,000 of the donation was designated for unrestricted purposes. Funds were available in a dollar for dollar match as donations were received from additional donors. During fiscal year June 30, 2014, \$447,200 was matched and recognized as revenue. During fiscal year end June 30, 2015, the remaining \$1,552,800 was matched, collected, and recognized as revenue. The remaining \$2,750,000 cannot be used until the anonymous donor and Foundation enter an agreement as to how the funds will be released. The second amendment of the donation agreement states, if a written agreement is not reached on or before August 1, 2015, the anonymous donor may at any time thereafter, upon its written request remove the remainder of the donation. If this event occurs, the Foundation is required to return the \$2,750,000 to the anonymous donor within 30 days of the anonymous donor's written request. As of the issuance of the June 30, 2021 financial statements, an agreement has not been reached with the anonymous donor, although on-going discussions have/are taking place between the University and the anonymous donor in regards to status of designated benchmarks. To date, the anonymous donor has not requested the funds be returned.

Florida Polytechnic University Foundation, Inc.
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Endowment Composition

The Foundation's endowment balance is comprised of funds established for the purposes of scholarships. As of June 30, 2021 the balance was \$3,568,738.

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

The Foundation is allowed to spend a portion of the total return on endowment funds for current year needs. Any remainder of the total return is to be reinvested to keep pace with and exceed inflations. Dividends earned on endowment funds are to be spent on a percentage of the average prior five calendar years' market value when available.

Note 3: RELATED PARTY TRANSACTIONS

The Foundation contributed \$699,427 to the University for the year ended June 30, 2021.

**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***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Florida Polytechnic University Foundation, Inc. (Foundation), as of and for the year ended June 30, 2021, and have issued our report thereon dated **October xx, 2021**.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be a significant deficiency.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2021-001 that we consider to be significant deficiencies.

Compliance and Other Matters

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

Purpose of this Report

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

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

CARR, RIGGS & INGRAM, LLC

Tampa, Florida

October xx, 2021



Florida Polytechnic University Foundation, Inc.

FINANCIAL STATEMENTS

June 30, 2021



	Page
INTRODUCTORY SECTION	
Table of Contents	
FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Statement of Net Position	7
Statement of Revenues, Expenses and Changes in Net Position	8
Statement of Cash Flows	9
Notes to Financial Statements	10
REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	18
Schedule of Findings and Responses	20



REPORT





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

813.855.3036
813.207.2998 (fax)
CRLcpa.com

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Florida Polytechnic University Foundation, Inc. (Foundation) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Foundation'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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 auditors' 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, the financial statements referred to above present fairly, in all material respects, the respective net position of the Florida Polytechnic University Foundation, Inc., as of June 30, 2021, and the respective changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

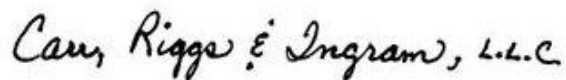
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–6 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 November 2, 2021, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Foundation's internal control over financial reporting and compliance.



CARR, RIGGS & INGRAM, LLC

Tampa, Florida
November 2, 2021



MANAGEMENT'S DISCUSSION AND ANALYSIS



Florida Polytechnic University Foundation, Inc.
Management's Discussion and Analysis
June 30, 2021

The management's discussion and analysis of Florida Polytechnic University Foundation, Inc.'s (Foundation), a component unit of Florida Polytechnic University, financial performance provides an overview of the Foundation's financial activities for the year ended June 30, 2021. It should be read in conjunction with the accompanying financial statements and notes.

Financial Highlights

As of June 30, 2021, the Foundation reported total assets of \$8,498,682, total liabilities of \$2,777,613 and a net position of \$5,721,069. The Foundation is a not-for-profit corporation incorporated in the State of Florida, but reports financial information in accordance with the Governmental Accounting Standards Board (GASB).

Overview of the Financial Statements

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

Statement of Net Position – The statement of net position reflects the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Foundation, using the accrual basis of accounting, and presents the financial position of the Foundation at a specified time. Assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, equals net position, which is one indicator of the Foundation's current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the Foundation's financial condition.

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

Florida Polytechnic University Foundation, Inc.
Management's Discussion and Analysis
June 30, 2021

STATEMENT OF NET POSITION

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

<i>June 30,</i>	2021	2020	Increase (Decrease)
Assets			
Cash and cash equivalents	\$ 801,388	\$ 1,011,539	\$ (210,151)
Investments	7,256,294	5,451,562	1,804,732
Contributions receivable, net	441,000	466,964	(25,964)
Accrued interest	-	5,034	(5,034)
Other non-current assets	-	800	(800)
Total assets	\$ 8,498,682	\$ 6,935,899	\$ 1,562,783
Liabilities			
Accounts payable	\$ 27,613	\$ 21,623	\$ 5,990
Due to Florida Polytechnic University	-	116,308	(116,308)
Other liabilities	2,750,000	2,750,000	-
Total liabilities	2,777,613	2,887,931	(110,318)
Net Position			
Restricted for			
Expendable	1,530,270	839,417	690,853
Nonexpendable Endowments	2,919,437	2,176,573	742,864
Unrestricted	1,271,362	1,031,978	239,384
Total net position	\$ 5,721,069	\$ 4,047,968	\$ 1,673,101

Total assets as of June 30, 2021 were \$8,498,682, an increase of \$1,562,783 from the prior year. Total assets increased due to an increase in donations of \$488,959 and investment earnings of \$1,316,895. Total liabilities decreased by \$110,318 due to the payoff of a scholarship payment owed to Florida Polytechnic University. The Foundation's net position as of June 30, 2021 was \$5,721,069, an increase of \$1,673,101 from the prior year.

Florida Polytechnic University Foundation, Inc.
Management's Discussion and Analysis
June 30, 2021

THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

As of June 30, 2021, approximately 78% of the Foundation's net position was restricted, of which approximately 62% is considered nonexpendable for endowments. The remaining 16% restricted is for scholarships, student wellness, and other student activities. The remaining balance of net position, or approximately 22% of the total net position, is unrestricted and may be used to meet the Foundation's unrestricted obligations.

<i>For the year ended June 30,</i>	2021	2020	Increase (Decrease)
Revenues			
Contributions, net of allowance and discounts	\$ 1,279,148	\$ 790,189	\$ 488,959
Miscellaneous revenue	104	2,827	(2,723)
Investment earnings	1,472,320	155,425	1,316,895
Total revenues	2,751,572	948,441	1,803,131
Expense			
Services and supplies	362,745	298,797	63,948
Scholarships, fellowships, and waivers	549,427	290,000	259,427
Other operating expenses	128,910	421,340	(292,430)
Bad debt expense	37,389	-	37,389
Total expenses	1,078,471	1,010,137	68,334
Change in net position	1,673,101	(61,696)	1,734,797
Net Position, beginning of year	4,047,968	4,109,664	(61,696)
Net Position, end of year	\$ 5,721,069	\$ 4,047,968	\$ 1,673,101

Contributions to the Foundation totaled \$1,279,148, an increase of \$488,959 from the prior year. Contributions to the Foundation represent unrestricted, scholarship, and endowment support. Service and supplies expense totaled \$362,745, an increase of \$63,948. Scholarships, fellowships, and waivers expense was \$549,427, an increase of \$259,427 due to a greater number of scholarships provided. Other operating expenses totaled \$128,910, a decrease of \$292,430 due to the COVID-19 pandemic which limited travel and entertainment expenses that would normally be incurred with donor face-to-face meetings and fundraising events.

Florida Polytechnic University Foundation, Inc.
Management's Discussion and Analysis
June 30, 2021

Economic Factors

The Foundation was able to increase contributions by \$488,959 during a global pandemic which significantly impacted the ability to cultivate relationships with potential donors. We implemented strategic resources moving all accounting functions to the Foundation's oversight. As part of our due diligence in efficient operations, the Foundation transferred to a new investment firm, migrated to a new financial institution separate from the university, and negotiated with the university on key leadership retention commitments. It is the objective of the Foundation to be a strong advocate for funding resources ensuring the university meets the strategic mission to serve students and industry through excellence in education, discovery, and application of engineering and applied sciences.

Request for Information

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

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



FINANCIAL STATEMENTS



Florida Polytechnic University Foundation, Inc.
Statement of Net Position

<i>June 30,</i>	2021
Assets	
Current assets	
Cash and cash equivalents	\$ 801,388
Investments	411,714
Contributions receivable, net	315,500
<hr/>	
Total current assets	1,528,602
Noncurrent assets	
Restricted noncurrent assets	
Investments - endowment	3,485,077
Investments - restricted for other long term purpose	3,359,503
Contributions receivable, net	125,500
<hr/>	
Total noncurrent assets	6,970,080
<hr/>	
Total assets	\$ 8,498,682
<hr/>	
Liabilities	
Current Liabilities	
Accounts payable	\$ 27,613
Other liabilities	2,750,000
<hr/>	
Total liabilities	2,777,613
<hr/>	
Net Position	
Restricted	
Expendable	
Scholarships	609,503
Other programs	271,466
Nonexpendable endowments	3,568,738
Unrestricted	1,271,362
<hr/>	
Total net position	5,721,069
<hr/>	
Total liabilities and net position	\$ 8,498,682
<hr/>	

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

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

<i>For the year ended June 30,</i>	<i>2021</i>
<hr/>	
Operating Revenues	
Contributions, net of allowance and discounts	\$ 1,279,148
Miscellaneous revenue	104
<hr/>	
Total operating revenues	1,279,252
Operating Expenses	
Services and supplies	362,745
Scholarships, fellowships, and waivers	549,427
Other operating expenses	128,910
<hr/>	
Total operating expenses	1,041,082
<hr/>	
Operating income	238,170
Nonoperating Revenues (Expenses)	
Realized gain on investments and dividends	969,557
Unrealized gain on investments and dividends	502,763
Bad debt expense	(37,389)
<hr/>	
Total nonoperating revenues (expenses)	1,434,931
<hr/>	
Change in net position	1,673,101
Net position, beginning of year	4,047,968
<hr/>	
Net position, end of year	\$ 5,721,069
<hr/> <hr/>	

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

Florida Polytechnic University Foundation, Inc.
Statement of Cash Flows

<i>Year ended June 30,</i>	<i>2021</i>
Operating Activities	
Cash received from contributions	\$ 1,267,827
Cash payments for services and supplies	(356,755)
Cash payments for scholarships, fellowships, and waivers	(665,735)
Cash payments for other operating expenses	(128,110)
<hr/>	
Net cash provided by operating activities	117,227
Investing Activities	
Purchases of investments	(8,931,872)
Proceeds from sale of investments	8,604,494
<hr/>	
Net cash used by investing activities	(327,378)
<hr/>	
Net decrease in cash and cash equivalents	(210,151)
<hr/>	
Cash and cash equivalents, beginning of year	1,011,539
<hr/>	
Cash and cash equivalents, end of year	\$ 801,388
<hr/> <hr/>	
Reconciliation of Operating Income	
to Net Cash Provided by Operating Activities	
Operating income	\$ 238,170
Changes in assets and liabilities	
Accounts receivable	(11,425)
Accounts payable	6,790
Due to Florida Polytechnic University	(116,308)
<hr/>	
Total adjustments	(120,943)
<hr/>	
Net cash provided by operating activities	\$ 117,227
<hr/> <hr/>	

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

Florida Polytechnic University Foundation, Inc. Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting coupled with an economic resources measurement focus.

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

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

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

Florida Polytechnic University Foundation, Inc.
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Assets, Liabilities, and Net Position

Cash and Cash Equivalents

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

Contributions Receivable

The Foundation accounts for its pledges in accordance with GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions. Unrestricted and restricted contributions receivable are recorded in the statement of net position. If management expects the cash from the contribution receivable to be received more than one year in the future, the promises to give revenue and receivable are discounted for the time value of money (i.e., net present value). For 2021 management has not applied a discount rate on long term contributions receivable as the majority of the balance will be collected within year ending June 30, 2022.

Management estimates the allowance for uncollectible promises based on historical write-offs. Contributions are reported at net realizable value in the initial year and a discount is recorded. These contributions are not revalued in subsequent years and the Foundation has not elected the fair value option. Discount amortization is recognized as contribution revenue in subsequent years.

Investments

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Position (Continued)

Net Position

Classification of net position is defined as follows:

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

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

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

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

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

Revenue Recognition

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

Florida Polytechnic University Foundation, Inc.
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status

The Foundation is a not-for-profit organization that is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Unrelated business income, as defined by Section 509(a)(1) of the Code is subject to federal income tax. The Foundation currently has no unrelated business taxable income. Accordingly, no provision for income taxes has been recorded.

The Foundation determined there were no uncertain tax position for which either recognition or disclosure is required in the Financial Statements.

Use of Estimates

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

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 2, 2021 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 2: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

At June 30, 2021, \$250,000 of the Foundation's bank balances is covered by federal depository insurance (FDIC).

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

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

Florida Polytechnic University Foundation, Inc.
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

As of June 30, 2021, the Foundation had the following investments and related maturities:

Investment Type	Investment Maturities			
	Fair Value	Less than 1 year	1-5 Years	> 5 Years
Mutual Funds				
Equity	\$ 5,288,372	\$ 5,288,372	\$ -	\$ -
Bonds	1,967,922	1,967,922	-	-
Total Investments	\$ 7,256,294	\$ 7,256,294	\$ -	\$ -

Credit Risk - Credit risk is the risk that an insurer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law does not limit investment options of the Foundation. The Foundation had no policy on credit risk. Presented below is the actual rating as of June 30, 2021 for each type of investment. The Foundation had no policy on credit risk. Presented below is the actual rating as of June 30, 2021 for each type of investment.

Investment Type	Rating	Fair Value
Mutual Funds		
Equity	NR	\$ 5,288,372
Bonds	NR	1,967,922
Total Investments		\$ 7,256,294

Fair Value – GASB Codification Section 3100: Fair Value Measurements establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Florida Polytechnic University Foundation, Inc.
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

The three levels of the fair value hierarchy under the codification are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
- Level 2: Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability;
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

The Foundation's investments at June 30, 2021 are reported at fair value as follows:

Investment Type	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Mutual Funds				
Equity	\$ 5,288,372	\$ 5,288,372	\$ -	\$ -
Bonds	1,967,922	1,967,922	-	-
Total Investments	\$ 7,256,294	\$ 7,256,294	\$ -	\$ -

Florida Polytechnic University Foundation, Inc.
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Contribution Receivable

Contribution receivable at June 30, 2021 are summarized as follows:

<u>Expected receipt of contribution in:</u>	<u>Amount</u>
2022	\$ 315,500
2023	66,500
2024	39,000
2025	20,000
<hr/>	
Net contributions receivable	\$ 441,000

Contributions receivable consist primarily of promises from individuals and corporations within the Central Florida and Tampa Bay area. Management has established an allowance account as its estimate of uncollectible promises to give of \$-0- at June 30, 2021.

Other Liabilities

The Foundation has \$2,750,000 in other liabilities as of year ended June 30, 2021. During fiscal year 2014, an anonymous donor gave \$5,000,000 to the Foundation. According to the stipulations of the second amendment to the donation agreement, \$250,000 was returned to the anonymous donor in fiscal year 2015. \$2,000,000 of the donation was designated for unrestricted purposes. Funds were available in a dollar for dollar match as donations were received from additional donors. During fiscal year June 30, 2014, \$447,200 was matched and recognized as revenue. During fiscal year end June 30, 2015, the remaining \$1,552,800 was matched, collected, and recognized as revenue. The remaining \$2,750,000 cannot be used until the anonymous donor and Foundation enter an agreement as to how the funds will be released. The second amendment of the donation agreement states, if a written agreement is not reached on or before August 1, 2015, the anonymous donor may at any time thereafter, upon its written request remove the remainder of the donation. If this event occurs, the Foundation is required to return the \$2,750,000 to the anonymous donor within 30 days of the anonymous donor's written request. As of the issuance of the June 30, 2021 financial statements, an agreement has not been reached with the anonymous donor, although on-going discussions have/are taking place between the University and the anonymous donor in regards to status of designated benchmarks. To date, the anonymous donor has not requested the funds be returned.

Florida Polytechnic University Foundation, Inc.
Notes to Financial Statements

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Endowment Composition

The Foundation's endowment balance is comprised of funds established for the purposes of scholarships. As of June 30, 2021 the balance was \$3,568,738 of which \$2,919,437 was nonexpendable and \$649,301 is expendable for scholarships.

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

The Foundation is allowed to spend a portion of the total return on endowment funds for current year needs. Any remainder of the total return is to be reinvested to keep pace with and exceed inflations. Dividends earned on endowment funds are to be spent on a percentage of the average prior five calendar years' market value when available.

Note 3: RELATED PARTY TRANSACTIONS

The Foundation contributed \$699,427 to the University for the year ended June 30, 2021.

For the year ended June 30, 2021, contribution revenue from the Foundation Board of Directors and University Board of Trustees totaled \$15,848.



REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS





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

813.855.3036
813.207.2998 (fax)
CRLcpa.com

**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***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Florida Polytechnic University Foundation, Inc. (Foundation), as of and for the year ended June 30, 2021, and have issued our report thereon dated November 2, 2021.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be a significant deficiency.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2021-001 that we consider to be significant deficiencies.

Compliance and Other Matters

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

Purpose of this Report

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

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

CARR, RIGGS & INGRAM, LLC

Tampa, Florida
November 2, 2021

Schedule of Findings and Responses

Finding Number: 2021-001 – Contributions

Condition: As part of our audit, we noted instances of contributions recorded with restrictions that were not supported by documentation from the donor of such restriction. We also identified instances of funds being released from restriction without support to justify the release.

Cause: Donations received in the form of a wire transfer or check are not always accompanied by a letter from the donor as to their intended use of the funds. In some instances this information is then collected over the phone and reiterated in a thank you email to the donor. The Foundation does not have a policy in place to collect written confirmation from the donor as to their intentions for the contribution.

Effect: If contributions are received with a restriction and there is no documentation of the restriction, there is a potential that the contribution gets expended by the Foundation in ways unintended by the donor.

Criteria: The Foundation should ensure that donated funds be expended for restrictions intended by the donor.

Recommendation: We recommend implementing a policy to document and review contributions and pledges to ensure restrictions are correctly recorded.

Response and Corrective Action Plan: Management has implemented procedures to isolated donations until written confirmation from the donor is received including the intended use of the funds, if any.