

***Florida
Institute of
Technology, Inc.
and Subsidiary***

*Consolidated Financial
Statements and
Supplemental Reports*

June 30, 2024

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Florida Institute of Technology, Inc.
Melbourne, Florida

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Florida Institute of Technology, Inc. and Subsidiary (the "University", a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2024, and the changes in its net assets and its cash flows 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 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, the University changed its method of accounting for allowances during the year ended June 30, 2024 due to the adoption of Financial Accounting Standards Board Accounting Standards Update ("FASB ASU") 2016-13, Financial Instruments - Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Instruments*. Our opinion is not modified with respect to that matter.

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ORLANDO

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WINTER PARK

1415 Gene Street
Winter Park, FL 32789
407-412-9299

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 and *Government 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 University'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and *Chapter 10.650, Rules of the Auditor General*, and the schedule of financial responsibility composite ratio score and related data, as required by the Department of Education, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance, and the schedule of financial responsibility composite ratio score are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2024 on our consideration of the University'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 University'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 University's internal control over financial reporting and compliance.

September 4, 2024
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2024

ASSETS

Cash and cash equivalents	\$ 35,788,226
Accounts receivable, net	12,133,624
Pledges receivable, net	1,073,740
Prepaid expenses, inventories and other assets, net	6,098,130
Student loans receivable, net	815,570
Operating lease right of use assets	11,356,179
Cash held with fiduciary	6,809,039
Investments	109,212,624
Long-lived assets, net	225,990,193
TOTAL ASSETS	<u>\$ 409,277,325</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 15,073,954
Deposits and deferred revenue	3,816,447
Annuities payable	1,619,207
Refundable government loans	1,376,273
Financing lease obligations	10,220,054
Operating lease liabilities	13,581,380
Long-term debt	97,506,907
Total liabilities	<u>143,194,222</u>

NET ASSETS

Without donor restrictions	173,269,562
With donor restrictions	92,813,541
Total net assets	<u>266,083,103</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 409,277,325</u>
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See notes to consolidated financial statements.

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES			
<i>Revenues and reclassifications:</i>			
Tuition and fees	\$ 204,268,649	\$ -	\$ 204,268,649
Student aid - tuition and fees	(58,093,854)	-	(58,093,854)
Net tuition and fees	146,174,795	-	146,174,795
Gifts	1,128,816	1,660,751	2,789,567
Interest and dividends	2,700,951	-	2,700,951
Other operating	6,195,728	-	6,195,728
Sponsored programs			
Federal/State grants & contracts	11,719,935	-	11,719,935
Private grants & contracts	909,223	-	909,223
Other sponsored programs	342,940	-	342,940
Indirect cost recovery	3,428,713	-	3,428,713
Subtotal sponsored programs	16,400,811	-	16,400,811
Auxiliary enterprises	37,501,007	-	37,501,007
Endowment payout	3,957,622	-	3,957,622
Net assets released from restrictions	254,370	(254,370)	-
Total operating revenues and reclassifications	214,314,100	1,406,381	215,720,481
<i>Expenses:</i>			
Instruction and departmental	71,512,169	2,697,401	74,209,570
Academic support	7,590,382	103,445	7,693,827
Student services	18,942,955	61,170	19,004,125
Sponsored programs	14,425,694	-	14,425,694
Auxiliary enterprises	33,039,153	-	33,039,153
Institutional support	38,012,411	1,600,154	39,612,565
Total operating expenses	183,522,764	4,462,170	187,984,934
Operating income (loss) prior to depreciation, amortization and interest	30,791,336	(3,055,789)	27,735,547
Depreciation and amortization	13,472,304	-	13,472,304
Interest expense	3,737,317	-	3,737,317
Operating income (loss) after depreciation, amortization and interest	13,581,715	(3,055,789)	10,525,926
NON-OPERATING ACTIVITIES			
Gifts	25,144	1,500,675	1,525,819
Interest and dividends - endowment and other	916,612	2,801,062	3,717,674
Net realized and unrealized gain on investments	1,398,091	7,093,712	8,491,803
Other income	2,150,449	-	2,150,449
Gain on disposition of assets	42,808	-	42,808
Endowment payout	-	(3,957,622)	(3,957,622)
Non-operating income	4,533,104	7,437,827	11,970,931
CHANGE IN NET ASSETS	18,114,819	4,382,038	22,496,857
NET ASSETS - Beginning of year	148,841,209	94,745,037	243,586,246
Reclassification of gifts	6,313,534	(6,313,534)	-
NET ASSETS - End of year	\$ 173,269,562	\$ 92,813,541	\$ 266,083,103

See notes to consolidated financial statements.

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2024

	Programs					Support	
	Instruction and departmental	Academic support	Student services	Sponsored programs	Auxiliary enterprises	Institutional support	Total
Salaries	\$ 43,952,096	\$ 3,100,947	\$ 8,975,390	\$ 6,659,427	\$ 12,999,103	\$ 13,975,884	\$ 89,662,847
Benefits	11,130,784	873,983	2,575,252	1,171,192	3,099,251	4,764,485	23,614,947
Services and travel	17,222,858	836,748	4,798,858	3,015,830	(246,415)	6,906,781	32,534,660
Materials and supplies	1,151,160	2,190,285	1,439,877	1,020,316	9,213,846	3,346,558	18,362,042
Operations and maintenance	752,672	691,864	1,214,748	2,558,929	7,973,368	10,618,857	23,810,438
	<u>74,209,570</u>	<u>7,693,827</u>	<u>19,004,125</u>	<u>14,425,694</u>	<u>33,039,153</u>	<u>39,612,565</u>	<u>187,984,934</u>
Depreciation and amortization	2,393,521	804,337	1,127,580	1,057,740	7,075,208	1,013,918	13,472,304
Interest expense	582,026	197,862	276,148	259,632	1,740,461	681,188	3,737,317
Total Expenses	<u>\$ 77,185,117</u>	<u>\$ 8,696,026</u>	<u>\$ 20,407,853</u>	<u>\$ 15,743,066</u>	<u>\$ 41,854,822</u>	<u>\$ 41,307,671</u>	<u>\$ 205,194,555</u>

See notes to consolidated financial statements.

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 22,496,857
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization of long-lived and intangible assets	13,472,304
Amortization of bond premium	(796,242)
Amortization of right of use assets	1,858,411
Write-off of investment in FIT Aviation, LLC	1,232,732
Net unrealized gain on investments	(5,185,367)
Change in bad debt allowance for accounts receivable	559,022
Change in bad debt allowance for student loans receivable	2,900
Change in bad debt allowance for pledges receivable	282,041
Gain on disposition of assets	(42,808)
Change in actuarial liability for annuities payable, net	3,327
Change in assets and liabilities:	
Accounts receivable	778,117
Pledges receivable	171,716
Prepaid expenses, inventories and other assets	446,634
Student loans receivable	669,826
Accounts payable and accrued expenses	2,068,299
Deposits and deferred revenue	(1,610,525)
Refundable government loans	(733,287)
Operating lease liabilities	(1,832,424)
Net cash provided by operating activities	<u>33,841,533</u>

See notes to consolidated financial statements.

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY**CONSOLIDATED STATEMENT OF CASH FLOWS (continued)****FOR THE YEAR ENDED JUNE 30, 2024**

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of investments	(154,635,447)
Proceeds from investments	150,181,255
Proceeds from disposition of assets	87,004
Purchase of long-lived assets	(19,127,886)
Net cash used in investing activities	(23,495,074)

CASH FLOWS FROM FINANCING ACTIVITIES:

Payment of annuity obligations	(144,997)
Repayment of long-term debt	(2,933,285)
Repayment of financing lease obligations	(918,351)
Net cash used in financing activities	(3,996,633)

NET INCREASE IN CASH, CASH EQUIVALENTS, AND

CASH HELD WITH FIDUCIARY	6,349,826
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CASH, CASH EQUIVALENTS, AND CASH HELD WITH FIDUCIARY

Beginning of year	36,247,439
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CASH, CASH EQUIVALENTS, AND CASH HELD WITH FIDUCIARY

End of year	\$ 42,597,265
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AS PRESENTED ON STATEMENTS OF FINANCIAL POSITION

Cash and cash equivalents	\$ 35,788,226
Cash held with fiduciary	6,809,039
	<u>\$ 42,597,265</u>

SUPPLEMENTAL CASH FLOW INFORMATION - Interest paid

\$ 4,546,909

**SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS - Operating
lease right of use asset obtained in exchange for operating lease liabilities**

\$ 1,162,936

See notes to consolidated financial statements.

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization - Florida Institute of Technology, Inc. and Subsidiary (the “University”) is an accredited, coeducational, independently controlled and supported university, which was established in 1958. It is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools. The University is a not-for-profit corporation under both federal and state laws. The University is committed to the pursuit of excellence in teaching and research in the sciences, engineering, technology, business, psychology, aviation, and related disciplines.

The University’s major programs are grouped as Instruction and Departmental, Academic Support, Student Services, Sponsored Programs and Auxiliary Enterprises. Sponsored Programs is comprised of grants from federal, state, local, and private entities as well as research institutes. Auxiliary Services include housing, dining services as well as revenue earned from flight instruction. Student Services include social and cultural development, counseling and career guidance, financial aid and admissions processes.

The University’s institutional support serves the programs and contains executive management, fiscal operations, general administration, public relations and development, and administrative information technology.

Basis of Presentation - The consolidated financial statements of the University include the accounts of the various administrative and academic divisions that are controlled by the University, including the wholly owned subsidiary of the University which is Florida Tech Research Institute (“FTRI”). FTRI had no activity during the year.

During 2023, all activity and balances for a wholly owned subsidiary, FIT Aviation, LLC, were absorbed by the University, however this subsidiary has not yet been dissolved.

The consolidated financial statements have been prepared on the accrual basis of accounting. All intercompany balances and transactions have been eliminated.

Net assets, revenues, gains and support are classified based on the existence or absence of donor-imposed restrictions. A description of the two classes of net assets follows:

Net Assets without Donor Restrictions: Net assets without donor restrictions represent the difference between assets and liabilities that are not restricted by donor-imposed stipulations. Net assets which were previously restricted for which the University has met donor restrictions are released from restriction and reported as net assets without donor restrictions in the consolidated financial statements.

Net Assets with Donor Restrictions: Net assets with donor restrictions are defined as net assets subject to donor-imposed stipulations that may or will be met either by actions of the University and/or the passage of time or include perpetual restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire within the fiscal year in which the contributions are received.

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents - Cash and cash equivalents include all highly liquid debt instruments purchased with an original maturity of less than three months. The carrying amounts of cash and cash equivalents approximate fair value because of the short maturity of these financial instruments.

Cash Held with Fiduciary - Cash held with fiduciary represents the balance of the escrow account with relation to the bond refinancing that took place during fiscal year 2020. These funds will be used for future capital projects approved as part of the bond refinance as well as future debt service.

Concentration of Credit Risk - The University maintains its cash, cash equivalents and cash held with fiduciary in financial institutions the bank balances are as follows:

- Cash held with fiduciary - \$6,809,039
- Cash held in short term investment accounts - \$35,488,895
- Cash held in depository accounts - \$191,605

Depository accounts are insured by the Federal Deposit Insurance Corporation (“FDIC”) for up to \$250,000 per depositor. As of June 30, 2024, there were no balances in depository accounts that were subject to custodial credit risk.

The University maintains its cash held with fiduciary, cash held in short term investment accounts and investments in securities with brokerage firms that are members of the Securities Investor Protection Corporation (“SIPC”). At times, the investments in securities balance may also include cash balances. Cash and securities held at a member brokerage firm are insured by the SIPC up to \$500,000 per customer, including a maximum of \$250,000 for cash. There was no cash in the investment account subject to custodial credit risk at June 30, 2024, however approximately \$41.8 million in cash held by fiduciary and in short term investments is subject to custodial credit risk.

Accounts Receivable, net - Accounts receivable are generated by student accounts with deferred payment arrangements, delinquent student accounts, or other transactions in which the University has provided services in advance of payment. Accounts receivable also includes balances related to sponsored programs, which are receivables generated through private and government grants and contracts. Management estimates an allowance for credit losses based upon their assessment of the University’s historical evidence of collections. It is the University’s policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Change in the allowance for credit losses during the year ended June 30, 2024 were as follows:

Balance, beginning of the year	\$ 1,161,280
Increase in allowance	568,126
Write-offs	(9,104)
Balance, end of the year	<u><u>\$ 1,720,302</u></u>

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pledges Receivable, net - Pledges are unconditional written promises to contribute to the University in the future. Pledges are recognized at estimated present value in the period the pledges are received. Management estimates an allowance for uncollectible pledges based upon their review of delinquent pledges and an assessment of the University's historical evidence of collections. Pledges are adjusted to the net present value using a discount rate that is comparable to the average interest rate for long-term interest bearing debt issued by the U.S. Treasury.

Prepaid Expenses, Inventories and Other Assets, net - Prepaid expenses are amounts that are paid in advance by the University to a vendor for goods and services. Inventories of supplies are stated at the lower of cost (weighted average) or net realizable value.

Student Loans Receivable, net - Student loans receivable result from lending activities to students utilizing University and federal resources designated for that purpose. Management estimates an allowance for uncollectible student loans based upon their review of delinquent student loans and an assessment of the University's historical evidence of collections. It is the University's policy to charge off uncollectible student loans receivable when management determines the receivable will not be collected. Federal funds provided for this purpose are included in the Refundable Government Loans liability on the Consolidated Statement of Financial Position.

Investments - The University's investments in securities are reported at fair value. Contributed investments in securities are initially recorded at their fair value on the date of the gift.

Long-Lived Assets, net - Long-lived assets are recorded at cost if purchased or at estimated fair value if received by gift. The University's policy is to capitalize assets acquired through purchase and gifts greater than \$10,000 and having a useful life greater than one year. Assets acquired with grant funding are capitalized if greater than \$5,000 and with a useful life of greater than 1 year, subject to change based on applicable Federal and State regulations relating to specific grant agreements. Depreciation of long-lived assets is recorded on the straight-line method over their estimated useful lives ranging from 3 to 50 years.

Description	Estimated useful life
Building and land improvements	7 to 20 years
Buildings	7 to 50 years
Leasehold improvements	Shorter of the length of the lease or the life of the asset
Vehicles and boats	7 to 10 years
Furniture and equipment	3 to 15 years
Computer software	3 to 5 years (amortized)
Computer hardware	3 to 5 years
Library materials	12 years
Airplanes and engine overhauls	2 to 12 years

Deposits and Deferred Revenue - Tuition revenue and certain related costs are recognized in the fiscal year in which the program is conducted, however collections of the payment for these revenues may occur in an earlier period than the one in which the revenue is earned. This revenue is deferred until the period in which it is earned. Deposits primarily represent amounts held by the University for various student related services.

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Refundable Government Loans - Refundable government loans represent federal funds provided to the University to be used for student loans. The balance represents the amount refundable to the federal government if the University terminated its participation in the loan program.

Collections - The University's collections consist of donated art and other objects that are held for educational and curatorial purposes. In conformity with accounting principles generally accepted in the United States of America, the University has elected to exclude the value of the collections from the consolidated statement of financial position, and the value of donations of collections from revenue in the consolidated statement of activities. If collections are disposed, it is the University's intent that they be donated and therefore, no proceeds will be recognized.

Conditional Promises to Give - Because of uncertainties with regard to reliability and valuation, bequest intentions and other conditional promises are only recognized as assets if and when the specified conditions are met. Non-bequest conditional pledges whose conditions have not been met totaled approximately \$1 million as of June 30, 2024. Promises that are associated with bequests and wills whose conditions have not been met totaled approximately \$17.4 million as of June 30, 2024.

Income Taxes - The University is a tax-exempt institution under Section 501(c)(3) of the Internal Revenue Code. The University is classified as an organization whereby contributions to it qualify for deductions as charitable contributions. Accordingly, no provision for income taxes has been made in the consolidated financial statements. No assessments are outstanding, and the University's management believes that the University has operated in accordance with its tax-exempt status.

However, the University does engage in activities that may give rise to unrelated business income tax. As such, the University files an unrelated business income tax return. Activity in the wholly owned subsidiary FIT Aviation, LLC, which ceased operations during the year, and other activities subject to unrelated business income tax, have historically been reported on this return.

Deferred income taxes are provided on a method whereby deferred tax assets are recognized for temporary differences, which are the differences between the reported amount of assets and liabilities and their tax basis and arise predominantly from net operating losses and the allowance for doubtful accounts receivable. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Measurement of deferred income tax is based on enacted tax rates and laws that will be in effect when the differences are expected to reverse.

The University accounts for income taxes in accordance with Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 740, *Income Taxes*, which clarifies the accounting and disclosure requirements for uncertainty in tax positions. It requires a two-step approach to evaluate tax positions and determine if they should be recognized in the consolidated financial statements. The two-step approach involves recognizing any tax positions that are more likely than not to occur and then measuring those positions to determine if they are recognizable in the consolidated financial statements. Management regularly reviews and analyzes all tax positions and has determined that no uncertain tax positions requiring recognition have occurred.

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes (continued) - The University is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The University believes it is no longer subject to income tax examinations for fiscal years prior to 2021.

Advertising - The University expenses advertising costs when incurred. Advertising expense totaled approximately \$1.9 million for the year ended June 30, 2024.

Use of Estimates in the Preparation of Consolidated Financial Statements - The preparation of consolidated 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, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Measure of Operations - The University's operating activities include revenues that are earned as a result of providing its programs and supporting activities, and expenses related to providing these programs and supporting activities. Operating activities also include amounts released from donor restrictions, as well as transfers from board designated and other non-operating funds to support these operating activities. Operating activities do not include returns from investment activity in excess of amounts made available for current activities or contributions received for use in future periods.

Liquidity and Availability of Resources - The University regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the University considers all expenditures related to its ongoing mission related activities as well as the conduct of services undertaken to support those activities to be general expenditures.

The University's financial assets comprised the following at June 30, 2024:

Cash and cash equivalents	\$ 35,788,227
Accounts receivable, net	12,133,624
Pledges receivable, net	1,073,740
Student loans receivable, net	815,570
Cash held with fiduciary	6,809,039
Other long-term investments	109,212,624
Total financial assets	<u>\$ 165,832,824</u>

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Liquidity and Availability of Resources (continued) - As of June 30, 2024, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

Cash and cash equivalents	\$ 35,788,227
Accounts receivable, net	12,133,624
Pledges receivable for operations due in 1 year or less	811,509
Payout on donor restricted endowments	3,957,622
Investments not encumbered by donor or board restrictions	3,250,729
Total financial assets available for general expenditures	<u>\$ 55,941,711</u>

The University's governing board has designated a portion of its resources without donor restrictions for endowment and other purposes. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the board. At June 30, 2024, the following amounts were designated by the board and available to be spent at any time with board approval:

Board Designated Quasi-Endowment funds	\$ 17,513,788
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Student loans receivable are not considered to be available to meet general expenditures because principal and interest on these loans are used primarily to satisfy the refundable government loans. Based on historical experience, the portion of pledges receivable due within one year are considered liquid unless restricted by Donor stipulations.

In addition to the assets listed above, the University has a balance of \$6,809,039 of cash held with fiduciary that is committed for debt service.

The University has various sources of liquidity at its disposal, including a line of credit. See Note 13 for information about the University's line of credit.

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Expense Allocation - Operation and maintenance of plant, depreciation, utilities, and insurance expense are allocated across all functional expense categories as follows:

- Salary and benefits expense is allocated based on the function of the employee that the expense is attributable to.
- Expenses for the administration, supervision, operation, maintenance, preservation, and protection of the institution's physical plant (O&M) are allocated based on square footage of the buildings used to support each functional area. (Interest is included in O&M.)
- Depreciation expense of all depreciable assets, other than auxiliary buildings, is allocated based on square footage of the buildings owned by the University used to support each functional area. Depreciation expense of the auxiliary buildings are directly charged to the auxiliary functional area. These allocations are based on information obtained through a periodic inventory of space usage.
- Expenses for insurance and utilities are allocated based on square footage of the buildings used to support each functional area.

Leases - Under Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 842, *Leases*, the determination of whether an arrangement is a lease is made at the lease's inception and a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed. Operating leases are included in operating lease right-of-use ("ROU") assets and operating lease liabilities in the consolidated statement of financial position. Finance leases are included in financing lease ROU assets and financing lease liabilities in the consolidated statement of financial position.

ROU assets represent our right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The University uses the implicit rate when it is readily determinable. When the University's leases do not provide an implicit rate, to determine the present value of lease payments, management uses the risk-free rate at lease commencement. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The University's lease terms do not include options to extend or terminate the lease. Leases with an initial term of 12 months or less are not recorded on the consolidated statement of financial position.

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recently implemented accounting pronouncements - In June 2016, the FASB issued Accounting Standards Update ("ASU") 2016-13, Financial Instruments - Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Instruments*, that requires certain financial assets to be measured at amortized cost net of an allowance for estimated credit losses, such that the net receivable represents the present value of expected cash collection.

This allowance must be based on all relevant information, such as historical information, current conditions, and reasonable and supportable forecasts that could impact the collectability of the amounts. Entities that apply Topic 326 must reflect a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is adopted.

The Company adopted Topic 326 as of January 1, 2023 using the modified retrospective approach. The standard had no material effect on the balance sheet at December 31, 2023.

Reclassification - During the year, a review was performed of the classification of gifts received in prior period that were classified as donor restricted. During this review, management determined that some gifts, which were classified as donor restricted, were not released from this restriction at the time that the funds were spent on the intended purpose. As such, a reclassification was performed in the current year to properly restate the beginning balance of the restricted net assets.

2. ACCOUNTS RECEIVABLE, NET

Accounts receivable consisted of the following at June 30, 2024:

Students	\$ 6,737,749
Sponsored research and similar agreements	4,476,251
Aviation	1,654,980
Miscellaneous	984,946
Total	13,853,926
Less: allowance for credit losses	(1,720,302)
Net accounts receivable	<u><u>\$ 12,133,624</u></u>

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED JUNE 30, 2024**

3. PLEDGES RECEIVABLE, NET

Pledges receivable, discounted using a risk-free rate of 4.5%, are expected to be realized in the following time frames at June 30, 2024:

Due:	
Less than one year	\$ 811,509
One year to five years	717,628
Total	<u>1,529,137</u>
Less: discount	(120,909)
Less: allowance	<u>(334,488)</u>
Net pledges receivable	<u><u>\$ 1,073,740</u></u>

One pledge included above had a balance of \$800,000 (75% of pledges receivable, net) as of June 30, 2024.

4. PREPAID EXPENSES, INVENTORIES AND OTHER ASSETS, NET

Prepaid expenses, inventories and other assets consisted of the following at June 30, 2024:

Prepaid expenses	\$ 4,085,502
Inventories	1,472,965
Other	<u>539,663</u>
Net prepaid expenses, inventories, and other assets	<u><u>\$ 6,098,130</u></u>

5. STUDENT LOANS RECEIVABLE, NET

Student loans receivable consisted of the following at June 30, 2024:

Perkins	\$ 1,121,132
Merit	101,758
Frueauff	<u>4,863</u>
Total	<u>1,227,753</u>
Less: allowance for doubtful accounts	<u>(412,183)</u>
Student loans receivable, net	<u><u>\$ 815,570</u></u>

Loans to students included participation in the Perkins Federal revolving loan program. During 2018, the Perkins Federal revolving loan program was suspended by the Federal Government. Based on this suspension, loans are no longer being disbursed to students and amounts collected are returned to the University or to the Federal Government. Funds advanced by the Federal government of \$1,376,273 at June 30, 2024, are ultimately refundable to the government and are classified as liabilities in the consolidated statement of financial position. Outstanding loans cancelled or paid under the program result in a decrease in the liability to the government.

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED JUNE 30, 2024**

5. STUDENT LOANS RECEIVABLE, NET (continued)

The liquidation of funds will be made in accordance with established guidelines to be determined by the Department of Education.

6. INVESTMENTS

Investments consisted of the following at June 30, 2024:

Short term investments	\$ 141,443
US government notes and bonds	8,205,494
Corporate bonds	10,673,197
Mortgage/asset backed securities	6,584,228
Municipal bonds	2,260,548
Equity mutual funds	26,707,093
Common stocks	44,374,624
Alternative investments	9,297,323
Money market	458,462
Surplus notes	510,212
Total investments	<u><u>\$ 109,212,624</u></u>

Net realized and unrealized gains and losses on investments consisted of the following for the year ended June 30, 2024:

Without donor restrictions

Endowments:

Realized/unrealized gain, net	\$ 1,373,991
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Short term investments:

Realized/unrealized gain, net	24,100
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Subtotal	1,398,091
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With donor restrictions

Endowments:

Realized/unrealized gain, net	6,927,614
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Annuity contracts & charitable remainder trusts:

Realized gain, net	166,098
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Subtotal	7,093,712
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Total realized and unrealized gains, net	<u><u>\$ 8,491,803</u></u>
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FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

7. LONG-LIVED ASSETS, NET

Long-lived assets consisted of the following at June 30, 2024:

Land	\$ 8,245,513
Building and land improvements	60,643,190
Buildings	201,745,428
Furniture and equipment	64,181,308
Vehicles and boats	2,180,834
Airplanes and engine overhauls	6,536,677
Computer software	8,046,721
Library materials	613,827
Intangible assets	307,476
Construction in progress	6,784,178
Total	359,285,152
Less: accumulated depreciation and amortization	(133,294,959)
Net long-lived assets	\$ 225,990,193

Depreciation and amortization expense was \$13,472,304 for the year ended June 30, 2024.

8. ENDOWMENTS

Spending Policy

The University has a spending policy that governs the rate at which funds are transferred from the endowment to the operating fund. The annual allocation to the operating fund is calculated as a percentage of the endowment fair value. The policy allows for a transfer of 5% of the fair value during the subsequent fiscal year by using a moving average, computed on the last three calendar years of endowment fair values. The total transfers were \$3,957,622 for the year ended June 30, 2024. The transfers were made as applicable with the aforementioned spending policy.

Investment Policy

In approving endowment spending and related policies, as part of the prudent and diligent discharge of its duties, the Board of Trustees of the University, as authorized by the State of Florida, has relied upon the actions, reports, information, advice and counsel taken or provided by its duly constituted committees and the duly appointed officers of the University, including University counsel, and in doing so has interpreted the law to require the preservation of the historic dollar value of donor-restricted endowment funds, absent explicit donor direction to the contrary.

As a result of this interpretation, for accounting and consolidated financial statement purposes, the University classifies as donor restricted net assets the historic dollar value of assets held as donor-restricted endowment, including any subsequent gifts and any accumulations to donor-restricted endowments made in accordance with the direction of the applicable gift instruments.

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

8. ENDOWMENTS (continued)

Investment Policy (continued)

The investment objectives for the management of endowment assets are to maximize the benefit intended by the donor, to produce current income to support the programs of the University and donor objectives, and to achieve growth of both principal value and income over time sufficient to preserve or increase the purchasing power of the assets. The Endowment Fund Investment Policy embraces the total return concept. The following formula summarizes the factors involved in the Endowment Fund Investment Program: Real Asset Growth Rate = total investment return - CPI - management costs - annual payout amount.

The investment program attempts to balance current need and future support so that in the future, the Endowment Fund will provide at least the same value of annual financial support as is currently provided.

The fund is managed in compliance with the Uniform Prudent Management of Institutional Funds Act.

The endowment net asset balance consisted of the following at June 30, 2024:

Donor-restricted endowment fund	
With donor restrictions	\$ 88,448,107
Board-designated endowment fund	
Without donor restrictions	17,513,788
Total funds	<u>\$ 105,961,895</u>

The changes in the University's endowments as of and for the year ended June 30, 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 5,831,865	\$ 90,748,434	\$ 96,580,299
Investment income	540,776	2,726,573	3,267,349
Net realized and unrealized gain on investments - net of fees	1,373,991	6,927,614	8,301,605
Additions to investment pool - net	2,413	1,820,150	1,822,563
Appropriation of endowment assets for expenditure	-	(3,957,622)	(3,957,622)
Transfer for underwater endowments	-	(52,299)	(52,299)
Reclassification and releases	9,764,743	(9,764,743)	-
Endowment net assets - End of year	<u>\$ 17,513,788</u>	<u>\$ 88,448,107</u>	<u>\$ 105,961,895</u>

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

8. ENDOWMENTS (continued)

Investment Policy (continued)

Underwater endowments arise when individual endowment fund's market value is less than the original gift amount or the amount required to be maintained by the donor or by law that extends donor restrictions. Per the University's Endowment Policy, individual endowment funds that are underwater are reported in the consolidated financial statements and are temporarily funded by unrestricted funds. Future monitoring of spending payouts will take place until the market value has increased to the original gift amount.

At June 30, 2024, funds with original gift values of \$1,427,542, fair values of \$1,283,313 and deficiencies of \$144,229 were reported in net assets with donor restrictions. This amount netted against values for underwater endowments in previous years results in the change of \$52,299 in the current year.

At June 30, 2024, funds with an original gift value of \$1,280 were received but not yet invested.

9. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following at June 30, 2024:

Accounts payable	\$ 3,639,508
Accrued expenses	
Accrued salaries and wages	1,225,094
Accrued vacation	4,814,919
Due to Bisk Education	1,362,437
Other accrued expenses	4,031,996
Total accounts payable and accrued expenses	<u>\$ 15,073,954</u>

10. DEPOSITS AND DEFERRED REVENUE

Deposits and deferred revenue consisted of the following at June 30, 2024:

Deposits	\$ 2,673,267
Deferred revenue/tuition	<u>1,143,180</u>
Total deposits and deferred revenue	<u>\$ 3,816,447</u>

The university changed its policy on student housing deposits to a one time student housing fee. The effect of this change resulted in the recognition of \$644,899 of non-refundable housing deposit revenue from prior periods.

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

11. ANNUITIES PAYABLE

The University is a party to several forms of split-interest contracts and agreements. In return for a lump-sum payment to the University or to an outside trustee, the donor specifies a beneficiary (or beneficiaries) who receive periodic payments, usually for the beneficiary's lifetime. The University is named as a remainder beneficiary. Upon the death of the beneficiary, the University receives the residual funds.

During the term of the agreement, funds are invested with the objective of providing income to fund periodic payments to beneficiaries and provide some growth through appreciation for the remainder interest. At June 30, 2024 the University was a party to the following types of split-interest agreements:

- Annuity contracts
- Charitable remainder trusts

The University serves as trustee/administrator for the annuity contracts and records the investment and actuarial liability for annuities payable in its consolidated financial statements as donor restricted net assets. Trustees for the charitable remainder trusts are designated by the donor. When the University is the trustee, the trust assets, liabilities, revenues and expenses are recorded in the University's consolidated financial statements. In those cases where the University is not the trustee, only the estimated present value of the future remainder interest is recognized.

On an annual basis, the University revalues the liability related to future distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments are calculated using the current annual period treasury yield rate and applicable mortality tables for each beneficiary.

Annuities payable consisted of the following at June 30, 2024:

Charitable remainder trusts	\$ 1,520,575
Annuities payable	<u>98,632</u>
Total annuities payable	<u><u>\$ 1,619,207</u></u>

12. RIGHT-OF-USE ASSETS AND LEASE OBLIGATIONS

Financing Leases

Siemens Performance Contract

On September 24, 2009, the University entered into an agreement with Siemens Public, Inc. ("Siemens") to finance lease various types of equipment under a performance contract agreement ("Siemens contract") with Siemens Building Technologies.

The initial finance lease under the Siemens contract was refinanced on September 24, 2014 to reduce the effective annual interest rate from 5.77% to 3.0%, and to extend the term to allow for payment of the previous balloon payment over an additional nine years through September 2029.

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

12. RIGHT-OF-USE ASSETS AND LEASE OBLIGATIONS (continued)

Financing Leases (continued)

Siemens Performance Contract (continued)

On September 30, 2014, the University entered into a second finance lease under the Siemens contract for additional equipment, the purchase and installation of which was completed during the fiscal year ending April 30, 2016. In accordance with the terms of this capital lease, Siemens advanced \$5.5 million to the University at inception for the anticipated total cost of the equipment and its installation. The funds were deposited to an escrow account in the name of the University and were disbursed as the purchases and installation progressed. This finance lease has an effective annual interest rate of 3.2% that was charged from the date of the initial advance. Monthly payments commenced in October 2015 and extend through September 2033.

The Center for Aeronautics and Innovation

On April 17, 2013, the University entered into an agreement with the City of Melbourne Airport Authority to lease the property now known as the Center for Aeronautics and Innovation ("CAI"). The agreement is a 40 year lease with monthly payments beginning January 1, 2014. It contains both a finance lease component for the building and an operating lease component for the land. The University has the option to extend the lease for two additional terms of five years each. The initial rent is based on 31,000 square feet of floor space and includes a building lease rate of \$6.26 per square foot and a nominal interest rate of 3.47%.

The operating land lease includes an incremental escalation every five years, equal to the percentage increase in the Consumer Price Index. The increase will not be less than 2% or more than 5% per year.

Operating Leases

Melbourne Airport Authority

The University entered into an operating ground lease with the Melbourne Airport Authority to lease property for a period of forty years starting March 1, 2009. Base rent for the property is \$0.15 per square foot of the property for the first five years, and is paid monthly. The estimated square footage disclosed in the lease is approximately 435,600 square feet.

Additionally, the University entered into an improved land operating lease with Melbourne Airport Authority on March 1, 2009. The rent is based upon the Melbourne Airport Authority's construction expenses, amortized over a 35- year period at the rate of 3.771%.

On the fifth anniversary of the Rent Commencement Date, and all subsequent fifth anniversaries, the base rent and the improved land lease rent shall be increased by a factor of the Consumer Price Index for the previous five-year period. According to the terms of the agreement, the annual percentage increase will not be less than 2% or more than 5% per year for each of the previous five-year periods. The University is responsible for real estate taxes, fees, and assessments on the property. The University has an option to extend the lease for four additional terms of five years each.

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

12. RIGHT-OF-USE ASSETS AND LEASE OBLIGATIONS (continued)

Operating Leases (continued)

L3 Harris Commons

The University entered into a 15-year triple net operating office lease with Broadstone FIT Florida, LLC in March 2012. The University leases 62,523 square footage in total, of which 20,841 is for the University's own use. Gross rental payments (base rent) for the first twelve (12) months of the term are equal to \$18.75 per square foot, and are paid monthly. According to the terms of the agreement, the annual percentage increase based on the changes in the consumer price index will not be less than 1.5% or more than 3% per year. The University is responsible for real estate taxes, fees, and assessments on the property.

The University entered a 4-year sublease agreement with Burrell College of Osteopathic Medicine, LLC ("Burrell") on July 1, 2023. Burrell subleases 41,682 of the 62,523 square feet included in the L3 Harris Commons building, and pays 66.67% of the University's monthly base rent. According to the terms of the agreement, the annual percentage increase based on the changes in the consumer price index will not be less than 1.5% or more than 3% per year. The total rent received under this agreement for the year ended June 30, 2024 was \$1,226,662.

In addition to base rent, Burrell incurs maintenance overhead charges for services provided by the University. The total maintenance overhead charges for the year ended June 30, 2024 was \$187,668.

The University had to vacate the second and third floor of L3 Harris Commons to accommodate the sublease. Burrell reimbursed the University \$1.6 million for the moving expense and refurbishment of existing office space for the affected administrative and academic departments that were relocated during the year ended June 30, 2024.

Trigate/Baldwin Park

The University entered into the Trigate/Baldwin Park lease on October 7, 2005. The lease has since been amended twice, and the University has exercised their option to renew the lease, which is now extended until April 30, 2027. Outlined in the most recent lease amendment is a rent schedule that begin at \$10,200 per month, at the effective date of the amendment and ends at \$11,900 per month. The average monthly expense in the current year was \$10,650. The space at Baldwin Park is 4,148 square feet and offers various masters level programs and certificates.

Applied Research

The University entered into a 20 year agreement with the City of Melbourne Airport Authority in 2013, with an option to extend for two additional terms of five years each. The average monthly expense for the lease is \$8,600, which will increase per a CPI calculation as outlined in the agreement. The lease agreement provided the University with approximately 3 acres of leased property, including an approximately 30,000 sq. ft. building. The Applied Research Laboratory houses research in various fields such as ocean engineering, advanced materials, lasers and electro-optics, psychology and others.

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

12. RIGHT-OF-USE ASSETS AND LEASE OBLIGATIONS (continued)

Operating Leases (continued)

Dex Imaging Copier Lease

In August 2023 the University signed a copier lease agreement with Dex Imaging, LLC. This agreement was for 106 copier machines, and a 5 year digital subscription. The term of this lease was 5 years, and the rate is approximately \$22,000 a month.

Operating and Finance Lease Expense Summary

Finance lease cost:	
Depreciation of the assets under finance leases	\$ 713,297
Interest on lease liabilities	356,582
Operating lease cost	<u>2,242,636</u>
Total lease cost	<u>\$ 3,312,515</u>

Lease term and discount rate

Weighted average remaining lease term (years):	
Operating leases	15.08
Finance leases	12.68
Weighted average discount rate:	
Operating leases	3.28%
Finance leases	3.78%

Maturity of lease liabilities

	Operating leases	Finance leases
2025	\$ 2,342,105	\$ 1,277,188
2026	2,395,137	1,277,188
2027	2,157,285	1,277,188
2028	741,641	1,277,188
2029	600,869	1,279,057
Thereafter	10,673,356	7,078,724
Less imputed interest	<u>(5,329,013)</u>	<u>(3,246,479)</u>
Total	<u>\$ 13,581,380</u>	<u>\$ 10,220,054</u>

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

13. LINE OF CREDIT

The University previously had a line of credit, which consisted of a promissory note agreement with a commercial bank, under which the University could borrow up to \$15,000,000 for working capital purposes. The line of credit agreement dated July 1, 2020, was amended, and restated on June 1, 2021, with an expiration date of February 1, 2024. The amount of credit available for the borrower remained unchanged. The principal sum outstanding was to bear interest at a floating rate per annum equal to 1.86% in excess of Secured Overnight Financing Rate as published by the Federal Reserve Bank of New York ("SOFR"). In addition, an unused commitment fee in the amount of 0.20% per annum was charged quarterly to the University based on the unused balance. The proceeds of this line of credit were to be used for working capital in the business of the University to supplement the seasonality of tuition and fee receivables.

The University had pledged tuition and fees and unrestricted revenues as collateral for the line of credit. This credit facility expired on February 1, 2024. At that time there was no outstanding balance.

On February 1, 2024, the University was granted a revolving line of credit with a commercial bank under a promissory note agreement. The University may borrow up to \$10,000,000 for working capital in the normal course of business to support the seasonality of student tuition and fee collections. The line of credit agreement dated February 1, 2024, provides for the payment of interest on any outstanding principal balance at the floating rate of 1.35% over the Secured Overnight Financing Rate as published by the Federal Reserve Bank of New York ("SOFR"). In addition, the loan is subject to an unused commitment fee in the amount of 0.15% per annum, payable quarterly, based on the unused balance. The loan is collateralized by a security interest in the University's tuition and fee revenues. This credit facility expires on January 31, 2025. There is no outstanding balance on the line of credit as of June 30, 2024.

14. LONG-TERM DEBT

During fiscal year 2020, the University refinanced its previously held bonds, and obtained additional proceeds to support capital acquisitions. As an extension of this process, the University purchased buildings which were previously financed under operating leases.

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

14. LONG-TERM DEBT (continued)

Long-term debt consisted of the following at June 30, 2024:

18 year annuity contract mortgage, fixed interest rate of 5.824%, maturing January 15, 2032, collateralized by real estate.	\$ 1,159,056
2019 Series from the Higher Educational Facilities Financing Authority. Educational Facilities Revenue Bonds. Fixed interest rate 3.56%. Matures April 30, 2050.	87,870,000
Unamortized Premium, 2019 Series	<u>8,477,851</u>
Long-term debt	<u><u>\$ 97,506,907</u></u>

The 2019 Series Bonds were issued at a premium of \$12,547,161, which is amortized over the life of the bonds and recognized as interest expense on the Statement of Activities. Premium amortization of \$796,242 was recognized for the year ended June 30, 2024.

Scheduled principal payments and amortization of the bond premium on the above obligations due in each of the next five years ended June 30 and thereafter are as follows:

	Long-term debt payments	Premium amortization	
2025	\$ 3,080,660	\$ 757,330	
2026	3,243,477	720,319	
2027	3,411,761	685,117	
2028	3,590,541	651,635	
2029	3,774,846	619,790	
Thereafter	<u>71,927,771</u>	<u>5,043,660</u>	
Total	<u><u>\$ 89,029,056</u></u>	<u><u>\$ 8,477,851</u></u>	<u><u>\$ 97,506,907</u></u>

The carrying value of long-term debt approximates fair value. These financial instruments bear rates that approximate current market rates for debt of similar credit quality and maturities.

Interest expense for all debt obligations for the year ended June 30, 2024 totaled \$3,737,317.

The bonds contain certain financial covenants with respect to cash flow and debt ratios for which the University was in compliance at June 30, 2024.

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

15. RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions consisted of the following at June 30, 2024:

Programs and passage of time	\$ 2,665,655
Annuity and similar funds	1,619,207
General endowments	8,869,310
Endowed chairs	26,707,156
Scholarship endowments	36,219,424
Departmental endowments	16,509,266
Endowed pledges	223,523
Total net assets with donor restrictions	\$ 92,813,541

Net assets released from restrictions, as reported on the consolidated statement of activities, occur by incurring expenses satisfying the restricted purposes, principally for construction, instruction, research, and departmental support or by the passage of time.

16. OTHER OPERATING REVENUES

Other revenues included in the consolidated statement of activities consisted of the following for the year ended June 30, 2024:

Fees for services	\$ 3,668,814
Commissions and fundraising	462,769
Admissions and miscellaneous fees	1,984,667
Student organizations revenue	79,478
Total other revenues	\$ 6,195,728

17. FUNDRAISING

Fundraising expenses consisted of general expenses of \$3,046,472 for the year ended June 30, 2024.

In addition to the expenses above, individual departments of the University host fundraisers throughout the year. Fundraising expenses incurred at the individual department level are included with their program expenses.

18. EMPLOYEE BENEFIT PLAN

The University maintains a defined contribution plan. An employee is eligible to contribute to the plan on date of hire. After 30 days of continued service, if an employee elects to contribute to the plan, the University may match this contribution up to 5% of the employee's salary. Retirement plan contributions for the year ended June 30, 2024, were \$3,248,165.

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

19. RELATED PARTY TRANSACTIONS

The University has liabilities due to parties related through current and former employment and board relationships, including lifetime annuities and charitable remainder trust lifetime annuities. Payment terms vary from monthly to quarterly. The total outstanding liability to all related parties at, June 30, 2024 was \$193,202.

20. COMMITMENTS AND CONTINGENCIES

Legal

The University is involved in various legal actions arising in the normal course of activities and is also subject to periodic audits and inquiries by various regulatory agencies. Although the ultimate outcome is not determinable at this time, management, after taking into consideration advice of legal counsel, believes that the resolution of these pending matters should not have a material adverse effect upon the University's financial position.

BISK

On January 13, 2006, the University entered into a 20-year agreement which became effective in February 2009, with BISK for collaboration of development and marketing of the University's for-credit distance learning program. BISK and the University will comply with accreditation standards of The Southern Association of Colleges and Schools, and any accreditation body that the University elects to join. The payment terms to the University are based on a sharing arrangement of gross revenue adjusted for expenses in accordance with the contractually negotiated percentages for each respective program. During the year ended June 30, 2024 the agreement with BISK was amended to transition and terminate the original agreement at the end of the Summer 2024 semester.

RisePoint

On January 26, 2024, the University entered a 7-year agreement with RisePoint. Risepoint provides various services as it relates to the University's managed programs, which are all online. The agreement will auto renew every 3 years, after the initial term expires, unless either party provides written notice of nonrenewal at least 270 days prior to the end of the initial term or the then current renewal term. The payment terms between the university and Risepoint are based on a sharing arrangement of gross revenue in accordance with the contract. The first session for this program will begin August 26, 2024.

Ellucian

The University is party to an agreement with Ellucian, to provide onsite technology management services and software licensing for computer system support. The agreement requires an annual payment for support services of approximately \$300,000, with a 8% increase each year of the contract, plus hourly fees for additional services and annual maintenance and license fees. The contract expires on September 30, 2026. Total fees paid to Ellucian for the year ended June 30, 2024 were \$796,525.

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

20. COMMITMENTS AND CONTINGENCIES (continued)

Workday

The University is party to a 5 year agreement with Workday, Inc. to provide a cloud hosted Enterprise Resource Planning (ERP) system. The system is an integrated financial management system that will control and automate business processes for accounting, finance, payroll and human resources, and grants and project management. The agreement has an annual base fee of approximately \$700,000, with a 6% increase each year of the contract, and annual user charges. The fees paid to Workday totaled \$722,069 for the year ending June 30, 2024.

WFIT Building Contingency

On January 13, 2011, WFIT Radio Station (the “Station”, a department of the University) entered an agreement with the Florida Department of Education (“FDOE”) to construct and furnish a new radio station. Construction was completed during the year ended April 30, 2013 at a total cost of \$1,574,820 for the building. The station also spent \$380,855 for improvements to connect the new building to existing structures. Upon completion, the FDOE leased the new building to the Station for 20 years at \$1 per year with four successive renewal options of five years each, for a total of 40 years, at the end of which title to the building transfers to the Station.

Due to the bargain rent and title transfer, and upon completion of the building and start of the lease, this transaction was considered to be the contribution of a building with an estimated fair value equal to its total cost that is reported as a donor restricted net assets as it is restricted for use as a radio station over the extended lease term, which also coincides with the building's estimated useful life. This restricted contribution is being released from restriction on a straight-line basis over the 40 year lease term while the building is being depreciated on a straight-line basis over 50 years, its useful life in accordance with the normal depreciation policy of the University for similar assets.

Insurance Pool

The University is a member of the Florida Independent Colleges and Universities Risk Management Association, Inc. (“FICURMA”) insurance pool which includes, but is not limited to, coverage of property, general and auto liability, workers’ compensation, and excess crime. FICURMA was formed to assist universities in the State of Florida in controlling insurance costs. There is a risk that additional assessments could be incurred by the University as the result of this insurance pool. However, management does not believe any additional assessments exist as of June 30, 2024.

21. FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosure*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 fair value measurements) and the lowest priority to unobservable inputs (level 3 fair value measurements).

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

21. FAIR VALUE MEASUREMENTS (continued)

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

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

Level 2 Inputs to the valuation methodology include:

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

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

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

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

Following is a description of the valuation methodologies used for assets measured at fair value.

Level 3 Fair Value Measurements

Surplus notes - Held with association, is not actively traded, and significant other observable inputs are not available; thus, the fair value of the surplus note is determined by discounting the related cash flows based on current yields of similar instruments with comparable durations and historical returns on the note. The fair value of surplus notes is equal to the discounted future expected cash flows of the note.

Private equity - The fair values for the University's private equity investments are measured using a market approach considering the value of comparable companies in accordance with the General Partners' valuation policy, which includes the utilization of EBITDA multiples and discounted cash flow.

Private debt holdings - The fair values of the University's private debt holdings are primarily measured using the Enterprise Value Method. This primary method applies multiples to EBITDA based on comparable markets, though other metrics like revenue or industry-specific factors may be used. Discounted cash flow analysis can also be used to estimate present value based on costs of debt and equity. An additional yield analysis may be utilized in the determination of fair value as well. This methodology utilizes the expected market yield for similar investments, considering factors such as interest rates, maturity, and risk. The valuation also accounts for illiquidity and relying on market data from comparable transactions or syndicated loans.

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

21. FAIR VALUE MEASUREMENTS (continued)

Private real estate holdings - The fair values of the University's private real estate holdings are measured using discounted expected cash flows model that utilizes discount and exit capitalization rates. Investments in real estate loans are valued under the yield methodology using credit spreads and loan to value ratios.

The following table summarizes the relevant valuation information used to calculate the fair value of these assets as of June 30, 2024:

Type	Fair value	Valuation technique	Significant unobservable inputs	Rate or range of rates
			Discount rate	10.63%
Surplus Notes	\$ 510,212	Discounted expected futures cash flows	Expected rate of return	10%

The following table represents changes in the University's Level 3 investment assets measured at fair value on a recurring basis for the years ending June 30, 2024:

	Surplus notes	Private equity holdings	Private debt holdings	Private real estate holdings	Total
Balance, beginning of year	\$ 645,212	\$ -	\$ -	\$ -	\$ 645,212
Earnings	-	(3,380)	17,808	(30,764)	(16,336)
Purchases, sales, issuances and settlements					-
Purchases	-	542,002	4,226,073	1,632,179	6,400,254
Settlements	(135,000)	-	-	-	(135,000)
Balance, end of year	<u>\$ 510,212</u>	<u>\$ 538,622</u>	<u>\$ 4,243,881</u>	<u>\$ 1,601,415</u>	<u>\$ 6,894,130</u>

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the University believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

21. FAIR VALUE MEASUREMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the University's investments at fair value as of June 30, 2024.

Description	Total	(Level 1)	(Level 2)	(Level 3)
Short-term investments	\$ 141,443	\$ 141,443	\$ -	\$ -
US government notes and bonds	8,205,494	8,205,494	-	-
Corporate bonds	10,673,197	10,673,197	-	-
Mortgage/asset backed securities	6,584,228	6,584,228	-	-
Municipal bonds	2,260,548	2,260,548	-	-
Equity mutual funds	26,707,093	26,707,093	-	-
Common stocks	44,374,624	44,374,624	-	-
Alternative investments	9,277,718	689,411	2,204,389	6,383,918
Money market	478,067	478,067	-	-
Surplus notes	510,212	-	-	510,212
Total Investments	\$ 109,212,624	\$ 100,114,105	\$ 2,204,389	\$ 6,894,130

22. DEFERRED INCOME TAXES

The University has unrelated business income which is not exempt from Federal income taxes. For the year ended June 30, 2024 there was no provision for Federal income taxes because the total of these activities resulted in a net loss and the benefit derived therefrom has been offset by a valuation allowance.

The University's deferred tax asset is based on operating loss carryforwards. A deferred income tax valuation allowance has been provided as of June 30, 2024. The valuation allowance reduces the deferred tax asset to an amount that represents management's best estimate of the amount of such deferred tax asset that will actually be realized.

As of June 30, 2024, the University had Federal net operating loss carryforwards of approximately \$25 million, \$8.4 million of which are subject to expiration and will begin to expire in 2037.

The University's deferred tax asset is as follows at June 30, 2024:

Deferred tax assets:	
Non-current:	
Net operating loss carryforwards	\$ 5,300,000
Valuation allowance for net non-current deferred tax assets	(5,300,000)
Total deferred tax asset	\$ -

23. SUBSEQUENT EVENTS

The University's management has evaluated subsequent events through September 4, 2024, the date the consolidated financial statements were available to be issued, and has determined that no subsequent events have occurred that require disclosure.

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2024

Federal Grantor / Pass-through Grantor / Program Title	Assistance Listing Numbers	Agency Contract/Grant Number	Federal / State Expenditures	Passed Through to Subrecipient
<u>FEDERAL</u>				
RESEARCH AND DEVELOPMENT CLUSTER:				
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Development and optimization of mild hydrothermal preprocessing for high ash biomass into pelletized biorefinery feedstocks	10.215	2019-67019-31594	\$ 200,536	\$ -
<i><u>USDA National Institute of Food and Agriculture (NIFA)</u></i>				
Engineered Solutions for Prevention and Control of Eutrophication using Novel Biosorbents	10.310	2021-67022-34487	155,727	122,547
DSFAS-AI: Deep-Learning Framework for Optimal Selection of Soil Sampling Sites	10.310	2022-67021-38911	133,846	60,888
AI-Enabled Droplet Tracking for Crop Spraying Systems	10.310	2021-67022-38910	78,296	-
<i><u>The Ohio State University (OSU)</u></i>				
Sustainable Hydrothermal manure management practice to improve nutrient use efficiency for enhanced agroecosystem services	10.310	SPC-1000012388: GR131999	30,896	-
Subtotal, U.S. Department of Agriculture:			599,301	183,435
<u>U.S. DEPARTMENT OF COMMERCE</u>				
<i><u>National Institute of Standards and Technology (NIST)</u></i>				
Wireless Sensor Network (WSN) System and LIDAR Experiments for the Characterization of Strong Wind Loads on Non-Structural components and Near-Surface Wind Profiles	11.609	70NANB19H088	103,245	-
<i><u>National Oceanic and Atmospheric Administration (NOAA)</u></i>				
Application of IMTA-Technology to Revive and Sustain Livelihood of Fishing Communities in Puerto Rico	11.427	NA20NMF4270194	45,150	26,990
Harmful Algal Toxin Diagnostic Capabilities in Support of Marine Mammal Stranding Response	11.439	NA21NMF4390365	18,739	-
Diagnostic Phycotoxin Analyses in support of Marine Mammal Stranding-Based Research	11.439	NA23NMF4390312	10,369	-
Exploring the physical mechanisms of the role of soil moisture, topography, and diurnal cycle of insolation on S2S precipitation in the Maritime Continent	11.431	NA220AR4310612-T1-01	251,490	21,752
<i><u>Gulf States Marine Fisheries Commission (GSMFC)</u></i>				
Intensive Practical Training of Women in Integrative multi-trophic Aquaculture: Towards a Sustained Mariculture Workforce in Puerto Rico	11.454	ACQ-210-039-2021-FTT	55,599	41,330
<i><u>University of Florida (UF)</u></i>				
Controlling Pyrodinium Outbreaks in the Indian River Lagoon Estuarine System (IRLES) using Low-cost Biochars	11.417	SUB00003198	72,995	15,866
<i><u>Southeast Coastal Ocean Observing Regional Association (SECOORA)</u></i>				
Partnering to meet the needs of coastal communities for actionable information to protect lives and property	11.012	IOOS.21(097)FTT.SL.HFR.2	111,086	-
Supporting resilient ecosystems, communities and economies	11.012	IOOS.16(028)FTT.GM.OBS.3	457	-
Subtotal, U.S. Department of Commerce:			669,130	105,938
<u>U.S. DEPARTMENT OF DEFENSE</u>				
<i><u>Air Force Office of Scientific Research Directorate (AFOSR)</u></i>				
Physiological Sensor Suites to Assess Trust Dynamics in Heterogeneous Human-Agent Teams	12.800	FA9550-24-1-0037	86,316	-
<i><u>Department of Defense - Air Force Research Lab (AFRL)</u></i>				
Trust Dynamics in Heterogeneous Human-Agent Teams: Applying Multilevel and Unobtrusive Perspectives	12.800	FA9550-21-1-0294	156,907	-
<i><u>University of Illinois - Urbana Champaign (UIUC)</u></i>				
Ultrahigh-Stability Micro-Ovenized Micromechanical References	12.910	112646-19455	19,116	-
<i><u>Department of Defense - Office of Naval Research (ONR)</u></i>				
Using Ultraviolet Light for Improved Antifouling Performance on Ship Hulls & Niche Areas (Version 8)	12.300	N00014-20-1-2214	3,123	-
Using Ultraviolet Light for Improved Antifouling Performance on Ship Hulls & Niche Areas (Version 2)	12.300	N00014-23-1-2433	146,500	-
Advanced Non-Toxic Antifouling Coatings Research Test Site Facility	12.300	N00014-20-1-2243	83,014	-
Advanced Non-Toxic Antifouling Coatings Research Test Site Facility	12.300	N00014-23-1-2452	308,130	-
Transparent AF/FR Coatings Program: Candidate Field Testing and the Development of Active Solutions	12.300	N00014-21-1-2198	171,428	-
Inspiring Students to Pursue U.S. Navy STEM Careers through Experiential Learning	12.330	N00014-20-1-2669	57,194	-
Educational Approaches and Curriculum to Engage and Educate a More Diverse Cybersecurity Workforce	12.330	N00014-21-1-2732	240,166	-
<i><u>North Dakota State University (NDSU)</u></i>				
Understanding the Principles of Solid Shedding Surfaces	12.300	FAR0033632	20,391	-
Understanding the Principles of Solid Shedding Surfaces	12.300	FAR0036416	48,631	-
<i><u>University of South Carolina (USC)</u></i>				
Signal Processing and Expert Systems for Perception of Autonomous Platforms in the Littorals	12.300	24-5514	16,505	-
<i><u>University of Florida (UF)</u></i>				
Advanced Numerical Methods for Multi-Material Modeling and Simulation	12.300		5,229	-
<i><u>US Army Corps of Engineers (USACE)</u></i>				
Information Theoretic Learning and Explainable Convolutional Neural Networks	12.630	W912HZ-23-2-0055	27,815	-
<i><u>United States Air Force Academy - USAF</u></i>				
Cleaning Tool Development and Researching Techniques for Quantifying the Impact of Cleaning on Follow-on Coating Performance	12.800	FA-7000-22-2-0001	76,296	-
Subtotal, U.S. Department of Defense:			1,466,761	-
<u>U.S. DEPARTMENT OF THE INTERIOR</u>				
<i><u>U.S. Fish and Wildlife Service (USFWS)</u></i>				
Modeling Population Linkages and Habitat Shifts of Sharks in the Southeastern USA Using a Novel Integrative Approach	15.628	F-FWS-WSFR-23-001	1,183,332	-
2024 MSCGP - Integrative modeling to predict the distribution of essential fish habitat under future climate change scenarios in the southeastern USA	15.628	F24AP00079-00	41,158	-
<i><u>Timucuan Ecological & Historic Preserve</u></i>				
CESU-SOFL-Create Marine Hazard Warning System for Timucuan Ecological and Historic Preserve (TIMU)	15.945	P24AC00040-00	20,744	-
Subtotal, U.S. Department of the Interior:			1,245,234	-

See independent auditor's report.

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<u>U.S. DEPARTMENT OF JUSTICE</u>				
<i>West Virginia University (WVU)</i>				
FY20 Automatic Face Recognition Best Practices	16.301	09-097BBBB-FIT/PO #MM000298285	341,540	156,616
FY24 Automatic Face Recognition Best Practices	16.301	09-097BBBB-FIT/PO #MM000298285	18,074	-
Subtotal, U.S. Department of Justice:			359,614	156,616
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
<i>Federal Aviation Administration</i>				
FAA Center of Excellence PEGASUS	20.109	12-C-GA-FIT	14,047	-
Project 36: Weather Information Representativeness and Uncertainty Resolution for Low Altitude Operations	20.108	12-C-GA-FIT Amendment No. 57	33,891	-
Enhanced Hands-Minimized Weather Interfaces for Pilots - 35	20.109	12-C-GA-FIT	22,214	-
<i>National Academy of Sciences (NAS)</i>				
Development of a Compaction Quality Control Standard for the Small Diameter Pressuremeter	20.200	NCHRP-224 PO SUB0001912 Proi. 163522/0399	54,935	-
Subtotal, Department of Transportation:			125,087	-
<u>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</u>				
<i>National Shared Services Center</i>				
Using Parker Solar Probe (PSP) observations to test and constrain models of the solar wind and solar-wind turbulence	43.001	80NSSC21K1768	156,014	3,067
Mapping changes in hydroclimatic risk in High Mountain Asia (19-HMA19-0016)	43.001	80NSSC20K1300	157,636	139,676
Determining the radiation level of galactic cosmic rays and solar energetic particles in the heliospheric magnetic field based on magnetogram measurements of the solar photosphere	43.001	80NSSC21K0004	-	64,782
A New Tool for Studying Jupiter's Clouds, Storms and Vortices - FIT	43.001	NNX16AQ03G	-	-
A system-wide study of electromagnetic ion cyclotron waves and their effects on relativistic electrons in Earth magnetosphere 17-MAG_2-0045	43.001	80NSSC18K1221	33,755	-
DEEP - Developing Efficient Exploration Probes: Cryo-vacuum chamber for enhancing the shape and heating configuration of cryobots for the exploration of Ocean Worlds	43.001	80NSSC24K0781	21,702	-
Jupiter Impact Modeling	43.001	80NSSC22K1376	119,616	18,971
Prediction of Solar Energetic Particle Radiation Based on Measurements of Solar Eruption and Photospheric Magnetic Field	43.001	80NSSC20K0286	143,584	-
The Role of Coronal Shocks and Cross-Field Transport Processes Play in the Observation of SEP Events	43.001	80NSSC19K1254	108,785	-
The source of warm plasma cloak due to ion heating by EMIC waves	43.001	80NSSC22K1019	169,675	12,243
Investigating the radial evolution of the scaling properties of intermittency in the solar wind	43.001	80NSSC24K0564	26,513	-
On the origin of energetically-dominant sunward-propagating Alfvén waves in the solar wind	43.001	80NSSC23K0776	82,141	-
Spectral Analyses of Fermi-GBM Terrestrial Gamma-Ray Flashes and Electron Beams	43.001	80NSSC23K1424	28,040	-
Prediction of solar energetic particle radiation timing and dosage using physics-guided machine learning algorithms with remote observations of the solar photosphere, corona and interplanetary medium	43.012	80NSSC20K0298	47,871	-
Spacecraft Formation Flight by Smartphone Video Guidance Sensor	43.009	80NSSC24M0057	8,534	-
Contactless Magnetic Joint Actuator for Space Applications	43.003	80NSSC23M0185	40,982	-
Investigating the space time correlation of solar wind turbulence	43.001	80NSSC24K137	73,915	-
<i>Johns Hopkins University Applied Physics Laboratory (JHU/APL)</i>				
Evolution of alpha and Proton Populations in the Inner Heliosphere: Role of Coulomb Collisions and Turbulence Fluctuations	43.001	Subaward No. 181298	28,882	-
<i>Southwest Research Institute (SwRI)</i>				
The missing link: Relating decades of solar and cosmic ray observations to lightning and extreme weather patterns on Earth	43.001	Q99001EH	10,636	-
<i>University of Alabama Huntsville (UAH)</i>				
Investigating the solar wind dynamics, interstellar, pickup ions, and turbulence throughout space based on 3D time-dependent modeling and multiple spacecraft observations	43.001	2020-1272	10,203	-
<i>Jaycon Systems</i>				
Vision-Based Navigation for Formation Flight onboard ISS (STTR Phase 2)	43.002	80NSSC19C0009	21,153	-
<i>Smithsonian Astrophysical Observatory (SAO)</i>				
Understanding Quasar Jet Physics in the X-Rays	43.001	G01-22111A	61,623	-
<i>Space Telescope Science Institute (STScI)</i>				
The 3c111 Jet: X-ray Variability, Spectrum and Broadband SED	43.012	HST-GO-1489-001-A	8,770	-
<i>University of New Hampshire (UNH)</i>				
Smoke on the Water: Lake-based calibration of Amazonian fire histories	43.001	L0110	144,386	-
<i>Rutgers, The State University</i>				
Machine learning-based flash flood forecasting in West Africa with satellite observations	43.001	SUB00002900	57,334	-
<i>University of Rochester (UR)</i>				
Characterizing Atmospheric Techosignatures (CATS): A Systematic Approach	43.001	SUB00000584/ UR FAO: GR533601	43,181	-
<i>University of Central Florida (UCF)</i>				
3D Reconstruction of Space Debris for RPO Using Machine Learning - Timothy Jacob Huber - Timothy Jacob Huber	43.008	GR104013	5,640	-
Annual Biomedical Research Conference for Minoritized Scientists	43.008	TO No. 08 under Master Agreement FSGC-7 (GR104012 yr 4)	748	-
NASA Human Research Program Annual Investigators Workshop	43.008	TO No. 09 under Master Agreement FSGC-7 (GR104012 yr 4)	750	-
Safety for Learning Enabled Spacecraft Control Systems - Patrick Quinn	43.008	GR104013	10,000	-
Studying the Effects of Ionizing Radiation Exposure on Cardiovascular System using Functional 3D Bioprinted Vascularized Cardiac Tissue	43.008	TO #7/ Master Agreement No. FSGC7 GR-104012	24,886	-
Subtotal, National Aeronautics and Space Administration:			1,857,561	238,739

See independent auditor's report.

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Federal Grantor / Pass-through Grantor / Program Title	Assistance Listing Numbers	Agency Contract/Grant Number	Federal / State Expenditures	Passed Through to Subrecipient
<u>NATIONAL SCIENCE FOUNDATION</u>				
<i><u>National Science Foundation (NSF)</u></i>				
EAGER: Collaborative Proposal: 3D Bioprinted Organoids for Studying the Mechanism of Cerebrovascular Aging	47.041	2317757	94,220	-
NSF Graduate Research Fellowship Program (GRFP) Zach Ferris	47.076	2240237	35,277	-
Research Initiation: Investigating the Connection Among Undergraduate Engineering Students Data Proficiency, Motivation, and Engineering Identity	47.041	2245022	68,514	25,000
CAREER: Toward understanding solar wind turbulence in the inner heliosphere	47.050	1752827	65,781	-
REU Site: Statistical Models with Applications to Geoscience	47.050	1950768	48,987	-
Collaborative Research: P2C2 - Unravelling the signals in tropical Pacific lake archives: Towards improved holocene hydroclimate reconstructions	47.050	2002419	17,957	-
Thermal Stress and Differential Recovery of Coral Reefs	47.041	2048319	158,457	-
LEAPS - MPS: Artificial Intelligence Techniques for Automatic NMR Metabolomics Data Processing	47.049	2245530	55,494	-
LEAPS-MPS: Diffusive Partial Differential Equations in the Physical Sciences	47.049	2213407	31,935	-
ERI: Multilevel Inverse Robust CoDesign of Materials, Products and Manufacturing Processing	47.041	2301808	33,741	-
ERI: Ultrafast, Robust, Novel Four-bore Carbon-fiber Microelectrodes for Simultaneous Electrochemical Sensing of Multiple Neurotransmitters and Toxic Metals	47.041	2301577	80,459	-
ERI: Simultaneous Interactions between Gases, Liquids, and Adsorbents in Adsorbent-Coated Microchannels	47.041	2347493	15,477	-
ERI: Improving the Learning Efficiency of Adaptive Optimal Control Systems in Information-Limited Environments	47.041	2138206	5,292	-
Characterization of upward leaders and the attachment process in downward cloud-to-ground lightning	47.050	AGS-1934066	54,116	-
Assessing the Effects of Human Activity on the Composition of Tropical Forests	47.075	2148984	161,844	69,827
Understanding mixed-mode fracture mechanics in additively manufacturable functionally graded microcellular solids	47.041	2317406	52,510	-
Collaborative Research: Numerical Methods and Differential Geometry	47.049	2411209	9,689	-
Collaborative Research: Topology and Infection Dynamics of Bacteriophage Viruses	47.049	2318053	5,587	-
EAGER: Creating a composite EL Nino record record from the lowland Neotropics	47.050	2417794	3,127	-
Collaborative Research: SCH: Therapeutic and Diagnostic System for Inflammatory Bowel Diseases: Integrating Data Science, Synthetic Biology, and Additive Manufacturing	47.074	2306740	2,386	-
<i><u>Wake Forest University (WFLU)</u></i>				
Collaborative Research: BEE: Impacts of abiotic environment, pathogen resistance and PreColumbian human management on Neotropical canopy palm abundances	47.074	23-003	6,220	-
<i><u>Cornell University</u></i>				
US CMS Upgrades for the High-Luminosity Large Hadron Collider	47.049	79433-20662	42,236	-
<i><u>Board of Regents, Nevada System of Higher Education on behalf of Desert Research Institute</u></i>				
INFEWS/T2: Organic Waste Lifecycles at the Interface of Food, Energy, Water Systems (OWL-FEWs)	47.041	GR12848	47,410	-
<i><u>Arizona State University</u></i>				
EFRI ELIS: Bioweathering dynamics and ecophysiology of microbially catalyzed soil genesis of Martian regolith	47.041	ASUB000001187	33,576	-
<i><u>University of Texas at Austin (UT Austin)</u></i>				
Natural Hazards Engineering Research Infrastructure: Cyberinfrastructure (DesignSafe) 2020-2025	47.041	UTA20-000983	85,383	-
<i><u>Florida International University (FIU)</u></i>				
Empirical vulnerability model to assess impact of windborne tree debris on low-rise construction USAA Portion	47.041	Subaward No. 000761	3,141	-
Empirical vulnerability model to assess impact of windborne tree debris on low-rise construction FIU-TTU	47.041	Subaward No. 000761/000830	4,436	-
<i><u>Texas Tech University (TTU)</u></i>				
Empirical vulnerability model to assess impact of windborne tree debris on low-rise construction	N/A	#28P065-04 WHIP2022-07	5,770	-
WHIP2023-04: Risk vulnerability model for components of refinery plants or industrial facilities	47.041	Agreement #28P060-06	7,373	-
Subtotal, National Science Foundation:			1,236,395	94,827
<u>ENVIRONMENTAL PROTECTION AGENCY</u>				
Prevention and Control of Harmful Algal Blooms in St. Lucie Estuary by Low-cost Sargassum-derived Biochar	66.484	02D20522	97,834	2,447
<i><u>IRL Council</u></i>				
Suffocating Sand; Mapping Hypoxia and Its Impacts on Benthic Nutrient Fluxes in the IRL	66.456	IRL.2022-12 Encumbrance# GL.01-2215/GL.01-2216	28,521	-
Subtotal, Environmental Protection Agency:			126,355	2,447
<u>U.S. DEPARTMENT OF ENERGY</u>				
Surface heat flux and its association with MJO in the tropical western Pacific using ARM observations	81.049	DE-SC0023059	75,097	-
Experimental High Energy Physics Research	81.049	DE-SC0013794	212,289	-
<i><u>The Ohio State University (OSU)</u></i>				
Biological routes for synthesizing the industrial platform chemical, propylene, from deconstructed lignin waste and captured carbon dioxide produced during lignin valorization into bio-oil	81.049	SPC-1000012761/GR134276	71,748	-
Subtotal, U.S. Department of Energy:			359,134	-
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<i><u>National Institutes of Health</u></i>				
3D printed biomimetic bioglass-gradient matrices for aCL reconstruction Kishore	93.846	2R15AR071102-02	125,292	6,706
Dual Role of HSP70 in Diabetes-Induced Vascular Dysfunction	93.847	1R15DK131511-01A1	89,986	-
Enantioselective Catalytic Chlorosilane Reactions	93.959	1R15GM139087-01	190,733	-
Development of Light Triggered Molecular Tools Critical for Understanding the Brain's Network	93.958	2R15GM112119-02	223,740	-
Increasing clinical access by reducing scan time of dynamic nuclear cardiac imaging with superior diagnosis	93.286	1R15EB030807-01A1	113,119	36,650
Regulatory mechanisms linking HSF1 protein levels and HSF1 protein activity to the alternative splicing factor SF3B1	93.396	1R15CA227573-01A1	78	-
The Role of Calcium Transients in Fertilization and Early Embryogenesis in C. elegans	93.865	1R15HD111986-01	150,739	-
<i><u>University of Utah (U Utah)</u></i>				
Modelling gastric mucus layer physiology	93.859	10047369-S3	22,375	-
The development and validation of a novel tool for the assessment of bulbar dysfunction in ALS	91.173	N/A	21,409	-
Subtotal, U.S. Department of Health and Human Services:			937,471	43,356
<u>AGENCY FOR INTERNATIONAL DEVELOPMENT</u>				
Renewable hydrogen generation with carbon recycling (ReHyCaRe) from biogenic residues of Bangladesh	98.001	SCON-10000579	8,397	-
Subtotal, Agency for International Development:			8,397	-
Subtotal, Research and Development Cluster:			8,990,440	825,358

See independent auditor's report.

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2024

Federal Grantor / Pass-through Grantor / Program Title	Assistance Listing Numbers	Agency Contract/Grant Number	Federal / State Expenditures	Passed Through to Subrecipient
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<i>Health Resources and Services Administration:</i>				
Graduate Psychology Education Programs (GPEP)	93.191	D40HP33344	29,673	-
Subtotal, U.S. Department of Health and Human Services:			29,673	-
<u>NATIONAL ENDOWMENT FOR THE HUMANITIES (NEH)</u>				
Ancient Script Digitization and Archival (ASDA) of Indus Valley Artifacts using Deep Learning: A Tier I NEH Research and Development Proposal	45.149	PR-290075-23	51,177	-
Subtotal, National Endowment for the Humanities (NEH):			51,177	-
<u>U.S. DEPARTMENT OF JUSTICE</u>				
<i>State of Florida Office of the Attorney General (FL-OAG)</i>				
Family Learning Program 2020-2021	16.575	VOCA-2020-Florida Institute of Tech-00649	10,833	-
Subtotal, U.S. Department of Justice:			10,833	-
<u>U.S. SMALL BUSINESS ADMINISTRATION</u>				
<i>Small Business Administration</i>				
weVENTURE WBC CORE Grant 2023-2024	59.043	SBAOEDWB210023-03-00	110,449	-
weVENTURE WBC CORE Grant 2021-24	59.043	SBAOEDWB210023-01-00	40,682	-
Subtotal, U.S. Small Business Administration:			151,131	-
<u>U.S. DEPARTMENT OF VETERANS AFFAIRS</u>				
Post 9/11 Veterans Educational Assistance	64.028	N/A	5,650,224	-
Subtotal, U.S. Department of Veterans Affairs:			5,650,224	-
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Student Financial Assistance Cluster</i>				
Federal Pell Grant Program	84.063	N/A	6,746,698	-
Federal Supplemental Educational Opportunity Grants	84.007	N/A	718,821	-
Federal Direct Student Loans	84.268	N/A	60,145,282	-
Federal Work Student Program (FWS) & Job Location and Development (JLD)	84.033	P033A200882	672,514	-
Subtotal, U.S. Department of Education:			68,283,315	-
Subtotal, Student Financial Aid Cluster:			68,283,315	-
TOTAL FEDERAL EXPENDITURES			83,166,793	825,358
<u>STATE</u>				
<u>FLORIDA DEPARTMENT OF EMERGENCY MANAGEMENT (FDEM)</u>				
<i>Florida International University (FIU)</i>				
Wind & Flood FPHLM Model Operation, Maintenance, Acceptability, and Model Upgrades (2020-2021)	N/A	Subaward No. 00356	37,209	-
Investigation and Incorporation of WOW testing outputs in the Florida Public Hurricane Loss Model: 2022-2023	N/A	Subaward 000694	1,977	-
Subtotal, Florida Department of Emergency Management:			39,187	-
<u>INDIAN RIVER (IRL) NATIONAL ESTUARY PROGRAM</u>				
Suffocating Sand; Mapping Hypoxia and its Impacts on Benthic Nutrient Fluxes in the IRL, Phase II	N/A	Contract # IRL2023-05 Encumbrance #GL02-2215	13,726	-
Subtotal, Indian River (IRL) National Estuary Program:			13,726	-
<u>FLORIDA DEPARTMENT OF EDUCATION</u>				
Public Radio Stations Grant 2023-2024	N/A	Project Number 857-99790-4Q001/TAPS 24A066	90,182	-
Florida Tech - AeroSpace Cybersecurity Engineering Development (ASCEND) - Equipment Phase 1	48.180	Project 857-90345-4Q001 TAPS 24A359	950,000	-
Florida Tech - Biomedical Aerospace Manufacturing Phase III (BAM)	48.180	Project No. 857-93740-4Q001 (TAPS 24A1811)	1,885,957	-
Florida Tech -CAMID Upgrade Aerospace Cybersecurity Engineering Development (ASCEND)	N/A	TAPS 24A314	131,510	-
Specialty License Plate	76.049	N/A	17,252	-
Restore Lagoon Inflow - Phase 3: Research and Pilot Permitting	N/A	857-93160-3Q001	260,569	95,068
Subtotal, Florida Department of Education:			3,335,470	95,068
<u>FLORIDA DEPARTMENT OF TRANSPORTATION</u>				
Using the PENCEL PMT to Evaluate Shallow Foundations at Florida's Fine Sand Sites	N/A	BED28	117,797	-
Subtotal, Florida Department of Transportation:			117,797	-
<u>FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION</u>				
<i>Brevard County Board of County Commissioners</i>				
Seasonal Sampling of Seagrasses, Benthic Invertebrates and Sediment Conditions at the Mims Dredging Site	N/A	Task order No. 0005	92,790	-
Engineered and replaceable sea-sponge bio-filtration module to mitigate HABs	N/A	INV22	149,079	-
Ecosystem Level Impacts of Hypoxia: Bridging Data Gaps for Improved Management and Restoration	N/A	AT023/ FY23-24 GAA 1678	210,614	-
An innovative bioreactor utilizing repurposed materials to remove nitrogen and phosphorus in the Indian River Lagoon	N/A	INV21	134,146	-
Subtotal, Florida Department of Environmental Protection:			586,629	-
<u>FLORIDA DEPARTMENT OF HEALTH</u>				
A Shared Geospatial Artificial Intelligence Cancer Treatment Recommender System for Optimal Outcome	N/A	MOAAT	28,865	-
Family Learning Program 2020-2023	N/A	CPBV	371	-
Subtotal, Florida Department of Health:			29,236	-

See independent auditor's report.

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2024

Federal Grantor / Pass-through Grantor / Program Title	Assistance Listing Numbers	Agency Contract/Grant Number	Federal / State Expenditures	Passed Through to Subrecipient
<u>SEBASTIAN INLET TAX DISTRICT</u>				
Wave, Weather and Tide Data Collection System at Sebastian Inlet, Florida for FY 2023	N/A	Work Order No. 2223-009-FIT	119,857	-
FY2022-2023 Wave, Weather and Tide Data Collection System at Sebastian Inlet, Florida	N/A	Work Order No. 2122-012-FIT	7,716	-
2024-2025 Wave, Weather and Tide Data Collection System at Sebastian Inlet, Florida	N/A	Work Order No. 2324-010-FIT	7,698	-
State of the Inlet Analysis - 2022	N/A	Work Order No. 2122-018-FIT	10,554	-
State of the Inlet Analysis - 2023	N/A	Work Order No. 2223-019-FIT	120,111	-
State of the Inlet Analysis - 2024	N/A	Work Order No. 2324-017-FIT	6,612	-
Subtotal, Sebastian Inlet Tax District:			272,547	-
<u>FLORIDA FISH AND WILDLIFE CONSERVATION (FWC)</u>				
<u>Mote Marine Laboratory & Aquarium</u>				
Adsorption of Brevetoxins on low cost biochar	N/A	FWC Contract 19153	9,765	-
Subtotal, Florida Fish and Wildlife Conservation:			9,765	-
<u>FLORIDA STUDENT FINANCIAL ASSISTANCE</u>				
Florida Student Assistance Grant (FSAG)	48.054	N/A	625,166	-
Effective Access to Student Education (EASE)	48.064	N/A	3,506,000	-
Bright Futures Scholarships	48.059	N/A	2,848,626	-
Children of Disabled or Deceased Veterans	48.055	N/A	175,552	-
Subtotal, Florida Student Financial Assistance:			7,155,344	-
TOTAL STATE, FINANCIAL ASSISTANCE AND BRIGHT FUTURES EXPENDITURES			\$ 11,559,701	\$ 95,068

See independent auditor's report.

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The accompanying schedule of expenditures of federal awards and state financial assistance summarizes the expenditures incurred under all federal and state awards received by Florida Institute of Technology, Inc. (the "University") for the year ended June 30, 2024. For purposes of this schedule, federal awards and state projects include all grants, contracts, loans, and loan guarantee agreements entered into directly between the University and agencies and departments of the federal and state government and federal and state awards passed through other agencies. Expenditures for federal and state awards programs are recognized on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements*, Cost Principles and Audit Requirements for Federal Awards and Chapter 10.650, *Rules of the Auditor General*; therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements.

2. PROGRAM CLUSTERS

Federal Uniform Guidance and the Florida State Single Audit Act define a cluster of programs as a grouping of closely related programs that share common compliance requirements. According to this definition, we have determined the Student Financial Assistance Programs and Research and Development Programs to be Federal clusters of programs and the Florida Student Financial Assistance to be a State cluster of programs.

3. LOANS OUTSTANDING

The University had the following loan balances due to the federal government at June 30, 2024:

<u>Cluster/Program title</u>	<u>Number</u>	<u>Outstanding</u>
Federal Perkins Loan Program	84.038	<u>\$ 1,376,273</u>

4. GUARANTEED STUDENT LOAN PROGRAMS

During the year ended June 30, 2024, the University processed new loans under the following Guaranteed Student Loan Programs:

	<u>Loans to students</u>
Stafford Loans	\$ 41,894,979
Parents' Loans for Undergraduate and Graduate Students	<u>18,250,303</u>
Total Guaranteed Student Loan Program	<u>\$ 60,145,282</u>

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE (continued)**

FOR THE YEAR ENDED JUNE 30, 2024

5. CONTINGENCY

The grant revenue amounts received are subject to audit and adjustment. If any expenditures are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the University. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

6. INDIRECT COST RATE

Under the current federally negotiated rate agreement, the University uses a predetermined indirect cost rate using a modified total direct cost base. This rate is in effect until June 30, 2026. The University applies a 44.87% indirect cost rate or a 28.45% off campus rate on a modified total direct cost basis to all federal grants, unless otherwise restricted by the agency.

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

SCHEDULE OF FINANCIAL RESPONSIBILITY COMPOSITE RATIO SCORE

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

Primary reserve ratio

Expendable net assets	<u>\$ 84,996,602</u>	
Total expenses without donor restrictions and losses without donor restrictions	\$ 199,334,294	<u>0.4264</u>

Equity ratio

Modified net assets	<u>\$ 265,009,363</u>	
Modified assets	\$ 408,203,585	<u>0.6492</u>

Net income ratio

Change in net assets without donor restrictions	<u>\$ 18,114,819</u>	
Total revenue without donor restrictions and gains without donor restrictions	\$ 218,847,204	<u>0.0828</u>

Ratio calculation:

	<u>Ratio</u>	<u>Strength Factor</u>	<u>Weight</u>	<u>Composite Scores</u>
Primary reserve ratio	0.4264	4.26402	40%	1.2
Equity ratio	0.6492	3.00000	40%	1.2
Net income ratio	0.0828	3.00000	20%	0.6
<u>Total composite score</u>				<u>3.0</u>

See independent's auditor's report on supplementary information and notes to the schedule of financial responsibility composite ratio score and data.

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

SCHEDULE OF FINANCIAL RESPONSIBILITY DATA

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

	Amount	Financial statement title	Location in audited financial statements
PRIMARY RESERVE RATIO:			
<i>Expendable net assets:</i>			
Net assets without donor restrictions	\$ 173,269,562	Net assets without donor restrictions	Consolidated statement of financial position
Net assets with donor restrictions	92,813,541	Net assets with donor restrictions	Consolidated statement of financial position
Annuities with donor restrictions	(1,619,207)	Annuities payable	Consolidated statement of financial position
		Total net assets with donor restrictions, net of annuities, program and time restrictions and board designated endowment funds	Notes to the consolidated financial statements, Note 15
Net assets with donor restrictions: restricted in perpetuity	(88,528,679)		
Net assets without donor restrictions: other for purpose or time	(17,513,788)	Board-designated endowment fund	Notes to the consolidated financial statements, Note 8
Secured and Unsecured related party receivables	(1,073,740)	Pledges receivable, net	Consolidated statement of financial position
Property, plant and equipment, pre-implementation (includes Financing Leases)	(90,012,844)	Long-lived assets, net	Prior year schedule of financial responsibility data less expense in the current year
		Depreciation	
Property, plant and equipment, post-implementation with no outstanding debt for original purchase (includes Financing Leases)	(45,912,145)	Purchase of long-lived assets	Cumulative balance of fixed asset additions with no associated debt, as reported in each year's cash flows
Property, plant and equipment, post-implementation with outstanding debt for original purchase (includes Financing Leases)	(90,065,204)	Purchase of long-lived assets	Cumulative balance of fixed asset additions with associated debt, as reported in each year's cash flows
Property, plant and equipment, net:	(225,990,193)	Long-lived assets, net	Consolidated statement of financial position
Long-term debt - for long term purposes pre-implementation	11,379,110	Financing lease obligations	Prior year schedule of financial responsibility data less payments in the current year
		Long-term debt	
Long-term debt - for long term purposes post-implementation	96,347,851	Financing lease obligations	Prior year schedule of financial responsibility data less payments in the current year
		Long-term debt	
Long-term debt - for long term purposes:	107,726,961	Financing lease obligations	Consolidated statement of financial position
	<u>\$ 84,996,602</u>	Long-term debt	
<i>Total expenses and losses without donor restrictions:</i>			
Total expenses without donor restrictions	\$ 200,732,385	Total operating expenses	Consolidated statement of activities
Non-operating and net investment (loss)	(1,398,091)	Net realized and unrealized gain/(loss) on investments	Consolidated statement of activities
	<u>\$ 199,334,294</u>		
EQUITY RATIO:			
<i>Modified net assets:</i>			
Net assets without donor restrictions	\$ 173,269,562	Net assets without donor restrictions	Consolidated statement of financial position
Net assets with donor restrictions	92,813,541	Net assets with donor restrictions	Consolidated statement of financial position
Unsecured related party receivables	(1,073,740)	Pledges receivable, net	Consolidated statement of financial position
	<u>\$ 265,009,363</u>		
<i>Modified assets:</i>			
Total assets	\$ 409,277,325	Total assets	Consolidated statement of financial position
Unsecured related party receivables	(1,073,740)	Pledges receivable, net	Consolidated statement of financial position
	<u>\$ 408,203,585</u>		
NET INCOME RATIO:			
<i>Change in net assets without donor restrictions:</i>			
Change in net assets without donor restrictions	<u>\$ 18,114,819</u>	Change in net assets without donor restrictions	Consolidated statement of activities
<i>Total revenues and other gain without donor restrictions:</i>			
Total operating revenue and other additions (gains)	\$ 214,314,100	Total operating revenues and reclassifications	Consolidated statement of activities
Investment return appropriated for spending	-	Endowment payout	Consolidated statement of activities
Investment return without donor restrictions	1,398,091	Net realized and unrealized gain on investments	Consolidated statement of activities
Non-operating revenue and other gains	3,135,013	Interest and dividends - endowment	
		Insurance recovery	
		Gain/(loss) on disposition of assets	
		Other income and gifts	Consolidated statement of activities
	<u>\$ 218,847,204</u>		

See independent's auditor's report on supplementary information and notes to the schedule of financial responsibility composite ratio score and data.

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

NOTES TO SCHEDULE OF FINANCIAL RESPONSIBILITY COMPOSITE RATIO SCORE AND DATA

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

1. BACKGROUND

Section 498(c) of the Higher Education Act of 1965, as amended, requires for-profit and nonprofit institutions to annually submit audited financial statements to the U.S. Department of Education (the "Department") to demonstrate they are maintaining the standards of financial responsibility necessary to participate in Title IV programs. One of many standards, which the Department utilizes to gauge the financial responsibility of an institution, is a composite of three ratios derived from an institution's audited consolidated financial statements. The three ratios consist of a primary reserve ratio, an equity ratio and a net income ratio. These ratios gauge the fundamental elements of the financial health of an institution, not the educational quality of an institution.

The Schedule of Financial Responsibility Composite Ratio Score (the "Schedule") is prepared and submitted to the U.S. Department of Education and is prepared pursuant to Appendix B of 34 CFR Part 668 - Subpart L, Ratio Methodology for Private Nonprofit Institutions (the "Code"). The Schedule contains only the financial responsibility composite ratio scores required by the Code and are not intended to present the financial position or the results of operations of the University for the year ended June 30, 2024, in accordance with accounting principles generally accepted in the United States of America.

2. FINANCIAL RESPONSIBILITY COMPOSITE RATIO SCORE

The Schedule is prepared pursuant to the Code. The composite score reflects the overall relative financial health of an institution along a scale from negative 1.0 to positive 3.0.

The composite score includes the following required ratios, strength factors, and weight factors:

Required Ratios

Primary Reserve Ratio

The Primary Reserve ratio represents the ratio of expendable net assets to total expenses and losses.

Expendable net assets is calculated as the sum of net assets without donor restrictions, net assets with donor restrictions, debt obtained for long term purposes and post-employment and defined benefit pension liabilities, less net assets with donor restriction held in perpetuity, annuities, term endowments, life income funds, intangible assets, net property, plant and equipment, and unsecured related party receivables.

Total expenses is calculated as expenses and losses without donor restriction, less losses without donor restrictions on investments, post-employment and defined benefit pension plans, and annuities.

Equity Ratio

The Equity ratio represents the ratio of modified net assets to modified assets.

Modified net assets is calculated as the sum of net assets without donor restrictions and net assets with donor restrictions, less intangible assets and unsecured related party receivables.

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

NOTES TO SCHEDULE OF FINANCIAL RESPONSIBILITY COMPOSITE RATIO SCORE AND DATA (continued)

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

2. FINANCIAL RESPONSIBILITY COMPOSITE RATIO SCORE (continued)

Required Ratios (continued)

Equity Ratio (continued)

Modified assets is calculated as the total assets, less intangible assets and unsecured related party receivables.

Net Income Ratio

The Net Income ratio represents the ratio of the change in net assets without donor restrictions to total revenue and gains without donor restrictions.

The change in net assets without donor restrictions is calculated within the audited consolidated financial statements.

The total revenue and gains without donor restrictions is calculated as the total of all revenues and gains as reported in the audited consolidated financial statements, including the net assets released from restrictions.

Strength Factors

The strength factor for each ratio is calculated in accordance with the Code as follows:

Primary Reserve Ratio

10 x Primary Reserve Ratio result

Equity Ratio

6 x Equity Ratio result

Net Income Ratio

1 + (50 x Net Income Ratio result) for positive Net Income Ratios

1 + (25 x Net Income Ratio result) for negative Net Income Ratios

Strength factors that are calculated outside of the range of -1 to 3 are adjusted to the outer most range of the scale.

Weight Factors

The weight factor for each ratio outlined in the Code as follows:

Primary Reserve Ratio - 40%

Equity Ratio - 40%

Net Income Ratio - 20%

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

To the Board of Trustees of
Florida Institute of Technology, Inc.
Melbourne, 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 consolidated financial statements of Florida Institute of Technology, Inc. and Subsidiary (the "University" a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 4, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the University'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 opinion on the consolidated financial statements, but not for the purpose of expressing our opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

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

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

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407-412-9299

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's consolidated 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

September 4, 2024
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE AND CHAPTER 10.650, RULES OF THE
AUDITOR GENERAL**

To the Board of Trustees of
Florida Institute of Technology, Inc.
Melbourne, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited Florida Institute of Technology, Inc.'s and Subsidiary (the "University", a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs and state projects for the year ended June 30, 2024. The University's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program and State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and Chapter 10.650, Rules of the Auditor General ("Chapter 10.650"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program and state project. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.

MELBOURNE

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Melbourne, FL 32940
321-757-2020

ORLANDO

255 South Orange Avenue, #1000
Orlando, FL 32801
407-841-8841

WINTER PARK

1415 Gene Street
Winter Park, FL 32789
407-412-9299

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the University's federal programs and state projects.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. 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, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-001, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

September 4, 2024
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2024

SECTION I - SUMMARY OF AUDITOR'S RESULTS FOR FEDERAL COMPLIANCE

Financial Statements

- | | |
|---|------------|
| 1. Type of auditor's report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | None noted |
| 3. Noncompliance material to the consolidated financial statements noted? | No |

Federal Awards

- | | |
|---|------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | Yes |
| 2. Type of auditor's report issued on compliance for major programs: | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? | No |

4. Identification of major federal award programs:

Assistance Listing

Name of Federal Program

Various

Research & Development Cluster

Various

Student Financial Aid Programs
Cluster

- | | |
|---|-------------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$2,461,956 |
| 6. Auditee qualified as a low-risk auditee? | Yes |

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)

FOR THE YEAR ENDED JUNE 30, 2024

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported

SECTION III - FINDINGS AND QUESTIONED COSTS

Reference number

2024-001 Special Tests and Provisions: Return of Title IV Funds
Student financial aid programs cluster
Significant Deficiency in Internal Control

Criteria

In accordance with 34 CFR 668.22, when a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV aid earned by the student as of the student's withdrawal date, and return any funds not earned by the student through attendance.

Statement of Condition

During our testing of the regulations, one student who was identified as a withdrawn student and did not have the proper calculation performed to determine if funds should be returned in accordance with the regulations. As a result of the audit inquiry, this calculation was performed and funds were returned, however the funds were returned outside of the required 45 day window. Additional analysis performed during testing confirmed that no additional students were overlooked as a result of this condition.

Statement of Cause

Due to recent staffing changes, the University did not have an adequate process in place for reviewing the students who are subject to a potential return of funds due to their withdrawal. As a result, the student was not properly identified and the calculation and subsequent return of funds was not performed in accordance with the University's policy or the CFR's guidelines.

Possible Asserted Effect

The University did not have adequate processes or controls in place to ensure compliance with the applicable regulations regarding Title IV funds.

Recommendations

The University should continue to update processes and procedures to ensure compliance in the future. These updated processes should include adequate segregation of duties and review steps to ensure that all students who are subject to potential recapture and return of funds are analyzed in the time frame dictated by the CFR.

Management's response

See Corrective Action Plan.

SECTION IV - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None reported

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)

FOR THE YEAR ENDED JUNE 30, 2024

SECTION I - SUMMARY OF AUDITOR'S RESULTS FOR STATE COMPLIANCE

State Financial Assistance

1. Internal control over major projects:
 - a. Material weaknesses identified? No
 - b. Significant deficiencies identified? None noted
2. Type of auditor's report issued on compliance for major projects: Unmodified
3. Any audit findings disclosed that are required to be reported under Rule 10.654(1)(h)4? No
4. Any management letter issued under Rule 10.656(3)(e)? No
5. Identification of major state financial assistance projects:

Assistance Listing

Name of State Project

Various

Florida Student Financial Assistance Cluster

48.059

The Florida Bright Futures Scholarship Programs

48.180

Florida Tech - Aerospace Cybersecurity Engineering Development (ASCEND)

48.180

Florida Tech - Biomedical Aerospace Manufacturing (BAM)

6. Dollar threshold used to distinguish between type A and type B projects:

\$750,000

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported

SECTION III - FINDINGS AND QUESTIONED COSTS

None reported

SECTION IV - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None reported

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

SCHEDULE OF POPULATIONS, SAMPLES TESTED, AND QUESTIONED COSTS FOR FLORIDA STUDENT FINANCIAL ASSISTANCE PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2024

		Award Population		Award Sample				Questioned Costs			
		Amount	Recipients	Amount	% of Population Amount	Recipients	% of Population Recipients	Amount	% of Sample Amount	Recipients	% of Sample Recipients
Florida Academic Scholars Award	FLAS	\$ 2,020,977	675	\$ 294,767	15%	50	7%	\$ -	0%	-	0%
Florida Medallion Scholars Award	FLMS	827,649	395	205,558	25%	50	13%	-	0%	-	0%
Florida Student Assistance Grant	FSAG	625,166	651	102,012	16%	50	8%	-	0%	-	0%
Florida Resident Access Grant	EASE	3,506,000	2034	95,000	3%	50	2%	-	0%	-	0%
Scholarship for Children of Deceased or Disabled Veterans	CDDV	175,552	62	63,176	36%	10	16%	-	0%	-	0%
		<u>\$ 7,155,344</u>	<u>3817</u>	<u>\$ 760,513</u>		<u>210</u>		<u>\$ -</u>		<u>-</u>	

See independent auditor's report.

CORRECTIVE ACTION PLAN

September 04, 2024

U.S. Department of Education

The Florida Institute of Technology, Inc. respectfully submits the following corrective action plan for the year ended June 30, 2024.

Berman Hopkins Wright & LaHam, CPAs and Associates, LLP
8035 Spyglass Hill Road
Melbourne, FL 32940

Audit period: July 1, 2023 - June 30, 2024

The findings from the June 30, 2024, schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS - FEDERAL AWARDS

2024-001 Special Tests and Provisions - Return of Title IV Funds

Student financial aid programs cluster

Significant Deficiency in Internal Control

Condition: During our testing of the regulations, one student who was identified as a withdrawn student did not have the proper calculation performed to determine if funds should be returned in accordance with the regulations.

Auditor Recommendations: The University should continue to update processes and procedures to ensure compliance in the future. These updated processes should include adequate segregation of duties and review steps to ensure that all students who are subject to potential recapture and return of funds are analyzed in the time frame dictated by the CFR.

Action Taken: A new weekly quality assurance report has been created that identifies all withdrawn students. It identifies any student that requires a return calculation in the financial aid management system, and that all required Title IV aid has been returned. The report is generated and reviewed by both the



Associate Director and Assistant Director of Financial Aid to ensure adequate segregation of duties and review. This report was run for the entirety of fiscal year 2024 and no other returns were found to be outstanding.

If the Department of Education has questions regarding this plan, please contact Kimberly Williams, VPAF/CFO at (321) 674-8837.

Sincerely yours,

Kimberly D. Williams
Florida Tech | VP for Administration and Finance/CFO
150 W University Blvd Melbourne, FL 32901
(321) 674-8837 | kwilliams@fit.edu

