

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

*Consolidated Financial  
Statements and  
Supplemental Reports*

*June 30, 2023*

# 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, 2023, 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, 2023, 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 leases during the year ended June 30, 2023 due to the adoption of Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 842, *Leases*. Our opinion is not modified with respect to that matter.

## ***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, 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.

The consolidating statement of financial position is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2023 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.

October 23, 2023  
Melbourne, Florida

*Berman Hopkins Wright & LaHam*  
*CPAs and Associates, LLP*

# FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2023

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### ASSETS

Cash and cash equivalents	\$ 29,522,306
Accounts receivable, net	13,470,758
Pledges receivable, net	1,527,497
Prepaid expenses, inventories and other assets, net	6,544,764
Student loans receivable, net	1,488,297
Operating lease right of use assets	12,051,633
Cash held with fiduciary	6,725,133
Investments	100,805,797
Intangible assets, net	225,682
Long-lived assets, net	220,153,152
TOTAL ASSETS	<u>\$ 392,515,019</u>

### LIABILITIES AND NET ASSETS

#### LIABILITIES

Accounts payable and accrued expenses	\$ 13,005,656
Deposits and deferred revenue	5,426,973
Annuities payable	1,760,877
Refundable government loans	2,109,560
Financing lease obligations	11,138,405
Operating lease liabilities	14,250,868
Long-term debt	101,236,434
Total liabilities	<u>148,928,773</u>

#### NET ASSETS

Without donor restrictions	148,841,209
With donor restrictions	94,745,037
Total net assets	<u>243,586,246</u>

TOTAL LIABILITIES AND NET ASSETS \$ 392,515,019

See notes to consolidated financial statements.

FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>OPERATING ACTIVITIES</b>			
<i>Revenues and reclassifications:</i>			
Tuition and fees	\$ 195,154,616	\$ -	\$ 195,154,616
Student aid - tuition and fees	(53,989,314)	-	(53,989,314)
Net tuition and fees	141,165,302	-	141,165,302
Gifts	2,533,261	289,295	2,822,556
Interest and dividends	1,668,458	-	1,668,458
Other operating	5,858,023	362	5,858,385
Sponsored programs			
Federal/State grants & contracts	14,231,635	-	14,231,635
Private grants & contracts	1,193,297	-	1,193,297
Indirect cost recovery	3,243,483	-	3,243,483
Subtotal sponsored programs	18,668,415	-	18,668,415
Auxiliary enterprises	34,823,905	-	34,823,905
Endowment payout	4,810,980	-	4,810,980
Net assets released from restrictions	39,370	(39,370)	-
Total operating revenues and reclassifications	209,567,714	250,287	209,818,001
<i>Expenses:</i>			
Instruction and departmental	75,897,597	-	75,897,597
Academic support	7,266,019	190,507	7,456,526
Student services	18,130,208	-	18,130,208
Sponsored programs	14,565,115	-	14,565,115
Auxiliary enterprises	25,569,341	-	25,569,341
Institutional support	38,825,351	55,055	38,880,406
Total operating expenses	180,253,631	245,562	180,499,193
Operating income prior to depreciation, amortization and interest	29,314,083	4,725	29,318,808
Depreciation and amortization	11,219,553	-	11,219,553
Interest expense	3,867,569	-	3,867,569
Operating income after depreciation, amortization and interest	14,226,961	4,725	14,231,686
<b>NON-OPERATING ACTIVITIES</b>			
Gifts	4,590	1,814,649	1,819,239
Interest and dividends - endowment and other	162,009	2,516,312	2,678,321
Net realized and unrealized gain on investments	481,633	6,781,107	7,262,740
Other income	1,818,108	-	1,818,108
Gain on disposition of assets	154,980	-	154,980
Endowment payout	(348,412)	(4,462,568)	(4,810,980)
Non-operating income	2,272,908	6,649,500	8,922,408
CHANGE IN NET ASSETS	16,499,869	6,654,225	23,154,094
NET ASSETS - Beginning of year	132,341,340	88,090,812	220,432,152
NET ASSETS - End of year	\$ 148,841,209	\$ 94,745,037	\$ 243,586,246

See notes to consolidated financial statements.

**FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Programs</b>					<b>Support</b>	
	<b>Instruction and departmental</b>	<b>Academic support</b>	<b>Student services</b>	<b>Sponsored programs</b>	<b>Auxilliary enterprises</b>	<b>Institutional support</b>	<b>Total</b>
Salaries	\$ 41,059,951	\$ 1,986,239	\$ 7,919,355	\$ 7,118,396	\$ 6,691,467	\$ 17,767,057	\$ 82,542,465
Benefits	10,655,388	580,071	2,273,032	1,246,859	1,927,580	4,935,220	21,618,150
Services and travel	17,645,481	1,265,415	4,590,299	3,680,285	681,744	8,062,691	35,925,915
Materials and supplies	1,648,802	2,372,621	1,457,940	990,687	5,029,685	6,916,503	18,416,238
Operations and maintenance	4,887,975	1,252,180	1,889,582	1,528,888	11,238,865	1,198,935	21,996,425
	<u>\$ 75,897,597</u>	<u>\$ 7,456,526</u>	<u>\$ 18,130,208</u>	<u>\$ 14,565,115</u>	<u>\$ 25,569,341</u>	<u>\$ 38,880,406</u>	<u>\$ 180,499,193</u>
Depreciation and amortization	\$ 2,021,314	\$ 268,248	\$ 402,562	\$ 821,993	\$ 2,337,196	\$ 5,368,240	\$ 11,219,553
Interest expense	1,652,308	131,521	183,559	172,581	1,156,904	570,696	3,867,569
Total Expenses	<u>\$ 79,571,219</u>	<u>\$ 7,856,295</u>	<u>\$ 18,716,329</u>	<u>\$ 15,559,689</u>	<u>\$ 29,063,441</u>	<u>\$ 44,819,342</u>	<u>\$ 195,586,315</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, 2023**

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**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets	\$ 23,154,094
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization of long-lived and intangible assets	11,219,553
Amortization of bond premium	(837,154)
Amortization of right of use assets	1,428,532
Net realized and unrealized gain on investments	(7,262,740)
Change in bad debt allowance for accounts receivable	(328,240)
Change in bad debt allowance for student loans receivable	3,472
Change in bad debt allowance for pledges receivable	2,447
Gain on disposition of assets	(154,980)
Change in actuarial liability for annuities payable, net	112,832
Change in assets and liabilities:	
Accounts receivable	(6,982,113)
Pledges receivable	111,059
Prepaid expenses, inventories and other assets	(564,088)
Student loans receivable	449,150
Accounts payable and accrued expenses	(3,385,381)
Deposits and deferred revenue	(474,744)
Refundable government loans	(539,027)
Operating lease liabilities	(1,179,454)
Net cash provided by operating activities	<u>14,773,218</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, 2023

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CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of investments	(96,333,770)
Proceeds from investments	93,909,773
Proceeds from disposition of assets	196,892
Purchase of long-lived assets	(20,775,818)
Net cash used in investing activities	<u>(23,002,923)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payment of annuity obligations	(140,343)
Repayment of long-term debt	(2,786,325)
Repayment of capital lease obligations	(887,232)
Net cash used in financing activities	<u>(3,813,900)</u>
NET DECREASE IN CASH, CASH EQUIVALENTS, AND CASH HELD WITH FIDUCIARY	
	(12,043,605)
CASH, CASH EQUIVALENTS, AND CASH HELD WITH FIDUCIARY Beginning of year (as restated due to reclassification)	
	48,291,044
CASH, CASH EQUIVALENTS, AND CASH HELD WITH FIDUCIARY End of year	
	<u>\$ 36,247,439</u>
AS PRESENTED ON STATEMENTS OF FINANCIAL POSITION	
Cash and cash equivalents	\$ 29,522,306
Cash held with fiduciary	6,725,133
	<u>\$ 36,247,439</u>
SUPPLEMENTAL CASH FLOW INFORMATION - Interest paid	
	<u>\$ 4,883,053</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS - Operating lease right of use asset obtained in exchange for operating lease liabilities	
	<u>\$ 15,430,322</u>

See notes to consolidated financial statements.

# FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### 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 FIT Aviation, LLC. 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 FIT Aviation, LLC.

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, 2023

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### 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 - \$6,725,133
- Cash held in short term investment accounts - \$29,240,338
- Cash held in depository accounts - \$952,763

Depository accounts are insured by the Federal Deposit Insurance Corporation (“FDIC”) for up to \$250,000 per depositor. As of June 30, 2023, approximately \$450,000 of the University’s balances in depository accounts were subject to custodial credit risk. Management does not believe the credit risk associated with the cash held with fiduciary and the cash held in short term investments is significant.

**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 uncollectible accounts based upon their review of delinquent accounts and an 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.

**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.

# FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**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. The University maintains its investments in securities with four brokerage firms that are members of the Securities Investor Protection Corporation ("SIPC"). At times, the brokerage firm accounts 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, 2023.

**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 greater than \$1,000 and acquired by gifts greater than \$5,000 having a useful life greater than one year. 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
Equipment	3 to 15 years
Vehicles and boats	5 to 10 years
Aircraft	5 to 12 years
Software	3 to 5 years (amortized)
Library materials	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.

**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.

# FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**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 \$1.5 million as of June 30, 2023. Promises that are associated with bequests and wills whose conditions have not been met totaled approximately \$19.2 million as of June 30, 2023.

**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 that includes FIT Aviation, LLC and other activities subject to unrelated business income tax.

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.

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 2020.

# FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2023

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Advertising** - The University expenses advertising costs when incurred. Advertising expense totaled approximately \$2.4 million for the year ended June 30, 2023.

**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, 2023:

Cash and cash equivalents	\$ 29,522,306
Accounts receivable, net	13,470,758
Pledges receivable, net	1,527,497
Student loans receivable, net	1,488,297
Cash held with fiduciary	6,725,133
Other long-term investments	<u>100,805,797</u>
Total financial assets	<u>\$ 153,539,788</u>

**FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Liquidity and Availability of Resources (continued)* - As of June 30, 2023, 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	\$ 29,522,306
Accounts receivable, net	13,470,758
Pledges receivable for operations due in 1 year or less	726,509
Payout on donor restricted endowments	4,462,568
Payout on quasi-endowments	348,412
Investments not encumbered by donor or board restrictions	<u>4,225,498</u>
Total financial assets available for general expenditures	<u>\$ 52,756,051</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, 2023, the following amounts were designated by the board and available to be spent at any time with board approval:

Board Designated Quasi-Endowment funds	\$ 3,453,834
Departmental Quasi-Endowments funds	<u>2,378,031</u>
Total Quasi-Endowment funds	<u>\$ 5,831,865</u>

Student loans receivable are not considered to be available to meet general expenditures because principal and interest on these loans are used solely to make new 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 \$6,725,133 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, 2023

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#### 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, 2023

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Adoption of accounting pronouncement** - In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), that requires lessees to recognize most leases on their balance sheets related to the rights and obligations created by those leases. The accounting treatment for finance leases and lessors remains relatively unchanged. The accounting standards update also requires additional qualitative and quantitative disclosures related to the nature, timing and uncertainty of cash flows arising from leases. In July 2018, the FASB approved an amendment to the new guidance that introduced an alternative modified retrospective transition approach granting companies the option of using the effective date of the new standard as the date of initial application. The University adopted the standard using the effective date method on July 1, 2022.

The University elected certain practical expedients that are permitted by the standard. The package of practical expedients would allow the University to not reassess previous accounting conclusions regarding whether existing arrangements are or contain leases, the classification of existing leases, and the treatment of initial direct costs. The University did not elect the hindsight transition practical expedient allowed for by the new standard, which allows entities to use hindsight when determining lease term and impairment of ROU assets. The University elected certain other practical expedients offered by the new standard which it will apply to all asset classes, including the option not to separate lease and non-lease components and instead to account for them as a single lease component and the option not to recognize ROU assets and related liabilities that arise from short-term leases (i.e., leases with terms of twelve months or less that do not include an option to purchase the underlying asset that the University is reasonably certain to exercise).

The standard had material impacts on the statement of financial position but did not have an impact on the statement of activities. The most significant impacts of the standard on the statement of financial position on the date of adoption were as follows:

Recognition of \$15,430,322 of operating lease right-of-use asset and operating lease liabilities.

As part of its adoption of the new lease accounting standard, the University also implemented new internal controls and updated accounting policies and procedures, operational processes and documentation practices to enable the preparation of financial information on adoption. Refer to Note 1-Leases and Note 12 for additional disclosures required as a result of the adoption of this new standard.

**Reclassification** - Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

**FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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**2. ACCOUNTS RECEIVABLE, NET**

Accounts receivable consisted of the following at June 30, 2023:

Students	\$	5,449,266
Sponsored research and similar agreements		4,984,273
Aviation		2,014,941
Miscellaneous		2,183,558
Total		<u>14,632,038</u>
Less: allowance for doubtful accounts		<u>(1,161,280)</u>
Net accounts receivable	\$	<u><u>13,470,758</u></u>

**3. PLEDGES RECEIVABLE, NET**

Pledges receivable, discounted using a risk-free rate of 3%, are expected to be realized in the following time frames at June 30, 2023:

Due:		
Less than one year	\$	726,509
One year to five years		<u>1,004,721</u>
Total		1,731,230
Less: discount		(151,286)
Less: allowance		<u>(52,447)</u>
Net pledges receivable	\$	<u><u>1,527,497</u></u>

One pledge included above had a balance of \$1.0 million (65% of pledges receivable, net) as of June 30, 2023.

**4. PREPAID EXPENSES, INVENTORIES AND OTHER ASSETS, NET**

Prepaid expenses, inventories and other assets consisted of the following at June 30, 2023:

Prepaid expenses	\$	4,369,534
Inventories		1,660,566
Other		<u>514,664</u>
Net prepaid expenses, inventories, and other assets	\$	<u><u>6,544,764</u></u>

**FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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**5. STUDENT LOANS RECEIVABLE, NET**

Student loans receivable consisted of the following at June 30, 2023:

Perkins	\$	1,792,145
Merit		102,072
Frueauff		3,363
Total		<u>1,897,580</u>
Less: allowance for doubtful accounts		<u>(409,283)</u>
Student loans receivable, net	\$	<u><u>1,488,297</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 \$2,109,560 at June 30, 2023, 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. Ultimately, 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, 2023:

Short term investments	\$	432,797
Debt mutual funds		1,447,576
US government notes and bonds		5,056,085
Corporate bonds		10,337,378
Mortgage/asset backed securities		4,770,786
Municipal bonds		1,678,007
Equity mutual funds		37,075,506
Common stocks		33,983,727
Alternative investments		4,097,654
Money market		1,281,069
Surplus notes		645,212
Total investments	\$	<u><u>100,805,797</u></u>

**FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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**6. INVESTMENTS (continued)**

Net realized and unrealized gains and losses on investments consisted of the following for the year ended June 30, 2023:

<b>Without donor restrictions</b>	
Endowments:	
Realized/unrealized gain, net	\$ 440,637
Short term investments:	
Realized/unrealized gain, net	40,996
Subtotal	<u>481,633</u>
<b>With donor restrictions</b>	
Endowments:	
Realized/unrealized gain, net	6,728,784
Annuity contracts & charitable remainder trusts:	
Realized gain, net	52,323
Subtotal	<u>6,781,107</u>
Total realized and unrealized gains, net	<u>\$ 7,262,740</u>

Concentrations of market risk included the following at June 30, 2023:

	<u>Amount</u>	<u>Percentage</u>
American Funds EuroPacific growth fund (Equity mutual fund)	<u>\$ 21,760,051</u>	<u>23%</u>

**7. LONG-LIVED ASSETS, NET**

Long-lived assets consisted of the following at June 30, 2023:

Land	\$ 8,245,513
Building and land improvements	54,637,286
Buildings	201,503,785
Equipment - Siemens energy project	10,025,158
Equipment	48,484,223
Vehicles and boats	2,385,967
Aircraft	4,175,646
Software	1,308,799
Library materials	613,827
Construction in progress	9,177,293
Total	<u>340,557,497</u>
Less: accumulated depreciation and amortization	<u>(120,404,345)</u>
Net long-lived assets	<u>\$ 220,153,152</u>

Depreciation and amortization expense was \$11,219,553 for the year ended June 30, 2023.

# FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2023

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#### 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 \$4,810,980 for the year ended June 30, 2023. 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.

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:  $\text{Real Asset Growth Rate} = \text{total investment return} - \text{CPI} - \text{management costs} - \text{annual payout amount}$ .

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.

**FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

**8. ENDOWMENTS (continued)**

**Investment Policy (continued)**

The endowment net asset balance consisted of the following at June 30, 2023:

<b>Donor-restricted endowment fund</b>	
With donor restrictions	\$ 90,748,434
<b>Board-designated endowment fund</b>	
Without donor restrictions	<u>5,831,865</u>
<b>Total funds</b>	<u><u>\$ 96,580,299</u></u>

The changes in the University's endowments as of and for the year ended June 30, 2023 are as follows:

	<b>2023</b>		
	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b>Endowment net assets - Beginning of year</b>	\$ 5,596,792	\$ 83,845,245	\$ 89,442,037
Investment income	159,948	2,621,612	2,781,560
Net realized and unrealized loss on investments - net of fees	418,947	6,734,515	7,153,462
Additions to investment pool - net	4,590	1,814,649	1,819,239
Appropriation of endowment assets for expenditure	(348,412)	(4,462,568)	(4,810,980)
Transfer for underwater endowments	-	194,981	194,981
<b>Endowment net assets - End of year</b>	<u><u>\$ 5,831,865</u></u>	<u><u>\$ 90,748,434</u></u>	<u><u>\$ 96,580,299</u></u>

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, 2023, funds with original gift values of \$1,413,576, fair values of \$1,218,595, and deficiencies of \$194,981 were reported in net assets with donor restrictions.

At June 30, 2023, funds with an original gift value of \$223,503 were received but not yet invested.

**FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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**9. ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accounts payable and accrued expenses consisted of the following at June 30, 2023:

Accounts payable	\$ 3,882,169
Accrued expenses	
Accrued salaries and wages	724,514
Accrued vacation	4,854,109
Due to Bisk Education	1,082,042
Other accrued expenses	<u>2,462,822</u>
Total accounts payable and accrued expenses	<u><u>\$ 13,005,656</u></u>

**10. DEPOSITS AND DEFERRED REVENUE**

Deposits and deferred revenue consisted of the following at June 30, 2023:

Deposits	\$ 2,589,487
Deferred revenue/tuition	<u>2,837,486</u>
Total deposits and deferred revenue	<u><u>\$ 5,426,973</u></u>

**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, 2023 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.



**FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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**11. ANNUITIES PAYABLE (continued)**

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, 2023:

Charitable remainder trusts	\$	1,637,476
Annuities payable		<u>123,401</u>
Total annuities payable	\$	<u><u>1,760,877</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.

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%.

**FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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

**Financing Leases (continued)**

The Center for Aeronautics and Innovation (continued)

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 one-year LIBOR (0.086% at June 30, 2023) plus 200 basis points.

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.

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 occupies all 62,523 square feet of the building. 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.

**FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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

Lease Cost

Finance lease cost:		
Amortization of right-of-use assets	\$	1,428,532
Interest on lease liabilities		385,446
Operating lease cost		556,878
Total lease cost	\$	<u>2,370,856</u>

Lease Term and Discount Rate

Weighted average remaining lease term (years):	
Operating leases	16.66
Finance leases	15.50
Weighted average discount rate:	
Operating leases	3.75%
Finance leases	3.26%

Maturity of Lease Liabilities

	Operating Leases	Finance Leases
2024	\$ 2,042,732	\$ 1,274,971
2025	2,094,937	1,277,225
2026	2,121,163	1,277,226
2027	1,866,918	1,277,225
2028	485,749	1,277,225
Thereafter	11,734,338	8,592,942
Less imputed interest	<u>(6,094,969)</u>	<u>(3,838,409)</u>
Total	<u>\$ 14,250,868</u>	<u>\$ 11,138,405</u>

**13. LINE OF CREDIT**

The University has a line of credit, which consists of a promissory note agreement with a commercial bank, under which the University may borrow up to \$15,000,000 for working capital purposes. The line of credit agreement dated July 1, 2020 was amended and restated effective February 1, 2023 with an expiration date of February 1, 2024. The amount of credit available for the borrower remained unchanged. The principal sum outstanding shall bear interest at a floating rate per annum equal to 1.86% in excess of the 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 is charged quarterly to the University based on the unused balance.

**FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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**13. LINE OF CREDIT (continued)**

The proceeds of this line of credit are to be used for working capital in the business of the University to supplement the seasonality of tuition and fee receivables. The University has pledged tuition and fees and unrestricted revenues as collateral for the line of credit. At June 30, 2023 the University had no outstanding balances under this agreement.

**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.

Long-term debt consisted of the following at June 30, 2023:

18 year annuity contract mortgage, fixed interest rate of 5.824%, maturing January 15, 2032, collateralized by real estate	\$ 1,282,341
2019 Series from the Higher Educational Facilities Financing Authority. Educational Facilities Revenue Bonds. Fixed interest rate 3.56%. Matures April 30, 2050.	90,680,000
Unamortized Premium, 2019 Series	<u>9,274,093</u>
Long-term debt	<u>\$ 101,236,434</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 \$837,154 was recognized for the year ended June 30, 2023.

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	
2024	\$ 2,933,285	\$ 796,242	
2025	3,080,660	757,330	
2026	3,243,477	720,319	
2027	3,411,761	685,117	
2028	3,590,541	651,636	
Thereafter	<u>75,702,617</u>	<u>5,663,449</u>	
Total	<u>\$ 91,962,341</u>	<u>\$ 9,274,093</u>	<u>\$ 101,236,434</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 and debt service fees for all debt obligations for the year ended June 30, 2023 totaled \$3,867,569.

The bonds contain certain financial covenants with respect to cash flow and debt ratios for which the University was in compliance at June 30, 2023.

**FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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**15. RESTRICTIONS ON NET ASSETS**

Net assets with donor restrictions consisted of the following at June 30, 2023:

Programs and passage of time	\$ 2,823,557
Endowment, annuity and similar funds	16,127,150
General endowments	10,223,910
Scholarship endowments	30,817,763
Departmental endowments	34,225,614
Endowed pledges	527,043
Total net assets with donor restrictions	<u>\$ 94,745,037</u>

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, 2023:

Fees for services	\$ 4,533,668
Commissions and fundraising	610,174
Admissions and miscellaneous fees	407,003
Student organizations revenue	307,540
Total other revenues	<u>\$ 5,858,385</u>

**17. FUNDRAISING**

Fundraising expenses consisted of general expenses of \$3,127,644 for the year ended June 30, 2023.

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, 2023, were \$3,026,659.

# FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2023

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#### 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, 2023 was \$228,433.

#### 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 first 16 years of this agreement is non-cancelable, and once the 20-year term expires, BISK may extend this agreement in increments of 5 years. 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.

##### 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 \$1.5 million plus hourly fees for additional services and annual maintenance and license fees. The contract expires on December 31, 2023. Total fees paid to Ellucian for the year ended June 30, 2023 were \$1,016,707.

##### Workday

On July, 26, 2018, the University entered into 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 \$1 million and annual user charges. The fees paid to Workday totaled \$1,094,578 for the year ending June 30, 2023.

# FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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### 20. COMMITMENTS AND CONTINGENCIES (continued)

#### 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, 2023.

### 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, 2023**

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**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.

The following table summarizes the relevant valuation information used to calculate the fair value of level 3 assets as of June 30, 2023:

<b>Type</b>	<b>Fair Value</b>	<b>Valuation Technique</b>	<b>Significant Unobservable Inputs</b>	<b>Rate or Range of rates</b>
Surplus Notes	\$ 645,212	Discounted expected futures cash flows	Discount rate Expected rate of return	10.63% 10%



**FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

**21. FAIR VALUE MEASUREMENTS (continued)**

The following table represents changes in the Plan’s Level 3 investment assets measured at fair value on a recurring basis for the years ending June 30, 2023:

Balance, beginning of year	\$ 830,212
Purchases, sales, issuances and settlements	
Settlements	<u>(185,000)</u>
Balance, end of year	<u>\$ 645,212</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.

The following table sets forth by level, within the fair value hierarchy, the University’s investments at fair value as of June 30, 2023.

<u>Description</u>	<u>Total</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
<b>Investments</b>				
Short-term investments	\$ 432,797	\$ 432,797	\$ -	\$ -
Debt mutual funds	1,447,576	1,447,576	-	-
US government notes and bonds	5,056,085	5,056,085	-	-
Corporate bonds	10,337,378	10,337,378	-	-
Mortgage/asset backed securities	4,770,786	4,770,786	-	-
Municipal bonds	1,678,007	1,678,007	-	-
Equity mutual funds	37,075,506	37,075,506	-	-
Common stocks	33,983,727	33,983,727	-	-
Alternative investments	4,097,654	4,097,654	-	-
Money market	1,281,069	1,281,069	-	-
Surplus notes	645,212	-	-	645,212
Total Investments	<u>\$ 100,805,797</u>	<u>\$ 100,160,585</u>	<u>\$ -</u>	<u>\$ 645,212</u>

# FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2023

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#### 22. DEFERRED INCOME TAXES

The University has unrelated business income which is not exempt from Federal income taxes, including the activities of its wholly owned subsidiary, FIT Aviation, LLC. For the year ended June 30, 2023 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, 2023. 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, 2023, the University had Federal net operating loss carryforwards of approximately \$25 million.

The University's deferred tax asset is as follows at June 30, 2023:

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

#### 23. SUBSEQUENT EVENTS

The University's management has evaluated subsequent events through October 23, 2023, 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, 2023**

Federal Grantor / Pass-through Grantor / Program Title	Assistance Listing Numbers	Agency Contract/Grant Number	Federal / State Expenditures	Passed Through to Subrecipient
<b><u>FEDERAL</u></b>				
RESEARCH AND DEVELOPMENT CLUSTER:				
<b><u>National Aeronautics and Space Administration</u></b>				
<i>National Shared Services Center</i>				
Investigating scale-dependent dynamic alignment laws in the solar wind-Primary	43.001	80NSSC19K0275	\$ 48,487	\$ 18,078
Using Parker Solar Probe (PSP) observations to test and constrain models of the solar wind and solar-wind turbulence	43.001	80NSSC21K1768	78,660	38,711
Mapping changes in hydroclimatic risk in High Mountain Asia (19-HMA19-0016)	43.001	80NSSC20K1300	195,006	166,669
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	43,693	19,144
Search for the origin of double power-law energy spectrum of energetic particles	43.001	80NSSC18K0644	141,376	-
A New Tool for Studying Jupiter's Clouds, Storms and Vortices - FTI	43.001	NNX16AQ03G	5,938	-
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	67,717	-
ISS Deployment and High-Altitude Descent Drone Landing using SVGS	43.003	80NSSC21M0262	18,675	-
Jupiter Impact Modeling	43.001	80NSSC22K1376	8,214	-
Light curve asymmetries in eclipsing binaries	43.001	80NSSC19K1021	21,659	-
Microgravity Test of Autonomous Multiple Cycle Farming System	43.001	80NSSC21K0341	3,184	-
Prediction of Solar Energetic Particle Radiation Based on Measurements of Solar Eruption and Photospheric Magnetic Field	43.001	80NSSC20K0286	37,882	-
The Role of Coronal Shocks and Cross-Field Transport Processes Play in the Observation of SEP Events	43.001	80NSSC19K1254	46,201	-
The source of warm plasma cloak due to ion heating by EMIC waves	43.001	80NSSC22K1019	33,771	-
Subject Matter Expert Augmentation - Test and Support Operations	43.001	PO JAC01-6000038119	64,195	-
The Exploration Medical Ecosystem Design Infrastructure (ExMED): system to build trust within Cyber-Physical-Human (CPH) teams	43.001	80NSSC22PB118	21,948	-
The missing link: Relating decades of solar and cosmic ray observations to lightning and extreme weather patterns on Earth	43.001	Q99001EH	53,711	-
<i>Johns Hopkins University Applied Physics Laboratory (JHUAPL)</i>				
Investigating the space time correlation of solar wind turbulence	43.001	166049	4,322	-
<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	14,857	-
<i>Jaycon Systems</i>				
Vision-Based Navigation for Formation Flight onboard ISS (STTR Phase 2)	43.002	80NSSC19C0009	74,926	-
<i>Smithsonian Astrophysical Observatory (SAO)</i>				
Understanding Quasar Jet Physics in the X-Rays	43.001	G01-22111A	42,495	-
<i>Space Telescope Science Institute (STScI)</i>				
The 3c111 Jet: X-ray Variability, Spectrum and Broadband SED	43.012	HST-GO-1489-001-A	10,327	-
<i>University of New Hampshire (UNH)</i>				
Smoke on the Water: Lake-based calibration of Amazonian fire histories	43.001	L0110	53,405	-
<i>Collins Aerospace</i>				
NASA ROA-Assuring Increasing Autonomous Systems with Non-Traditional Human-Machine Roles	43.002	PO#4507392005	74,241	-
<i>The Boeing Company</i>				
Engineering Services - KSC	N/A	19PW001	53,222	-
Student Support Crew and Cargo Project Engineering Analyst Support	N/A	CCTS-12092022	3,295	-
<i>University of Central Florida (UCF)</i>				
Assessing the Effects of Different Space-Like Radiation Dosing Regimens on Osteoblast Cell Differentiation and Mineralization (Kathryn Bock)	43.008	FSGC-7	10,000	-
DTI Fellowship/Investigating the O'Connell Effect in Kepler Eclipsing Binaries	43.008	FSGC-7	1,160	-
<i>The Regents of the University of California, Berkeley (UC Berkeley)</i>				
Diverse Convective Styles on Jupiter and Saturn	43.001	00011089	10,145	-
<i>Utah State University Space Dynamics Lab (USU-SDL)</i>				
MECO: Mission concept dEvelopment of a Cubesat for lunar Observation	N/A	CP0079570	191	-
<b>Subtotal, National Aeronautics and Space Administration:</b>			<b>1,242,904</b>	
<b><u>U.S. Department of Agriculture</u></b>				
<i>USDA National Institute of Food and Agriculture (NIFA)</i>				
Engineered Solutions for Prevention and Control of Eutrophication using Novel Biosorbents	10.310	2021-67022-34487	66,459	45,560
DSFAS-AI: Deep-Learning Framework for Optimal Selection of Soil Sampling Sites	10.310	2022-67021-38911	1,135	-
AI-Enabled Droplet Tracking for Crop Spraying Systems	10.310	2021-67022-38910	29,281	-
<i>U.S. Department of Agriculture (USDA)</i>				
Development and optimization of mild hydrothermal preprocessing for high ash biomass into pelletized biorefinery feedstocks	10.215	1023051	181,922	-
<b>Subtotal, U.S. Department of Agriculture:</b>			<b>278,797</b>	<b>45,560</b>

See independent auditor's report.

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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
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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
<b><u>U.S. Department of Commerce (DoC)</u></b>				
<i>National Institute of Standards and Technology (NIST)</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	52,815	-
<i>National Oceanic and Atmospheric Administration (NOAA)</i>				
Application of IMTA-Technology to Revive and Sustain Livelihood of Fishing Communities in Puerto Rico	11.427	NA20NMF4270194	34,436	8,630
Harmful Algal Toxin Diagnostic Capabilities in Support of Marine Mammal Stranding Response	11.439	NA21NMF4390365	32,777	-
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	NOAA-OAR-CPO-2022-2006799	81,756	-
Controlling Pyroclastic Outbreaks in the Indian River Lagoon Estuarine System (IRLES) using Low-cost Biochars	11.417	SUB00003198	33,237	3,654
FFATA: Accelerate the Exploitation of Satellite Observations to Improve Flooding and Inundation Monitoring and Forecasts	11.46	90986-Z7580201	38,174	-
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	5,910	-
SECOORA- Partnering to meet the needs of coastal communities for actionable information to protect lives and property	11.012	IOOS.21(097)FT.SL.HFR.2	11,590	-
SECOORA: Supporting resilient ecosystems, communities and economies	11.012	IOOS.16(028)FIT.GM.OBS.3	79,073	3,735
<b>Subtotal, U.S. Department of Commerce (DoC):</b>			<b>369,768</b>	<b>16,019</b>
<b><u>U.S. DEPARTMENT OF DEFENSE</u></b>				
<i>Department of the Navy:</i>				
IPA: Richard Griffith (DON OFR) - AY22-23	12.300	N4814422MDGRIFF	31,307	-
IPA: Nisha Quraishi (DON OFR) - AY22-23	12.300	N4814422MDQURAI	33,403	-
IPA: Valerie Robbins-Roth (DON OFR) AY-22-23	12.300	N4814422MDROBBI	21,747	-
<i>Brookhaven National Laboratory (BNL)</i>				
Development of Large Area GEM Detectors With High Spatial Resolution But Low Channel Count-Primary	43.001	200940	4,041	-
<i>Department of the Air Force Research Lab:</i>				
Multi-domain, Multi-sensor, Cyber-physical Tactical Exploitation (M2CTE)	12.800	FA8650-21-C-1147	187,854	-
Trust Dynamics in Heterogenous Human-Agent Teams: Applying Multilevel and Unobtrusive Perspectives	12.800	FA9550-21-1-0294	134,292	-
Acoustic Edge Analytics - MEAMS	12.800	FPH70-S009	129,469	-
Learning Expertise from AMC Planners (LEAP)	12.800	90194	51,203	-
Machine Intelligence System for Autonomous Feature Recognition and Trajectory Planning Around Non-Cooperative Resident Space Objects	12.800	F4FBEQ1193A0BN	93,793	-
Method for Real-time Autonomous Uncertainty and Risk Monitoring in Relative Navigation and Operation Planning (STTR)	12.800	FA945322CA038	34,006	-
<i>Department of Defense - Office of Naval Research (ONR)</i>				
Exploring the role of topography and land-sea contrast on the propagation of the MJO across the maritime continent-Primary	12.300	N00014-16-1-3091	2,763	-
Using Ultraviolet Light for Improved Antifouling Performance on Ship Hulls & Niche Areas	12.300	N00014-20-1-2214	79,329	-
Advanced Non-Toxic Antifouling Coatings Research Test Site Facility	12.300	N00014-20-1-2243	239,557	-
Inspiring Students to Pursue U.S. Navy STEM Careers through Experiential Learning	12.330	N00014-20-1-2669	118,232	-
Transparent AF/FR Coatings Program: Candidate Field Testing and the Development of Active Solutions	12.300	N00014-21-1-2198	155,615	-
Educational Approaches and Curriculum to Engage and Educate a More Diverse Cybersecurity Workforce	12.300	N00014-21-1-2732	174,493	-
Understanding the Principles of Solid Shedding Surfaces	12.330	FAR0033632	73,032	-
<i>Army Research Institute (ARI)</i>				
Cross Domain Self Regulation for Junior Leaders in Multi-Domain Operations	N/A	W911NF22C0053	31,920	-
<i>Naval Research Laboratory (NRL)</i>				
Rhodium porphyrin complexes as catalysts for the rapid degradation of opioids	12.300	N00173-20-2-C009	54,285	-
<i>United States Air Force Academy - USAF</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	99,859	-
<b>Subtotal, U.S. Department of Defense:</b>			<b>1,750,200</b>	<b>-</b>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>				
<i>National Institutes of Health:</i>				
3D printed biomimetic bioglass-gradient matrices for aCL reconstruction Kishore	93.846	1R15AR071102-01, 2R15AR071102-01	89	-
Dual Role of HSP70 in Diabetes-Induced Vascular Dysfunction	93.847	1R15DK131511-01A1	9,563	-
Enantioselective Catalytic Chlorosilane Reactions	93.959	1R15GM139087-01	54,056	-
Development of Light Triggered Molecular Tools Critical for Understanding the Brain's Network	93.958	2R15GM112119-02	49,136	-
Increasing clinical access by reducing scan time of dynamic nuclear cardiac imaging with superior diagnosis	93.286	1R15EB030807-01A1	138,395	49,419
Regulatory mechanisms linking HSF1 protein levels and HSF1 protein activity to the alternative splicing factor SF3B1	93.396	1R15CA227573-01A1	36,575	-
Computer assisted coronary artery stent interventions	93.837	RES514526	66,306	-
Modelling gastric mucus layer physiology	93.859	10047369-S3	40,448	-
The development and validation of a novel tool for the assessment of bulbar dysfunction in ALS	91.173	N/A	21,409	-
The role of gut microbiota in the efficacy of ketogenic diet to ameliorate Alzheimer's disease	93.866	6155-1055-00-B	1,890	-
<i>Health Resources and Services Administration:</i>				
Graduate Psychology Education Programs (GPEP)	93.191	D40HP33344	231,596	-
<b>Subtotal, U.S. Department of Health and Human Services:</b>			<b>649,463</b>	<b>49,419</b>

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
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>				
<i>Federal Bureau of Investigation (FBI)</i>				
Radio Frequency, wireless, and Cellular Technologies Training-Primary	N/A	15F06718D0005431	27,222	-
<i>State of Florida Office of the Attorney General (FL-OAG)</i>				
Family Learning Program 2022-2023	16.575	VOCA-2022-929	50,699	-
Family Learning Program 2021-2022	16.575	VOCA-2021-Florida Institute of Tech-00645	15,994	-
<b>Subtotal, U.S. Department of Justice:</b>			<b>93,915</b>	<b>49,419</b>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>				
<i>Federal Aviation Administration:</i>				
FAA Center of Excellence PEGASUS	20.110	12-C-GA-FIT	5,226	-
Task 358: Regulatory Streamlining Workshop-Primary	20.110	15-C-CST-FIT-009	1,259	-
Task 378: Commercial Space Innovation Initiative Policy Research-Primary	20.110	15-C-CST-FIT-008	34,376	-
Task 395: Small Launch Vehicle Sector (SLVS): Industry Dynamics and Public Policy	20.108	15-C-CST-FIT-012	294	-
Streamlined Export Control for Commercial Space Transportation	20.108	15-C-CST-FIT-014	5,035	-
Task 398: Human Input Systems for Commercial Space Transportation	20.108	15-C-CST-FIT-015	11,177	-
	20.108	692M15-22-T-00021 /Req/Purchase Req/Project No CT-22-00307-A2	343,771	-
Trajectory Energy Management System - Phase III	20.108	12-C-GA-FIT	11,117	-
Enhanced Hands-Minimized Weather Interfaces for Pilots - 35	20.108	MoA #692M15-21-T-00038	33,579	-
Energy Management and Envelope Protection	20.108	MOS #692M15-21-T-00039	15,791	-
Electric Aircraft Trajectory Flight Test Data	20.108			-
<i>National Academy of Sciences (NAS)</i>				
Development of a Compaction Quality Control Standard for the Small Diameter Pressuremeter	N/A	NCHRP-224 PO SUB0001912 Proj. 163522.0399	14,990	-
<i>Florida Department of Transportation (FDOT)</i>				
Design and Detailing of Anchorages for Externally Bonded CFRP	N/A	4387681B201	563	-
Strength and Constructability of a Double Composite Steel Box Girder	N/A	BE950	26,417	18,690
Confinement Effect of Narrow Baseplates or Reaction Area on Anchor Breakout, Part 2	N/A	BDV28 TWO 977-09	88,254	-
<b>Subtotal, Department of Transportation:</b>			<b>591,849</b>	<b>18,690</b>
<b><u>U.S. DEPARTMENT OF THE INTERIOR</u></b>				
<i>U.S. Environmental Protection Agency (EPA)</i>				
Prevention and Control of Harmful Algal Blooms in St. Lucie Estuary by Low-cost Sargassum-derived Biochar	66.484	02D20522	79,125	2,939
Suffocating Sand; Mapping Hypoxia and Its Impacts on Benthic Nutrient Fluxes in the IRL	66.456	IRL2022-12 Encumbrance# GL01-2215/GL01-2216	7,370	-
The Continued Application and Optimization of an Environmentally Friendly, Biological Denitrification Bioreactor Developed for use in the Indian River Lagoon Using Repurposed Materials	66.456	Contract #IRL2022-01 Encumbrance#GL01-1894	9,939	-
<i>U.S. Fish and Wildlife Service (USFWS)</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	32,043	-
<i>Trustees of Tufts College</i>				
Analyze the use of corrosion protection inside enclosed spaces of large diameter monopile structures	N/A	104087-00001	41,422	-
<b>Subtotal, U.S. Department of the Interior:</b>			<b>169,899</b>	<b>2,939</b>
<b><u>U.S. INTELLIGENCE COMMUNITY</u></b>				
<i>OTS Contracts</i>				
Cyber Identity and Behavioral Analytics Consortium (CIBAR)	N/A	2018-18041200002	3,433	-
Five Factor Model Corpora Development for Computational Psychology Research (Crystal Forest - Amethyst Pine)	N/A	2018-18061400003	1,072,872	981,726
<b>Subtotal, U.S. Intelligence Community:</b>			<b>1,076,305</b>	<b>981,726</b>
<b><u>NATIONAL SCIENCE FOUNDATION</u></b>				
<i>Cornell University</i>				
US CMS Upgrades for the High-Luminosity Large Hadron Collider	47.049	79433-20662	19,790	-
<i>Board of Regents, Nevada System of Higher Education on behalf of Desert Research Institute</i>				
INFEWS/T2: Organic Waste Lifecycles at the Interface of Food, Energy, Water Systems (OWL-FEWs)	47.041	GR12848	94,187	-
<i>Arizona State University</i>				
EFRI ELIS: Bioweathering dynamics and ecophysiology of microbially catalyzed soil genesis of Martian regolith	47.041	ASUB00001187	3,099	-
<i>University of Texas at Austin (UT Austin)</i>				
Natural Hazards Engineering Research Infrastructure: Cyberinfrastructure (DesignSafe) 2020-2025	47.041	UTA20-000983	64,863	-
<i>Wake Forest University (WFLU)</i>				
Collaborative Research: BEE: Impacts of abiotic environment, pathogen resistance and PreColumbian human management on Neotropical canopy palm abundances	47.074	23-003	2,608	-

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, 2023**

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 (NSF)</u>				
Growing the community college pipeline for careers in civil, chemical, and ocean engineering through the FITS-STEM program-Primary	47.076	1356455	27,681	-
NSF Graduate Research Fellowship Program (GRFP) Zach Ferris	47.076	2240237	35,988	-
Research Initiation: Investigating the Connection Among Undergraduate Engineering Students Data Proficiency, Motivation, and Engineering Identity	47.041	2245022	12,861	-
Collaborative Research: Uncovering Nature's 100 TeV Particle Accelerators in the Large-Scale Jets of Quasars	47.049	1716507	18,973	-
CAREER: Toward understanding solar wind turbulence in the inner heliosphere	47.05	1752827	188,047	-
PFI-TT: A parallel computing engine for simulation of complex multi-scale systems	47.041	1827730	10,138	-
Identifying coral reef "bright spots" from the global 2015-2017 thermal-stress event	47.05	1829393	6,872	-
REU Site: Statistical Models with Applications to Geoscience	47.05	1950768	32,120	-
Collaborative Research: P2C2 - Unravelling the signals in tropical Pacific lake archives: Towards improved holocene hydroclimate reconstructions	47.05	2002419	10,766	-
CAREER: Atmospheric Electricity on Earth and Mars	47.05	2047863	38,170	4,078
Thermal Stress and Differential Recovery of Coral Reefs	47.041	2138206	136,290	-
LEAPS - MPS: Artificial Intelligence Techniques for Automatic NMR Metabolomics Data Processing	47.049	2245530	33,232	-
LEAPS-MPS: Diffusive Partial Differential Equations in the Physical Sciences	47.049	2213407	26,684	-
ERI: Ultrafast, Robust, Novel Four-bore Carbon-fiber Microelectrodes for Simultaneous Electrochemical Sensing of Multiple Neurotransmitters and Toxic Metals	47.041	2301577	9,348	-
ERI: Improving the Learning Efficiency of Adaptive Optimal Control Systems in Information-Limited Environments	47.041	2138206	48,357	-
Characterization of upward leaders and the attachment process in downward cloud-to-ground lightning	47.05	AGS-1934066	56,093	-
Collaborative Research: Are Amazonian and Andean Ecosystems Close to a Tipping Point?	47.074	DEB-2029649	103,513	-
Assessing the Effects of Human Activity on the Composition of Tropical Forests	47.075	2148984	44,385	6,001
<b>Subtotal, National Science Foundation:</b>			<b>1,024,065</b>	<b>10,079</b>
<u>UNITED NATIONS, COMPREHENSIVE NUCLEAR-TEST-BAN TREATY ORGANIZATION</u>				
<u>Defense Threat Reduction Agency</u>				
GDAIS RASA 2020-2021	N/A	51P16749	6,316	-
GDAIS RASA 2021-2022	N/A	51P67747	18,011	-
GDAIS RASA 2022-2023	N/A	51P109886	7,408	-
<b>Subtotal, United Nations, Comprehensive Nuclear-Test-Ban Treaty Organization:</b>			<b>31,735</b>	<b>-</b>
<u>U.S. SPECIAL OPERATIONS COMMAND</u>				
<u>University of South Florida Institute of Applied Engineering, Inc. (USF-IAE)</u>				
Determine Effects of Oceanic Propagation on Lightning-Emitted Broadband and VHF Signatures	N/A	TO-025 Oceanic Propagation	263,183	-
<b>Subtotal, U.S. Special Operations Command:</b>			<b>263,183</b>	<b>-</b>
<u>U.S. SMALL BUSINESS ADMINISTRATION</u>				
<u>Small Business Administration</u>				
weVENTURE WBC Emergency Services Program Continuation	59.043	SBAOEDWB210011-01-00	53,707	-
weVENTURE WBC CORE Grant 2021-24	59.043	SBAOEDWB210023-01-00	114,399	-
<b>Subtotal, U.S. Small Business Administration:</b>			<b>168,106</b>	<b>-</b>
<u>U.S. DEPARTMENT OF ENERGY</u>				
<u>U.S. Department of Energy (DoE)</u>				
Surface heat flux and its association with MJO in the tropical western Pacific using ARM observations	81.049	DE-SC0023059	38,447	-
Experimental High Energy Physics Research	81.049	DE-SC0013794	251,856	-
<u>UT-Battelle</u>				
Materials and Chemical Sciences Research for Direct Air Capture of Carbon Dioxide	N/A	CW22352	99,208	-
<u>ISA, LLC/Jefferson Lab</u>				
R&D on Cylindrical and Planar MPGDs Towards an EIC Detector	N/A	P1309, D0896	28,234	-
<b>Subtotal, U.S. Department of Energy:</b>			<b>417,745</b>	<b>-</b>
<u>OTHER FEDERAL</u>				
Next Generation Teams and Organizational Subsystems Research				
Margaret Wallace Research Discretionary Fund	N/A	RIA608	93,201	-
Integration of field damage, hazard, and exposure data for potential use of risk models	N/A	N/A	72	-
Development of a standard Small Satellite (e.g. CubeSat range) research platform for Life Sciences research - Plants	N/A	WHIP2022-06	12,964	-
Development of a standard Small Satellite (e.g. CubeSat range) research platform for Life Sciences research - Plants	43.008	NNX15_038 FSGC 02	2,000	-
Ultrahigh-Stability Micro-Ovenized Micromechanical References	N/A	TBD	7,885	-
Science now with HST/FGS: High Angular Resolution Survey of B Stars	43.012	HST-GO-16868.001-A	7,770	-
NEXTGEN Concrete - Tests of the Future: Chloride and Sulfate Durability	N/A	ERAU BEE02	8,655	-
AIRWaveS: Atmosphere-Ionosphere Responses to Wave Signals	12.910	61654-05/ P0 262534	15,611	-
A deep learning approach for enhanced detection of nuclear weapons testing (SBIR) Phase II	N/A	HDTRA1-22-C-0005	141,148	-
FY20 Automatic Face Recognition Best Practices	16.301	09-097BBBB-FIT	291,529	305,575
VIDORA: Visual Dossiers for Recognizing and Identifying Humans at Altitude and Range	N/A	R-22-0031	755,604	207,754
Remotely Operated Vehicle (ROV) Deployed Underwater Attachment (STTR- TRI/Austin) Phase II	N/A	A-30165G-500-01-SC1923	135,068	-
Advanced DSP for Cyber, Content Similarity and Beyond	12.598	HHM402-21-1-003	151,517	-
<b>Subtotal, Other Federal:</b>			<b>1,623,024</b>	<b>513,329</b>
<b>Subtotal, Research and Development Cluster:</b>			<b>9,750,958</b>	<b>1,687,180</b>

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, 2023**

Federal Grantor / Pass-through Grantor / Program Title	Assistance Listing Numbers	Agency Contract/Grant Number	Federal / State Expenditures	Passed Through to Subrecipient
<b><u>CORPORATION FOR PUBLIC BROADCASTING</u></b>				
CPB Community Service Grant 2016-2021	N/A	N/A	13,579	-
American Rescue Plan Act Stabilization Funds CPB	N/A	N/A	11,315	-
<b>Subtotal, Corporation for Public Broadcasting:</b>			<b>24,894</b>	<b>-</b>
<b><u>U.S. DEPARTMENT OF VETERANS AFFAIRS</u></b>				
Post 9/11 Veterans Educational Assistance	64.028	N/A	5,000,189	-
<b>Subtotal, U.S. Department of Veterans Affairs:</b>			<b>5,000,189</b>	<b>-</b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
<i>Federal Supplemental Educational:</i>				
PELL Awards FY21-FY25	84.063	N/A	6,142,162	-
FSEOG Grant	84.007	N/A	578,964	-
Direct Lending (DL) Awards	84.268	N/A	57,133,627	-
Federal Work Student Program (FWS) & Job Location and Development (JLD)	84.033	P033A200882	559,049	-
<b>Subtotal, U.S. Department of Education:</b>			<b>64,413,802</b>	<b>-</b>
<b>Subtotal Student Financial Aid Cluster:</b>			<b>69,413,991</b>	<b>-</b>
<b>TOTAL FEDERAL EXPENDITURES</b>			<b>79,189,843</b>	<b>1,687,180</b>
<b><u>STATE</u></b>				
<b><u>FLORIDA DEPARTMENT OF EMERGENCY MANAGEMENT (FDEM)</u></b>				
FIU's Hurricane Loss Reduction for Housing in Florida	N/A	800012063-01/000319	596	-
Florida International University (FIU)	N/A	Subaward 000530	18,015	-
<b>Subtotal, Florida Department of Emergency Management:</b>			<b>18,611</b>	<b>-</b>
<b><u>Indian River (IRL) National Estuary Program</u></b>				
The Application and Continued Optimization of an Environmentally Friendly, Biological Denitrification System Developed for Use in the Indian River Lagoon Using Recycled Materials; Water Treatment to Remove 70% of Dissolved Ammonium Nitrogen	N/A	IRL2021-08	40,035	-
<b>Subtotal, Indian River (IRL) National Estuary Program:</b>			<b>40,035</b>	<b>-</b>
<b><u>FLORIDA OFFICE OF INSURANCE REGULATION</u></b>				
Wind & Flood FPHLM Model Operation, Maintenance, Acceptability, and Model Upgrades (2020-2021)	N/A	Subaward No. 00356	84,396	-
<b>Subtotal, Florida Office of Insurance Regulation:</b>			<b>84,396</b>	<b>-</b>
<b><u>FLORIDA DEPARTMENT OF EDUCATION</u></b>				
Biomedical Aerospace Manufacturing	48.180	857-93740-2Q001	19,497	-
Biomedical Aerospace Manufacturing - Phase II	48.180	857-93740-2Q001	1,256,867	-
2021-2022 RISE Consortium - Reaching and Inspiring Students Through Education	N/A	N/A	988	-
Public Radio Stations Grant 2022-2023	N/A	857-99790-3Q001	9,043	-
Restore Lagoon Inflow – Phase 3: Research and Pilot Permitting	N/A	857-93160-3Q001	311,717	76,572
<b>Subtotal, Florida Department of Education (FDoEd):</b>			<b>1,598,112</b>	<b>76,572</b>
<b><u>FLORIDA DEPARTMENT OF TRANSPORTATION</u></b>				
Using the PENCEL PMT to Evaluate Shallow Foundations at Florida's Fine Sand Sites	N/A	BED28	98,471	-
<b>Subtotal, Florida Department of Transportation:</b>			<b>98,471</b>	<b>-</b>

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, 2023**

Federal Grantor / Pass-through Grantor / Program Title	Assistance Listing Numbers	Agency Contract/Grant Number	Federal / State Expenditures	Passed Through to Subrecipient
<b><u>FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION</u></b>				
<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	32,859	-
Engineered and replaceable sea-sponge bio-filtration module to mitigate HABS	N/A	INV22	81,853	-
The Efficacy of Subaqueous Sand Capping to reduce inputs of nitrogen and phosphorus in the IRL	N/A	TO 4 (Task Order 4)	12,833	-
Indian River Muck Dredging Research: Additional of research subtask #7 to TO #3	N/A	TO3 (Subtask 7) NS005	12,136	-
<b>Subtotal, Florida Department of Environmental Protection:</b>			<b>139,681</b>	<b>-</b>
<b><u>FLORIDA DEPARTMENT OF HEALTH</u></b>				
Family Learning Program 2020-2023	N/A	CPBV	18,708	-
<b>Subtotal, Florida Department of Health:</b>			<b>18,708</b>	<b>-</b>
<b><u>SEBASTION INLET TAX DISTRICT</u></b>				
Wave, Weather and Tide Data Collection System at Sebastian Inlet, Florida for FY 2021-2022	N/A	Work Order No. 2021-014-FIT	2,753	-
FY2022-2023 Wave, Weather and Tide Data Collection System at Sebastian Inlet, Florida	N/A	Work Order No. 2122-012-FIT	98,428	-
State of the Inlet Analysis - 2022	N/A	Work Order No. 2122-018-FIT	69,613	-
<b>Subtotal, Sebastian Inlet Tax District:</b>			<b>170,794</b>	<b>-</b>
<b><u>FLORIDA FISH AND WILDLIFE CONSERVATION (FWC)</u></b>				
Adsorption of Brevetoxins on low cost biochar	N/A	FWC Contract 19153	32,454	-
<b>Subtotal, Florida Fish and Wildlife Conservation (FWC):</b>			<b>32,454</b>	<b>-</b>
<b><u>FLORIDA STUDENT FINANCIAL ASSISTANCE</u></b>				
Florida Student Assistance Grant (FSAG)	48,054	N/A	622,197	-
Effective Access to Student Education (EASE)	48,064	N/A	1,900,124	-
Bright Futures Scholarships	48,059	N/A	2,884,735	-
Children of Disabled or Deceased Veterans	48,055	N/A	89,675	-
<b>Subtotal, Florida Student Financial Assistance:</b>			<b>5,496,731</b>	<b>-</b>
<b>TOTAL STATE, FINANCIAL ASSISTANCE AND BRIGHT FUTURES EXPENDITURES</b>			<b>\$ 7,697,993</b>	<b>\$ 76,572</b>

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, 2023**

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**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, 2023. 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, 2023:

<u>Cluster/Program Title</u>	<u>Number</u>	<u>Outstanding</u>
Federal Perkins Loan Program	84.038	<u>\$ 2,109,560</u>

**4. GUARANTEED STUDENT LOAN PROGRAMS**

During the year ended June 30, 2023, the University processed new loans under the following Guaranteed Student Loan Programs:

	<u>Loans to Students</u>
Stafford Loans	\$ 43,814,659
Parents' Loans for Undergraduate and Graduate Students	<u>13,661,104</u>
Total Guaranteed Student Loan Program	<u>\$ 57,475,763</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, 2023**

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**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, 2023**

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**Primary reserve ratio**

Expendable net assets	<u>\$ 79,993,001</u>	
Total expenses without donor restrictions and losses without donor restrictions	<u>\$ 194,859,120</u>	<u>0.4105</u>

**Equity ratio**

Modified net assets	<u>\$ 242,058,749</u>	
Modified assets	<u>\$ 390,987,522</u>	<u>0.6191</u>

**Net income ratio**

Change in net assets without donor restrictions	<u>\$ 16,499,869</u>	
Total revenue without donor restrictions and gains without donor restrictions	<u>\$ 210,211,356</u>	<u>0.0785</u>

**Ratio calculation:**

	<u>Ratio</u>	<u>Strength Factor</u>	<u>Weight</u>	<u>Composite Scores</u>
Primary reserve ratio	0.4105	4.10517	40%	1.2
Equity ratio	0.6191	3.00000	40%	1.2
Net income ratio	0.0785	3.00000	20%	0.6
<b><u>Total composite score</u></b>				<b><u><u>3.0</u></u></b>

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, 2023

	Amount	Financial statement title	Location in audited financial statements
<b>PRIMARY RESERVE RATIO:</b>			
<i>Expendable net assets:</i>			
Net assets without donor restrictions	\$ 148,841,209	Net assets without donor restrictions	Consolidated statement of financial position
Net assets with donor restrictions	94,745,037	Net assets with donor restrictions	Consolidated statement of financial position
Annuities with donor restrictions	(1,760,877)	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	(84,328,738)		
Net assets without donor restrictions: other for purpose or time	(5,831,865)	Board-designated endowment fund	Notes to the consolidated financial statements, Note 8
Secured and Unsecured related party receivables	(1,527,497)	Pledges receivable, net	Consolidated statement of financial position
Property, plant and equipment, pre-implementation (includes Financing Leases)	(99,662,510)	Long-lived assets, net Depreciation	Prior year schedule of financial responsibility data less expense in the current year
Property, plant and equipment, post-implementation with no outstanding debt for original purchase (includes Financing Leases)	(37,634,045)	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)	(82,856,597)	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:	(220,153,152)	Long-lived assets, net	Consolidated statement of financial position
Long-term debt - for long term purposes pre-implementation	12,420,746	Financing lease obligations Long-term debt	Prior year schedule of financial responsibility data less payments in the current year
Long-term debt - for long term purposes post-implementation	99,954,093	Financing lease obligations Long-term debt	Prior year schedule of financial responsibility data less payments in the current year
Long-term debt - for long term purposes:	112,374,839	Financing lease obligations Long-term debt	Consolidated statement of financial position
	<u>\$ 79,993,001</u>		
<i>Total expenses and losses without donor restrictions:</i>			
Total expenses without donor restrictions	\$ 195,340,753	Total operating expenses	Consolidated statement of activities
Non-operating and net investment (loss)	\$ (481,633)	Net realized and unrealized gain/(loss) on investments	Consolidated statement of activities
	<u>\$ 194,859,120</u>		
<b>EQUITY RATIO:</b>			
<i>Modified net assets:</i>			
Net assets without donor restrictions	\$ 148,841,209	Net assets without donor restrictions	Consolidated statement of financial position
Net assets with donor restrictions	94,745,037	Net assets with donor restrictions	Consolidated statement of financial position
Unsecured related party receivables	(1,527,497)	Pledges receivable, net	Consolidated statement of financial position
	<u>\$ 242,058,749</u>		
<i>Modified assets:</i>			
Total assets	\$ 392,515,019	Total assets	Consolidated statement of financial position
Unsecured related party receivables	(1,527,497)	Pledges receivable, net	Consolidated statement of financial position
	<u>\$ 390,987,522</u>		
<b>NET INCOME RATIO:</b>			
<i>Change in net assets without donor restrictions:</i>			
Change in net assets without donor restrictions	<u>\$ 16,499,869</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)	\$ 209,567,714	Total operating revenues and reclassifications	Consolidated statement of activities
Investment return appropriated for spending	348,412	Endowment payout	Consolidated statement of activities
Investment return without donor restrictions	481,633	Net realized and unrealized gain on investments	Consolidated statement of activities
Non-operating revenue and other gains	162,009	Interest and dividends - endowment and other Insurance recovery	
	<u>\$ 210,211,356</u>	Gain/(loss) on disposition of assets	Consolidated statement of activities

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, 2023

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### 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, 2023, 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, 2023**

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**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%

**FLORIDA INSTITUTE OF TECHNOLOGY, INC. AND SUBSIDIARY**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**

<b>ASSETS</b>	<b>FIT</b>	<b>Subsidiary</b>	<b>Total Consolidated</b>
	<b>6/30/2023</b>	<b>6/30/2023</b>	<b>6/30/2023</b>
Cash and cash equivalents	\$ 29,522,306	\$ -	\$ 29,522,306
Accounts receivable, net	13,470,758	-	13,470,758
Pledges receivable, net	1,527,497	-	1,527,497
Prepaid expenses, inventories and other assets, net	6,544,764	-	6,544,764
Student loans receivable, net	1,488,297	-	1,488,297
Operating lease right of use assets	12,051,633	-	12,051,633
Cash held with fiduciary	6,725,133	-	6,725,133
Investments	100,805,797	-	100,805,797
Intangible assets, net	225,682	-	225,682
Long-lived assets, net	220,153,152	-	220,153,152
<b>TOTAL ASSETS</b>	<b>\$ 392,515,019</b>	<b>\$ -</b>	<b>\$ 392,515,019</b>
 <b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	\$ 12,653,076	\$ 352,580	\$ 13,005,656
Deposits and deferred revenue	5,426,973	-	5,426,973
Annuities payable	1,760,877	-	1,760,877
Refundable government loans	2,109,560	-	2,109,560
Capital lease obligations	11,138,405	-	11,138,405
Operating lease liabilities	14,250,868	-	14,250,868
Long-term debt	101,236,434	-	101,236,434
Total liabilities	148,576,193	352,580	148,928,773
 <b>NET ASSETS</b>			
Without donor restrictions	149,193,789	(352,580)	148,841,209
With donor restrictions	94,745,037	-	94,745,037
Total net assets	243,938,826	(352,580)	243,586,246
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 392,515,019</b>	<b>\$ -</b>	<b>\$ 392,515,019</b>

See independent auditor's report.



**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, 2023, 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 October 23, 2023.

**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 deficiency may exist that have not been identified.



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.

October 23, 2023  
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, 2023. 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, 2023.

***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**

8035 Spyglass Hill Road  
Melbourne, FL 32940  
321-757-2020

**ORLANDO**

255 South Orange Avenue, #1200  
Orlando, FL 32801  
407-841-8841

### ***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

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 and state project 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 and state project 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 and state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.

October 23, 2023  
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, 2023**

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

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?   | None noted |
| 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

64.028

Post 9/11 Veterans Educational Assistance

Various

Student Financial Aid Programs Cluster

- |   |             |
|---|-------------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$2,375,695 |
| 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, 2023**

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS (continued)**

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

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, 2023

		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	\$ 2,046,552	344	\$ 294,767	14%	50	15%	\$ -	0%	-	0%
Florida Medallion Scholars Award	FLMS	836,452	193	205,558	25%	50	26%	-	0%	-	0%
Florida Student Assistance Grant	FSAG	623,746	315	102,012	16%	50	16%	-	0%	-	0%
Florida Resident Access Grant	EASE	1,899,000	1055	95,000	5%	50	5%	-	0%	-	0%
Scholarship for Children of Deceased or Disabled Veterans	CDDV	89,675	16	63,176	70%	10	63%	-	0%	-	0%
		<u>\$ 5,495,425</u>	<u>1923</u>	<u>\$ 760,513</u>		<u>210</u>		<u>\$ -</u>		<u>-</u>	

See independent auditor's report.