

**FLORIDA INTERNATIONAL UNIVERSITY
RESEARCH FOUNDATION, INC.
(A DIRECT SUPPORT ORGANIZATION)**

FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC.
(A DIRECT SUPPORT ORGANIZATION)
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JUNE 30, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

Board of Directors,
Florida International University Research Foundation, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Florida International University Research Foundation, Inc. (the "Research Foundation"), a direct support organization and component unit of Florida International University as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Research Foundation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Research Foundation as of June 30, 2023 and 2022, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

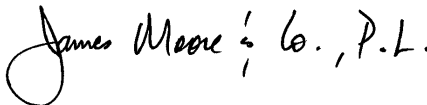
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2023, on our consideration of the Research Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 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 Research Foundation's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large, looped initial 'J'.

Gainesville, Florida
October 13, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC.
(A DIRECT SUPPORT ORGANIZATION)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022

Management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the Florida International University Research Foundation, Inc. (the "Research Foundation") for the fiscal years ended June 30, 2023, 2022 and 2021, and should be read in conjunction with the financial statements and notes thereto. The MD&A, financial statements, and notes thereto are the responsibility of management.

FINANCIAL HIGHLIGHTS

The Research Foundation's assets totaled \$416,319 at June 30, 2023. This balance increased by approximately \$51,000 or 13.9%, as compared to prior year, entirely resulting from an increase in cash. There was no change in total liabilities for the current year. As a result, the Research Foundation's net position increased by approximately \$51,000 or 13.9%, as compared to prior year, reaching a year-end balance of \$415,319.

The Research Foundation's operating revenues totaled \$34 for the June 30, 2023, fiscal year, representing a slight increase of \$7 or 26.0%, as compared to prior year. Operating expenses totaled \$98,098 for the June 30, 2023 fiscal year, representing an increase of approximately \$74,400 or 314.6%, as compared to prior year. Transfers from Florida International University (University) totaled \$149,000 for June 30, 2023 fiscal year, representing a decrease of approximately \$136,000 or 47.7%, as compared to prior year.

OVERVIEW OF FINANCIAL STATEMENTS

The Research Foundation's financial report includes three basic sets of financial statements: the statements of net position; the statements of revenues, expenses, and changes in net position; and the statements of cash flows.

The Statements of Net Position

The statements of net position reflect the assets and liabilities of the Research Foundation, using the accrual basis of accounting, and present the financial position of the Research Foundation at a specified time. The difference between total assets and total liabilities, which is known as net position, is one indicator of the Research Foundation's current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the Research Foundation's financial condition.

FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC.
(A DIRECT SUPPORT ORGANIZATION)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(Continued)

The following summarizes the Research Foundation's total net position for fiscal years ended:

Condensed Statements of Net Position

	June 30,		
	2023	2022	2021
Assets			
Current assets	\$ 416,319	\$ 365,383	\$ 109,820
Total assets	416,319	365,383	109,820
Liabilities			
Current liabilities	1,000	1,000	6,776
Total liabilities	1,000	1,000	6,776
Net position			
Unrestricted	415,319	364,383	103,044
Total net position	\$ 415,319	\$ 364,383	\$ 103,044

Current assets are comprised entirely of cash. The increase in cash is primarily due to transfers from University, which are reflected on the statements of revenues, expenses and changes in net position as Transfers from Florida International University.

In summary, total assets increased by approximately \$51,000 or 13.9% and there was no change in the total liabilities balance in the current year. As a result, the net position balance at June 30, 2023, had an increase of approximately \$51,000 or 13.9%, as compared to prior year.

For more detailed information, see the statements of net position on page 8 of the financial statements.

The Statements of Revenues, Expenses and Changes in Net Position

The statements of revenues, expenses, and changes in net position present the Research Foundation's revenue and expense activity, categorized as operating. The Organization uses the accrual basis of accounting.

FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC.
(A DIRECT SUPPORT ORGANIZATION)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(Continued)

The following summarizes the Research Foundation's activity for fiscal years ended:

Condensed Statements of Revenues, Expenses and Changes in Net Position

	June 30,		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating revenues	\$ 34	\$ 27	\$ 1,039
Operating expenses	<u>98,098</u>	<u>23,661</u>	<u>18,066</u>
Operating loss	(98,064)	(23,634)	(17,027)
Transfers from Florida International University	<u>149,000</u>	<u>284,973</u>	<u>-</u>
Change in net position	50,936	261,339	(17,027)
Net position - beginning of year	<u>364,383</u>	<u>103,044</u>	<u>120,071</u>
Net position - end of year	<u>\$ 415,319</u>	<u>\$ 364,383</u>	<u>\$ 103,044</u>

Operating Revenues

The Research Foundation categorizes revenues as operating. Operating revenues generally result from exchange transactions where each of the parties to the transaction either give up or receive something of equal or similar value. The Research Foundation has operating revenues of \$34 for the current year, related to private donations received.

	June 30,		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating revenues	\$ 34	\$ 27	\$ 1,039
Total operating revenues	<u>\$ 34</u>	<u>\$ 27</u>	<u>\$ 1,039</u>

Operating Expenses

The Research Foundation categorizes expenses as operating. Government Accounting Standards Board (GASB) allows financial reporting entities the choice of reporting operating expenses in the functional or natural classifications. The Research Foundation has chosen to report the expenses in their natural classification on the statements of revenues, expenses, and changes in net position.

FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC.
(A DIRECT SUPPORT ORGANIZATION)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022
(Continued)

The following summarizes the operating expenses by natural classifications for the fiscal years ended:

	Operating Expenses		
	June 30,		
	2023	2022	2021
Professional services	\$ 67,895	\$ 18,289	\$ 12,842
Event expenses	20,000	-	-
Audit and tax fees	10,119	5,150	5,000
Other operating expenses	84	222	224
Total operating expenses	\$ 98,098	\$ 23,661	\$ 18,066

The increase in operating expenses is attributable to higher salary expenses incurred for University researchers coupled with an increase in event expenses. Events expenses include support towards annual event held by the Academy of Science Engineering and Medicine of Florida (ASEMFL), an organization established by the University of Central Florida. The ASEMFL annual event promotes the advancement of research, innovation and scholarships. The works presented at this annual meeting provide a means by which discoveries and work products of faculty are shared and made available to the scientific community for the public good.

Audit and tax fees increased as a result of increased audit fees for additional internal control testing required by the Florida Board of Governors for all Direct Support Organizations in Florida Universities.

TRANSFERS

The University transfers two types of funds to the Research Foundation; (1) funds generated by the commercialization of intellectual property to cover allocations to the University researcher(s) and their respective department, academic unit or college and (2) funds generated from Office of Research and Economic Development (ORED) overhead funds to cover operating expenses. Transfers received from the University totaled \$149,000 for the fiscal year ended June 30, 2023, generated by the commercialization of intellectual property. During fiscal year ended June 30, 2022, transfers received from the University totaled \$284,973.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The Research Foundation will be receiving royalty funds from various royalty sharing agreements. These royalty revenues are partially distributed to the FIU researchers and their respective departments, and to the Office of Research and Economic Development. The Research Foundation will reimburse the University for any salary support related to the receipt of royalty revenues based on terms included in the respective royalty sharing agreements. The Research Foundation expects an increase in agreements as the Office of Intellectual Property and Technology Management & Commercialization fosters collaboration with industry with the goal of promoting research growth.

REQUESTS FOR INFORMATION

This financial statement is designed to provide a general overview of the Research Foundation's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Controller, Florida International University Research Foundation, Inc., 11200 S.W. 8th Street, MARC Building 5th Floor, Miami, Florida 33199.

BASIC FINANCIAL STATEMENTS

FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC.
(A DIRECT SUPPORT ORGANIZATION)
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022

	2023	2022
<u>ASSETS</u>		
Current assets		
Cash	\$ 416,319	\$ 365,383
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable	\$ 1,000	\$ 1,000
<u>NET POSITION</u>		
Net position		
Unrestricted	\$ 415,319	\$ 364,383

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

FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC.
(A DIRECT SUPPORT ORGANIZATION)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Operating revenues	\$ 34	\$ 27
Operating expenses		
Professional services	67,895	18,289
Event expenses	20,000	-
Audit and tax fees	10,119	5,150
Other operating expenses	84	222
Total operating expenses	<u>98,098</u>	<u>23,661</u>
Operating loss	<u>(98,064)</u>	<u>(23,634)</u>
Transfers from Florida International University	149,000	284,973
Change in net position	<u>50,936</u>	<u>261,339</u>
Net position, beginning of year	364,383	103,044
Net position, end of year	<u><u>\$ 415,319</u></u>	<u><u>\$ 364,383</u></u>

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

FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC.
(A DIRECT SUPPORT ORGANIZATION)
STATEMENTS OF CASH FLOWS
JUNE 30, 2023 AND 2022

	2023	2022
Cash flows from operating activities		
Cash paid to Florida International University	\$ -	\$ (5,776)
Cash used in program activities, net	(98,064)	(23,634)
Net cash used in operating activities	(98,064)	(29,410)
Cash flows from non-capital and related financing activities		
Transfers from Florida International University	149,000	284,973
Net increase in cash	50,936	255,563
Cash, beginning of year	365,383	109,820
Cash, end of year	\$ 416,319	\$ 365,383
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (98,064)	\$ (23,634)
Change in assets and liabilities:		
Due to Florida International University	-	(5,776)
Net cash used in operating activities	\$ (98,064)	\$ (29,410)

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

FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC.
(A DIRECT SUPPORT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the significant accounting policies of the Florida International University Research Foundation, Inc. (the “Research Foundation” or “Organization”), affecting elements of the accompanying basic financial statements:

(a) **Reporting entity**—The Research Foundation, a Florida not-for-profit corporation, is a direct support organization and a component unit of Florida International University (“FIU” or “University”) and was organized in the State of Florida on November 25, 1997 for educational and scientific purposes. The Articles of Incorporation were amended and restated on July 29, 2010.

The Research Foundation is a tax-exempt organization as defined by Section 501(c)(3) of the Internal Revenue Code. The Research Foundation provides direct support to FIU in matters pertaining to research and has been designated by the FIU Board of Trustees as a University Direct Support Organization pursuant to §1004.28, Florida Statutes.

The financial reporting entity covered by this report includes the Organization and its component unit. The financial reporting entity covered by this report has been defined by GASB as the Research Foundation and those component units for which the Research Foundation is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations, and therefore, data for these units are generally combined with the data of the Organization.

(b) **Basis of presentation**—The financial statements of the Research Foundation have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Research Foundation reports under the GASB standards because it meets the criteria regarding the popular election of officers or appointment of a controlling majority of the members of the Organization’s governing body by one or more state or local governments and because it is a direct support organization. Therefore, the Research Foundation is reported as a governmental entity.

The Research Foundation met the criteria to use enterprise fund accounting and financial reporting. Accordingly, the financial statements are reported using the economic resources measurement focus and accrual basis of accounting, which recognizes revenue when earned and expenses when a liability is incurred, regardless of timing of the related cash flow.

(c) **Use of estimates**—The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management’s knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

(d) **Flow assumption for restricted assets**—If both restricted and unrestricted assets are available for use for a certain purpose, it is the Research Foundation’s policy to use restricted assets first, then use unrestricted assets as needed.

FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC.
(A DIRECT SUPPORT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(1) Summary of Significant Accounting Policies: (Continued)

(e) **Operating revenues and expenses**—The Research Foundation’s statements of revenues, expenses, and changes in net position presents operating revenues and expenses. Operating revenue results from exchange transactions associated in matters pertaining to research, which is the Research Foundation’s principal activity. Operating expenses include all expenses incurred in matters pertaining to research, other than external financing costs.

(f) **Income taxes**—The Organization is a not-for-profit corporation, as described in Section 501(c)(3) of the Internal Revenue Code and as such are subject to federal income taxes only on unrelated business income. There were no income taxes resulting from unrelated business income during the year ended June 30, 2023 and 2022.

The application of GAAP requires management to evaluate tax positions taken and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of June 30, 2023, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. If the Organization were to incur an income tax liability in the future, interest and penalties would be reported as income taxes. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Research Foundation’s income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

(g) **Transfers**— The University transfers two types of funds to the Research Foundation; (1) funds generated by the commercialization of intellectual property to cover allocations to the University researcher(s) and their respective department, academic unit or college and their respective college and (2) funds generated from Office of Research and Economic Development (ORED) overhead funds to cover operating expenses. For the year ended June 30, 2023, transfers from the University totaled \$149,000, generated by the commercialization of intellectual property. For the year ended June 30, 2022, transfers received from the University totaled \$284,973.

(2) Deposits:

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. In the event of a failure of a qualified public depository the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are insured or collateralized.

REPORTING SECTION

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

Board of Directors,
Florida International University Research Foundation, Inc.:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of (the "Research Foundation"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Research Foundation's basic financial statements, and have issued our report thereon dated October 13, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Research Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Research Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Research Foundation'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 financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

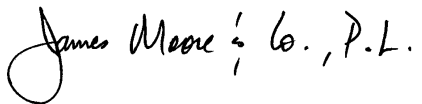
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

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

James Moore & Co., P.L.

Gainesville, Florida
October 13, 2023