

Governance, Audit, and Compliance Committee Meeting Agenda

February 7, 2024
1:30 PM – 3:00 PM

Virtual via Microsoft Teams

Dial in: 1-863-225-2351 | Conference ID: 790 107 938#

MEMBERS

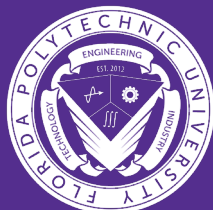
Mark Bostick, Chair
Beth Kigel

Jesse Panuccio, Vice Chair
Dr. David Williams

Dr. Laine Powell
Patrick Hagen

AGENDA

- | | | |
|-------|---|---|
| I. | Call to Order | Mark Bostick, Chair |
| II. | Roll Call | Sherri Pavlik |
| III. | Public Comment | Mark Bostick |
| IV. | Approval of the November 6, 2023, Minutes
Action Required | Mark Bostick |
| V. | 2022-2024 Governance, Audit, and Compliance Committee Work Plan Review | Mark Bostick |
| VI. | Audit & Compliance | |
| | A. Audit and Compliance Update | David Blanton |
| | B. Performance Based Funding (PBF) Audit and Data Integrity Certification
Action Required | David Blanton |
| | C. Foundation Financial Audit FYE23 | David Blanton |
| VII. | Governance | |
| | A. Regulation FPU-5.004 Library Services
Action Required | Melaine Schmiz
Associate General Counsel |
| | B. Discuss Potential Nominations for Board Chair and Vice Chair | Mark Bostick |
| | C. Employment Practices Bi-Annual Report | Dr. Randy K. Avent
President |
| VIII. | Closing Remarks and Adjournment | Mark Bostick |



Governance, Audit, and Compliance Committee Meeting Minutes

DRAFT MEETING MINUTES

**Monday, November 6, 2023
1:00 PM - 3:00 PM**

**Florida Polytechnic University
VIRTUAL via MICORSOFT TEAMS**

I. Call to Order

Committee Chair Mark Bostick called the Governance Committee meeting to order at 1:00 p.m.

II. Roll Call

Sherri Pavlik called the roll: Committee Chair Mark Bostick, Committee Vice Chair Laine Powell, Board Chair Cliff Otto, Trustee Narendra Kini, and Trustee David Williams were present (Quorum)

Other Trustees present: Trustee Ajeet Kaushik, Trustee Melia Rodriguez, Trustee Ilya Shapiro, and Trustee Sidney Theis

Staff present: President Randy Avent, David Fugett, David Blanton, Dr. Allen Bottorff, Provost Terry Parker, Mike Dieckmann, Kathy Bowman, Melaine Schmiz, Kristen Wharton, and Sherri Pavlik

III. Public Comment

There were no requests received for public comment.

IV. Approval of Minutes

Committee Vice Chair Laine Powell made a motion to approve the Governance, Audit, and Compliance Committee meeting minutes for September 21, 2023. Board Chair Cliff Otto seconded the motion; a vote was taken, and the motion passed unanimously.

V. 2022-2024 Governance, Audit and Compliance Committee Work Plan Review

Committee Chair Mark Bostick reviewed the Governance, Audit, and Compliance Committee Work Plan. There was no discussion on this item.

VI. Audit and Compliance

A. Audit and Compliance Update

David Blanton provided the Committee with an update on the following:

Auditor General (AG) external audits:

- AG Financial Audit FYE23
- AG State Financial Aid (2 year, FYE 22&23)
- AG Federal Single Audit

Internal Audits In-progress:

- Performance Based Funding Audit

B. Textbook Affordability Monitoring Report

Blanton provided an update on the Textbook Affordability Monitoring Report for Fall 2023 sharing that it has been completed and that the University continues to improve with compliance.

VII. Governance

A. President's Annual Evaluation FYE23

Board Chair Cliff Otto shared his discussion with the Brian Lamb, chair of the Board of Governors regarding President Avent's performance for fiscal year ending 2023. The feedback was positive as in previous years, and Chair Otto shared that they were extremely satisfied with President Avent in every aspect of the development of the University.

Committee Chair Bostick opened the floor for discussion on the *President's Annual Review, July 2022-June 2023, Composite of the Trustees' Evaluations*.

For the benefit of new trustees, Chair Otto reviewed the history of the evaluation stating that the instrument has evolved over the last several years. It is simple, straight-forward, and provides a vehicle for trustees to express comments on the achievement of goals and overall performance.

There were no further comments on the evaluation.

Trustee Narendra Kini inquired about the stability of the senior administration with President Avent's July 2024 retirement and if they would require incentives to stay. Chair Otto responded that a discussion of specific plans or at-risk candidates has not yet taken place. The Board's experience is that there is a high degree of satisfaction amongst immediate direct support staff in regard to senior leadership.

Trustee David Williams made a motion to recommend approval of the document "President's Annual Review, July 2022-2023, Composite of the Trustees' Evaluations" reflecting the President's annual evaluation for 2022-2023 to the Board of Trustees. Committee Vice Chair Laine Powell seconded the motion; a vote was taken, and the motion passed unanimously.

B. President's Compensation

At this time, President Avent excused himself from the room while the Committee discussed his compensation adjustments. Committee Chair Bostick stated that under the employment agreement, the President is entitled to a minimum of 3.5% increase to his base salary each year and entitled to a bonus/performance compensation if his overall performance is "Achieved" or higher.

Committee Chair Bostick opened the floor for discussion on the base salary and invited David Fugett, Vice President and General Counsel, to expand on the process of deciding the percentage. Fugett explained that the president's salary increases, as described in the Employment Agreement, would be generally applicable to what the vice presidents of the University received. Dr. Allen Bottorff, Vice President and CFO, shared with the Committee the average percentage of the vice presidents' increases for FYE23 was 5.98%.

Trustee Ilya Shapiro inquired if the compensation discussion was related to the incoming

president's pay. Fugett clarified that pursuant to the Board of Governors regulation, a compensation study for the new president will be conducted. Chair Otto emphasized that other increases in the State University System (SUS) don't impact the Board's decision. He went on to state that President Avent prefers base pay increases in line with executive averages. The only exception was when the average was below 3.5%, in which case he had to accept it as it is in the Employment Agreement. Chair Otto is confident that a 5.98% base pay raise would be acceptable to President Avent and feasible for the University.

Bottorff mentioned that the University is currently conducting a compensation study with White & Gale for the entire University. The study is in its early stages and could potentially align with the Presidential Search Committee if they opt to proceed with this firm.

The discussion on performance compensation/bonus continued and Committee Chair Bostick reiterated the president's composite rating: 4 out of 9 rated as "Achieved," 4 out of 9 as "Exceeded," and 1 as "Far Exceeded." Consequently, the Board has the discretion to raise the bonus beyond 20%, but not to exceed 30% of the current annual base salary.

Chair Otto recommended a 30% bonus. The recommendation was based on his discussion with Chair Lamb along with the positive growth of the University, including the construction of the third residence hall and its projected statistics, and the improved process of recruiting students.

Trustee Kini endorsed Chair Otto's recommendation, acknowledging President Avent's success in expectations and dealing with complex political environments.

Trustee David Williams concurred with a 30% bonus.

Trustee David Williams made a motion to recommend approval to the Board:

- 1. Award the President a 5.98% increase to his base salary; and**
- 2. Award the President a performance compensation/bonus in the amount of 30% of his current annual base salary.**

Trustee Narendra Kini seconded the motion; a vote was taken, and the motion passed unanimously.

VIII. Closing Remarks and Adjournment

Committee Chair Mark Bostick thanked the Committee and with no further business to discuss, adjourned the meeting at 1:30 p.m.

Respectfully submitted:
Sherri Pavlik
Executive Assistant
Office of General Counsel

**Florida Polytechnic University
Governance, Audit, and Compliance Committee
Board of Trustees
February 7, 2024**

Subject: 2022-2024 Governance, Audit, and Compliance Committee Work Plan

Proposed Committee Action

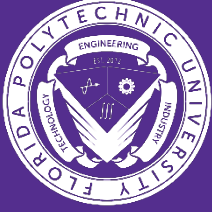
Review only. No action required.

Background Information

Committee Chair Mark Bostick will review the Committee's 2022-2024 Work Plan.

Supporting Documentation: Governance, Audit, and Compliance Committee Work Plan 2022-2024

Prepared by: David Fugett, Vice President and General Counsel



Committee Work Plan

Governance, Audit and Compliance Committee Work Plan 2022-2024

SEPTEMBER

Review Governance, Audit and Compliance Committee Charter (*review every two years – due September 2022*)

Governance:

- Make recommendation on trustee evaluation instrument to be used for President's annual review
- Review President's Outcome Metrics (for prior FY)
- Review President's Powers and Duties (if needed)
- Employment Practices Report
- Evaluations Report (employees making over \$200k)

Audit and Compliance:

- 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
- Audit and Compliance Charter Reviews (*every three years – due 2023*)

NOVEMBER

Governance:

- Make recommendations to the Board on President's evaluation outcome and compensation changes
- Make recommendation to Board on renewal of President's employment agreement and any necessary changes to the agreement

Audit and Compliance:

- Textbook Affordability Monitoring Report (*Fall semester*)

FEBRUARY

Governance:

- Review Board Bylaws (*review every 3 years – due 2024*)
- Discuss nominations for Board Chair and Vice Chair (*every 2 years - due February 2024*)
- Oversee Board self-assessment (*every 5 years – due February 2023*)
- Employment Practices Report

Audit and Compliance:

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

JUNE

Governance:

- Make recommendation to Board on President's proposed goals for FY+1
- Discuss Board training needs
- Make recommendation on nominations for Board Chair and Vice Chair (*every two years – due May 2024*)

Audit and Compliance:

- Textbook Affordability Monitoring Report (*Spring semester*)
- Bright Futures Audit (*review and approve every two years – due June 2024*)

**Florida Polytechnic University
Governance, Audit and Compliance Committee
Board of Trustees
February 7, 2024**

Subject: Audit & Compliance Update

Proposed Committee Action

Information only – no action required.

Background Information

David Blanton, Chief Audit Executive/Chief Compliance Officer (CAE/CCO) will provide the Committee with an update of all University audit and compliance activity including the status of all external audits and University Audit & Compliance activities and plans.

Supporting Documentation: N/A

Prepared by: David A. Blanton, CAE/CCO

**Florida Polytechnic University
Governance, Audit and Compliance Committee
Board of Trustees
February 7, 2024**

Subject: Performance-Based Funding Data Integrity Audit and Certification

Proposed Committee Action

Recommend approval to the Board of Trustees of the Performance-Based Funding (PBF) Data Integrity Audit performed by University Audit and the related PBF Certification both due to the Board of Governors by March 1, 2024.

Background Information

The Performance-Based Funding (PBF) Model currently includes 10 metrics that evaluate all State University institutions. The Florida Board of Governors designed the model to (1) promote the Board of Governors' strategic plan goals for State Universities (2) reward excellence or improvement (3) have a few clear, simple metrics, and (4) acknowledge the unique mission of the various State institutions. Accordingly, the PBF model has several metrics common to all State institutions, one selected by the Board of Governors: and one selected by the Florida Poly Board of Trustees.

State institutions are evaluated on either excellence or improvement for each PBF metric. The Board of Governors uses data from various data submissions from the most current year to evaluate PBF performance and to make PBF funding decisions for each institution. Therefore, the integrity of data submitted to the Board of Governors is crucial to determining achievement towards strategic goals and funding decisions within the PBF model. Accordingly, Section 1001.92, Florida Statutes, provides that each university shall conduct an annual audit to verify that the data submitted complies with the data definitions established by the Board of Governors and submit the audit to the Board's Office of Inspector General as part of the annual certification process. These data submissions and related controls are the focus of this audit.

This audit allows the Board Chair and President to certify the accuracy of data submissions to the Board of Governors and enhance public trust and confidence in this process.

Board of Governors (BOG) Regulation 5.001(8) provides that a data integrity certification is to be provided to the BOG's Office of Inspector General by March 1 of each year. The certification drafted by the BOG includes certain representations which are to be certified and signed by the University President and the BOT Chair after being approved by the Board of Trustees. The PBF audit serves as the basis for the Board Chair and President to certify the accuracy of data submissions to the Board of Governors.

Supporting Documentation:

1. Report No. FPU 2024-05, Performance-Based Funding Data Integrity Audit (issued by University Audit)
2. Data Integrity Certification – March 2024

Prepared by: David A. Blanton, CAE/CCO



FLORIDA POLYTECHNIC
UNIVERSITY

Report No: FPU 2024-05

January 2024

**University Audit & Compliance
Performance-Based Funding
Data Integrity Audit
For the Period Ending September 30, 2023**

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

**University Audit & Compliance
Performance-Based Funding Data Integrity Audit
For the Audit Period Ending September 30, 2023**

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

Executive Summary:

Pursuant to the Audit Work Plan¹ approved by the Audit & Compliance Committee and the requirement set forth by State law² and Board of Governors (BOG) Regulations³, University Audit and Compliance (UAC) conducted an audit of Performance-Based Funding (PBF) Data Integrity as of September 30, 2023, and certain actions thereafter.

The objectives of this audit were to:

- Determine whether the University has established appropriate controls to ensure the completeness, accuracy, and timeliness of data submissions to the BOG which relate to the PBF metrics of the University.
- Provide assurance that the various data files which relate to the PBF metrics have been subjected to audit and evaluated for accuracy and completeness.
- Provide reasonable assurance to the President and the Chair of the Board of Trustees that certain representations included in the PBF – Data Integrity Certification form are fairly presented and therefore can be affirmed in the required certification.

Audit fieldwork was conducted from October 2023 through January 2024. This audit was conducted in accordance with the Institute of Internal Auditors *International Standards for the Professional Practice of Internal Auditing* (Standards). Accordingly, these audit procedures provide a reasonable basis for the conclusions drawn from this audit.

Based on the results of this audit, UAC concludes that the University has established appropriate controls and processes to (1) ensure the completeness, accuracy, and timeliness of data submissions to the BOG which support the PBF metrics and (2) affirm the various representations in the PBF – Data Integrity Certification form, except as noted below:

No reportable matters noted.

¹ UAC Risk Assessment and Audit Plan for the Fiscal Year Ended June 30, 2024.

² Section 1001.92, Florida Statutes, SUS Performance-based Incentive.

³ Board of Governors Regulation 5.001(8), Performance-Based Funding.

Background, Objectives, Scope, and Methodology:

Background:

The Performance-Based Funding (PBF) Model currently includes ten metrics that evaluate all State University System (SUS) institutions⁴. The Florida Board of Governors (BOG) designed the model to (1) promote the BOG's strategic plan goals for the SUS (2) reward excellence or improvement (3) have a few clear, simple metrics, and (4) acknowledge the unique mission of the various SUS institutions. Accordingly, the PBF model has several metrics common to all SUS institutions; one selected by the BOG; and one selected by the Florida Poly Board of Trustees (BOT). See **Exhibit C** for a description of the various PBF metrics applicable to Florida Poly.

SUS institutions are evaluated on either excellence or improvement for each PBF metric. The BOG uses data from various data submissions from the most current year to evaluate PBF performance and to make PBF funding decisions for each institution. Therefore, the integrity of data submitted to the BOG is crucial to determining achievement towards strategic goals and funding decisions within the PBF model. Accordingly, State law⁵ provides that each university shall conduct an annual audit to verify that the data submitted complies with the data definitions established by the BOG and submit the audit to the BOG's Office of Inspector General as part of the annual certification process required by the BOG. These data submissions and related controls are the focus of this audit. Although this audit provides assurance over the data submitted to the BOG, the ultimate responsibility for the accuracy and completeness of PBF data submissions and the related data resides with university management.

Objectives:

The objectives of this audit were approved⁶ prior to audit completion and were as follows:

- Determine whether the University has established appropriate controls to ensure the completeness, accuracy, and timeliness of data submissions to the BOG which relate to the PBF metrics of the University.
- Provide assurance that the various data files which relate to the PBF metrics have been subjected to audit and evaluated for accuracy and completeness.
- Provide reasonable assurance to the President and the Chair of the BOT those certain representations included in the PBF – Data Integrity Certification form are fairly presented and therefore can be affirmed in the required certification.

⁴ Prior to the 2021-22 funding year, Florida Poly did not participate in the PBF funding model since it was a newly established institution without sufficient cohort history to measure performance against the established metrics.

⁵ Section 1001.92, Florida Statutes, SUS Performance-based Incentive.

⁶ Approved by the Florida Poly Audit and Compliance Committee on September 21, 2023, and approved by the Florida Poly BOT on September 27, 2023.

Scope and Methodology:

The scope of this audit was approved⁶ prior to audit completion and included the following:

- An evaluation of the validity of representations outlined in the Performance Based Funding – Data Integrity Certification form.
- An evaluation of controls established to ensure the completeness, accuracy, and timeliness of data files that were submitted to the BOG.
- An evaluation of access controls.
- Testing of PBF data submissions for accuracy, completeness, and consistency with data definitions and guidance provided by the BOG.
- A review of data resubmissions and data reclassifications to ensure that they were appropriate and conform to BOG guidance.

UAC assessed the risk of material noncompliance with BOG data reporting requirements and obtained an understanding of data integrity controls to adequately design audit procedures necessary to accomplish the audit objectives. Audit procedures included, but were not limited to, the evaluation of internal controls, reviewing written policies and procedures, interviewing key personnel, and performing tests and analysis to evaluate whether control procedures were adequately designed and operating effectively to ensure the completeness, accuracy, and timeliness of data files submitted to the BOG for PBF funding decisions.

UAC would like to acknowledge that University staff who took part in the audit were knowledgeable of their respective areas, responded quickly to questions, and showed patience throughout the audit engagement. Their cooperation was greatly appreciated.

UAC conducted this audit in accordance with the Institute of Internal Auditors *International Standards for the Professional Practice of Internal Auditing* (IIA Standards).

Audit Observations and Recommendations:

Overall, based on the results of audit procedures performed, UAC concludes that PBF-related controls over data submissions during the audit period were adequate to ensure reliable processes and procedures designed to ensure that data required in reports filed with the BOG are recorded, processed, summarized, and reported in a manner which ensures its accuracy and completeness.

No reportable matters were noted for the current audit.

Exhibit A: Audit Observation Risk Ranking Matrix

NOTE: Not applicable for the current year – no reportable matters noted.

Risk Rating: High

This is a high priority observation; immediate attention from University personnel is required. This is a serious internal control or risk management issue that if not corrected or mitigated could lead to serious consequences.

The criteria that define this rating are as follows: Substantial risk of loss; serious risk of violation of University strategies, policy, or values; serious risk of reputational damage and/or significant risk of adverse impact.

Examples of deficiencies for this rating include, but are not limited to, no existing policy, controls do not exist or not placed into operation, significant fraud detected, considerable number of questioned transactions, and/or significant noncompliance observed.

Risk Rating: Moderate

This is a medium priority observation; timely attention from University personnel is warranted.

The criteria that define this rating are as follows: Moderate risk of financial losses, moderate risk of loss of controls within the program or area audited, and/or adverse impact resulting in moderate sanctions or penalties.

Examples of deficiencies for this rating include, but are not limited to, inconsistent application of policy, only mitigating controls exist, and/or requires additional evaluation or review.

Risk Rating: Low

This is a low priority observation; routine attention from University personnel may be warranted. Recommendation may lead to improvement in the quality and/or efficiency of the process or area audited. Risks are limited.

The criteria that define this rating are as follows: Remote risk of inappropriate activity, insignificant adverse impact, and/or immaterial amounts involved.

Examples of deficiencies for this rating include, but are not limited to, controls exist but only nominal exceptions noted, compensating controls exist but internal controls could be enhanced.

Exhibit B: Action Plan for Audit Observations

Not applicable – no reportable matters noted for the current audit.

Exhibit C: 2024 PBF Metrics and Corresponding Data Submission Files

Metric 1: Percent of Bachelor's Graduates Enrolled or Employed - Earning \$40,000+ (SIFD)

Metric 2: Median Wages of Bachelor's Graduates Employed Full-time (SIFD)

Metric 3: Average Cost to the Student - Net Tuition per 120 Credit Hours (HTD, SFA, SIF)

Metric 4: FTIC Four Year Graduation Rate (SIF, SIFD, RET)

Metric 5: Academic Progress Rate - APR (SIF)

Metric 6: Bachelor's Degrees Awarded in Areas of Strategic Emphasis (SIFD)

Metric 7: University Access Rate - Percent of Undergraduates with a Pell-grant (SFA, SIF)

Metric 8⁷: (a) Graduate Degrees Awarded in Areas of Strategic Emphasis (SIFD)

Metric 9⁸: (a) 2 year graduation rate for FCS AA transfers (SIF, SIFD, RET)

(b)(1) APR, 2nd Year Retention for FTIC with a Pell Grant (SIF, SFA)

Metric 10: Graduates with 2+ Workforce Experiences (SIFD, Separate Metric 10 data submission file)

HTD - Hours to Degree File

RET - Retention File

SIF – Student Instruction File

SIFD – Student Instruction File – Degrees Awarded

SFA – Student Financial Aid File

⁷ Metric 8b (ranking of incoming students) was applicable to New College of Florida and Florida Poly in 2022. Going forward, Metric 8a, described above, is now applicable to Florida Poly.

⁸ This metric uses 2 sub-metrics that count 5 points each. Metric (9.b.1) is applicable only to Florida Poly. Other SUS institutions use sub-metric (9.b) 6-year graduation rate for Pell students.



Data Integrity Certification

March 2024

In accordance with Board of Governors Regulation 5.001(8), university presidents and boards of trustees are to review, accept, and use the annual data integrity audit to verify the data submitted for implementing the Performance-based Funding model complies with the data definitions established by the Board of Governors.

Given the importance of submitting accurate and reliable data, boards of trustees for those universities designated as preeminent or emerging preeminent are also asked to review, accept, and use the annual data integrity audit of those metrics to verify the data submitted complies with the data definitions established by the Board of Governors.

Applicable Board of Governors Regulations and Florida Statutes: Regulations 1.001(3)(f), 3.007, and 5.001; Sections 1.001.706, 1001.7065, and 1001.92, Florida Statutes.

Instructions: To complete this certification, university presidents and boards of trustees are to review each representation in the section below and confirm compliance by signing in the appropriate spaces provided at the bottom of the form. Should there be an exception to any of the representations, please describe the exception in the space provided.

Once completed and signed, convert the document to a PDF and ensure it is ADA compliant. Then submit it via the Chief Audit Executives Reports System (CAERS) by the **close of business on March 1, 2024**.

University Name: Florida Polytechnic University

Data Integrity Certification Representations:

1. I am responsible for establishing and maintaining, and have established and maintained, effective internal controls and monitoring over my university's collection and reporting of data submitted to the Board of Governors Office which will be used by the Board of Governors in Performance-based Funding decision-making and Preeminence or Emerging-preeminence Status.
2. In accordance with Board of Governors Regulation 1.001(3)(f), my Board of Trustees has required that I maintain an effective information system to provide accurate, timely, and cost-effective information about the university, and shall require that all data and reporting requirements of the Board of Governors are met.
3. In accordance with Board of Governors Regulation 3.007, my university provided accurate data to the Board of Governors Office.

Data Integrity Certification, March 2024

4. In accordance with Board of Governors Regulation 3.007, I have tasked my Data Administrator to ensure the data file (prior to submission) is consistent with the criteria established by the Board of Governors. The due diligence includes performing tests on the file using applications, processes, and data definitions provided by the Board Office. A written explanation of any identified critical errors was included with the file submission.
5. In accordance with Board of Governors Regulation 3.007, my Data Administrator has submitted data files to the Board of Governors Office in accordance with the specified schedule.
6. I am responsible for taking timely and appropriate preventive/ corrective actions for deficiencies noted through reviews, audits, and investigations.
7. I recognize that Board of Governors' and statutory requirements for the use of data related to the Performance-based Funding initiative and Preeminence or Emerging-preeminence status consideration will drive university policy on a wide range of university operations – from admissions through graduation. I certify that university policy changes and decisions impacting data used for these purposes have been made to bring the university's operations and practices in line with State University System Strategic Plan goals and have not been made for the purposes of artificially inflating the related metrics.
8. I certify that I agreed to the scope of work for the Performance-based Funding Data Integrity Audit and the Preeminence or Emerging-preeminence Data Integrity Audit (if applicable) conducted by my chief audit executive.
9. In accordance with section 1001.706, Florida Statutes, I certify that the audit conducted verified that the data submitted pursuant to sections 1001.7065 and 1001.92, Florida Statutes [regarding Preeminence and Performance-based Funding, respectively], complies with the data definitions established by the Board of Governors.

Exceptions to Note: No reportable exceptions noted.

Data Integrity Certification, March 2024

Data Integrity Certification Representations, Signatures:

I certify that all information provided as part of the Board of Governors Data Integrity Certification for Performance-based Funding and Preeminence or Emerging-preeminence status (if applicable) is true and correct to the best of my knowledge; and I understand that any unsubstantiated, false, misleading, or withheld information relating to these statements render this certification void. My signature below acknowledges that I have read and understand these statements. I certify that this information will be reported to the board of trustees and the Board of Governors.

Certification: _____
Randy K. Avent, University President

Date: _____

I certify that this Board of Governors Data Integrity Certification for Performance-based Funding and Preeminence or Emerging-preeminence status (if applicable) has been approved by the university board of trustees and is true and correct to the best of my knowledge.

Certification: _____
Clifford K. Otto, University Board of Trustees Chair

Date: _____

**Florida Polytechnic University
Governance, Audit & Compliance Committee
Board of Trustees
February 7, 2024**

Subject: Foundation Financial Audit FYE23

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, 2023, conducted by Clifton Larson Allen (CLA), LLP, an 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 CLA for FYE23

Prepared by: David A. Blanton, CAE/CCO

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

Opinion

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

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2023, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Orlando, Florida
November 20, 2023

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

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

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

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

Financial Highlights

As of June 30, 2023, the Foundation reported total assets of \$13,652,470, total liabilities of \$2,289,258, and a net position of \$11,363,212. The Foundation is a not-for-profit corporation incorporated in the State of Florida and 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, equal net position, which is one indicator of the Foundation's current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the Foundation's financial condition.

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, 2023

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:

	2023	2022	Increase (Decrease)
ASSETS			
Cash and Cash Equivalents	\$ 890,379	\$ 627,686	\$ 262,693
Investments	7,199,522	6,095,923	1,103,599
Contributions Receivable, Net	5,562,569	2,403,485	3,159,084
Total Assets	\$ 13,652,470	\$ 9,127,094	\$ 4,525,376
LIABILITIES AND NET POSITION			
LIABILITIES			
Accounts Payable & Due to University	\$ 39,258	\$ 32,144	\$ 7,114
Other Liabilities	2,250,000	2,750,000	(500,000)
Total Liabilities	2,289,258	2,782,144	(492,886)
NET POSITION			
Restricted:			
Expendable	6,024,782	2,005,233	4,019,549
Nonexpendable Endowments	3,859,611	3,532,862	326,749
Unrestricted	1,478,819	806,855	671,964
Total Net Position	11,363,212	6,344,950	5,018,262
Total Liabilities and Net Position	\$ 13,652,470	\$ 9,127,094	\$ 4,525,376

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

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

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

Statement of Revenues, Expenses, and Changes in Net Position

	2023	2022	Increase (Decrease)
REVENUES			
Contributions, Net of Allowance and Discounts	\$ 5,464,458	\$ 2,916,649	\$ 2,547,809
Investment Earnings/(Losses)	686,121	(997,089)	1,683,210
University Support	276,800	-	276,800
Total Revenues	6,427,379	1,919,560	4,507,819
EXPENSES			
Services and Supplies	928,369	599,719	328,650
Scholarships, Fellowships, and Waivers	281,683	570,309	(288,626)
Other Operating Expenses	199,065	125,651	73,414
Total Expenses	1,409,117	1,295,679	113,438
CHANGE IN NET POSITION	5,018,262	623,881	4,394,381
Net Position - Beginning of Year	6,344,950	5,721,069	623,881
NET POSITION - END OF YEAR	\$ 11,363,212	\$ 6,344,950	\$ 5,018,262

Contributions to the Foundation totaled \$5,464,458, an increase of \$2,547,809 from the prior year. Contributions to the Foundation represent unrestricted, scholarship, and endowment support. Investment income increased by \$1,683,210 from the prior year mostly due to market performance increases along with investment of current year gifts. The university is now reporting \$276,000 of non-cash revenue which represents payroll, benefits, and occupancy expenses paid by Florida Polytechnic University on behalf of the Foundation. These related expenses are recorded in services and supplies within operating expenses.

Service and supplies expenses increased by \$328,650 due to added consultant expense for the Foundation's first fundraising campaign, audit expenses incurred for a mandated audit by the Board of Governors for all State University Direct Support Organizations, along with the non-cash expenses paid for by the University as mentioned before. Scholarships, fellowships, and waivers expense decreased by \$288,626 due to a decrease in funding to the university during fiscal year 2023. Other operating expenses increased by \$73,414, mostly related to increased academic program expenses.

**FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Economic Factors

The Foundation was able to increase contributions by 87.4% during the year which is a testament to the continued effort of the Advancement staff to utilize the best practice known as “moves management taking qualifying prospects from initial conversations of support for the Foundation culminating in the donor’s investment supporting the University through the Foundation. It is the objective of the Foundation to be a strong advocate for funding resources ensuring the university meets the strategic mission to serve students and industry through excellence in education, discovery, and application of engineering and applied sciences.

The Foundation is the final year of the *Be the Changemakers: The Campaign for Florida Polytechnic University*. The campaign’s goal is to raise \$20M dollars in support of The Florida Poly Innovation Fund (unrestricted), Student Success (scholarships) and Academic Advancement (faculty, staff, and academic programmatic funds). The campaign is over 65% towards its goal and the Foundation is poised to have another strong year to meet or exceed the campaign goal.

Request for Information

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

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

**FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
STATEMENT OF NET POSITION
JUNE 30, 2023**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 160,669
Cash and Cash Equivalents - Restricted	729,710
Investments	86,915
Pledge Receivable	941,603
Total Current Assets	1,918,897

NONCURRENT ASSETS

Pledge Receivable, Net	4,620,966
Restricted Noncurrent Assets:	
Investments - Endowment	3,510,727
Investments - Restricted for Other Long-Term Purpose	3,601,880
Total Noncurrent Assets	11,733,573

Total Assets	\$ 13,652,470
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LIABILITIES AND NET POSITION

LIABILITIES

Current Liabilities:	
Accounts Payable	\$ 752
Due to University	38,506
Other Liabilities	2,250,000
Total Current Liabilities	2,289,258

NET POSITION

Restricted:	
Expendable:	
Scholarships	3,822,077
Capital Projects	1,697,705
Academia	505,000
Nonexpendable Endowments	3,859,611
Unrestricted	1,478,819
Total Net Position	11,363,212

Total Liabilities and Net Position	\$ 13,652,470
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See accompanying Notes to Financial Statements.

**FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023**

REVENUES

Contributions, Net of Allowance and Discounts	\$ 5,464,458
University Support	276,800
Total Revenues	5,741,258

EXPENSES

Services and Supplies	928,369
Scholarships, Fellowships, and Waivers	281,683
Other Operating Expenses	199,065
Total Expenses	1,409,117

OPERATING INCOME

4,332,141

NONOPERATING REVENUES (EXPENSES)

Realized Losses on Investments, Interest, and Dividends	(12,654)
Unrealized Gain on Investments	698,775
Total Nonoperating Revenues (Expenses)	686,121

CHANGE IN NET POSITION

5,018,262

Net Position - Beginning of Year

6,344,950

NET POSITION - END OF YEAR

\$ 11,363,212

See accompanying Notes to Financial Statements.

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Contributions	\$ 1,805,374
Cash Payments for Services and Supplies	(644,455)
Cash Payments for Scholarships, Fellowships, and Waivers	(281,683)
Cash Payments for Other Operating Expenses	(199,065)
Net Cash Provided by Operating Activities	<u>680,171</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Investments	(1,293,837)
Proceeds from Sale of Investments	662,657
Receipts from Interest and Dividends	213,702
Net Cash Used by Investing Activities	<u>(417,478)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

262,693

Cash and Cash Equivalents - Beginning of Year

627,686

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 890,379

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating Income	\$ 4,332,141
Changes in Assets and Liabilities:	
Accounts Receivable	(3,159,084)
Accounts Payable	(31,392)
Due to University	38,506
Deferred Revenue	(500,000)
Total Adjustments	<u>(3,651,970)</u>
Net Cash Provided by Operating Activities	<u>\$ 680,171</u>

See accompanying Notes to Financial Statements.

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

According to the Foundations 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

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

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

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents, and Restricted Cash

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

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

Contributions Receivable

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

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

Investments

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

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

Investment Income

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

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 expense.

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

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

Revenue Recognition

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

Operating and Nonoperating Activities

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

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

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

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

Compensated Absences, Other Postemployment Benefits, and Pension Liability

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

Use of Estimates

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

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 20, 2023, 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.

**FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash, Cash Equivalents, and Restricted Cash

At June 30, 2023, the recorded amount of cash, cash equivalents, and restricted cash of the Foundation's deposits was \$890,379. Operating bank account balances as of June 30, 2023, were \$835,944. Cash equivalents as of June 30, 2023, include \$70,345 of money market funds held in brokerage accounts with an average duration of less than one year and a credit rating of AAA. Restricted cash at June 30, 2022, was restricted by donor purposes for reasons set forth by the gifts they represent.

Custodial Credit Risk – Deposits

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

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

Investments

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

Investments are allocated across the following investment strategies at June 30, 2023:

Equity Mutual Funds	\$ 4,712,001
Bonds Mutual Funds	<u>2,487,521</u>
Total Investments	<u>\$ 7,199,522</u>

Custodial Credit Risk – Investments

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

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

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

Credit Risk

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

<u>Investment Type</u>	<u>Rating</u>	<u>Fair Value</u>
Mutual Funds:		
Equity Funds	NR	\$ 4,712,001
Bonds Funds	NR	2,487,521
Total Investments		<u>\$ 7,199,522</u>

Interest Rate Risk

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

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

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

Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurement and Application*, establishes a framework for measuring fair value through a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The level of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

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

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

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

Level 3 – Unobservable inputs for an asset or liability.

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

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

Fair Value Measurements (Continued)

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

The following tables present the assets measured at fair value on a recurring basis on the statements of net position for the year ended June 30, 2023, by the GASB Statement No. 72 hierarchy (as described above).

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

NOTE 3 PLEDGE RECEIVABLE

Pledges receivable and the related allowance for potentially uncollectible amounts are summarized as follows at June 30:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 941,603
2025	859,500
2026	841,500
2027	831,500
2028 and Beyond	<u>2,917,500</u>
Gross Contributions Receivable	6,391,603
Less: Discount for Present Value	(829,034)
Less: Allowance for Doubtful Contributions Receivable	-
Net Contributions Receivable	<u>\$ 5,562,569</u>

Noncurrent pledges receivable are net of discounts on future payments using a risk-free interest rate at the time the pledge was initially recognized. Discount rates used for pledges currently outstanding range from 3.01% to 4.13%.

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 4 OTHER LIABILITIES – DEFERRED GIFT

The Foundation has \$2,250,000 in other liabilities as of year ended June 30, 2023. During fiscal year 2014, an anonymous donor gave \$5,000,000 to the Foundation. According to the stipulations of the second amendment to the donation agreement, \$250,000 was returned to the donor in fiscal year 2015. \$2,000,000 of the donation was designated for unrestricted purposes. Funds were available in a dollar for dollar match as donations were received from additional donors. During fiscal year June 30, 2014, \$447,200 was matched and recognized as revenue. During fiscal year-end June 30, 2015, the remaining \$1,552,800 was matched, collected, and recognized as revenue. The remaining \$2,750,000 could 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. During the year ended June 30, 2023, the donor and the university came to an agreement to utilize \$500,000 on a high-level endowed chair (Distinguished Chair). This \$500,000 was released and no longer subject to being returned. As of the issuance of the June 30, 2023, financial statements, an agreement has not been reached with the anonymous donor on the usage of the remainder of the funds, 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.

NOTE 5 ENDOWMENT

The Foundation's endowment balance is comprised of funds established for the purposes of scholarships. As of June 30, 2023, the balance was \$3,576,196 of which \$3,859,611 was nonexpendable and \$283,415 is a reduction of unrestricted net position, to cover the investment losses.

The Foundation authorizes expenses 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. The total spending rate for each fund is determined by the finance committee on an annual basis and is approved by the Foundation Board.

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 6 RELATED PARTY TRANSACTIONS

The Foundation contributed \$595,137 to the University for the year ended June 30, 2023. As of June 30, 2023, \$30,506 remains due to the university.

For the year ended June 30, 2023, contribution revenue from the Foundation board of directors and University board of trustees totaled \$69,253. Pledges receivables from board members at June 30, 2023, were \$52,584.

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

NOTE 7 CONCENTRATIONS

Approximately 67% of the total revenue recorded during the year ended June 30, 2023, was from one donor. The same donor also has outstanding pledges which represent 69% of total pledge receivables as of June 30, 2023.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Florida Polytechnic University Foundation, Inc. (Foundation), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated November 20, 2023.

Report on Internal Control over Financial Reporting

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

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 were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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.

We consider the deficiency described in the accompanying schedule of findings and responses as items 2023-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and responses as items 2023-002 to be a significant deficiency.

Report on Compliance and Other Matters

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

Florida Polytechnic University Foundation, Inc.’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Florida Polytechnic University Foundation, Inc.’s response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Florida Polytechnic University Foundation, Inc.’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



CliftonLarsonAllen LLP

Orlando, Florida
November 20, 2023

**FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2023**

Section I – Summary of Auditors’ Results

Financial Statements

- | | | |
|--|---|--|
| 1. Type of auditors’ report issued: | Unmodified | |
| 2. Internal control over financial reporting: | | |
| • Material weakness(es) identified? | <input checked="" type="checkbox"/> yes | <input type="checkbox"/> no |
| • Significant deficiency(ies) identified? | <input checked="" type="checkbox"/> yes | <input type="checkbox"/> none reported |
| 3. Noncompliance material to financial statements noted? | <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no |

Section II – Financial Statement Findings

2023 – 001

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Criteria or specific requirement: Generally accepted accounting principles (GAAP) require financial statements and related controls to be adequate to present materially correct financial statements.

Condition: During the year under audit there were several audit adjustments as a result of the procedures performed on the financial statements. Two of these adjustments were material to the financial statements as a whole. As it relates to these adjustments, the foundation did not have adequate internal controls over financial reporting to properly catch these errors.

Effect: One entry related to the discount calculation on pledge receivables which was incorrectly calculated by management, specifically on new long-term pledges that were received during the year under audit. The adjustment proposed to increase the discount for 2023 pledges was approximately \$536,000. This adjustment resulted in reducing the pledges receivables and related revenue. Management had elected to report their pledges at net realizable valuable in the prior years. This election requires management to update their calculation in the current year for new pledges that had materially different terms than years past. There was also no formal review process over the pledge receivable subledger which could have potentially caught this error.

The second entry relates to the recording of financial support by the university related to payroll and benefit costs in accordance with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*. The foundation’s employees are employed by the University and paid by the University; however, their employment (or a portion of their employment) is for the operation of the Foundation. As such, an adjustment of \$276,000 was recorded to recognize the revenue related to the university support and the related expenses; There was no effect to net position related to this adjustment.

**FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2023**

Section II – Financial Statement Findings (Continued)

2023 – 001 (Continued)

Effect (Continued):

The final adjustment was reconciling university intercompany at year-end which resulted in \$39,000 additional expenses on the foundation and a related liability. While this was not material, it represents additional oversight needed within the financial reporting and closing process.

Cause: Management incorrectly calculated the discount rate using a guide from the prior year's auditors that was not correct for the current year. Additionally, the former controller retired this year leaving a gap in experience related to financial reporting that the foundation is in the process of addressing. This lack of experience led to the control breakdowns related to financial reporting at year-end.

Repeat Finding: No

Recommendation: CliftonLarsonAllen LLP (CLA) recommends that management enhance their controls environment to ensure they have an adequately trained individual with skills, knowledge, and experience to adequately prepare GAAP financial statements at year-end. CLA recommends that higher risk or significant accounts, such as the calculation of the yearly pledge discount rate, university salary allocation, and due to/from the university, be prepared and reviewed by that member of the foundation that has adequate skills, knowledge, and experience.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding. See separately issued corrective action plan by management.

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2023

Section II – Financial Statement Findings (Continued)

2023 – 002

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

Criteria or specific requirement: Generally accepted accounting principles (GAAP) require adequate internal controls as well as policies and procedures be in place to appropriately record revenue in the proper period when a valid exchange or nonexchange revenue transaction exists.

Condition: During the year under audit the foundation did not have a formal policy regarding year-end cutoff with verified gifts/pledges and the related documentation, which led to a significant gift that occurred in June 2023 to not have the final support signed and acknowledged by the donor until 4 months after year-end.

Effect: The foundation was not able to appropriately close out its financial records for the year under the audit until very late in the year as management was waiting on a donor to acknowledge the terms verbally discussed during the year under audit. GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, allows for gifts and pledges from private donors (voluntary nonexchange transactions) to be oral as well as written provided that they have met all eligibility requirements, are verifiable, the resources are measurable, and for future gifts they are probable of collection.

Cause: Management had not ensured they met the critical components within GASB 33 in order to appropriately record revenue at year-end, thus additional steps had to be taken during the audit to obtain adequate and verifiable evidence to appropriately record the revenue for the year ended June 30, 2023. This had led to delays in completing the audit as management worked with the third party to finalize documentation.

Repeat Finding: No

Recommendation: CliftonLarsonAllen LLP (CLA) recommends that management review its policy regarding cutoff at year-end for verified gifts and pledges so that financial records can be adequately and timely reported. Management should ensure a standardized process exists for gift/pledge/naming agreements that meet GASB standards that are uniformly utilized, which will assist in the standardization of the process. Additionally, CLA recommends that management review and enhance its controls to ensure what constitutes a voluntary nonexchange transactions in accordance with GASB Statement 33 is properly identified. GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, allows for gifts and pledges from private donors (voluntary nonexchange transactions) to be oral as well as written provided that they have met all eligibility requirements, are verifiable, the resources are measurable, and for future gifts they are probable of collection.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding. See separately issued corrective action plan by management.



FLORIDA POLYTECHNIC UNIVERSITY
FOUNDATION

Florida Polytechnic University Foundation, Inc. respectfully submits the following corrective action plan for the year ended June 30, 2023.

Audit period: July 1, 2022 – June 30, 2023

The finding from the schedule of findings and responses is discussed below. The finding is numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

2023-001 Type of Finding: Material Weakness in Internal Control over Financial Reporting

Recommendation: CliftonLarsonAllen LLP (CLA) recommends that management enhance their controls environment to ensure they have an adequately trained individual with skills, knowledge, and experience to adequately prepare GAAP financial statements at year-end. CLA recommends that higher risk or significant accounts, such as the calculation of the yearly pledge discount rate, university salary allocation, and due to/from the university, be prepared and reviewed by that member of the foundation that has adequate skills, knowledge, and experience.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action planned in response to finding: The discount rate calculation was completed by the Foundation in FY22 based on the previous auditor's recommendation. The staff accountant verified with the former Director of Advancement Operations and completed the discount rate as had been previously calculated based on a five-year pledge. A large gift commitment was made over a twelve-year payment plan and the discount rate should have been adjusted to account for the extended payments' discount rate to cover the last seven years of the new gift. When brought to our attention by the current audit review, the calculation of the discount rate was adjusted accordingly. With this adjustment, the Foundation will seek additional training and professional development providing the skills required to manage longer gift schedules in the future.

The adjustment made to recognize the revenue for the University support and related expenses was noted for this year for the first time since the Foundation was audited. As noted by the auditor, there was no effect to net position related to this adjustment. Action taken was to include this in Foundation financials for FY23 and for years to come. Additional training, professional development, and experience from this audit will provide the background to include this adjustment in future years.

Name of the contact person(s) responsible for corrective action: Kathleen (Kathy) Bowman, VP (Vice President) Advancement & CEO (Chief Executive Officer), Florida Polytechnic University Foundation

Planned completion date for corrective action plan: June 30, 2024

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
CORRECTIVE ACTION PLAN
JUNE 30, 2023
PAGE 2

2023-002 Significant deficiency in internal control over financial reporting

Recommendation: CliftonLarsonAllen LLP (CLA) recommends that management review its policy regarding cutoff at year-end for verified gifts and pledges so that financial records can be adequately and timely reported. Management should ensure a standardized process exists for gift/pledge/naming agreements that meet GASB standards that are uniformly utilized, which will assist in the standardization of the process. Additionally, CLA recommends that management review and enhance its controls to ensure what constitutes a voluntary nonexchange transactions in accordance with GASB Statement 33 is properly identified. GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, allows for gifts and pledges from private donors (voluntary nonexchange transactions) to be oral as well as written provided that they have met all eligibility requirements, are verifiable, the resources are measurable, and for future gifts they are probable of collection.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action planned in response to finding: The Foundation closed out our financial records for the year including a large gift made during the last quarter of the fiscal year. At the close of the fiscal year, the Foundation documented a text message from the donors in our database, a check from the benefactors for their first payment in the amount of \$500,000, and multiple phone calls, emails, and other documents outlining the amount and the allocations the donor requested. The Foundation believed we met the GASB 33 standards of reporting this gift as verifiable, measurable, and probable of collection. Based on the auditor's request on 9/24, we moved forward to obtain a separate gift agreement signed by the donor and the community foundation for the amount and specified allocations on 10/23/2023. As the Foundation continues to mature and the probability of future large gifts, we created a procedure establishing a "Naming Agreement" for any naming gift larger than \$50,000 for additional quality control.

Name(s) of the contact person(s) responsible for corrective action: Kathleen (Kathy) Bowman, VP (Vice President) Advancement & CEO (Chief Executive Officer), Florida Polytechnic University Foundation

Planned completion date for corrective action plan: June 30, 2024

**Florida Polytechnic University
Governance, Audit and Compliance Committee
Board of Trustees
February 7, 2024**

Subject: Regulation FPU-5.004 Library Services

Proposed Committee Action

Recommend approval of the amended regulation FPU-5.004 Library Services to the Board of Trustees.

Background Information

Pursuant to Board of Governors regulation 1.001 (5)(a) University Board of Trustees Powers and Duties, this regulation is being amended to update the interlibrary loan process.

The Notice of Amended Regulation was posted on the University's website on November 14, 2023. No comments were received during the review and comment period.

Supporting Documentation: Draft amended regulation FPU-5.004 Library

Prepared by: Melaine Schmiz, Associate General Counsel

THE FLORIDA POLYTECHNIC UNIVERSITY BOARD OF TRUSTEES

FPU-5.004 Library Services

(1) **Purpose.** This regulation shall apply to all Florida Polytechnic University libraries and all library users and is designed to facilitate use of the University's libraries and use of the state university system library materials by interlibrary loans ("ILL").

(2) **Services Offered.**

(a) The University Library may receive copies of reports of state officials, departments, and institutions and all other state documents published by the state. The library will keep public documents in a convenient form accessible to the public. The library, is authorized to exchange documents for those of other states, territories, and countries.

(b) Members of the public may use the University's libraries and certain library materials within the libraries or online, but they may not check out materials or request ILLs.

(c) Patrons (University students, faculty or staff members) with a valid University identification card may request materials from other libraries by ILL.

(i) Articles requiring an ILL will be processed by University librarians after patrons have completed the online request form.

(ii) The University library will process a maximum of five (5) ILL requests per patron per day.

(iii) Upon the University's receipt of the requested loan materials, the patron's account will reflect the receipt of the loan materials and indicate where the Patron may pick up the materials.

(iv) ~~Books requiring an ILL will be processed through the UBorrow ILL system. UBorrow is an interlibrary loan system between the State University Libraries. Items requiring an ILL request will be processed through RapidILL for digital articles, eBook chapters, and out-of-state print books, and UBorrow for print books.~~

(v) An invoice for overdue ILL materials may result in the blocking of the patron's library privileges until the loan material has been returned or the invoice paid. The library will not credit the replacement charge for items returned by the patron ninety (90) days or more after the replacement charge has been assessed.

Authority: FBOG regulation 1.001; Fla. Stat. 1006.54, and 1009.24(14)

History: New 7.29.14, revised ##

**Florida Polytechnic University
Governance Committee
Board of Trustees
February 7, 2024**

Subject: Nominations for Chair and Vice-Chair

Proposed Committee Action

Discussion only – no action required.

Background Information

The Board of Trustees Chair and Vice-Chair two-year terms will be expiring August 1, 2024. The Governance Committee will make a recommendation to the Board at the May 2024 meeting. The two-year terms will begin on August 1, 2024. The officers of the Board of Trustees must be appointed members of the Board. The pertinent provisions of the Boards bylaws are provided below.

**Section 4.2
SELECTION OF OFFICERS AND TERMS OF OFFICE**

The Board shall elect the Chair and Vice-Chair from the appointed members of the Board at its last regular meeting prior to August 1 upon recommendation of the Governance Committee; the Chair and the Vice-Chair shall each serve for a two-year term to begin on August 1. The Chair and the Vice-Chair shall be eligible for reselection for one additional consecutive term by vote of the Board, after which they may not be an officer for two years before being eligible for selection again. There shall not be automatic succession by virtue of holding an office, except as otherwise provided in Section 4.3.

**Section 4.4
CHAIR**

The duties of the Chair shall include presiding at all meetings of the Board, calling special meetings of the Board, determining the composition of all Board committees requiring assignment, appointing committee chairs, serving as an ex officio voting member on all Board committees unless these Bylaws provide otherwise, appointing at least one representative to the board of directors and the executive committees of the direct support organizations, signing and executing all documents and instruments on behalf of the Board, attesting to actions of the Board, serving as spokesperson for the Board, and fulfilling other duties as may be required by law or assigned by the Board or the Board of Governors. The Chair shall perform such duties in consultation with the University President. The Board may also delegate the authority to sign and execute documents and instruments on behalf of the Board to the Corporate Secretary. The Chair is responsible for causing the Board to conduct an annual evaluation of the University President.

**Section 4.5
VICE-CHAIR**

The duty of the Vice-Chair is to perform the duties of the Chair with full authority during the absence or disability of the Chair and to fulfill other duties as may be assigned by the Board. In the absence of both the Chair and the Vice-Chair, the Corporate Secretary shall determine whether a quorum is present and, in that event, shall call for the election of a temporary

presiding officer, who shall be elected from the appointed membership of the Board upon a majority vote of those Trustees present. Upon arrival of the Chair or Vice-Chair, the temporary chair shall relinquish the chair after concluding the business then before the Board.

Supporting Documentation: Appointed Trustees' Terms

Prepared by: David Fugett, Vice President and General Counsel

Appointed Trustees' Terms

Trustee	Term	Appointing Authority
BOG appointees eligible for reappointment after current term expires		
Beth Kigel (Vice Chair)	9/16/20 - 7/15/25	BOG
Jesse Panuccio	11/9/23 - 1/7/27	BOG
Laine Powell	9/16/20 - 7/15/24	BOG
Lyn Stanfield	9/5/20 - 7/15/25	BOG
Dr. David Williams	11/9/22 - 7/15/24	BOG
Governor Appointees - eligible for reappointment, no limit on terms		
Cliff Otto (Chair)	3/24/16 - 6/30/24	Governor
Mark Bostick	7/13/12 - 6/30/25	Governor
Dorian Abbott	10/24/23 - 6/30/25	Governor
Patrick Hagen	10/24/23 - 6/30/28	Governor
Ilya Shapiro	10/24/23 - 6/30/25	Governor
Sidney Theis	10/24/23 - 6/30/27	Governor

**Florida Polytechnic University
Governance, Audit, and Compliance Committee
Board of Trustees
February 7, 2024**

Subject: Employment Practices

Proposed Committee Action

Discussion only. No action required.

Background Information

Pursuant to section 1001.741, Florida Statutes, the President must provide a report and recommendations on employment practices to the Board of Trustees twice annually.

Supporting Documentation: Employment Practices PowerPoint Slide

Prepared by: Dr. Randy K. Avent, President



FY24 Employment Practices

	Senior Leadership	Leadership	Professional	Support	Faculty	Adjunct
Academic Affairs	(1)	(1)	(2)	(4)	(0,1,10,2)*	(7)
Administration & Finance			(1)	(2)		
Advancement						
IT Services		(1)	(9)	(1)		
General Counsel						
Office of the President			(1)			

- **FY25 faculty hiring in process with goals for CS(6+Chair), DSBA(2), ECE/Cyber(4), ME(2), Physics(2), Math(2), AHSS(1+Chair), Industrial(2)**

* Full/Associate/Assistant/Visiting