

## FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES FULL BOARD MEETING

Thursday, December 1, 2016
2:00 pm \*approximate start time
Florida International University
Modesto A. Maidique Campus
Graham Center Ballrooms

#### **AGENDA**

1. Call to Order and Chair's Remarks

Foundation Report Thomas M. Cornish

Chair Claudia Puig

3. Public Appearances Claudia Puig

4. President's Report Mark B. Rosenberg

5. Action Items – Consent Agenda Claudia Puig

BT1. Minutes, September 1, 2016

2.

- FA1. FIU Direct Support Organizations Financial Audits FY 2015-16
  - A. FIU Foundation, Inc.
  - B. FIU Research Foundation, Inc.
  - C. FIU Athletics Finance Corporation
  - D. FIU Academic Health Center Health Care Network Faculty Group Practice, Inc.
- FA2. Restructuring of Athletics Finance Corporation Debt
- AP1. Tenure as a Condition of Employment Nominations
- AP2. New Program Proposal: Bachelor of Science in Digital Communication and Media
- AP3. New Program Proposal: Bachelor of Science Public Relations, Advertising and Applied Communication
- AP4. New Program Proposal: Master of Science in Data Science
- AP5. New Program Proposal: Doctor of Philosophy in Applied Mathematical Sciences

The Florida International University Board of Trustees Agenda December 1, 2016 Page | 2

- 5. Action Items Consent Agenda (Continued...)
  - G1. FIU Direct Support Organizations Bylaw Amendments
    - A. FIU Foundation, Inc.
    - B. FIU Research Foundation, Inc.
    - C. FIU Athletics Finance Corporation
    - D. FIU Academic Health Center Health Care Network Faculty Group Practice, Inc.
  - G3. Proposed Finance and Facilities Committee Charter
  - G4. Proposed Audit and Compliance Committee Charter
- 6. Action Item
  - G2. Amendments to the Bylaws of the Florida International University Board of Trustees

Claudia Puig

- 7. Status Reports, Board Committees
  - External Relations Committee Report
  - Finance and Audit Committee Report
  - Academic Policy and Student Affairs Committee Report
  - Health Affairs Committee Report
  - Governance Committee Report

- Claudia Puig
- Gerald C. Grant, Jr.
  - Cesar L. Alvarez
    - Jose J. Armas
    - Claudia Puig

8. New Business (If any)

Claudia Puig

9. Concluding Remarks and Adjournment

Claudia Puig

The next Full Board Meeting is scheduled for Friday, March 3, 2017

Consent Agenda BT1

### THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES

December 1, 2016

Subject: Approval of Minutes of Meeting held September 1, 2016

#### **Proposed Board Action:**

Approval of Minutes of the FIU Board of Trustees, Full Board meeting held on Thursday, September 1, 2016 at the Modesto A. Maidique Campus, Graham Center Ballrooms.

#### **Background Information:**

Board members will review and approve the Minutes of the FIU Board of Trustees, Full Board meeting held on Thursday, September 1, 2016 at the Modesto A. Maidique Campus, Graham Center Ballrooms.

**Supporting Documentation:** Minutes: Full Board Meeting, September 1, 2016





# FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES FULL BOARD MEETING SEPTEMBER 1, 2016 MINUTES

#### 1. Call to Order and Chair's Remarks

Board Chair Claudia Puig convened the meeting of the Florida International University Board of Trustees at 2:09 p.m., on Thursday, September 1, 2016, at the Modesto A. Maidique Campus, Graham Center Ballrooms.

The following attendance was recorded:

#### Present:

Claudia Puig, Chair
Jorge L. Arrizurieta, Vice Chair
Cesar L. Alvarez
Jose J. Armas
Leonard Boord
Alian Collazo
Michael G. Joseph
Gerald C. Grant, Jr.
Natasha Lowell
Justo L. Pozo
Marc D. Sarnoff

Kathleen L. Wilson

Excused:

Albert Maury

Chair Puig welcomed all Trustees, University faculty, and staff. She extended a warm welcome to Lieutenant Governor Carlos Lopez-Cantera. The Lieutenant Governor provided brief remarks, discussing the State's focus and prioritization of college and textbook affordability and helping students securing jobs upon graduation.

On behalf of the Board, Chair Puig commended President Mark B. Rosenberg's leadership, noting that in June he assumed the Chairmanship of the Greater Miami Chamber of Commerce. She added that the \$1 million donation President Rosenberg and his wife, Rosalie, made to FIU for first-generation scholarships was featured in the *Chronicle of Higher Education's 2016-17 Almanac of Higher Education* as part of a special report, For the Big Ask,' Some Presidents Look Within.

Florida International University Board of Trustees Minutes September 1, 2016 Page | 2

Chair Puig discussed her visit to the FIU in DC office and thanked the Trustees for their participation in the Board's Retreat. She reminded the Trustees about upcoming events, noting that Homecoming Day will take place on October 22, 2016 and urged Trustees to participate in FIU Day on March 21, 2017.

#### 2. Foundation Report

FIU Foundation, Inc. Board of Directors Vice Chair Richard Brilliant provided the Foundation Report. He discussed the Foundation's investment portfolio in terms of the recent hedge fund underperformance, noting that the returns were below the desired long term goal of 6% net of inflation. He stated that as of August 26, 2016, the Foundation's investment portfolio totaled approximately \$242 million with year-to-date 3% returns.

#### 3. Public Appearances

There were no public appearances.

#### 4. President's Report

University President Mark B. Rosenberg introduced engineering students and members of the FIU Eco-Engineering Club, Nicole Fierro, President, and Jose Martinez, lead engineer, and recognized their leadership in the development of FIU's Eco Engineering Club project. Ms. Fierro and Mr. Martinez discussed their project, a Shell Eco-marathon car and shared their respective experiences in the process of building the car, local and national outreach efforts, and ways in which the Innovation Lab cultivated the students' entrepreneurial spirits.

President Rosenberg reported that Engineering and Computing Interim Dean Ranu Jung's work with prosthetics, which is designed to deliver hand sensations to amputees, was recently patented, and has received FDA approval to conduct human studies. He provided an update on University-wide actions regarding the Zika virus, noting that extensive educational and preventative measures have been taken in anticipation of the start of the Fall semester. He reported on the University's robust summer semester, noting that summer 2016 enrollment totaled 34,943. He added that leadership and entrepreneurship skills were also fostered in the summer when FIU hosted fellows from the very competitive Young African Leaders Initiative and Incubando@FIU programs. He also reported on faculty and research news and achievements, noting that FIU recently received its MRI machine and that Chair of the Department of Human and Molecular Genetics and Professor of Obstetrics and Gynecology Jeff Boyd received the prestigious 2016 Rosalind Franklin Excellence in Ovarian Cancer Research Award.

President Rosenberg reported that the FIU Panthers student-athletes achieved their highest overall grade-point average (3.1) on record and then recognized the work and dedication of the University's student-athletes and the commitment of the coaches, faculty, and Student-Athlete Academic Center. He provided an update on the opening of the Student Academic Success Center and Bayview Student Living at Biscayne Bay Campus. He discussed plans for an FIU Hotel, Conference Center, and Alumni Center, a potential affiliation with the Torrey Pines Institute for Molecular Studies located in Port St. Lucie, Florida, and ongoing conversations for shared programs and collaboration with the Patricia and Phillip Frost Museum of Science.

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President Rosenberg shared excerpts from letters of gratitude from students Alexander Alvarez and Chelinda Anger. President Rosenberg recognized their perseverance over adversity and commended the University's faculty and staff for their unrelenting support and commitment to student success.

#### 5. Action Items - Consent Agenda

Chair Puig noted that the Academic Policy and Student Affairs Committee and Governance Committee each recommended approval by the Board of the respective action items contained in the Consent Agenda.

Chair Puig asked for comments on any of the items included in the Consent Agenda. Hearing none, a motion was made and passed to accept the Consent Agenda, and members of the Board concurred with the following actions:

- **BT1. Minutes, June 2, 2016 -** Approval of Minutes of the Florida International University Board of Trustees Full Board meeting held on Thursday, June 2, 2016 at the MARC International Pavilion.
- **BT2. Minutes, July 7, 2016** Approval of Minutes of the Florida International University Board of Trustees Retreat held on Thursday, July 7, 2016 at the Coral Gables Country Club.
- **AP1. 2017-2018 Legislative Budget Requests:** Approve the 2017-2018 Legislative Budget Requests:

Unique University Issues:

FIU Startup
 FIU UPLIFT
 Request: \$6,102,120
 Request: \$4,995,314
 Request: \$2,500,000

Shared System Resources:

- o UCF and FIU Colleges of Medicine Population Health Sciences Research Collaboration Request: \$2,000,000
- **AP2. Tenure as a Condition of Employment Nominations -** Approve two candidates for Tenure as a Condition of Employment.
- AP3. Textbook and Instructional Material Affordability Report Approve the Textbook and Instructional Material Affordability Report.
- G1. 2016 Florida Educational Equity Act Report Approve the 2016 Florida Educational Equity Act Report.
- G2. Proposed Amendment to Regulation FIU-1502 Direct Support Organizations Approve the proposed Amendment to Regulation FIU-1502 Direct Support Organizations, in light of the Florida Supreme Court decision, Enock Plancher v. UCF Athletic Association, Inc., et al. (Supreme Court of Florida, No. SC13-1872; May 28, 2015).

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### 6. Status Reports, Board Committees Finance and Audit Committee Report

Trustee Gerald C. Grant Jr., Chair of the Finance and Audit Committee, presented highlights from the Committee's meeting earlier in the day. He reported that Sr. VP and CFO Jessell provided an update on the Budget Variance for the last quarter of FY 2015-16, noting that operating revenues were above estimates by \$15.4M (or 1%) and that expenses were below estimates by \$38.9M (or 4%). He stated that Director of Internal Audit Allen Vann presented a benchmarking analysis comparing internal audit activities among the State University System institutions. Trustee Grant mentioned that as is stipulated in the Finance and Audit Committee Charter, the Committee met separately with Mr. Vann without the presence of senior management.

#### **Health Affairs Committee Report**

Trustee Jose J. Armas, Chair of the Health Affairs Committee, presented highlights from the Committee's meeting earlier in the day. He reported that Professor and Clinical Lab Director, Aileen Marty discussed the spread of the Zika virus in Florida, providing information on signs and symptoms, prevention and treatment. He noted that, as follow-up from the previous meeting of the Health Affairs Committee, Nicole Wertheim College of Nursing and Health Sciences Dean Ora L. Strickland provided an update on the course of action for passing rates for the National Council of Licensure Examination. He added that Chief Executive Officer of FIU Health Eneida O. Roldan provided an update on the integration of FIU Student Health Services (SHS) with the FIU HealthCare Network (FIU HCN) and also presented a benchmarking analysis of SHS within the SUS and an overview of FIU HCN behavioral services.

#### **Athletics Committee Report**

Trustee Jorge L. Arrizurieta, Chair of the Athletics Committee, presented highlights from the Committee's meeting earlier in the day. He reported that the Committee was introduced to the newly-hired head coach of FIU Baseball, Mervyl Melendez, and also to FIU Baseball infielder Nick Day. He stated that Mr. Edward J. Wegel, President and CEO of Eastern Airlines discussed the partnership with FIU where the Miami-based company is now the official airline for the FIU Football team. Trustee Arrizurieta mentioned that Van Wagner's Senior Vice President for Collegiate Services Mark Donley provided an update on the progress of the seven-year partnership with FIU Athletics. He noted that the Committee was pleased to learn about student-athlete academic success in the reports by Vice President for Academic Affairs Elizabeth M. Bejar on the Student Athlete Academic Center and that of Consultant Mr. John B. Shukie on the Academic Progress Rate.

#### Academic Policy and Student Affairs Committee Report

Trustee Cesar L. Alvarez, Chair of the Academic Policy and Student Affairs Committee, presented highlights from the Committee's meeting earlier in the day. He reported that Provost and Executive Vice President Kenneth G. Furton and the Committee engaged in a discussion on the University's potential affiliation with the Torrey Pines Institute for Molecular Studies located in Port St. Lucie, Florida. He added that the Florida Governor's staff and the State University System of Florida Chancellor have been informed of the affiliation discussions, noting that FIU and Torrey Pines have responded to requests for information from each office.

Florida International University Board of Trustees Minutes September 1, 2016 P a g e | 5 DRAFT

#### **Governance Committee Report**

Board Chair Puig presented highlights from the Governance Committee's meeting earlier in the day. She reported that General Counsel Carlos B. Castillo led the Committee in a discussion on guidance issued by the Florida Board of Governors for the placement of separate audit and compliance committees. Board Chair Puig reported that a task force will be formed in order to review and benchmark best practices and that a recommendation for the proposed Audit and Compliance Charter and proposed amendments to the Bylaws is expected at the next regularly scheduled meeting of the Board of Trustees.

#### 7. CPR/AED University Education Campaign

Assistant Vice President for Disaster Management and Emergency Operations Ruben D. Almaguer presented an overview of the University's Academy for International Disaster Preparedness and provided an update on the changes to the University's Automatic External Defibrillators (AED) program and training. He noted that the AEDs enable University personnel or the public who are trained in First Aid/CPR/AED to deliver early defibrillation to victims in the first critical moments after a sudden cardiac arrest.

Trustee Justo L. Pozo requested that AVP Almaguer provide an update to the Board on the University's continued AED training efforts.

President Rosenberg introduced a video on Freshman Convocation where the University community joined together for a formal induction ceremony to officially welcome the class of 2020.

#### 8. New Business

No new business was raised.

#### 9. Concluding Remarks and Adjournment

With no other business, Board Chair Claudia Puig adjourned the meeting of the Florida International University Board of Trustees on Thursday, September 1, 2016 at 3:30 p.m.

There were no Trustee requests.	
 Claudia Puig	Mark B. Rosenberg
Chair	Corporate Secretary
FIU Board of Trustees	FIU Board of Trustees

MB 9.9.16





### THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES

December 1, 2016

#### FIU DIRECT SUPPORT ORGANIZATIONS FINANCIAL AUDITS - SUMMARY JUNE 30, 2016

- FIU has four Component Units and their annual financial audits will be reflected on the University's financial audit that is currently underway by the State of Florida Auditor General.
- The four entities are: FIU Foundation; Research Foundation; Athletics Finance Corporation; and Academic Health Center Health Care Network Faculty Group Practice Inc.
- The financial statements for the FIU Foundation are prepared in conformity with Financial Accounting Standards Board requirements; the remaining DSO statements apply Governmental Accounting Standards Board requirements.
- FIU Board of Trustee approval of the audits is required in order for the State Auditor to include the audits as Component Units of the University.
- The audits were completed by James Moore, Certified Public Accountants and Consultants, and were presented to and approved by the respective Boards in October 2016; this is the second year James Moore has been engaged; the previous auditors were Marcum LLC.
- All of the audits received an "Unmodified" [formerly known as Unqualified] Opinion meaning the financial statements presented fairly, in all materials respects, the financial positions of the entities as of June 30, 2016.
- The Auditors did **NOT** identify any weaknesses in Internal Control that they considered material weaknesses.
- The Auditors did **NOT** identify any instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

#### HIGHLIGHTS OF FINANCIAL RESULTS

#### ENDING JUNE 30, 2016 WITH JUNE 30, 2015 COMPARISONS

#### FIU FOUNDATION, INC.

- **Total Assets were \$336.0M**, a decrease of \$9.3M, primarily the result of decreased cash of \$3.6M, decreased net contributions receivable of \$2.7 M, decreased investments of \$2.0M, decreased Other Assets of \$360,000, and decreased net fixed assets of \$624,000. The majority of the decreases are attributable to less contributions than anticipated and investment losses.
- **Total Liabilities were \$11.5M**, an increase of \$298,000 primarily from an increase in due to FIU of \$385,000 and an increase in funds held for others of \$1.9M (NIH Endowment), offset by a decrease in deferred revenue of \$1.2M attributed to the recognition of revenues received from the Bank of America affinity card program and a decrease in notes payable of \$745,000.
- Total Net Assets were \$324.5M, a decrease of \$9.6M
- **Total Revenues were \$24.0M**, a decrease of \$28.0M primarily from a decrease in contributions of \$16.9 million and a decrease in net investment income/unrealized investment loss of \$12.1M, offset by an increase in accumulated royalty income from Bank of America affinity program of \$1.5M.
- **Total Expenses were \$33.0M**, an increase of \$3.1M due primarily to an increase in University-wide scholarships and salary support for the University of \$1.4M and an increase of \$2.8M in fund-raising expenses associated with the capital campaign initiative, offset by a decrease of \$1.1M in general and administrative expenses related to lobbying, salary savings and decreased interest expense.

#### RESEARCH FOUNDATION, INC.

- **Research Foundation Total Assets (Cash) were \$344,311**, an increase of \$193,727 over the prior year due to the FIU USAID grant in Burkina Faso, West Africa.
- Research Foundation Total Liabilities were \$262,056, an increase of \$186,382 primarily the result of an increase in \$184,382 in Due to FIU, representing funds that were sent to Burkina Faso related to grant operations.
- **Operating revenues of \$0,** no change from prior years; operating activities flow through the balance sheet as "pass-throughs".
- Research Foundation Operating Expenses were \$20,313, primarily for audit and tax fees, a decrease of \$248,861 from the prior year (in 2015, there was a \$250,000 payment to University of Central Florida as part of the Florida Advanced Materials Research and Manufacturing Center Initiative).
- **Non-Operating Revenue of \$27,658**, the result of FIU Division of Research transferring Sponsored Research Royalty Revenue to support operating expenses of the Research Foundation.
- The Audited financial statements are broken up into two sections. The second section includes the component unit "FIU iWASH Initiative Limited" that receives funding from USAID (US Agency for International Development). The iWASH financial statements were audited by KPMG in Tanzania in accordance with International Standards on Auditing, for period ending December 31, 2015.
- iWASH program supports sustainable, market-driven water supply, sanitation and hygiene services to improve health in rural areas in West Africa.
- iWASH total assets (primarily cash and equivalents) and total liabilities (primarily deferred grant) were \$49,224, a decrease of \$13,202; total income (primarily grant income) and expenses (operating expenses) were \$404,490, an increase of \$17,540.

#### ATHLETICS FINANCE CORPORATION

- **Total Assets were \$27.7M**, a decrease of \$1.7M, due primarily to the annual decrease in prepaid rent of \$1.3M, a decrease in suites and tickets sales receivable of \$112,000 related to multi-year suite contract, and a decrease of \$201,000 in cash and investments.
- **Total Liabilities were \$37.4M**, an increase of \$351,000 due primarily from an increase in derivative liability of \$1.2M, offset by a decrease in bonds payable of \$697,000 and a decrease in unearned revenue of \$171,000 from multi-year suite contracts.
- Operating Revenues were \$3.5M, a decrease of \$257,000, due primarily to decreased ticket sales of \$85,000 (5 home games v. 8 the previous year), decreased suite revenue of \$91,000, and decreased transfers from Foundation contributions of \$234,000, offset by higher event and rental income of \$164,000.
- Operating expenses were \$2.3M, a decrease of \$205,000, due primarily to lower game/event day contractors of \$157,000 (8 home games) and lower repairs and maintenance of \$50,000.
- The reduction in net position of \$749,000 was primarily the result of an additional \$380,000 transfer to FIU Athletics for release of conference payments as per the Bond Trust Indenture, \$93,000 is higher than anticipated event day contactor expenses and lower operating revenues by \$257,000.

### ACADEMIC HEALTH CENTER HEALTH CARE NETWORK FACULTY GROUP PRACTICE, INC.

- **Total Assets were \$4.0M**, an increase of \$2.2 million, primarily due to an increase in cash of \$2.5M and an increase in management fee receivable of \$209,000, offset by a decrease in educational program and rent receivable of \$149,000, a decrease in patient and other receivables of \$267,000, and a decrease in depreciable capital assets of \$87,000.
- Total Liabilities were \$9.7M, an increase of \$110,000 primarily due to an increase in accounts payable of \$418,000, and an increase in unearned revenue of \$151,000, offset by a reduction in due to FIU in the amount of \$459,000. The total due to FIU, \$8.3M, is associated with prior operating losses and is secured by lease payments of \$468,000 received from Miami Children's Hospital.
- Total Operating Revenues were \$5.6M, a decrease of \$375,000, due primarily to an increase in management fee revenue of \$1.2M, an increase in educational program revenue of \$1.2M received from American University of Antigua for the Clinical Certificate Program, and an increase in rental revenue of \$357,000, offset by a reduction in net patient service revenue of \$3.1M.
- Total Operating Expenses were \$3.3M, a decrease of \$5.4M due primarily to a decrease in contractual personnel services of \$4.5M, a decrease in rentals and leases of \$304,000, and a decrease in medical supplies of \$142,000.
- Non-Operating Expenses were \$207,000, a decrease of \$742,000, due primarily to a decrease in Loss on the Disposal of Capital Assets of \$802,000 (prior year loss associated with the cancellation of the lease in PG-5) offset by an increase in interest expense of \$60,000.
- Change in net position of \$2.1M is due to a net gain as a result of the realignment and change in business model to a Management Service Organization. This resulted in a reduction in personnel, operating expenses; net position improved from (\$7.8M) to (\$5.7M).
- As described in the MD&A, as of July 1, 2015, FIU HCN operates as a Management Services Organization (MSO) for FIU. Under the MSO, revenues derive from management fees of services provided to Student Health Services, Herbert Wertheim College of Medicine (HWCOM), Office of International Affairs, Embrace, and from leases to Miami Children's Hospital and Gastro Health. The net patient revenues and respective accounts receivable for patient services provided since July 1, 2015 are recorded under the books of the FIU HWCOM.



Consent Agenda FA1-A

### THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES

December 1, 2016

Subject: Florida International University Foundation Inc., Financial Audit, 2015-16

#### **Proposed Board Action:**

Accept the Florida International University Foundation, Inc. Financial Audit for the 2015-16 Fiscal Year and authorize the CEO of the Florida International University Foundation, Inc. to take all actions necessary pertaining to this Financial Audit, including filing the report with the Auditor General.

#### **Background information:**

Pursuant to Regulation FIU-1502 (2)(f), the Florida International University Foundation, Inc. must submit an independently conducted financial audit of its accounts and records, which has been approved by its governing board and recommended by the University President to the Florida International University Board of Trustees for review and acceptance.

The Florida International University Foundation, Inc. Financial Audit for 2015-16 was approved by the Florida International University Foundation, Inc. Board of Directors on October 22, 2016, and the University President is recommending its acceptance.

Florida Board of Governors Regulation 9.011 (4) University Direct Support Organizations and Health Services Support Organizations, states in relevant part: Support organizations shall provide for an annual audit conducted pursuant to university regulations or policies. The annual audit report shall be submitted to the university board of trustees or designee, the Board of Governors, and the Auditor General for review.

**Supporting Documentation:** 

Florida International University Foundation, Inc.

Financial Audit, 2015-16



### FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES (A DIRECT SUPPORT ORGANIZATION)

#### CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

## FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES (A DIRECT SUPPORT ORGANIZATION) TABLE OF CONTENTS JUNE 30, 2016 AND 2015

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#### INDEPENDENT AUDITORS' REPORT

Members of the Board of Directors and the Finance Committee and Audit Subcommittee Florida International University Foundation, Inc. and Subsidiaries:

#### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Florida International University Foundation, Inc. and Subsidiaries (the Foundation), a direct support organization and component unit of Florida International University, which comprise the consolidated statements of financial position as of June 30, 2016 and 2015, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

#### Management's Responsibility for the Financial Statements

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

#### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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#### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Foundation as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Other Matters**

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information included in the consolidated schedule of expenses on page 30 is presented for purposes of additional analysis and is 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

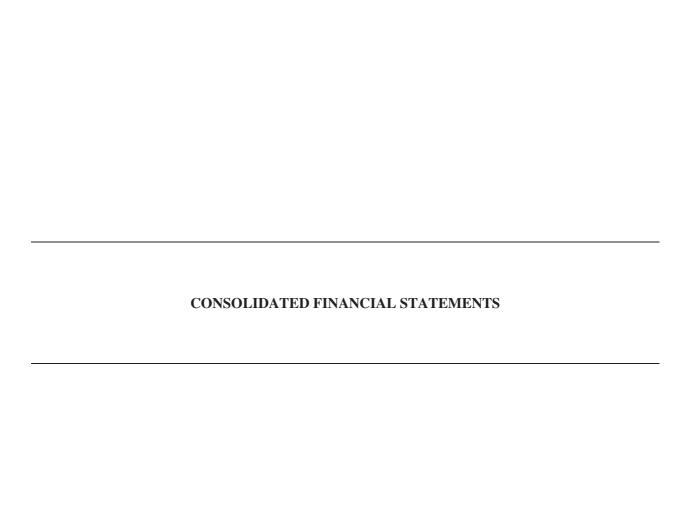
#### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2016, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Foundation's internal control over financial reporting and compliance.

James Meore ; Co., P.L.

Gainesville, Florida October 21, 2016

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### FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES (A DIRECT SUPPORT ORGANIZATION) CONSOLIDATED STATEMENTS OF FINANCIAL POSITION JUNE 30, 2016 AND 2015

		2015	
Assets			
Cash and cash equivalents	\$	8,338,074	\$ 11,972,635
Contributions receivable, net		79,648,946	82,383,328
Investments		229,073,465	231,026,551
Bond issuance costs, net		72,711	85,181
Other assets		1,305,344	1,665,398
Fixed assets, net		17,566,435	18,190,373
Total Assets	\$	336,004,975	\$ 345,323,466
Liabilities			
Accounts payable and other liabilities	\$	417,206	\$ 452,193
Deferred revenue		255,000	1,500,700
Due to Florida International University		2,539,417	2,154,133
Split-interest obligations		882,014	893,615
Funds held for others		1,962,240	12,190
Note payable		5,420,000	6,165,000
Total Liabilities		11,475,877	 11,177,831
Net Assets			
Unrestricted		27,009,655	32,027,997
Temporarily restricted		87,854,851	95,709,060
Permanently restricted		209,664,592	206,408,578
Total Net Assets		324,529,098	334,145,635
<b>Total Liabilities and Net Assets</b>	\$	336,004,975	\$ 345,323,466

## FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES (A DIRECT SUPPORT ORGANIZATION) CONSOLIDATED STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE TOTALS FOR JUNE 30, 2015

	U	Temporarily Unrestricted Restricted		Permanently Restricted		2016			2015	
Revenue, Gains and Other Support		-				_				
Contributions	\$	2,973,619	\$	15,561,056	\$	3,277,555	\$	21,812,230	\$	38,715,158
Rental income		2,191,394		3,900		-		2,195,294		2,189,983
Administrative fees		2,341,825		-		-		2,341,825		2,282,209
Contributed services		897,826		-		-		897,826		899,905
Dues		390,750		154,807		18,459		564,016		706,639
Change in value of interest rate swap		-		-		-		-		103,307
Royalty income		1,542,374		-		-		1,542,374		90,220
Special events revenue, net of direct donor										
benefits of \$251,042 and \$72,962		-		86,466		-		86,466		66,821
Other		56,965		161,091		-		218,056		545,578
Net investment income		832,450		2,221,377		-		3,053,827		6,925,409
Net unrealized investment gain (loss)		(2,126,463)		(6,618,195)		-		(8,744,658)		(539,899)
_		9,100,740		11,570,502		3,296,014		23,967,256		51,985,330
Net assets released from restrictions		18,982,833		(18,982,833)		-		-		
<b>Total Revenue, Gains and Other Support</b>		28,083,573		(7,412,331)		3,296,014		23,967,256	_	51,985,330
Expenses										
Program services		21,112,442		_		_		21,112,442		19,730,731
General and administrative		4,812,526		_		_		4,812,526		5,872,791
Fundraising		7,116,334		_		_		7,116,334		4,352,252
Total expenses		33,041,302		-		-		33,041,302		29,955,774
Change in Net Assets From Current Operations		(4,957,729)	_	(7,412,331)	_	3,296,014		(9,074,046)	_	22,029,556
Other Changes										
Change in value of split-interest obligations		(60,613)		_		_		(60,613)		(60,613)
Provision for uncollectible promises to give		-		(441,878)		(40,000)		(481,878)		(466,539)
Loan guarantee		_		-		-		-		1,033,478
Change in Net Assets		(5,018,342)		(7,854,209)		3,256,014		(9,616,537)		22,535,882
Net Assets, beginning of year		32,027,997		95,709,060	,	206,408,578		334,145,635		311,609,753
Net Assets, end of year	\$	27,009,655	\$	87,854,851	\$ 2	209,664,592	\$	324,529,098	\$	334,145,635

### FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES (A DIRECT SUPPORT ORGANIZATION) CONSOLIDATED STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Gains and Other Support				
Contributions	\$ 3,036,657	\$ 28,778,519	\$ 6,899,982	\$ 38,715,158
Rental income	2,181,771	8,212	-	2,189,983
Administrative fees	2,282,209	-	-	2,282,209
Contributed services	899,905	-	-	899,905
Dues	351,942	281,153	73,544	706,639
Change in value of interest rate swap	103,307	-	-	103,307
Royalty income	90,220	-	-	90,220
Special events revenue, net of direct donor				
benefits of \$72,962	-	66,821	-	66,821
Other	65,777	201,256	278,545	545,578
Net investment income	2,303,160	4,622,249	-	6,925,409
Net unrealized investment gain (loss)	(1,439,016)	899,117	-	(539,899)
	9,875,932	34,857,327	7,252,071	51,985,330
Net assets released from restrictions	14,661,213	(14,433,551)	(227,662)	-
Total Revenue, Gains and Other Support	24,537,145	20,423,776	7,024,409	51,985,330
Expenses				
Program services	19,730,731	-	-	19,730,731
General and administrative	5,872,791	-	-	5,872,791
Fundraising	4,352,252	-		4,352,252
Total expenses	29,955,774	-	-	29,955,774
Change in Net Assets From Current Operations	(5,418,629)	20,423,776	7,024,409	22,029,556
Other Changes				
Change in value of split-interest obligations	(60,613)	-	-	(60,613)
Provision for uncollectible promises to give	-	(466,539)	-	(466,539)
Loan guarantee	1,033,478	-	-	1,033,478
Change in Net Assets	(4,445,764)	19,957,237	7,024,409	22,535,882
Net Assets, beginning of year	36,473,761	75,751,823	199,384,169	311,609,753
Net Assets, end of year	\$ 32,027,997	\$ 95,709,060	\$ 206,408,578	\$ 334,145,635

### FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES (A DIRECT SUPPORT ORGANIZATION) CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Cash Flows from Operating Activities		
Change in net assets	\$ (9,616,537)	\$ 22,535,882
Adjustments to reconcile change in net assets to net cash		
provided by operating activities:		
Depreciation and amortization	747,892	677,202
Provision for uncollectible promises to give	481,878	466,539
Net unrealized investment loss	8,744,658	539,898
Change in value of interest rate swap	-	(103,307
Changes in value of split-interest obligations	60,613	60,613
Net investment income restricted for long-term reinvestment	(2,221,377)	(4,622,249
Loss on disposal of property and equipment	(2,221,377)	2,432
Changes in assets and liabilities:		2,132
(Increase) decrease in:		
Contributions receivable	2,252,502	(17,372,459
Other assets		
Due from Florida International University	360,054	542,339 23,421
· · · · · · · · · · · · · · · · · · ·	-	23,421
Increase (decrease) in:	(24.097)	(9.642
Accounts payable and other liabilities	(34,987)	(8,642
Split-interest obligations	11,787	(3,888
Due to Florida International University	385,284	508,567
Funds held for others	1,950,050	(33,390
Due to FIU Athletics Finance Corp.	-	(218,000
Deferred revenue	(1,245,700)	224,905
Total adjustments	11,492,654	(19,316,019
Net cash provided by operating activities	1,876,117	3,219,863
Cash Flows from Investing Activities		
Contributions restricted for long-term investment	(7,115,981)	(5,747,943
Proceeds from sale of capital assets	-	68
Purchases of property and equipment	(111,484)	(2,567,596
Purchases of investments	(170,676,038)	(210,700,757
Sales of investments	163,884,467	212,018,933
Net cash used in investing activities	(14,019,036)	(6,997,295
Cash Flows from Financing Activities		
Principal repayments on note payable	(745,000)	(755,000
Payments on split-interest obligations	(84,000)	(84,000
Proceeds from contributions restricted for long-term investment	7,115,981	5,747,943
Net investment income restricted for long-term reinvestment	2,221,377	4,622,249
Net cash provided by financing activities	8,508,358	9,531,192
Net Increase (Decrease) in Cash and Cash Equivalents	(3,634,561)	5,753,760
Cash and Cash Equivalents, beginning of year	11,972,635	6,218,875
Cash and Cash Equivalents, end of year	\$ 8,338,074	\$ 11,972,635
Supplemental Disclosure of Cash Flow Information		
Supplemental Disclosure of Cash Flow Information Cash paid for interest	\$ 101,667	\$ 208,532
	\$ 101,667	\$ 208,532

#### (1) Nature of Organization and Significant Accounting Policies:

(a) **Organization and purpose**—Florida International University Foundation, Inc. (the "Foundation" or the "Organization"), a direct support organization ("DSO") and a component unit of Florida International University (the "University"), is organized to encourage, solicit, receive and administer gifts and bequests of property and funds for the advancement the University and its objectives. The Foundation is a tax-exempt organization as defined by Section 501(c)(3) of the Internal Revenue Code.

The Wolfsonian, Inc. was established in 1986 to create and operate a museum and research center in Miami Beach, Florida, and to support a comprehensive program focused on the collection, exhibition, interpretation, preservation, research and publication of the decorative, design and architectural arts. The Mitchell Wolfson, Jr. Collection of nearly 27,000 objects of art and rare books dating from the late nineteenth to the mid-twentieth century has been loaned to the Wolfsonian, Inc. It encompasses furniture, sculptures, paintings, books, graphics and other works of art on paper, as well as archives relating to the period. Through a series of academic study and fellowship programs, national and international traveling exhibitions, and scholarly initiatives, the Wolfsonian, Inc. promotes public education and awareness of the social, historical, technological, political, economic, and artistic material culture of Europe and America in the 1885-1945 periods. The Wolfsonian, Inc. is a tax-exempt organization as defined by Section 501(c)(3) of the Internal Revenue Code.

As more fully explained in Note 2, the Foundation was party to the gift agreement (the "Agreement") on July 1, 1997 with the Wolfsonian, Inc., whereby the Wolfsonian, Inc. agreed to amend its articles of incorporation and bylaws with the intent of transferring control of the Wolfsonian, Inc., all of its assets, interest, and obligations, to the Foundation.

Foundation Enterprise Holdings I, LLC ("FEH I") is a Florida limited liability company of which the sole member is the FIU Foundation, Inc. On March 29, 2011, the FEH I became the owner of real property located at 1035 and 1049 Washington Avenue, Miami Beach, Florida ("Property"), pursuant to an agreement with Mitchell Wolfson, Jr. and the Washington Storage Co. ("WSC") to convey Property to the FEH I for the benefit of the Wolfsonian-FIU. As part of the agreement with the WSC, the FEH I executed an Assignment and Assumption of Leases on March 29, 2011, and assumed all of the rights formerly held by WSC with regard to its lease agreements.

Foundation Enterprise Holdings II, LLC ("FEH II") is a Florida limited liability company of which the sole member is the FIU Foundation, Inc. On December 10, 2012, FEH II became the owner of real property located at 301, 311, and 321 Washington Avenue, Miami Beach, Florida ("JMOF Property"), pursuant to an agreement with the Jewish Museum of Florida, Inc. ("JMOF") and the University as explained in Note 2.

Foundation Enterprise Holdings III, LLC ("FEH III") is a Florida limited liability company of which the sole member is the FIU Foundation, Inc. On June 14, 2013, FEH III was organized pursuant to a gift agreement with Mitchell Wolfson, Jr. which transferred the gift of real property located at 100 East Flagler Street (Floors 2, 8, and 9), Miami, Florida, for the benefit of the Wolfsonian-FIU. See Note 1(u) describing agreement entered into after year end to sell the property.

#### (1) Nature of Organization and Significant Accounting Policies: (Continued)

Foundation Enterprise Holdings IV, LLC ("FEH IV") is a Florida limited liability company of which the sole member is the FIU Foundation, Inc. On February 25, 2014, FEH IV purchased real property ("Islamorada Property") located at 85932 Overseas Highway, for the purpose of leasing to the University's College of Arts and Sciences to serve as the staging area for the Aquarius Reef Base, an undersea research laboratory. A donor pledged a gift to be paid in five annual installments to support the acquisition of this property.

FEH I, FEH II, FEH III and FEH IV have not elected under Section 301.8801-3(c) of the Income Tax Regulations to be classified as separate corporations or entities from its single member (the Foundation) for federal tax purposes. FEH I, FEH II, FEH III and FEH IV are treated, therefore, as "disregarded entities" for federal tax purposes under the Income Tax Regulations and are simply components or divisions of its single member for federal tax purposes.

(b) **Principles of consolidation**—The consolidated financial statements of the Foundation and its subsidiaries for the years ended June 30, 2016 and 2015, include the accounts of the Foundation, Wolfsonian, Inc., FEH I, FEH II, FEH III, and FEH IV, based on the Foundation's controlling economic interest in the five entities. The Foundation's controlling economic interest in the Wolfsonian, Inc. was the result of the gift agreement between the two entities, which became effective on March 26, 1998 (see Note 2).

The Foundation's controlling economic interest in FEH I was the result of a split interest agreement for the acquisition of a commercial real estate property on March 29, 2011.

The Foundation's controlling economic interest in FEH II was the result of a gift agreement for the acquisition of museum property and its financial assets and obligations on December 10, 2012.

The Foundation's controlling economic interest in FEH III was the result of a gift agreement for the acquisition of real property which was finalized on July 1, 2013.

The Foundation's controlling economic interest in FEH IV was the result of a purchase of real property on February 25, 2014.

All significant intercompany accounts and transactions have been eliminated in consolidation.

- (c) **Basis of presentation**—Financial statement presentation follows the requirements of Accounting Standards Codification ("ASC") 958, Not-for-Profit Entities. Under ASC 958, the Foundation is required to report information regarding its consolidated financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Assets are presented according to their nearness of conversion to cash. Liabilities are presented according to the nearness of their maturity and resulting use of cash.
- (d) **Basis of accounting**—The consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

#### (1) Nature of Organization and Significant Accounting Policies: (Continued)

Revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets and changes therein are classified and reported as follows:

- (i) **Unrestricted**—Net assets which are free of donor-imposed restrictions; all revenue, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets are classified as unrestricted.
- (ii) **Temporarily restricted**—Net assets whose use is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the Foundation pursuant to those stipulations.
- (iii) **Permanently restricted**—Net assets whose use is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.
- (e) Use of estimates—The consolidated financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required 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 revenue and expenses during the period reported. These estimates include assessing the collectability of contributions receivable and the fair value of investments. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the consolidated financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.
- (f) **Cash equivalents**—The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.
- (g) **Promises to give**—Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets.

The Organization records unconditional promises to give at fair value when received and subsequently at net realizable value which is based on prior years' collection experience and management's analysis of specific promises made. The receivables are further discounted to reflect their present value. The Foundation determines an allowance for uncollectible receivables based upon management's judgment about such factors as prior collection history, type of contribution, and nature of fundraising activity. Decreases in net realizable value are recognized as provision for uncollectable pledges in the period the decrease occurs. Increases in net realizable value are not recognized unless they represent recoveries of previous provision for uncollectable pledges incurred; increases are recognized as additional contribution revenue when the promise to give is collected.

#### (1) Nature of Organization and Significant Accounting Policies: (Continued)

- (h) **Contributions**—Contributed goods and services are recorded as contributions at their estimated fair value at date of receipt.
- (i) Contributed services—Donations of contributed services are recognized as contributions at their estimated fair value, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Services provided by volunteers throughout the year are not recognized as contributions in the consolidated financial statements since these services are not susceptible to objective measurement or valuation.

The consolidated statements of activities include services received from University personnel and these services are measured at the cost recognized by the University. Refer to recent accounting pronouncements described in this note for further information. For the years ended June 30, 2016 and 2015, the contributed services total \$897,826 and \$899,905, respectively.

- (j) Investments and investment income—Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value (see note below) in the consolidated statements of financial position. Investment gains and losses (including realized and unrealized gains and losses on investments as well as interest income and dividends) are included in the consolidated statements of activities as an increase or decrease in unrestricted net assets unless the gains or losses are restricted by donor or law. Restricted gains and losses and investment income where the restrictions are met in the same reporting period as the income is earned are recorded as unrestricted support.
- (k) Fair value measurements—ASC 820, Fair Value Measurements and Disclosures, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, establishes a framework for measuring fair value, and requires financial statement preparers to disclose information about their fair value determinations in their financial statements. ASC 820 establishes a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best available information.

See Note 5 for a summary of the inputs used as of June 30, 2016 and 2015, in determining the fair value of the Foundation's investments.

(1) **Property and equipment**—Property and equipment are defined as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of 5 years and are recorded at historical cost. If contributed, the asset, with the exception of the collection of decorative and propaganda arts, is recorded at the fair value at the time of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In

#### (1) Nature of Organization and Significant Accounting Policies: (Continued)

the absence of such stipulations, contributions are recorded as unrestricted support. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, ranging from five to forty years.

The Foundation has elected to exercise the option of not capitalizing the items that meet the definition of "collections" as prescribed by accounting principles generally accepted in the United States. Therefore, the fair value of the donated collection of decorative and propaganda arts are not reflected in the accompanying consolidated financial statements. Purchases of collection items are recorded as decreases in unrestricted net assets in the year in which the items are acquired or as temporarily or permanently restricted net assets if the assets used to purchase the items are restricted by donors. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes.

(m) **Deferred revenue**—Deferred revenue is comprised of advanced licensing and royalty fees. In July 2015, Bank of America waived its right to receive the unearned portion of advances at the expiration of the agreement ending December 31, 2015. As a result, the Foundation recognized revenue related to the advanced licensing and royalty fees during the fiscal year in the amount of \$1,478,584.

During the fiscal year, a balance was added for deferred revenue related to unearned contributions. The Foundation entered into a challenge gift agreement to receive matching contributions up to \$1 million for the benefit of a Chair of Transition Studies in the Vaclav Havel Center for Human Rights and Diplomacy. The donor made an initial advance of its matching funding payments to the Foundation in June 2016 in the amount of \$250,000. Once the required matching donations are received, the Foundation will recognize contribution revenue.

(n) **Split-interest obligations**—The Foundation received a contribution of property in which the donor retains a life interest. The asset is a commercial real estate property and annual cash distributions are made to the donor under the terms of the agreement. The Foundation recorded the Property based on the fair value of the asset received. Initial recognition and subsequent adjustments to the asset carrying values are reported as a change in value of split-interest obligations in the accompanying consolidated financial statements.

Obligations under split-interest agreements are recorded when incurred at the present value of the anticipated distributions to be made to the donor designated beneficiaries. Distributions are paid over the lives of the beneficiaries. Present values are determined using appropriate discount rates and actuarially determined life expectancies. Obligations under split-interest agreements are revalued annually at June 30 to reflect actuarial experience; the discount rate is not changed. Any resulting difference between the asset and liability is recognized annually as revenue. The net revaluations together with any remaining recorded obligation after all trust or gift obligations under terminated agreements have been satisfied, are recorded as net changes in the value of split-interest obligations.

#### (1) Nature of Organization and Significant Accounting Policies: (Continued)

- (o) **Funds held for others**—In March 2016, the National Institutes of Health (NIH) awarded a grant in the amount of \$9,500,000 to the University, with annual increments in the amount of \$1,900,000 payable over five years in support of research in the area of minority health and health disparities. Pursuant to the terms of the grant, the NIH requires that the funds be held as an endowment for a period of at least 20 years. Thereafter, the funds may be used to support this research initiative. The University transferred the first installment of \$1,900,000 in June of 2016 to the Foundation to be held as a term endowment. The endowment will be managed consistent with the Foundation for management on behalf of a family foundation in the amount of \$62,240 and \$12,190 as of June 30, 2016 and 2015, respectively.
- (p) **Program services**—Program services expenses on the consolidated statements of activities include amounts transferred to related parties or amounts disbursed directly to third parties to benefit the University or its DSO's. These expenses include salaries, scholarships, and other program related expenses.
- (q) **Income taxes**—The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The subsidiaries are Limited Liability Companies which are wholly owned by the Foundation and therefore are disregarded for tax purposes. However, the Foundation is subject to income tax on unrelated business income. The Foundation's primary source of unrelated business income is from certain investments in private equity partnerships. Income taxes incurred during the year, if any, are estimated to be immaterial to the consolidated financial statements.

Accounting principles generally accepted in the United States of America require 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, 2016, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements. If the Foundation were to incur an income tax liability in the future, interest and penalties would be reported as income taxes. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes the Foundation is no longer subject to income tax examinations from years prior to 2013.

(r) Concentrations of credit risk—Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents in banks, investments, and promises to give.

In addition to insurance provided by the Federal Depository Insurance Corporation (FDIC), 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, with the exception noted in the preceding paragraph, are insured or collateralized with securities held by the entity or its agent in the entity's name.

#### (1) Nature of Organization and Significant Accounting Policies: (Continued)

The Foundation maintains certain investment accounts with financial institutions which are not insured by the FDIC. These funds may be subject to insurance by Securities Investor Protection Corporation (SIPC), subject to various limitations. At June 30, 2016 and 2015, approximately \$228,600,000 and \$230,500,000 was held in these accounts, respectively. The Foundation believes that the number, diversity and financial strength of the issuers mitigate the credit risks associated with all investments.

- (s) **Recent accounting pronouncements**—In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, "*Presentation of Financial Statements of Not-for-Profit Entities*." The ASU is effective for Foundation's fiscal year ending June 30, 2019. ASU 2016-14 aims to improve not-for-profit entity financial statements to provide more useful information to donors, grantors, creditors, and other financial statement users. The standard significantly changes how net assets will be presented on the face of the financial statements, as well as requires additional disclosures for expenses by nature and function and for the liquidity and availability of resources. Management is still evaluating the impact of this pronouncement on the Foundation's financial statements.
- (t) **Reclassifications**—In order to facilitate the comparison of financial data, certain June 30, 2015 account balances have been reclassified to conform to the current year reporting format. These reclassifications had no effect on net position.
- (u) **Subsequent events**—Management has evaluated subsequent events to determine if events or transactions occurring through October 21, 2016, the date the consolidated financial statements were available to be issued, require adjustment to or disclosure in the consolidated financial statements. On October 14, 2016, FEH III closed on a Real Estate Purchase and Sale Contract to sell the property located at 100 East Flagler Street (Floors 2, 8, and 9), Miami, Florida for a contract sales price of \$1,800,000.

#### (2) **Gift Agreements:**

On July 1, 1997, the Foundation entered into a gift agreement (the "Agreement") with Mitchell Wolfson, Jr., the Wolfsonian, Inc. and the University, whereby Mitchell Wolfson, Jr. agreed to donate all rights, title and interest in and to all objects constituting The Mitchell Wolfson, Jr. Collection of Decorative and Propaganda Arts (the "Collection") to the Foundation, subject to an agreement made and entered into by the Wolfsonian, Inc. and Mr. Wolfson, Jr., dated July 29, 1991. The agreement is effective through July 2021, at which time it can be renewed for an additional period of ten years.

As a result of the Agreement, the Wolfsonian, Inc. has amended its articles of incorporation and bylaws to provide that all of its directors be appointed and removed at any time with or without cause by the Foundation, with the intention to effect a transfer of complete control of all of the assets, interests and obligations of the Wolfsonian, Inc. to the Foundation. On May 26, 1999, the Foundation passed a revision to the bylaws of the Wolfsonian, Inc. to make the Foundation the sole voting member of the Wolfsonian, Inc.

The gifts are conditional upon the provisions outlined in the Agreement, including but not limited to the Foundation continuing the museum and educational activities and operations that were conducted by the Wolfsonian, Inc. As a result of the Agreement, the University and the Foundation have assumed all administrative functions and operating costs of the Wolfsonian activities within the University (Wolfsonian-FIU).

#### (2) **Gift Agreements:** (Continued)

In order for the Foundation to be able to maintain the rights to the Collection, the University is to provide the Wolfsonian-FIU with the same financial support from its general budget, as provided to other departments, in order to continue the museum and educational activities and operations of the Wolfsonian-FIU. The University provides support for the Wolfsonian-FIU expenses which included the insurance premium for the art collection, salaries, equipment, administrative expenses, and building security. In addition, the University provides support for utilities, repairs and maintenance expenses for buildings used by the Wolfsonian-FIU.

On December 10, 2012, the Foundation entered into a gift agreement with the Jewish Museum of Florida ("JMOF") and the University, whereby JMOF agreed to convey to the Foundation the JMOF Property together with all improvements, furnishings, fixtures, equipment and appurtenances. JMOF agreed to transfer to the Foundation all of its endowed funds, financial and other assets and interests in other property. As a result of this agreement, the Foundation also assumed all contractual and other obligations and liabilities of JMOF. The JMOF maintained a museum facility ("JMOF Museum") at the JMOF Property. In accordance with this gift agreement, JMOF Property is to be used exclusively in support of the JMOF Mission to collect, preserve and interpret for the public the material evidence of the Florida Jewish experience from at least 1763 to the present to Jews, non-Jews, Florida residents and visitors alike; and to examine how Jews form part of a dynamic mosaic of ethnicities, all seeking to balance the continuity and traditions of their heritage with the values and customs of a larger society.

According to the gift agreement, the University will develop a presence for the FIU Judaic Studies Program at the JMOF Property and the JMOF Museum will be operated and known as the "Jewish Museum of Florida – FIU". The University shall operate the JMOF Museum and educational and outreach activities in accordance with the guidelines of the American Association of Museums and will maintain the JMOF Museum as a unit of the University within its College of Arts and Sciences. The University and the Foundation will provide the JMOF Museum with the same administrative support afforded to other units pursuant to University and Foundation policies.

On June 14, 2013, the Foundation entered into a gift agreement with Mitchell Wolfson, Jr., Washington Storage Company, Inc., the University, and FEH III whereby Mr. Wolfson conveyed real property located at 100 E. Flagler Street (Floors 2, 8 and 9) to FEH III for the benefit of Wolfsonian-FIU and its programs.

#### (3) <u>Contributions Receivable:</u>

Unconditional promises to give, recorded at its estimated fair value and discounted to present value, are expected to be realized in the following periods:

	2016		2015
Receivable in less than one year	\$ 17,878,122	\$	19,506,028
Receivable in one to five years	53,759,597		46,682,729
Receivable in more than five years	12,964,919		24,689,409
·	84,602,638	_	90,878,166
Less allowance for doubtful accounts	(1,134,046)		(1,473,658)
Less discount to present value	(3,819,646)		(7,021,180)
Contributions receivable, net	\$ 79,648,946	\$	82,383,328

Contributions to be received after one year are discounted using U.S. Treasury yields. Amortization of discounts is recorded as additional contribution revenue reflecting donor-imposed restrictions, if any. The discount rates used ranged between 1-2%.

#### (3) <u>Contributions Receivable:</u> (Continued)

#### State match receivable

In accordance with Florida Statute Chapter 1011.94, Trust Fund for Major Gifts, endowment contributions of \$100,000 or more, made after July 1, 1985 through June 29, 2011, with income to be used to "support libraries and instruction and research programs", are eligible for state match for gifts. Effective July 1, 2011, the state matching funds are temporarily suspended by the Legislature for donations received for this program on or after June 30, 2011. Existing eligible donations remain eligible for future matching funds. The program may be restarted after \$200 million of the backlog for programs have been matched. The state has approved the Foundation's state matching requests that have not yet been received totaling \$41,967,040.

The State of Florida did not appropriate funds to pay for this program during the fiscal year; therefore the receivable is recorded in the accompanying consolidated financial statements discounted back through 2023 since the exact year of receipt is unknown. This receivable is included in the table above. The ultimate collection of the state match receivable is dependent upon the future appropriation of funds for this program by the State of Florida legislature. The estimate of the collectability of this receivable may be adjusted in future periods and any adjustment could be significant.

#### (4) **Investments:**

	As of June 30,			
	2016			2015
Domestic equities	\$	39,897,818	\$	38,928,909
Global equities		59,888,795		61,461,624
Real assets		13,168,406		12,232,126
Fixed income		30,565,183		30,919,505
Hedge funds		53,666,126		60,539,187
Private investments		31,887,137		26,931,444
		229,073,465		231,012,795
Plus accrued income				13,756
Total investments	\$ 2	229,073,465	\$	231,026,551

Total net investment income and net unrealized losses for the year ended June 30, 2016 totaled \$3,053,827 and \$8,744,658, respectively. Earnings applied to individual endowments for the year ended June 30, 2016 totaled \$3,993,652. Total net realized and unrealized investment gains and investment income for the year ended June 30, 2015 totaled \$6,385,510 of which \$4,520,871 was applied to individual endowments. Investment revenues are reported net of related expenses for custodial fees, investment management and incentive fees, and mutual fund expenses. Fees paid during the fiscal years ended June 30, 2016 and 2015, totaled \$2,558,933 and \$4,445,410, respectively. Investment consulting fees are reported as an expense in the consolidated statements of activities. Investment consultant fees totaled \$572,658 and \$559,665 for 2016 and 2015, respectively.

### (5) Fair Value Measurements:

Accounting Standards Codification No. 820 (ASC 820), Fair Value Measurements and Disclosures, establishes a framework for determining fair value through a hierarchy that prioritizes the inputs in valuation techniques used to measure fair value. The three-level valuation hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The inputs are summarized in the three-level valuation hierarchy as follows:

Level 1 – Valuation is based on unadjusted quoted prices for identical assets or liabilities in active markets (e.g., exchange traded securities). An active market is defined as a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

*Level 2* – Valuation is based on significant observable inputs, either directly or indirectly, at the measurement date such as:

- (i) quoted prices for similar assets or liabilities in active markets;
- (ii) quoted prices for identical assets and liabilities in markets that are not active;
- (iii) observable inputs, other than quoted prices, for similar or identical assets and liabilities; or
- (iv) inputs that are derived from or corroborated by observable market data by correlation or other means.

Level 3 – Valuation is based on unobservable inputs for an asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of a market participant. Therefore, unobservable inputs reflect the Investment Manager's own assumptions about the assumptions that market participants would use in valuing the asset or liability, including assumptions about risk. Unobservable inputs are developed based on the best information available in the circumstances, which might include the Investment Manager's own data. The Investment Manager's own data used to develop unobservable inputs are adjusted if information is reasonably available without undue cost and effort that indicates market participants would use different assumptions. Investment types which have been valued using this approach generally include investments in investee funds that have lock-ups that are greater than 12 months.

Equity investments that are listed on national securities exchanges, quoted on NASDAQ or on the overthe-counter market are valued at the last reported sale price, or in the absence of a recorded sale, at a value between the most recent bid and asked prices. Mutual funds held by the Foundation which are deemed to be actively traded, are valued at the daily closing price as reported by the fund. These funds are required to publish their daily net asset value (NAV) and to transact at that price. Fixed income securities are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yield currently available on comparable securities of issuers with similar credit ratings. Alternative investments for which quoted market prices are not available include hedge funds and private investments. The estimated fair value of alternative investments is based on the net asset value of the fund or other valuation methods. The Foundation reviews and evaluates the values and assesses the valuation methods and assumptions used in determining the fair value of the alternative investments. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a readily available market for such investments existed and differences could be material.

### (5) Fair Value Measurements: (Continued)

The following tables set forth by levels, within the fair value hierarchy, the Foundation's investments measured at fair value on a recurring basis as of June 30, 2016 and 2015:

Investments at Fair Value as of June 30, 2016 Fair Value Level 2 Level 3 **Total Investments** Domestic equities<sup>1</sup> 1,644,640 1,644,640 Domestic equities measure at net 38,253,178 asset value<sup>2</sup> Total domestic equities 1,644,640 39,897,818 Global equities<sup>1</sup> 17,871,517 17,871,517 Global equities measured at net asset value<sup>2</sup> 42.017.278 Total global equities 17,871,517 59,888,795 Fixed income<sup>1</sup> 26,462,041 26,462,041 Fixed income measured at net asset value<sup>2</sup> 4,103,142 Total fixed income 26,462,041 30,565,183 Real assets<sup>1</sup> 8,980,422 8,980,422 Real assets measured at net asset value<sup>2</sup> 4,187,984 Total real assets 8,980,422 13,168,406 Hedge funds measured at net asset value<sup>2</sup> 53,666,126 Private investments measured at net asset value<sup>2</sup> 31,887,137 Subtotal investments at fair value 229,073,465 54,958,620 Plus accrued income Total investments at fair value 54,958,620 229,073,465

<sup>&</sup>lt;sup>1</sup> Excludes investments measured at net asset value.

<sup>&</sup>lt;sup>2</sup> In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

### (5) Fair Value Measurements: (Continued)

Investments at Fair Value as of June 30.

	Investments at Fair Value as of June 30,								
	2015								
		Level 1	Le	evel 2	Le	evel 3		Fair Value Total	
Investments									
Domestic equities <sup>1</sup>	\$	484,979	\$	-	\$	-	\$	484,979	
Domestic equities measure at net asset value <sup>2</sup>								38,443,930	
Total domestic equities		484,979		_	-	_	_	38,928,909	
Global equities <sup>1</sup>		13,586,868		-	-	-		13,586,868	
Global equities measured at net asset value <sup>2</sup>								47,874,756	
Total global equities		13,586,868	_	-	-	-		61,461,624	
Fixed income <sup>1</sup>		21,902,429		-	-	-		21,902,429	
Fixed income measured at net asset value <sup>2</sup>								9,017,076	
Total fixed income		21,902,429		_		_	_	30,919,505	
Real assets <sup>1</sup>		8,690,367		_	-	_		8,690,367	
Real assets measured at net asset value <sup>2</sup>		, ,						3,541,759	
Total real assets		8,690,367		_	-	-	_	12,232,126	
Hedge funds measured at net asset value <sup>2</sup>							_	60,539,187	
Private investments measured at net asset value <sup>2</sup>								26,931,444	
Subtotal investments at fair value		44,664,643		-	-	-		231,012,795	
Plus accrued income		13,756		-		-		13,756	
Total investments at fair value	\$	44,678,399	\$	-	\$	-	\$	231,026,551	

<sup>&</sup>lt;sup>1</sup> Excludes investments measured at net asset value.

<sup>&</sup>lt;sup>2</sup> In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

### (5) Fair Value Measurements: (Continued)

The following table discloses the nature and risk of investments for which fair value has been estimated using the net asset value per share (NAV) of the investments as a practical expedient as of June 30, 2016 and 2015:

Investments Measured at Net Asset Value as of June 30, 2016 **Total Fair Unfunded** Value **Commitments Exit Frequency Days Notice Equities** Monthly - Quarterly Domestic equities (a) 38,253,178 5 - 40 daysMonthly - Quarterly 6-60 daysGlobal equities (b) 34,964,372 Monthly Emerging markets (c) 7,052,906 7 - 30 days**Fixed income** Domestic fixed income (d) 4,101,742 Daily 2 days Monthly 10 days Global bonds (e) 1,400 Real assets Natural resource equities (f) Monthly 4,187,984 30 days **Hedge funds** Fund of funds (g) Ouarterly 90 days 2,098,202 Quarterly - Every 3 Years \* 30 - 180 daysLong/short equity (h) 25,003,830 Quarterly - Annually\* Event driven/open mandate (i) 21,183,173 30 - 90 daysMonthly Global macro (j) 5,380,921 3 - 15 days**Private investments** Illiquid Private equity (k) 16,186,951 14,937,417 N/A Illiquid Venture capital (1) N/A 15,700,186 4,619,428 174,114,845 19,556,845

<sup>\*</sup> Ten percent of the redemption value is customarily held back by the hedge funds manager, for a period up to one year, pending a final audit of the fund for the year of exit.

### (5) Fair Value Measurements: (Continued)

	Investments Measured at Net Asset Value as of June 30, 2015								
	Total Fair Value				Exit Frequency	Days Notice			
Equities									
Domestic equities (a)	\$	38,443,930	\$	-	Monthly – Quarterly	5-40  days			
Global equities (b)		40,098,829		_	Monthly – Quarterly	6-60  days			
Emerging markets (c)		7,775,927		-	Monthly	7 - 30  days			
Fixed income									
Domestic fixed income (d)		4,029,286		_	Daily	2 days			
Global bonds (e)		4,987,790		-	Monthly	10 days			
Real assets									
Natural resource equities (f)		3,541,759		-	Monthly	30 days			
Hedge funds									
Fund of funds (g)		2,089,457		_	Quarterly - Semiannually	90 – 95 days			
Long/short equity (h)		31,898,197		_	Quarterly – Every 3 Years *	30 - 180  days			
Event driven/open mandate (i)		24,271,433		_	Quarterly – Annually*	30 - 90  days			
Global macro (j)		2,280,100		-	Monthly	15 days			
Private investments									
Private equity (k)		14,519,322		12,688,353	Illiquid	N/A			
Venture capital (l)		12,412,122		6,761,988	Illiquid	N/A			
	\$	186,348,152	\$	19,450,341					

<sup>\*</sup> Ten percent of the redemption value is customarily held back by the hedge funds manager, for a period up to one year, pending a final audit of the fund for the year of exit.

- (a) **Domestic equities**—This category includes investments in publically listed equities of companies domiciled in the U.S.
- (b) **Global equities**—This category includes investments in publically listed equities of companies domiciled globally.
- (c) **Emerging markets**—This category includes investments in publically listed equities of companies listed in markets which have been categorized as emerging.
- (d) **Domestic fixed income**—This category includes investments in publically traded debt instruments traded in the U.S.
- (e) **Global bonds**—This category includes investments in globally listed public debt instruments.

### (5) Fair Value Measurements: (Continued)

- (f) **Natural resources equities**—This category includes investments in publically listed equities of companies that derive a substantial portion of their operations from natural resources related business operations.
- (g) **Fund of funds**—This category includes investments in hedge funds that invest in a portfolio of other hedge funds.
- (h) **Long/short equity**—This category includes investments in hedge funds that invest domestically and globally in both long and short common stocks across all market capitalizations. These investments offer a low correlation to traditional long-only equity benchmarks in order to achieve absolute return. Management of the hedge funds may opportunistically shift investments across sectors, geographies, and net market exposures.
- (i) **Event driven/open mandate**—This category includes investments in hedge funds that invest in event-driven strategies including merger arbitrage, distressed debt, and convertible arbitrage to achieve returns.
- (j) Global macro—This category includes investments in hedge funds that invest in global macro strategies including long and short equities, currencies, commodities, etc. based on evaluation of macroeconomic trends.
- (k) **Private equity**—This category includes investments in several limited partnership funds that invest in equity securities and debt of private companies or conduct buyouts of public companies the result in a delisting of public equity. The nature of the investment in this category prohibits redemptions through the duration of the partnership, which ranges between 10 to 15 years. Distributions are received through the liquidation of underlying assets of the funds.
- (1) **Venture capital**—This category includes investments in several limited partnership funds that invest in early-stage, high-potential startup companies or small businesses that do not have access to public funding. The nature of the investment in this category prohibits redemptions through the duration of the partnership, which ranges between 10 to 15 years. Distributions are received when underlying companies are exited via acquisition or IPO.

### (6) **Property and Equipment:**

		2016		2015
Management and Research Center (MARC) Building	\$	13,325,539	\$	13,325,539
Construction in progress – MARC Infrastructure & other improvements – MARC		2,570,980		447,225 2,012,271
FEH I Building FEH II Building FEH III Building		2,100,000 3,007,000 1,350,000		2,100,000 3,007,000 1,350,000
Furniture and equipment		926,465		926,465
Less: Accumulated depreciation	Φ.	23,279,984 (5,713,549)	_	23,168,500 (4,978,127)
Property and equipment, net	\$	17,566,435	\$	18,190,373

Depreciation expense was \$735,422 and \$664,732 for the years ended June 30, 2016 and 2015, respectively.

### (7) **Bond Issuance Costs:**

As of June 30, 2016, issuance costs related to the tax-exempt bonds (Florida International University Foundation Project – Series 1999) issued by the Miami-Dade County Educational Facilities Authority, as described in Note 9. The issuance costs will be amortized over the term of the bonds which mature in 2022.

			2015		
Bond issuance costs Less: Accumulated amortization	\$	230,985 (158,274)	-	230,985 (145,804)	
Bond issuance costs, net	\$	72,711	\$	85,181	

Amortization expense was \$12,470 for the years ended June 30, 2016 and 2015.

### (8) Other Assets:

Other assets include the cash surrender value of life insurance policies in the amount of \$889,047 and \$804,653 at June 30, 2016 and 2015, respectively. The net benefit value of the underlying life insurance in force at June 30, 2016 and 2015, was approximately \$7,394,543 and \$6,754,543, respectively. Various individuals have donated the policies, with the Foundation designated as beneficiary and owner.

Additionally, other assets include a lease receivable in the amount of \$192,311 and \$620,510 at June 30, 2016 and 2015, respectively. In 2014, FEH IV entered into a lease agreement with Florida International University Board of Trustees to lease the Islamorada Property, commencing March 1, 2014, to the University's College of Arts and Sciences for five years beginning March 2015. The property is to be transferred to the University at the end of the lease term.

As of June 30, 2016, the following represents the future principal payments to be received related to this lease agreement:

June 30	 Amount
2017	\$ 192,311
Total	\$ 192,311

### (9) **Notes Payable:**

On January 20, 2000, the Miami-Dade County Educational Facilities Authority (the Authority) issued \$13,000,000 tax-exempt revenue bonds (Florida International University Foundation Project – Series 1999). These bonds are payable from and secured by a pledge of payments to be made to the Authority under a loan agreement dated December 1, 1999, between the Foundation, Inc. and the Authority.

The Bonds are secured by an irrevocable letter of credit issued by a commercial bank as described below. The Foundation will finance the payments to the Authority under the loan agreement with lease payments received from the University under an operating lease (see Note 14). The \$13,000,000 original principal amount was issued under a variable rate structure with a final maturity date of May 1, 2022. The variable rate on fifty percent of the original issue, \$6,500,000, has been synthetically fixed at 4.63 percent through

### (9) Notes Payable: (Continued)

February 1, 2015, by way of an interest rate swap agreement with a commercial bank. The bond proceeds were used to acquire, construct and equip the multi-function support complex located on the University campus in Miami-Dade County and to pay issuance costs. As of June 30, 2016 and 2015, the outstanding principal balance due under this note payable amounted to \$5,420,000 and \$6,165,000, respectively. For the years ended June 30, 2016 and 2015, total interest incurred and paid was \$101,667 and \$208,532, respectively.

On December 1, 1999, the Foundation entered into a letter of credit agreement with a commercial bank that permitted the Foundation to borrow up to \$13,000,000 through December 15, 2004, bearing interest at the prime rate plus 2 percent. On November 29, 2004, this agreement was extended, with the same terms and conditions, through December 15, 2009. There were two additional extensions subsequent to that date through July 30, 2010. The Foundation must pay an annual commitment fee of 0.45 percent on the unused portion of the commitment. Borrowings under the financing agreement mature 90 days after the date of the borrowing.

Under the letter of credit agreement and loan agreement noted above, the Foundation is obligated under certain debt covenants with which they are in compliance.

The bonds were repurchased by the Trustee under the SunTrust Bank letter of credit due to the diminishing ability to remarket the variable rate demand bonds in the public marketplace. On July 30, 2010, the commercial bank converted the variable rate demand bonds into a five year tax exempt qualified loan. After the initial 5 year period, the bank would have the right to require the Foundation to refinance the bank qualified loan or could agree to extend the maturity date for an additional five year period. The Foundation agrees to pay interest at a rate of 67% of one month LIBOR plus 1.68% (4.67% at June 30, 2016). The bond maturity date of May 1, 2022 remains unchanged. The Foundation paid \$52,213 in refinancing fees to complete this transaction. Since the terms remained substantially the same and the present value of the cash outflows is not substantially different, this is not considered an exchange of debt instruments and therefore, all remains unchanged.

The aggregate maturities of the note payable as of June 30, 2016 are as follows:

For the Year Ending June 30	 Amount
2017	\$ 785,000
2018	825,000
2019	865,000
2020	910,000
2021	960,000
Thereafter	1,075,000
Total	\$ 5,420,000

### (10) **Split Interest Obligations:**

FEH I became the owner of real property located at 1035 and 1049 Washington Avenue, Miami Beach, Florida pursuant to an agreement with Mitchell Wolfson, Jr. and the Washington Storage Co. ("WSC") to convey the Property to the FEH I for the benefit of the Wolfsonian-FIU. As part of the agreement with the WSC, the FEH I executed an Assignment and Assumption of Leases on March 29, 2011, and assumed all of the rights formerly held by WSC with regard to its lease agreements.

The Property and or net proceeds derived therefrom shall be used exclusively for the benefit of the Wolfsonian-FIU, and any net income or proceeds generated from the Property, after the satisfaction of the annual payments herein and reimbursement to the University, Foundation or FEH I of all expenses with respect to the Property, shall be used solely for the support and benefit of the Wolfsonian-FIU. Donor agrees that the Property may be used as a net revenue sources for the Wolfsonian-FIU, including but not limited to expansion of the Wolfsonian-FIU Facilities and/or other income generating projects such as the construction of the Wolfsonian-FIU facilities and/or other income generating projects such as the construction of a parking garage structure, with the express intent of achieving the highest and best use of the Property for the sole benefit of the Wolfsonian-FIU.

In return for the transfer of the Property and assignment of the leases to the FEH I, the Foundation or FEH I agreed to satisfy the donor's obligation under the current mortgage of \$386,000; pay the 2010 property taxes on the real estate; documentary stamp taxes and Miami–Dade County surtax in connection with closing; pay the donor an annual sum of \$84,000 commencing on April 1, 2011 and continuing until the demise of the donor.

The annual amount shall be paid in semi-annual installments of \$42,000, with the first installment payment due on April 1, 2011. Notwithstanding references herein to net income or net proceeds generated by the Property, the payment shall be paid by the Foundation in all events without regard to income or proceeds generated by the Property.

Actuarial assumptions published by the Social Security Administration, actuarial publications period life table and a discount rate of 5% was used in calculating the present value of the anticipated distributions to be made to the donor.

The fair value of the assets held, included in fixed assets in the accompanying consolidated statements of financial position and corresponding liability to the donor, included in split-interest obligations are as follows:

Fixed Asset		Liability to Donor	Net		
Life Annuity	\$	2,100,000	\$ 697,739	\$	1,402,261

The Foundation has received, as of June 30, 2016 and 2015, \$555,000 and \$530,000, respectively, in gifts under charitable remainder annuity trust agreements. The Foundation recognized the contributions received as revenue during the period that the trust was established. The amount of the contribution was the fair value of the trust assets less the fair value of the estimated annuity payments to be paid annually over the expected life of the annuities. The Foundation recorded the present value of the annuities, plus an additional 10 percent of that amount, as required by Florida Statute Section 627.481, as the liability of annuities payable totaling \$184,276 and \$172,489 at June 30, 2016 and 2015, respectively.

### (11) Temporarily and Permanently Restricted Net Assets:

Temporarily restricted net assets of \$87,854,851 and \$95,709,060, which includes \$13,281,171 and \$24,545,818 of undistributed earnings related to endowment funds, at June 30, 2016 and 2015, respectively, represent gifts that are subject to donor-imposed restrictions, either for a specific purpose or subject to the passage of time. Temporarily restricted amounts also include earnings on permanently restricted endowments that have not yet been appropriated for expenditure by the Foundation.

Permanently restricted net assets of \$209,664,592 and \$206,408,578 at June 30, 2016 and 2015, respectively, consisted of endowment funds. Investment income earned by endowment funds are available for spending based on the Foundation's spending policy. The spending rate is determined by the Foundation's Board at its annual meeting. The spending rate for years ending June 30, 2016 and 2015 was 6.0%, 4.0% to support donor-designated scholarships and programs and 2.0% for administrative fee. The spendable earnings are recorded as either temporarily restricted or unrestricted assets, as stipulated by the donor.

### (12) Contributions to University Building Program:

Contributions are received by the Foundation to support construction projects of the University. These projects are handled by the University, are on University property and become assets of the University upon completion. These funds may be further matched by a State of Florida matching program for construction. Prior to the request of matching funds and the commencement of the construction project, the Foundation transfers these contributions to the University.

During the years ended June 30, 2016 and 2015, the Foundation transferred \$927,266 and \$2,324,638 to support numerous construction projects, as follows:

	As of June 30,					
		2016	2015			
Alumni Center Building	\$	20,000	\$	-		
Art Museum Construction Fund		19,272		-		
CBA Building Complex		68,601		310,024		
Football Stadium Expansion		299,576				
HM BBC Dining Facility Building		734,262		884,208		
Kovens Center BBC	-			1,234		
Law School Building	-			16,481		
Nursing - Health Sciences Building		-		37,947		
SIPA Bricks and Mortar Building		73,876		20,086		
Southern Wine & Spirits Beverage Management		-		20,485		
Stocker Astrophysics Center Building	-			733,031		
World for Tropical Botany	11,255			1,566		
Total Contributions to University Building Program	\$ 927,266 \$ 2,324			2,324,638		

### (13) Commitments and Contingencies:

### Loan Guarantees

In January of 2012, the Foundation board approved to guarantee the loan balance of the Graduate Association of Phi Gamma Delta Housing facility at Florida International University. This guarantee is expected to retire without being funded, and is not expected to significantly impact operations or future cash flows. The outstanding loan amount as of June 30, 2016 and 2015 was \$257,435 and \$351,594, respectively.

### (14) Related Party Transactions:

On December 1, 1999, the Foundation entered into a ground lease agreement with the Board of Regents of the State University System of the State of Florida for and on behalf of the University. Under this agreement, the Foundation, as lessee, has leased the grounds on which the multi-functional support complex was built, as described in Note 9. The consideration required to be paid by the Foundation is \$10 annually. The lease will expire on December 31, 2024 or the final payment date under the letter of credit agreement, as described in Note 9. Total amounts paid to the Foundation under this agreement were \$1,692,276 and \$1,678,177 for the years ended June 30, 2016 and 2015, respectively.

On December 1, 1999, the Foundation also entered into an operating lease with the Board of Regents on behalf of the University to lease the 75,000 square foot multi-function support complex to the University. The financing of the payments under the letter of credit agreement and the loan agreement, as described in Note 9, will be secured by the pledged lease payments from the University. The University has agreed to pay the Foundation, as lessor, rent in the amount equal to all amounts due and payable by the Foundation under the letter of credit agreement, if any, and the loan agreement. The payments also include any costs of operating and maintaining the multi-functional support complex, in addition to amounts necessary to pay any unanticipated and extraordinary costs. The lease commenced during August 2002 when the multi-function support complex became operational.

The lease expires on May 1, 2022 which is the date of maturity of the loan agreement. The cost of the leased asset is \$13,325,539 and the net book value is \$8,583,533 at June 30, 2016. Minimum future rentals as of June 30, 2016 are approximately as follows:

For the Year Ending June 30	Amount		
2017	\$	1,363,000	
2018		1,418,000	
2019		1,418,000	
2020		1,418,000	
2021		1,418,000	
Thereafter		1,418,000	
Total	\$	8,453,000	

FEH IV entered into a lease agreement with Florida International University Board of Trustees to lease the Islamorada Property, commencing March 1, 2014, to the University's College of Arts and Sciences for an annual rent in the amount of \$250,212 for five years beginning March 2015. The property is to be transferred to the University at the end of the lease term. At June 30, 2016, the \$192,311 lease receivable was included in other assets on the consolidated statements of financial position. See further details in Note 8.

### (15) **Endowments:**

The Foundation's endowment consists of funds established for a variety of purposes. Its endowment includes donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

### Interpretation of Relevant Law

The Board of Directors of the endowment has interpreted the Florida Uniform Management of Institutional Funds Act as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment.

As of June 30, 2016, endowment net assets consisted of the following:

		emporarily Restricted*	- F	Permanently Restricted		Total	
Endowment net assets, July 1, 2015	\$	24,545,818	\$	206,408,578	\$	230,954,396	
Endowment investment return:							
Interest, dividends and realized gains		2,268,363		-		2,268,363	
Unrealized gains		(6,262,015)		-		(6,262,015)	
Total endowment investment returns		(3,993,652)		-		(3,993,652)	
Contributions and other revenues		1,900,000		3,296,014		5,196,014	
Appropriation of endowment assets for expenditure		(6,856,170)		-		(6,856,170)	
Appropriation for administrative fee		(2,314,825)		-		(2,314,825)	
Provision for uncollectible promises to give		-		(40,000)		(40,000)	
Endowment net assets, June 30, 2016	\$	13,281,171	\$	209,664,592	\$	222,945,763	

### (15) **Endowments:** (Continued)

As of June 30, 2015, endowment net assets consisted of the following:

	Temporarily Restricted*		Permanently Restricted		 Total
Endowment net assets, July 1, 2014	\$	29,035,407	\$	199,384,169	\$ 228,419,576
Endowment investment return:					
Interest, dividends and realized gains		901,365		-	901,365
Unrealized gains		3,619,506		-	3,619,506
Total endowment investment returns		4,520,871		-	4,520,871
Contributions and other revenues		-		7,252,071	7,252,071
Appropriation of endowment assets for expenditure		(6,390,843)		-	(6,390,843)
Appropriation for administrative fee		(2,218,347)		-	(2,218,347)
Release of JMOF endowment		(401,270)		(227,662)	(628,932)
Endowment net assets, June 30, 2015	\$	24,545,818	\$	206,408,578	\$ 230,954,396

<sup>\*</sup> Temporarily restricted net assets shown above only include the earnings on permanently restricted and term endowments that have not yet been appropriated for expenditure by the Foundation.

### Return Objectives and Risk Parameters

The Foundation has adopted investment policies and spending polices for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for donor-specified periods. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce a long-term rate of return on assets while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time to achieve, at a minimum, a real (inflation adjusted) total return, net of investment management fees, that is consistent with spending requirements.

### Strategies Employed for Achieving Objectives

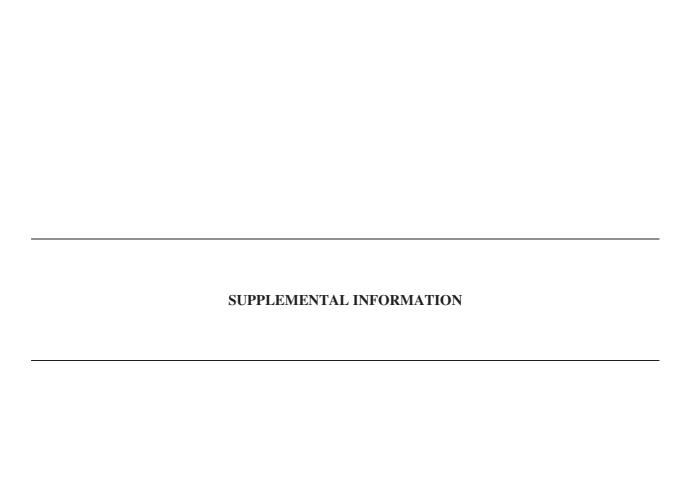
To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

### (15) **Endowments:** (Continued)

### Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation's spending policy states that the Finance and Audit Committee will recommend, subject to approval by the Board of Directors, the annual spending distribution to be made to endowed accounts. In June 2015, the Board approved a resolution to determine the spending distribution as a percentage of the endowment's average market value (gift corpus plus undistributed investment earnings since inceptions) over twelve consecutive quarters ending on December 31 and distributed at the close of the Foundation's fiscal year. In prior years, the spending distribution was determined as a percentage of the endowment's average yearly market value.

Spending distributions are dependent on the Foundation's investment returns and are therefore not guaranteed. If in any given year investment losses reduce the endowment's market value below original corpus, future spending distributions are contingent on first restoring the endowment to its original corpus, before any distribution is made for spending. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. As of June 30, 2016 and 2015, the amount included in the endowment's temporarily restricted balance and approved for future spending on program services was \$6,856,171 and \$6,390,843, respectively.



### ${\bf FLORIDA\ INTERNATIONAL\ UNIVERSITY\ FOUNDATION, INC.\ AND\ SUBSIDIARIES}$

### (A DIRECT SUPPORT ORGANIZATION) CONSOLIDATED SCHEDULE OF EXPENSES

### FOR THE YEAR ENDED JUNE 30, 2016

### (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)

Project Name	Program Services	General and Administrative	Fundraising	2016	2015
Academic Affairs	\$ 1,683,783	\$ -	\$ 17,327	\$ 1,701,110	\$ 1,803,639
Administrative Reserve	Ψ 1,003,703	67,067	Ψ 17,527	67,067	53,664
Advancement operations	_	-	896,785	896,785	504,641
Athletics Fund - Golden Panthers	255,546		25,528	281,074	408,659
Banking fees	233,340	19,846	23,320	19,846	21,871
Business office operations	_	399,346	_	399,346	463,133
Capital Campaign	_	377,540	5,670,752	5,670,752	3,847,611
College of Communication, Architecture & the Arts	980,153	_	5,070,732	980,153	749,473
College of Arts, Sciences & Education	1,655,377	_	_	1,655,377	1,460,608
College of Business Administration	1,665,801	_	79,340	1,745,141	2,091,911
College of Engineering & Computing	1,246,931		-	1,246,931	1,061,271
College of Law	996,125			996,125	745,277
College of Medicine	3,839,711		229,176	4,068,887	2,807,316
College of Nursing & Health Sciences	900,846	_	-	900,846	621,110
Contributions to University Building Program	927,746			927,746	2,384,638
Depreciation & amortization	727,740	747,892		747,892	677,202
Division of Research	346,723	747,672		346,723	179,419
External Relations	26,448	_	_	26,448	26,367
FIU Alumni Association	297,277	_	171,453	468,730	527,385
FIU Libraries	67,423	-	171,433	67,423	71,146
FIU Vice President's allowance	07,423	12,460	-	12,460	8,720
Florida Board of Governor's assessment	_	36,165		36,165	36,254
Foundation Enterprise Holdings I, LLC	_	146,329		146,329	146,647
Foundation Enterprise Holdings II, LLC	_	54,261		54,261	55,341
Foundation Enterprise Holdings III, LLC	_	171,309	_	171,309	164,488
Foundation Enterprise Holdings IV, LLC	_	20,431	_	20,431	26,759
Frost Art Museum	346,651	20,431		346,651	261,825
General Reserve	540,051	22,070		22,070	46,179
Green School of International & Public Affairs	599,132	22,070		599,132	40,177
Honors College	89,028	_		89,028	77,734
Human Resources	18,197			18,197	22,038
Insurance	10,177	104,636		104,636	102,031
Interest	_	101,667		101,667	208,532
Investment consultant fees	_	572,658	_	572,658	559,665
Office of Engagement	77,380	572,030		77,380	92,213
President's Allowance	-	80,692		80,692	77,847
President's Anowance  President's compensation	_	634,252		634,252	691,569
President's Office	6,250	-	-	6,250	102,606
Professional fees	-	334,646		334,646	961,926
School of Computing & Information Sciences	342,498	334,040	-	342,498	219,377
School of Computing & Information Sciences School of Hospitality Management	991,754	_	_	991,754	1,178,576
Stempel School of Public Health	669,736	-	25,973	695,709	483,793
Student Access and Success	598,357	-	25,915	598,357	413,118
Student Affairs	97,594	-	-	97,594	85,953
University Advancement	94,289	-	-	94,289	93,934
University Advancement University College	40,767	-	-	40,767	2,206
University Conege University Support	40,707	25,000	-	25,000	2,200
University Wide Scholarships and Programs	1,500,067	897,826	_	2,397,893	1,892,098
Utilities and Maintenance	1,500,007		-	304,590	
Wolfsonian Museum	750.952	304,590	-	750,852	384,273 766,946
Wolfsonian, Inc. Expenses	750,852 -	59,383	-	59,383	766,946 10,393
Total Expenses	\$ 21,112,442	\$ 4,812,526	\$ 7,116,332	\$ 33,041,302	\$ 29,955,774
*		. ,,		,,	. ,,

See accompanying notes to consolidated financial statements.

COMPLIANCE REPORT	



### 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

Members of the Board of Directors and the Finance Committee and Audit Subcommittee Florida International University Foundation, Inc. and Subsidiaries:

We have audited 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, the consolidated financial statements of Florida International University Foundation, Inc. and Subsidiaries (the Foundation), which comprise the consolidated statements of financial position as of and for the year ended June 30, 2016, and the related consolidated statements of activities 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 21, 2016.

### Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the 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 Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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 may exist that have not been identified.

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### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 21, 2016



Consent Agenda FA1-B

### THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES

December 1, 2016

Subject: Florida International University Research Foundation Inc., Financial Audit, 2015-16

### **Proposed Board Action:**

Accept the Florida International University Research Foundation, Inc. Financial Audit for the 2015-16 Fiscal Year and authorize the Executive Director of the Florida International University Research Foundation, Inc. to take all actions necessary pertaining to this Financial Audit, including filing the report with the Auditor General.

### **Background information:**

Pursuant to Regulation FIU-1502 (2)(f), the Florida International University Research Foundation, Inc. must submit an independently conducted financial audit of its accounts and records, which has been approved by its governing board and recommended by the University President to the Florida International University Board of Trustees for review and acceptance.

The Florida International University Research Foundation, Inc. Financial Audit for 2015-16 was approved by the Florida International University Research Foundation, Inc. Board of Directors on October 20, 2016, and the University President is recommending its acceptance.

Florida Board of Governors Regulation 9.011 (4) University Direct Support Organizations and Health Services Support Organizations, states in relevant part: Support organizations shall provide for an annual audit conducted pursuant to university regulations or policies. The annual audit report shall be submitted to the university board of trustees or designee, the Board of Governors, and the Auditor General for review.

**Supporting Documentation:** 

Florida International University Research Foundation, Inc. Financial Audit, 2015-16



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

FINANCIAL STATEMENTS

**JUNE 30, 2016 AND 2015** 

# FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC. (A DIRECT SUPPORT ORGANIZATION) TABLE OF CONTENTS JUNE 30, 2016 AND 2015

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### INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying 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, 2016 and June 30, 2015, 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.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

- 1 -

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Research Foundation as of June 30, 2016 and June 30, 2015, and the respective changes in financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Blended Component Unit

The financial statements of the Florida International Research iWASH Initiative Limited (iWASH) are presented in accordance with International Financial Reporting Standards (IFRSs) and its interpretations adopted by the International Accounting Standards Board (IASB). iWASH is a blended component unit, is presented in the Research Foundation's financial statements, and has a December 31st year-end. iWASH is audited by other independent auditors. Since the iWASH year end and presentation is not compatible with the Research Foundation's presentation as it is presented under the international accounting standards and not in accordance with generally accepted accounting principles in the United States of America, the financial statements and notes related to iWASH are presented on separate pages 15-30 along with the respective Report of the Independent Auditors.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2016, 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.

Gainesville, Florida October 20, 2016 James Maore : 6., P.L.



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, 2016 and 2015, 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 \$344,311 at June 30, 2016. This balance increased by approximately \$194,000, or 129% from the 2015 fiscal year, entirely resulting from an increase in cash. While assets increased, liabilities also increased by approximately \$186,000, or 246%. As a result, the Research Foundation's net position increased by approximately \$7,300 reaching a year-end balance of \$82,255.

The Research Foundation had no operating revenues for the 2016 fiscal year. Transfers from Florida International University (FIU) totaled \$27,658. Operating expenses totaled \$20,313 for the 2016 fiscal year, representing a decrease of 92% over the 2015 fiscal year.

### OVERVIEW OF FINANCIAL STATEMENTS

The Research Foundation's financial report includes three basic 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, 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.

(Continued)

The following summarizes the Research Foundation's assets, liabilities, and net position at June 30:

### **Condensed Statements of Net Position at June 30**

	2016		2015		2014
Assets Current assets	\$	344,311	\$	150,584	\$ 306,955
Total assets		344,311		150,584	 306,955
<b>Liabilities</b> Current liabilities		262,056		75,674	 85,871
Total liabilities		262,056		75,674	 85,871
Net position Unrestricted		82,255		74,910	 221,084
<b>Total net position</b>	\$	82,255	\$	74,910	\$ 221,084

Current assets are comprised entirely of cash. The University operates the U.S. Agency for International Development (USAID) grant in Burkina Faso, West Africa. The changes in cash are related to this grant in West Africa. The activities are reflected on the statement of net position as Due to Florida International University, which is part of Current Liabilities.

In summary, total assets increased by approximately \$194,000, or 129%, while total liabilities increased by approximately \$186,000, or 246%. As a result, the net position balance at June 30, 2016, had a favorable increase of approximately \$7,300 or 10%.

For more detailed information, see the statements of net position on page 9 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 and non-operating. The Organization uses the accrual basis of accounting.

(Continued)

The following summarizes the Research Foundation's activity for the 2016, 2015, and 2014 fiscal years:

### Condensed Statements of Revenues, Expenses and Changes in Net Position

	2016		2015		2014	
Operating expenses	\$	20,313	\$	269,174	\$ 24,670	
Operating loss		(20,313)		(269,174)	 (24,670)	
Expenses before transfers Transfers from Florida International University		(20,313) 27,658		(269,174) 123,000	 (24,670) 20,000	
Changes in net position		7,345		(146,174)	(4,670)	
Net position - beginning of year		74,910		221,084	 225,754	
Net position - end of year	\$	82,255	\$	74,910	\$ 221,084	

### **Operating Revenues**

The Research Foundation categorizes revenues as either operating or non-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. There were no operating revenues in the current year.

### **Operating Expenses**

The Research Foundation categorizes expenses as operating or non-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.

(Continued)

The following summarizes the operating expenses by natural classifications for the 2016, 2015, and 2014 fiscal years:

### **Operating Expenses**

	2016	2015	2014	
Professional services	\$ 	\$ 250,000	\$	
Audit and tax fees	19,600	18,534		17,418
Other operating expenses	 713	 640		7,252
Total operating expenses	\$ 20,313	\$ 269,174	\$	24,670

Operating expenses totaled \$20,313 for the 2016 fiscal year. This represents a 92% decrease over the 2015 fiscal year and was due to a one-time expenditure for professional services related to the establishment of the Florida Advanced Materials Research and Manufacturing Center in the prior year.

### **TRANSFERS**

As in prior years, the University transferred funds to the Research Foundation to support its operating expenses. Transfers for the June 30, 2016 fiscal year totaled \$27,658 versus \$123,000 for the June 30, 2015 fiscal year.

### **BLENDED COMPONENT UNIT**

### Florida International Research iWASH Initiative Limited

Florida International Research iWASH Initiative Limited was incorporated under the Tanzania Companies Act of 2002 on February 22, 2010. The company, Florida International Research iWASH Initiative Limited, is a "not for profit company."

In January 2010, Florida International University received a cooperative agreement funding award to support the Tanzania Integrated Water, Sanitation and Hygiene Program (iWASH). The company was established in Tanzania by the Florida International University Research Foundation, Inc. in order to implement the iWASH program in Tanzania. The funding is obligated under the USAID Strategic Assistance Objective #13 "Biodiversity Conserved in Targeted Landscapes through Livelihood Driven Approaches," and is under the bilateral Economic and Technical Cooperation Agreement signed between the Government of the United Republic of Tanzania and the Government of the United States of America. Current funding is for the period January 1, 2010 through February 29, 2016. The company has a December 31 year end. For additional information on this component unit, see the blended component unit section in Note 1 of the financial statements on page 12.

(Continued)

In January 2014, USAID granted the Program a two-year 'with cost extension' to February 2016, so activities in early 2015 had to gear up quickly. Overall, the iWASH Program progressed well during the period from January to December 2015. Our partners Winrock International, and local partners SAWA and SEMA in Mvomero and Kilosa, MSABI in Kilombero, SHIPO in Njombe, and IDYDC in Iringa continued to work to improve water supply to the communities. As a result of the activities carried out during this period, the iWASH program provided water supply to serve 61,335 people. Moreover, the intervention of the program increased 1,758 households capacity to adapt to climate variability and change. In addition, 5,651 people in program target area gained access to improved sanitation facilities. The iWASH Program support to increase the institutional capacity to sustainably manage water resources has taken many forms, including the formation of four Water User Associations (WUAs), and extended training to 6 other WUAs in the Basin. Also, 8,794 people received training in natural resources and water resources management related activities.

The goal of Tanzania iWASH Program is to support sustainable, market-driven water supply, sanitation, and hygiene services to improve health and increase economic resiliency of the poor in targeted rural areas and small towns within an integrated water resource management framework.

The period from January to March 2010 was the "set up phase", during which the company was established. The iWASH Office in Morogoro was established in April 2010. The full activities of the program commenced in July 2010 and ended on February 29, 2016. During this term, the key achievements of the iWASH Program included:

- Over 200,000 people obtained improved access to water for drinking and productive purposes through new or rehabilitated wells, gravity schemes, or deep borehole schemes. This was achieved through implementation of a 'demand driven approach' working with a network of likeminded local implementing partners.
- At least 3700 household benefited from the productive use of water, increasing their economic or livelihood resilience to climate variability. This was achieved through implementation of the 'Multiple Use Services' (MUS) approach.
- Over 250,000 people were sensitized on sanitation and hygiene, and more than 28,000 school children and their teachers gained access to improved sanitation, and at least 11,400 people gained access to improved household sanitation through ~ 2,280 new or improved household latrines
- Nearly 100 small-scale private sector WASH providers received training through iWASH and the implementing partners and are actively providing WASH products and services on a commercial basis (including Rope Pumps and hand drilling services).
- Over 1000 people in basins, local government, and communities have been trained on water resources management (WRM) and 30 professionals were supported to obtain Master's degrees in WRM related subjects. Also, a diverse range of research and studies have increased understanding of water resources within the Wami Ruvu Basin, and elsewhere.

(Continued)

### ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The primary factor that will impact the Research Foundation in the future will be the University's ability to develop intellectual property rights. Royalty income generated from licenses of University intellectual property is transferred to the Research Foundation for re-investment in the FIU research enterprise.

### 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. 8<sup>th</sup> Street, Miami, Florida 33199.



## FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC. (A DIRECT SUPPORT ORGANIZATION) STATEMENTS OF NET POSITION JUNE 30, 2016 AND 2015

A GGTTTTG		2016	2015		
ASSETS					
Current assets					
Cash	\$	344,311	\$	150,584	
<u>LIABILITIES</u>					
Current liabilities					
Accounts payable		4,000		2,000	
Due to Florida International University		258,056		73,674	
Total current liabilities		262,056		75,674	
NET POSITION					
Net position					
Unrestricted	\$	82,255	\$	74,910	

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, 2016 AND 2015

	2016		2015	
Operating expenses				
Professional fees	\$	-	\$	250,000
Audit and tax fees		19,600		18,534
Other operating expenses		713		640
Total operating expenses		20,313		269,174
Operating loss		(20,313)		(269,174)
Transfers from Florida International University		27,658		123,000
Change in net position		7,345		(146,174)
Net position, beginning of year		74,910		221,084
Net position, end of year	\$	82,255	\$	74,910

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

# FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC. STATEMENTS OF CASH FLOWS JUNE 30, 2016 AND 2015

	2016	2015
Cash flows from operating activities		
Receipts from Florida International University	\$ 184,382	\$ -
Cash used in program activities	(18,313)	(279,371)
Net cash provided by (used in) operating activities	166,069	(279,371)
Cash flows from non-capital and related financing activities		
Transfers from Florida International University	 27,658	123,000
Net increase (decrease) in cash	193,727	(156,371)
Cash, beginning of year	150,584	306,955
Cash, end of year	\$ 344,311	\$ 150,584
Reconciliation of operating loss to net cash provided by (used in)		
operating activities:		
Operating loss	\$ (20,313)	\$ (269,174)
Change in assets and liabilities:		
Increase (decrease) in accounts payable	2,000	(166)
Increase (decrease) in due to Florida International University	184,382	(10,031)
Net cash provided by (used in) operating activities	\$ 166,069	\$ (279,371)

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, 2016 AND 2015

### (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 Florida International University 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) **Blended component unit**—The Florida International Research iWASH Initiative Limited (iWASH) was incorporated in Tanzania on February 22, 2010, under the Tanzania Companies Act of 2002. The entity is a not-for-profit company as defined by the laws in Tanzania. This entity was established for the sole purpose of serving as the legal entity to implement the development initiative known as Tanzania iWASH Program.

The financial statements of iWASH presented are prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB). The iWASH board consists of two members, one of whom is authorized as the Research Foundation's representative at any meeting of the company and is entitled to exercise the same powers on behalf of the company as if it were an individual member present at the meeting including power to vote. iWASH is fiscally dependent on the Research Foundation. Accordingly, iWASH is a blended component unit and is presented in the Research Foundation's financial statements. iWASH has a December 31 year-end and it is presented under the international accounting standards. The Research Foundation has a June 30 year-end and is presented in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America. As a result of these reporting differences, the financial statements and notes related to iWASH are presented separately. Complete financial statements for iWASH can be obtained by writing to: Controller, Florida International University Research Foundation, Inc., 11200 S.W. 8<sup>th</sup> Street, Miami, FL 33199.

# FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC. (A DIRECT SUPPORT ORGANIZATION) NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

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

(c) **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.

- (d) **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.
- (e) **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.
- (f) **Operating revenues and expenses**—The Research Foundation's statements of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenue and expenses. Operating revenue results from exchange transactions associated in matters pertaining to research, which is the Research Foundation's principal activity. Other sources of revenue, including investment earnings, are reported as nonoperating revenue. Operating expenses include all expenses incurred in matters pertaining to research, other than external financing costs.
- (g) **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 years ended June 30, 2016 and 2015.

# FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC. (A DIRECT SUPPORT ORGANIZATION) NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

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

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, 2016, 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. Management believes the Organization is no longer subject to income tax examinations for years prior to 2013.

(h) **Transfers**—For the years ended June 30, 2016 and 2015, transfers from the University to support the operating expenses of the Research Foundation totaled \$27,658 and \$123,000, respectively.

### (2) **Deposits:**

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits, except for the bank account in Burkina Faso, West Africa 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, except for the bank account in Burkina Faso, West Africa are insured or collateralized.

#### CONCENTRATIONS OF CREDIT RISK FOR CASH

The Organization has a bank account in Burkina Faso, West Africa to support the operations pertaining to the West Africa Water Supply, Sanitation and Hygiene (WA-WASH) Program under a U.S. Agency for International Development (USAID) grant. The balance in this account of \$118,362 and \$51,750 as of June 30, 2016 and 2015, respectively, is not FDIC insured and is subject to foreign currency exchange risk. The Research Foundation maintains its cash balances with high quality financial institutions, which the Research Foundation believes limits these risks.

### (3) **Due to Florida International University:**

The amount Due to Florida International University of \$258,056 and \$73,674 as of June 30, 2016 and 2015, respectively, represents funds that were sent to Burkina Faso related to grant operations. This liability will be reduced as vendors are paid in Burkina Faso. The funds for grant operations in Burkina Faso are repaid directly to the University from the grantor.





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### REPORT OF THE INDEPENDENT AUDITORS' TO THE MEMBERS OF FLORIDA INTERNATIONAL RESEARCH IWASH INITIATIVE LIMITED

#### Report on the financial statements

We have audited the annual financial statements of the Florida International Research iWASH Initiative Limited (by Guarantee), which comprise the statement of financial position as at 31 December 2015, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes as set out on pages 12 to 20.

The memorandum column representing the results in Tanzanian Shillings (Tzs) do not form part of the audited financial statements.

### Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in a manner required by the Companies Act, 2002, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

### Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Florida International Research iWASH Initiative Limited as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2002.

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### REPORT OF THE INDEPENDENT AUDITORS' TO THE MEMBERS OF FLORIDA INTERNATIONAL RESEARCH IWASH INITIATIVE LIMITED (CONTINUED)

### **Emphasis of Matter**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 b (iv) to the financial statements concerning the Company's ability to continue as a going concern.

As discussed in the note, the directors and members of the Company (Florida International University Research Foundation, Inc) have the intention to maintain Company open and to continue providing financial support.

### Report on other legal and regulatory requirements

As required by the Companies Act, 2002 we report that:

- in our opinion, proper accounting records have been kept by The Florida International Research iWASH Initiative Limited;
- · the individual accounts are in agreement with the accounting records of the Organisation; and
- We obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

KPMG

Certified Public Accountants (T)

Signed by: M. Salim Bashir

Dar es Salaam

5 April 2016

### FLORIDA INTERNATIONAL RESEARCH iWASH INITIATIVE LIMITED

(A Component Unit)

### STATEMENT OF FINANCIAL POSITION

### **AT DECEMBER 31, 2015**

	2015		2014	
Assets			_	
Non Current Assets				
Property and equipment	\$	2,892	\$ 4,336	
Current Assets				
Cash and cash equivalents		46,332	 58,090	
Total Assets	\$	49,224	\$ 62,426	
Equity and Liabilities				
Fund Accounts				
Retained earnings	\$		\$ 	
Long Term Liabilities				
Capital grant			 	
Current Liabilities				
Capital grant - current portion		2,892	4,336	
Deferred grant		46,332	 58,090	
<b>Total Current Liabilities</b>		49,224	 62,426	
Total Equity and Liabilities	\$	49,224	\$ 62,426	

### FLORIDA INTERNATIONAL RESEARCH iWASH INITIATIVE LIMITED

(A Component Unit)

### STATEMENT OF COMPREHENSIVE INCOME AND STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014
Statement of Comprehensive Income		
Income		
Grant income  Amortization of capital grant	\$ 403,046 1,444	\$ 385,506 1,444
Amortization of capital grant	 1,444	 1,444
Total Income	404,490	386,950
Expenditure		
Operating expenditure	 404,490	 386,950
Operating Surplus	-	-
Other Comprehensive Income (Net Taxes)		 
Total Comprehensive Income	\$ 	\$ -
Statement of Changes in Equity		
	cumulated Surplus	cumulated Surplus
Balance - January 1	\$ -	\$ -
Surplus for the period	 	 -
Balance - December 31	\$ 	\$ 

### FLORIDA INTERNATIONAL RESEARCH iWASH INITIATIVE LIMITED

(A Component Unit)

### STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED DECEMBER 31, 2015

	 2015		2014
Cash Flow (Used in) from Operating Activities			
Operating surplus	\$ -	\$	-
Depreciation	1,444		1,444
Amortization of capital grant	(1,444)		(1,444)
Operating Profit before Working Capital Changes	 		
Net Cash Flow from Operating Activities	\$ -	\$	-
Cash Flow from Financing Activities			
Capital grant received	-		-
Movement in deferred grant	 (11,758)	_	46,417
Cash Flow from Financing Activities	(11,758)		46,417
Cash Flow from Investing Activities Acquisition of plant and equipments	-		-
Cash Flow from Investing Activities	<u>-</u>		
Net Increase (Decrease) in Cash and Cash Equipvalents	(11,758)		46,417
Cash and Cash Equivalents - Beginning of Period	58,090		11,673
Cash and Cash Equivalents - End of Period	\$ 46,332	\$	58,090

### NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2015

### NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Florida International Research iWASH Initiative Limited (the Company) is an Organization domiciled in Tanzania. The financial statements of the Company are for the period ended December 31, 2015.

The principal accounting policies adopted in the preparation of these financial statements are set out below:

#### STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB).

#### BASIS OF PREPARATION

### Statement of Compliance

The financial statements are prepared in accordance with and comply with IFRS.

### Basis of Measurement

The financial statements have been prepared on the historical cost basis.

### Translation of Foreign Currencies

Transaction in foreign currencies are translated to USD at the foreign exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to USD at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the statement of comprehensive income.

### NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2015

### NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### BASIS OF PREPARATION (CONTINUED)

### Use of Estimates and Judgment

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liability, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

### Going Concern

The company operations are funded by its member, Florida International University Research Foundation, Inc. of Florida International University in order to implement the iWASH Program in Tanzania, following a cooperative agreement funding award by USAID to support the iWASH Program.

Florida International University Research Foundation, Inc. has confirmed in its letter dated March 28, 2016 its intention to continue providing financial support and will not recall the outstanding advance within the foreseeable future.

### **EMPLOYEE BENEFITS**

The Company makes statutory contributions (Defined Contribution Plan) to the Government Employees Pension Fund (GEPF). The Company's obligations in respect of contributions to such funds are 10% of the employees' gross emoluments. Contributions to this pension fund are recognized as an expense in the period the employees render the related services.

### **REVENUE RECOGNITION**

Grants that compensate the Company for expenses incurred are recognized in Statement of Comprehensive Income on a systematic basis in the same periods in which the expenses are recognized. Grant income is comprised entirely of a grant from US Agency for International Development (USAID) to Florida International University.

Capital grant recognized as differed income and amortized over the useful life of the assets.

### NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2015

### NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### PROPERTY AND EQUIPMENT

### Recognition and Measurement

Items of property and equipment are stated at cost less accumulated depreciation.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to the working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Borrowing costs related to the acquisition or construction of qualifying assets is recognized in profit or loss as incurred.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within "operating expenses" in profit or loss.

### Subsequent Costs

The cost of replacing an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its costs can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of day-to-day servicing of property, plant and equipment are recognized in statement of comprehensive income as incurred.

### **Depreciation**

Depreciation is recognized in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The annual rates for the estimated useful lives for the current and comparative periods are as follows:

Motor vehicles	25.0%
Computer equipment	37.5%
Furniture and other equipment	12.5%

#### NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2015

### NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE AND ADOPTED DURING THE YEAR

• Defined Benefits Plans – Employee Contributions (Amendments to IAS 19)

The amendments introduced reliefs that reduce the complexity and burden of accounting for certain contributions from employees or third parties. Such contributions are eligible for practical expedience if they are:

- 1. Set out in the formal terms of the plans;
- 2. Linked to services; and
- 3. Independent of the number of years of service.

When contributions are eligible, for practical expedience, a company is permitted (but not required) to recognize them as a reduction of the service cost in the period in which the related services are rendered. The amendments apply retrospectively for annual period beginning on or after July 1, 2014.

Annual Improvements to IFRS 2010 – 2012 Cycle, Annual Improvements to IFRS 2011 – 2013 Cycle

These annual improvement cycles involve various standards and are effective for the annual periods beginning on or after July 1, 2014.

The adoption of these standards, amendments and interpretations did not have a significant impact on the financial statements of the Company.

### NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2015

### NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NEW AND AMENDED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR

New Standard or Amendments	Effective for annual
	periods beginning on
	or after
Sale or Contribution of Assets between an Investor and its Associate	January 1, 2016
or Joint Venture (Amendments to IFRS 10 and IAS 28)	
Accounting for acquisitions of Interest in Joint Operations	January 1, 2016
(Amendments to IFRS 11)	
Amendments to IAS 41 – Bearer Plants (Amendments to IAS 16 and	January 1, 2016
IAS 41)	
Amendments to IAS 16 and IAS 38 - Clarification of Acceptable	January 1, 2016
Methods of Depreciations and Amortization	
Equity Method in Separate Financial Statements (Amendments to	January 1, 2016
IAS 27)	
IFRS 14 Regulatory Deferral Accounts	January 1, 2016
Investments Entities: Applying the Consolidated Exception	January 1, 2016
(Amendments to IFRS 10, IFRS 12 and IAS 28)	
Disclosure Initiative (Amendments to IAS 1)	January 1, 2016
Annual Improvement to IFRSs 2012 – 2014 cycle – various standards	January 1, 2016
IFRS 15 Revenue from Contracts with Customers	January 1, 2018
IFRS 9 Financial Instruments (2014)	January 1, 2018
IFRS 16 Leases	January 1, 2019

### **COMPARATIVES**

Where necessary, comparative figures have been restated to conform with changes in presentation in the current year.

### NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2015

### NOTE 2 – DEFERRED GRANT

	 2015		2014
Opening Balance	\$ 58,090	\$	11,673
Receipts for the period	394,935		431,923
Grant income release (see Note 3 below)	(403,046)		(385,505)
Exchange difference	 (3,647)		
Balance at December 31	\$ 46,332	\$	58,090

### NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2015

### NOTE 3 – OPERATING EXPENDITURES

	 2015	2014
NRA-Salaries and consultants (non US personnel)	\$ 239,752	\$ 224,927
Foreign Travel (Travel in TZ)	66,044	43,063
Airfare - foreign	2,969	912
Maintenance Contracts	18,503	6,914
Security Services	6,440	7,981
Rent of buildings	5,484	5,850
Rent expenses	3,822	1,733
Cellular phones	1,618	1,713
Communications charges	2,336	3,688
Bank fees	885	1,491
Office supplies	4,061	4,467
Other materials and supplies	376	627
Gasoline & diesel	15,758	14,171
Other motor fuel supplies	5,648	7,297
Auto insurance	1,543	1,987
Courier/freight	123	479
Printing, copy card, Xerox and reproduction	411	16,126
Miscellaneous	389	5,259
Scholarships	-	6,613
Furniture & Equipment <\$5000 (is under \$5,000 not over)	1,130	1,712
Stipend	446	12,709
Professional fees	15,816	14,490
Exchange loss	-	(79)
Subcontracts under \$25,000	-	(7,178)
Consulting services	-	3,750
Legal Services	1,200	-
Food products	 8,292	4,804
Total Operating Expenses	403,046	385,506
Depreciation	 1,444	1,444
Total Operating Expenditures	\$ 404,490	\$ 386,950

### NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2015

### NOTE 4 - PROPERTY AND EQUIPMENT

	Office	Motor	Office Furniture	Computer	
	Equipment	Vehicles	and Fittings	Accessories	Total
Cost	Φ 2.467	Φ202.110	Φ 0.001	Ф. 22.222	Ф 227 000
At January 1, 2014	\$ 2,465	\$203,110	\$ 9,091	\$ 23,333	\$ 237,999
Additions	-	-	-	-	-
	-	-	-	-	-
Translation difference			-		
At December 31, 2014	2,465	203,110	9,091	23,333	237,999
At January 1, 2015	2,465	203,110	9,091	23,333	237,999
Additions	_,	-	-		
Disposals	_				
Translation difference	_	-	_	_	-
At December 31, 2015	2,465	203,110	9,091	23,333	237,999
Depreciation					
At January 1, 2014	1,232	203,110	4,544	23,333	232,219
Charge for the year	308	-	1,136	-	1,444
Eliminated on disposal	-	-	-	-	-
Translation difference					
At December 31, 2014	1,540	203,110	5,680	23,333	233,663
A4 I 1 2015	1.540	202 110	<i>E</i> (00	22 222	222 ((2
At January 1, 2015	1,540	203,110	5,680	23,333	233,663
Charge for the year Eliminated on disposal	308	-	1,136	-	1,444
Translation difference	-				
At December 31, 2015	1,848	203,110	6,816	23,333	235,107
At December 31, 2013	1,040	205,110	0,810	25,555	255,107
Carrying Amount at					
December 31, 2014	\$ 925	\$ -	\$ 3,411	\$ -	\$ 4,336
December 31, 2015	\$ 617	\$ -	\$ 2,275	\$ -	\$ 2,892
,					

### NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2015

### NOTE 5 – CASH AND CASH EQUIVALENTS

		2015		2014
USD Account 6002092	\$	37,682	\$	51,075
TZS Account 6000200		8,650		7,015
	_\$	46,332	\$	58,090

### NOTE 6 - CAPITAL GRANTS MOVEMENT

	 2015	2014
Opening Balance	\$ 4,336	\$ 5,780
Capital grant received during the period Amortization of capital grants	 (1,444)	(1,444)
Balance at December 31	\$ 2,892	\$ 4,336
Long term portion Current portion	\$ 2,892	\$ 4,336
Total	\$ 2,892	\$ 4,336

Capital grants represent donations the company received in the form of fixed assets, and it is amortized annually depending on their useful life.

### NOTE 7 - RELATED PARTY TRANSACTIONS

Florida International University, Winrock International, and Cooperate for Assistance and Relief Everywhere (CARE) are the only related parties of the Company. All transactions were conducted at arm's length.

### NOTE 8 - TAXES

The Florida International Research iWASH Initiative Limited has been registered as company limited by guarantee, governed by Tanzania Companies Act of 2002, having no motive to make profits. The management of the Company believes that the Company is exempted from taxes as it is not a for-profit organization.

### NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2015

### NOTE 9 - FINANCIAL RISK MANAGEMENT

The Company's principal financial instruments are comprised of cash and payables. These financial instruments arise directly from the Company's operations. The Company has not traded in financial instruments throughout the year ended December 31, 2015.

The main risks arising from the Company's financial instruments are credit risks and market risk. The Company's management is responsible for the establishment and oversight of the Company's risk management framework. The Board of Directors reviews and agrees policies for managing each of these risks as summarized below.

### LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, to the extent possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damaging the Company's reputation.

The Company monitors its exposure to liquidity risk using projected cash flows from operations. The Company's exposure to liquidity risk is considered low due to existence of sufficient cash and bank balances.

The Company has a policy not to utilize debt or overdraft facilities.

### MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company does not trade in financial markets and accordingly, there is no material exposure to market risk except as described below.

### INTEREST RATE RISK

The Company's exposure to the risk of changes in market interest rates relates primarily to cash and bank balances. Bank account balances are monitored monthly, and kept at the lowest possible operations balance. A fluctuation of interest rates due to the changes in economic conditions will not have a material impact on the financial position of the Company; therefore no sensitivity analysis has been presented.

#### NOTES TO FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED DECEMBER 31, 2015

### NOTE 9 – FINANCIAL RISK MANAGEMENT (CONTINUED)

#### CREDIT RISK

Credit risk is the risk of financial loss to the Organization if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Organization's balances receivable and money maintained in bank accounts.

There is no credit risk to the organization because there are no receivable balances.

### FOREIGN CURRENCY RISK

The Company is exposed to currency risk on bank balances which are denominated in foreign currency. The Company manages this risk by ensuring that foreign currency bank balances are kept at the minimum amount possible. In the recent years, due to the depreciation of the local currency, the Company has not experienced any adverse effect from its foreign currency denominated bank balances.

### FAIR VALUES

The Company's financial instruments are cash and cash equivalents and other payables. These financial instruments realize over a short term resulting in the financial instruments' carrying amounts reasonably approximating their fair values.

### NOTE 10 - SUBSEQUENT EVENTS

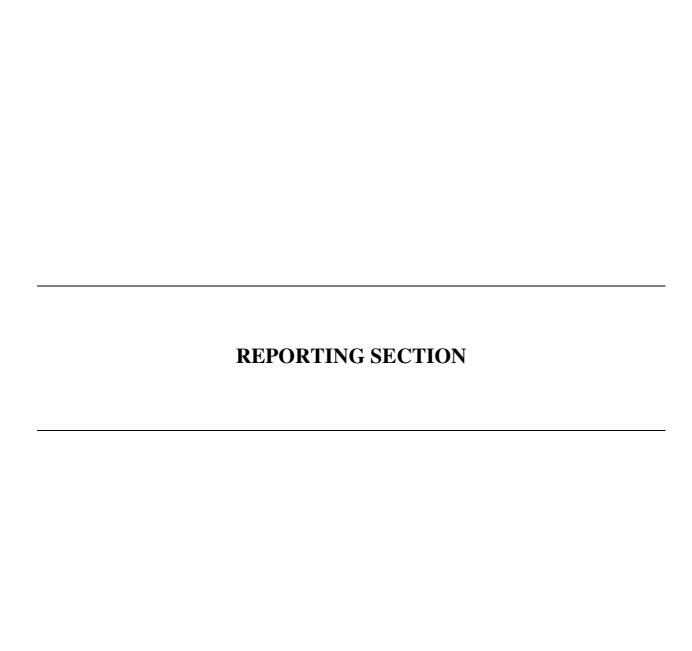
At the date of signing the financial statements, the Company's Management is not aware of any other matter or circumstance arising since the date of the end of the reporting period, not otherwise dealt in these financial statements, which significantly affected the financial position of the Company and results of its operations.

### NOTE 11 - CONTINGENT LIABILITIES AND OTHER COMMITMENTS

The Company's Management confirms that there were no significant contingent liabilities as at the date of the end of the reporting period. Similarly, there were no significant commitments for operational or capital expenditure as at the same date.

### NOTE 12 – ULTIMATE HOLDING ENTITY

The organization's ultimate holding entity is Florida International University, an entity incorporated and registered in the United States.





# 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 Florida International University Research Foundation, Inc. (the Research Foundation), as of and for the years ended June 30, 2016 and June 30, 2015, 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 20, 2016.

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

### **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 determination of financial statement amounts. 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 Maore ; Co., P.L.

Gainesville, Florida October 20, 2016 Consent Agenda FA1-C

### THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES

December 1, 2016

Subject: Florida International University Athletics Finance Corporation Financial Audit, 2015-16

### **Proposed Board Action:**

Accept the Florida International University Athletics Finance Corporation Financial Audit for the 2015-16 Fiscal Year and authorize the Executive Director of the Florida International University Athletics Finance Corp. to take all actions necessary pertaining to this Financial Audit, including filing the report with the Auditor General.

### **Background information:**

Pursuant to Regulation FIU-1502 (2)(f), the Florida International University Athletics Finance Corp. must submit an independently conducted financial audit of its accounts and records, which has been approved by its governing board and recommended by the University President to the Florida International University Board of Trustees for review and acceptance.

The Florida International University Athletics Finance Corp. Financial Audit for 2015-16 was approved by the Florida International University Athletics Finance Corp. Board of Directors on October 17, 2016, and the University President is recommending its acceptance.

Florida Board of Governors Regulation 9.011 (4) University Direct Support Organizations and Health Services Support Organizations, states in relevant part: Support organizations shall provide for an annual audit conducted pursuant to university regulations or policies. The annual audit report shall be submitted to the university board of trustees or designee, the Board of Governors, and the Auditor General for review.

Supporting Documentation:

Florida International University Athletics Finance Corp., Financial Audit, 2015-16



### FIU ATHLETICS FINANCE CORPORATION (A DIRECT SUPPORT ORGANIZATION)

### FINANCIAL STATEMENTS

**JUNE 30, 2016 AND 2015** 

### FIU ATHLETICS FINANCE CORPORATION (A DIRECT SUPPORT ORGANIZATION) TABLE OF CONTENTS JUNE 30, 2016 AND 2015

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### INDEPENDENT AUDITORS' REPORT

To the Board of Directors, FIU Athletics Finance Corporation:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the FIU Athletics Finance Corporation (the Corporation), a direct support organization and component unit of Florida International University, as of and for the years ended June 30, 2016 and June 30, 2015, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

- 1 -

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of June 30, 2016 and June 30, 2015, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2016, on our consideration of the Corporation'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 Corporation's internal control over financial reporting and compliance.

James Maore & Co., P.L.

Gainesville, Florida October 17, 2016



Management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the FIU Athletics Finance Corporation (the Athletics Finance Corporation) for the fiscal years ended June 30, 2016 and 2015, 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.

#### **OVERVIEW OF FINANCIAL STATEMENTS**

The Athletics Finance Corporation's financial report includes three basic financial statements: the statements of net position; the statements of revenues, expenses, and changes in net position; and the statements of cash flows. The overview presented below highlights the significant financial activities that occurred during the past three years and describes changes in financial activity from the prior year.

### THE STATEMENTS OF NET POSITION

The statements of net position reflects the assets, liabilities and deferred outflows (inflows) of resources of the Athletics Finance Corporation, using the accrual basis of accounting, and presents the financial position of the Athletics Finance Corporation at a specified time. The difference between total assets together with deferred outflows of resources and total liabilities together with deferred inflow of resources, net position, is one indicator of the Athletics Finance Corporation's current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the Athletics Finance Corporation's financial condition.

The following summarizes the Athletics Finance Corporation's total net position for fiscal years ended June 30:

#### Condensed Statements of Net Position at June 30

		2016	2015	2014
Assets Current assets	\$	3,206,542	\$ 3,578,449	\$ 3,472,121
Noncurrent assets	Ф	24,465,488	25,748,281	\$ 3,472,121 27,531,889
Total Assets		27,672,030	29,326,730	31,004,010
<b>Deferred Outflows of Resources</b>	3,989,674		2,732,791	2,555,311
Liabilities Current liabilities Noncurrent liabilities		1,425,916 35,980,459	1,170,705 35,884,236	1,158,742 36,974,651
Total Liabilities		37,406,375	37,054,941	38,133,393
Total Net Position	\$	(5,744,671)	\$ (4,995,420)	\$ (4,574,072)

(Continued)

The statements of net position reflect an increase in the net deficit position of the Athletics Finance Corporation. Current assets mainly depict cash, current prepaid rent, and investments. The current asset decrease is principally a result of decreased investments and receivables due to lower pledged revenues in the current year. Noncurrent assets consist mainly of restricted cash, restricted investments and prepaid rent. The decrease in noncurrent assets is mainly a result of a decrease in prepaid rent offset with an increase in restricted investments. Deferred outflows of resources reflect the accumulated decrease in fair value of its derivatives.

Total assets were \$27,672,030 as of June 30, 2016. This balance reflects a decrease of approximately \$1,655,000 or 5.6%, compared to June 30, 2015. Total liabilities were \$37,406,375 as of June 30, 2016. This balance reflects an increase of approximately \$351,000 or 1.0%, compared to June 30, 2015. As a result, the net position decreased at June 30, 2016, by approximately \$749,000 or 15.0%.

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 Athletics Finance Corporation's revenue and expense activity, categorized as operating and non-operating revenues and expenses. The organization uses the accrual method of accounting.

The following summarizes the Athletics Finance Corporation's changes in net position for the fiscal years ended June 30:

### Condensed Statements of Revenues, Expenses, and Changes in Net Position

	June 30,						
		2016		2015		2014	
Operating revenues	\$	3,524,461	\$	3,781,020	\$	3,602,778	
Operating expenses		2,252,946		2,457,568		2,287,002	
				<u> </u>			
Operating Income		1,271,515		1,323,452		1,315,776	
Net non-operating expenses		(1,270,766)		(1,374,800)		(1,585,439)	
Transfers to Florida International University		750,000		370,000			
Character N. A. Daniella		(7.10.051)		(401.040)		(2(0,((2)	
Change in Net Position		(749,251)		(421,348)		(269,663)	
Not Position because of		(4.005.420)		(4 574 072)		(4.204.400)	
Net Position - beginning of year		(4,995,420)		(4,574,072)		(4,304,409)	
Net Position - end of year	Φ	(5 744 671)	¢	(4.005.420)	Ф	(4 574 072)	
ret i osmon - end or year	<u> </u>	(5,744,671)	\$	(4,995,420)	\$	(4,574,072)	

(Continued)

The statements of revenues, expenses, and changes in net position reflect slightly lower operating revenues and expenses with relatively stable net non-operating expenses.

### **Operating Revenues**

The Athletics Finance Corporation categorizes revenues as either operating or non-operating. Operating revenues generally result from exchange transactions associated with managing and operating the stadium.

The following summarizes the operating revenues by source that were used to fund operating activities for the fiscal years ended June 30:

### **Operating Revenues**

	June 30,						
	2016			2015	2014		
Athletic support	\$	870,000	\$	870,000	\$	870,000	
Ticket sales		607,890		693,134		662,103	
NCAA and conference payments		600,000		600,000		600,000	
Suite revenues		402,950		494,240		582,096	
Other operating revenues		549,951		470,687		376,373	
Rental income		493,670		418,734		284,961	
Contributions		-		234,225		227,245	
<b>Total Operating Revenues</b>	\$	3,524,461	\$	3,781,020		3,602,778	

Operating revenues were \$3,524,461 for the fiscal year ended June 30, 2016, representing a 6.8% decrease over the June 30, 2015 fiscal year. This was mainly due to a decrease in contributions and suite revenues totaling approximately \$326,000.

### **Operating Expenses**

The Athletics Finance Corporation categorizes expenses as operating or non-operating. GASB gives financial reporting entities the choice of reporting operating expenses in the functional or natural classifications.

(Continued)

The following summarizes the operating expenses by natural classifications for the fiscal years ended June 30:

### **Operating Expenses**

	June 30,						
		2016	2015	2014			
Amortization of prepaid rent	\$	1,304,083	\$ 1,304,083	\$ 1,304,083			
Gameday/Event day contractors and repairs		692,203	899,181	790,747			
Other operating expenses		135,685	126,996	94,221			
Utilities		120,975	127,308	97,951			
<b>Total Operating Expenses</b>	\$	2,252,946	\$ 2,457,568	\$ 2,287,002			

Operating expenses were \$2,252,946 for the fiscal year ended June 30, 2016, a decrease of 8.3% over the June 30, 2015 fiscal year. In the 2015/2016 football season, there were 5 home games versus 8 home games in the 2014/2015 football season. The decrease in home games resulted in a decrease in gameday contractor expenses year over year.

### Non-Operating Revenues and Expenses

Non-operating expenses consist of interest expense. The following summarizes the Athletics Finance Corporation's non-operating revenues and expenses for the fiscal years ended June 30:

### **Non-operating Revenues (Expenses)**

	June 30,						
Interest income Interest expense and fiscal charges Unrealized loss on investments		2016		2015		2014	
		69,426 (1,340,192)	<b>\$</b> (1	1,295 ,342,489) (33,606)	<b>\$</b> (1	1,527 1,579,690) (7,276)	
Net Non-operating Revenues (Expenses)	\$	(1,270,766)	\$ (1	,374,800)	\$ (1	1,585,439)	

Non-operating expenses were \$1,270,766 for the fiscal year ended June 30, 2016, a decrease of approximately \$104,000 over the June 30, 2015 fiscal year.

(Continued)

#### TRANSFERS TO FLORIDA INTERNATIONAL UNIVERSITY

Transfers to Florida International University represent \$750,000 in the Statements of Revenues, Expenses and Changes in Net Position for the fiscal year ended June 30, 2016. The transfers were related to release of conference payments transferred back to Florida International University. During the fiscal year ended June 30, 2015, transfers to Florida International University represented \$370,000.

#### **DEBT ADMINISTRATION**

As of June 30, 2016, the Athletics Finance Corporation had \$30,718,607 in outstanding bonds payable, representing a decrease of approximately \$697,000, or 2.2%, from fiscal year ended June 30, 2015.

Additional information about the Athletics Finance Corporation's bond payable is presented in note 4 to the financial statements on page 16.

### ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The University has pledged a significant portion of game guarantee revenue and Conference USA distribution revenues to the Athletics Finance Corporation.

The Athletics Department, including the Football Program, joined Conference USA effective July 1, 2013. Since joining Conference USA, the conference's television rights contract ended. Also, due to conference realignment and the loss of certain television markets from the Conference, the new agreement is less favorable than the previous year's agreement. This will result in lower conference revenues for the Athletics Department and in turn, the Athletics Finance Corporation.

### **REQUESTS FOR INFORMATION**

These financial statements are designed to provide a general overview of the Athletics Finance Corporation's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Controller, FIU Athletics Finance Corporation, 11200 S.W. 8<sup>th</sup> Street, MARC Building, 5<sup>th</sup> floor, Miami, Florida 33199.



### FIU ATHLETICS FINANCE CORPORATION (A DIRECT SUPPORT ORGANIZATION) STATEMENTS OF NET POSITION JUNE 30, 2016 AND 2015

	2016	2015
<u>ASSETS</u>		
Current assets		
Cash	\$ 19,575	\$ 58,659
Investments	1,637,743	1,821,049
Suites and ticket sales receivable	155,440	267,900
Due from Florida International University	89,659	126,724
Prepaid rent and other	1,304,125	1,304,117
Total current assets	3,206,542	3,578,449
Noncurrent assets		
Restricted cash and cash equivalents	1,018,792	1,018,637
Restricted investments	2,690,039	2,668,904
Prepaid rent	20,756,657	22,060,740
Total noncurrent assets	24,465,488	25,748,281
Total Assets	27,672,030	29,326,730
<b>Deferred Outflows of Resources</b>		
Accumulated decrease in fair value of hedging derivatives	3,729,734	2,446,631
Deferred amount on debt refundings	259,940	286,160
Total deferred outflows of resources	3,989,674	2,732,791
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable	39,474	12,036
Accrued interest payable	118,068	117,758
Due to Florida International University	5,725	, -
Bonds payable	1,090,035	697,270
Unearned revenue	172,614	343,641
Total current liabilities	1,425,916	1,170,705
Noncurrent liabilities		
Due to Florida International University	1,000,000	1,000,000
Derivative liability	5,351,887	4,165,629
Bonds payable	29,628,572	30,718,607
Total noncurrent liabilities	35,980,459	35,884,236
Total Liabilities	37,406,375	37,054,941
NET POSITION		
<b>Total Net Position - Unrestricted</b>	\$ (5,744,671)	\$ (4,995,420)

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

# FIU ATHLETICS FINANCE CORPORATION (A DIRECT SUPPORT ORGANIZATION) STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Operating revenues		
Athletic support	\$ 870,000	\$ 870,000
Ticket sales	607,890	693,134
NCAA and conference payments	600,000	600,000
Suite revenues	402,950	494,240
Rental income	493,670	418,734
Contributions	-	234,225
Sponsorship revenues	260,000	291,950
General concessions and vending commissions	78,455	60,784
Stadium naming rights	86,100	86,100
Merchandise royalties	36,604	31,853
Event revenues	88,792	-
Total operating revenues	3,524,461	3,781,020
Operating expenses		
Amortization of prepaid rent	1,304,083	1,304,083
Gameday contractors	306,597	556,598
Event day contractors	276,503	183,841
Repairs and maintenance	109,103	158,742
Utilities	120,975	127,308
Materials and supplies	73,785	62,216
Other operating expenses	17,139	22,750
Audit and tax professional fees	24,100	21,904
Banking fees 1	20,661	20,126
Total operating expenses	2,252,946	2,457,568
Operating income	1,271,515	1,323,452
Nonoperating revenues (expenses)		
Interest income	69,426	1,295
Interest expenses and fiscal charges	(1,340,192)	(1,342,489)
Unrealized loss on investments	-	(33,606)
Total nonoperating revenues (expenses)	(1,270,766)	(1,374,800)
Transfers to Florida International University	750,000	370,000
Decrease in net position	(749,251)	(421,348)
Net position, beginning of year	(4,995,420)	(4,574,072)
Net position, end of year	\$ (5,744,671)	\$ (4,995,420)

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

# FIU ATHLETICS FINANCE CORPORATION (A DIRECT SUPPORT ORGANIZATION) STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Cash flows from operating activities	ф. <b>2.502.05</b> 0	ф. 4.00 £.0 <b>2</b> 0
Operating receipts	\$ 3,502,959	\$ 4,096,929
Payments to vendors	(915,700)	(1,156,014)
Net cash provided by operating activities	2,587,259	2,940,915
Cash flows from capital and related financing activities		
Payments and transfers to Florida International University	(750,000)	(870,000)
Principal payments on bonds	(697,270)	(676,567)
Interest paid	(1,410,507)	(1,414,610)
Net cash used in capital and related financing activities	(2,857,777)	(2,961,177)
Cash flows from investing activities		
Proceeds from sale and maturity of investments	7,013,611	7,228,896
Purchase of investments	(6,851,441)	(7,954,419)
Interest income received	69,419	1,295
Net cash provided by (used in) investing activities	231,589	(724,228)
Net decrease in cash and cash equivalents	(38,929)	(744,490)
Cash and cash equivalents, beginning of year	1,077,296	1,821,786
Cash and cash equivalents, end of year	\$ 1,038,367	\$ 1,077,296
Reconciliation of operating income to net cash provided		
by operating activities:		
Operating income	\$ 1,271,515	\$ 1,323,452
Change in assets and liabilities:	Ψ 1,271,616	<u> </u>
(Increase) decrease in:		
Suites and ticket sales receivable	112,460	(40,740)
Prepaid rent and other	1,304,083	1,304,079
Due from Florida International University	37,065	143,368
Due from the Florida International University Foundation	· -	218,000
Increase (decrease) in:		
Accounts payable	27,438	95
Unearned revenue	(171,027)	(4,719)
Due to Florida International University	5,725	(2,620)
Total adjustments	1,315,744	1,617,463
·		
Net cash provided by operating activities	\$ 2,587,259	\$ 2,940,915
Non-cash investing and financing activities		
Change in fair value derivative liability	\$ (1,283,103)	\$ (203,701)
Change in deferred amount on debt refundings	\$ 26,220	\$ 26,221
Amortization of derivative liability	\$ 96,845	\$ 96,846
Cash and cash equivalents are presented on the		
Statements of Net Position as:		
Cash	\$ 19,575	\$ 58,659
Restricted cash and cash equivalents	1,018,792	1,018,637
restricted cash and cash equivalents	\$ 1,038,367	
	φ 1,036,307	\$ 1,077,296

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

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

The following is a summary of the more significant accounting policies and practices of the FIU Athletics Finance Corporation (the Athletics Finance Corporation or the Organization), which affect significant elements of the accompanying financial statements:

(a) **Reporting entity**—The Athletics Finance Corporation is a Florida not-for-profit corporation and a direct support organization and component unit of Florida International University (FIU or the University) and was organized in the State of Florida on November 20, 2006.

The Athletics Finance Corporation is a tax-exempt organization as defined by Section 501(c) (3) of the Internal Revenue Code. The Athletics Finance Corporation provides direct support to FIU in matters pertaining to the financing of the FIU Football Stadium and subsequently managing and operating the facility and has been designated by the FIU Board of Trustees as a University Direct Support Organization pursuant to §1004.28, Florida Statutes.

(b) **Basis of presentation**—The financial statements of the Athletics Finance Corporation 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 Athletics Finance Corporation 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. Therefore, the Athletics Finance Corporation is reported as a governmental entity.

In accordance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis – For State and Local Governments*, the Athletics Finance Corporation 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 are recorded 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 accounting principles generally accepted in the United States of America 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) Cash and cash equivalents—Amounts reported as cash and cash equivalents consist of cash on hand, cash held by a trust institution and invested in money market funds, and investments with original maturities of three months or less. Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other restricted assets, are classified as restricted.

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

- (e) **Investments**—Amounts reported as investments consist of investments in money market funds. In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, money market funds are recorded at amortized cost, which is generally equivalent to fair value, and are not categorized in the fair value hierarchy. Investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other restricted assets, are classified as restricted.
- (f) **Derivative financial instruments and fair value measurements**—The Athletics Finance Corporation entered into an interest rate swap agreement to reduce its exposure to market risks from changing interest rates. For interest rate swaps, the differential to be paid or received is accrued and recognized in interest expense and may change as market interest rates change. The fair value of the derivative liability is presented in the statements of net position. The Organization uses the synthetic instrument method to evaluate the effectiveness as of the end of the reporting period. The Organization determined the interest rate swap met the criteria as an effective hedging transaction. Therefore, the change in the fair value in the effective interest rate swap is presented in the statements of net position as a hedging derivative in deferred outflows of resources. The Organization categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. See Note 5 for additional information on the interest rate swap.
- (g) **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 is subject to federal income taxes only on unrelated business income. There were no income taxes resulting from unrelated business income during the years ended June 30, 2016 and 2015.

Accounting principles generally accepted in the United States of America require 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, 2016, 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 Athletics Finance Corporation's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination Management believes the Organization is no longer subject to income tax examinations for years prior to 2013.

(h) **Prepaid rent**—Pursuant to two (2) ground sublease agreements, the Organization prepaid a portion of their rent obligation to the University. The prepaid lease payments will be amortized on a straight line basis over the life of the sublease.

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

- (i) **Operating revenue and expenses**—The Athletics Finance Corporation's statements of revenues, expenses, and changes in net position distinguish between operating and non-operating revenue and expenses. Operating revenue results from exchange transactions associated with managing and operating the FIU Football Stadium, which is the Athletics Finance Corporation's principal activity. Other sources of revenue, including investment earnings, are reported as non-operating revenue. Operating expenses include all expenses incurred to manage and operate the FIU Football Stadium, other than external financing costs.
- (j) **Flow assumption for restricted assets**—If both restricted and unrestricted assets are available for use for a certain purpose, it is the Athletics Finance Corporation's policy to use restricted assets first, and then use unrestricted assets as needed.
- (k) **New accounting pronouncements** For the year ended June 30, 2016, the organization implemented GASB Statement No. 72, which was issued in February 2015. GASB Statement No. 72 seeks to improve accounting and financial reporting by clarifying and enhancing the guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements.
- (l) **Subsequent events** The Athletics Finance Corporation has been in negotiation with a bank to refinance the bonds payable. As of the date of these financials, the terms have not been finalized; therefore, the impact is not readily determinable.

#### (2) Concentration of Credit Risk:

Financial instruments that potentially subject the Athletics Finance Corporation to concentrations of credit risk consist principally of cash in banks and investments.

- (a) **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 (includes cash and restricted cash) are insured or collateralized.
- (b) **Investments**—In addition, the Athletics Finance Corporation maintains investment accounts with financial institutions that are not insured by the FDIC. Fund shares are not guaranteed by the U.S. government. Current and future portfolio holdings are subject to risk. At June 30, 2016 and 2015, \$4,327,782 and \$4,489,953, respectively, were held in these accounts. The Athletics Finance Corporation believes that the number, diversity and financial strength of the issuers mitigate the credit risks associated with all investments.

### (3) **Investments:**

Investments are made in accordance with the trust indenture. The Organization invests in the Fidelity Institutional Money Market Government Portfolio – Class III Fund (Fidelity Money Market Fund). This is a money market fund seeking to provide current income consistent with stability of principal by investing in a portfolio of short-term, U.S. treasury and government securities. These investments include repurchase agreements collateralized fully by U.S Treasury and government securities. The Fund limits its investment to those that would enable it to qualify as a permissible investment for federally chartered credit unions. Investments are made in accordance with the Trust Indenture dated as of December 1, 2009 (the "Trust Indenture") between the Miami-Dade County Industrial Development Authority and Regions Bank, as trustee. This transaction is further described in Note 4. The investments were reported at amortized cost of \$1,637,743 and \$1,821,049 as of June 30, 2016 and 2015, which is generally the equivalent of fair value.

- (a) **Credit risk**—Credit risk is the risk that an issuer of securities in which the Fund invests may default on the payment of interest or principal on the securities when due, which would cause the Fund to lose money. At June 30, 2016 and 2015, the money market mutual fund investments were rated AAAm by Standard & Poor's.
- (b) Concentration credit risk—All of the investments at June 30, 2016 and June 30, 2015 are held with Regions Morgan Keegan and are invested in money market funds. According to the bond indenture, the Organization can invest the bond proceeds in these investment vehicles; there are no stated limitations on the amount that can be invested in any one issuer. The short term nature of the investments is due to liquidity needs, since those funds are being used for operating expenses, debt service payments and stadium construction costs.
- (c) **Interest rate risk**—A portfolio's weighted average days to maturity (WAM) reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the fund to interest rate changes. A portfolio's weighted average life (WAL) calculation is based on a security's stated final maturity date or, when relevant, the date of the next demand feature when the fund may receive payment of principal and interest. WAL reflects how a portfolio would react to deteriorating credit or tightening liquidity conditions.

The Fidelity Money Market Fund prices of fixed-income securities generally fall when interest rates rise. Interest rate changes have a greater effect on the price of fixed-income securities with longer maturities. The money market mutual fund WAM at June 30, 2016 and 2015 was 42 and 33 days, respectively, while the weighted average life (WAL) was 90 and 82 days at June 30, 2016 and 2015, respectively.

### (4) **Long-term Debt:**

The debt activity for the years ended June 30, 2016 and 2015 is as follows:

	Beginning Balance	Additions		Additions Payments		Ending Balance	Due Within One Year	
June 30, 2016:								
2009 Tax Exempt Capital	l							
Improvement Revenue								
Bonds (Series A)	\$ 30,000,000	\$	-	\$	-	\$ 30,000,000	\$	371,428
2009 Taxable Capital								
Improvement Revenue								
Bonds (Series B)	1,415,877		-		697,270	718,607		718,607
•	\$ 31,415,877	\$	-	\$	697,270	\$ 30,718,607	\$	1,090,035
•								
	Beginning					Ending	Dı	ue Within
	Balance	Add	itions	P	ayments	Balance	C	ne Year
June 30, 2015:								
2009 Tax Exempt Capital								
Improvement Revenue								
Bonds (Series A)	\$ 30,000,000	\$	-	\$	-	\$ 30,000,000	\$	-
2009 Taxable Capital								
Improvement Revenue								
Bonds (Series B)	2,092,444		=		676,567	1,415,877		697,270
•	\$ 32,092,444	\$	-	\$	676,567	\$ 31,415,877	\$	697,270

On December 1, 2009, the Athletics Finance Corporation issued \$30,000,000 of Miami-Dade County Industrial Development Authority Revenue Bonds Series 2009A and \$5,310,000 of Miami-Dade County Industrial Development Authority Taxable Revenue Bonds Series 2009B.

These bonds were issued and secured under and pursuant to a trust indenture. Repayments of the bonds will be payable from pledged revenues, which are all operating and non-operating revenues. Principal payments for the bonds began March 1, 2010. Interest payments are made on a quarterly basis. The interest rate on the Series 2009A Bonds is equal to the sum of 63.7% of three-month LIBOR plus 1.90%. The interest rate on the Series 2009B Bonds shall be at a rate equal to three-month LIBOR plus 2.65%. The total proceeds from the new bond issue were used solely to retire and current refund the outstanding Series 2007 A and B bonds and pay costs of issuance of the bonds and other refinancing costs. The bonds are secured by operating and non-operating revenues as well as University athletic fees, not to exceed 5% of the total athletic fees collected. Total principal due at June 30, 2016 and 2015, was \$30,718,607 and \$31,415,877, respectively.

### (4) **Long-term Debt:** (Continued)

The Athletics Finance Corporation has funded a debt service reserve fund in accordance with the bond indenture requirement of maintaining an amount equal to the maximum allowable debt service on the bond in the current and any future fiscal year. This debt service reserve fund totaled \$2,690,039 and \$2,668,904 as of June 30, 2016 and 2015, respectively, and is presented in restricted investments.

The Athletics Finance Corporation is required to maintain minimum deposits of \$1,000,000 with Regions Bank. The deposit is to be held in an interest-bearing additional reserve fund and is presented in restricted cash.

The interest rate on these bonds is both fixed and variable and is subject to a hedge agreement (see Note 5) that was entered into to reduce the exposure to market risks from changing interest rates. Interest is computed on the basis of the actual number of days elapsed over a year of 365 or 366 days.

The aggregate maturities of these bonds as of June 30, 2016 are as follows:

				Total
For the Year Ending			P	rincipal and
<b>June 30,</b>	 Principal	 Interest		Interest
2017	\$ 1,090,035	\$ 1,649,191	\$	2,739,226
2018	1,300,000	1,592,684		2,892,684
2019	1,357,143	1,522,802		2,879,945
2020	1,421,429	1,449,849		2,871,278
2021	1,485,714	1,373,440		2,859,154
2022-2026	8,507,143	5,593,976		14,101,119
2027-2031	10,607,143	3,092,065		13,699,208
2032-2033	4,950,000	 402,396		5,352,396
Total	\$ 30,718,607	\$ 16,676,403	\$	47,395,010

### (5) **Derivative Financial Instruments:**

- (a) **Objectives**—As a means to lower its borrowing costs and increase its savings, the Organization entered into an interest rate swap agreement in connection with its \$30,000,000 2009A Miami-Dade County Industrial Development Authority Revenue Bond issuance (Refunding Bonds). The intention of the swap agreement was to effectively change the Organization's variable interest rate on the bonds to a synthetic fixed rate of 5.50%, which is the fixed rate payable by the Organization under the swap agreement of 3.60% plus 1.90%.
- (b) **Terms**—On December 22, 2009, Athletics Finance Corporation entered into an interest rate swap agreement to hedge the floating rate on \$21,000,000 of the principal amount of the 2009A Bonds. This represents the fixed portion of the tax exempt bonds payable mentioned in Note 4 above. Under the swap agreement, the Athletics Finance Corporation agrees to pay a fixed rate of 3.60% and receive a variable rate equal to 63.7% of three-month LIBOR. The swap agreement has a maturity date of March 1, 2033.

### (5) **Derivative Financial Instruments:** (Continued)

(c) **Fair value**—The Athletics Finance Corporation swap had a derivative liability of \$5,351,887 and \$4,165,629 at June 30, 2016 and 2015, respectively, as reported in the statements of net position. The negative fair value was determined using a mark-to-market value and represents the closing mid-market values. It was classified in Level 2 of the fair value hierarchy at June 30, 2016 and 2015.

As of June 30, 2016 and 2015, the fair value of the Series 2007A ineffective interest rate swap was \$1,622,154 and \$1,718,999, respectively. This interest rate swap was not terminated when the bonds were refunded in December 2009. The interest rate on the refunded Series 2009A bonds reflects a higher rate due to not terminating this interest rate swap. Accordingly, the fair value of \$1,622,154 of the ineffective Series 2007A interest rate swap at June 30, 2016, is being amortized over the remaining life of the refunded Series 2009A bond.

The synthetic instrument method evaluates the effectiveness by quantitative approach. The synthetic instrument method evaluates effectiveness by combining the hedgeable item and the potential hedging derivative instrument to simulate a third synthetic instrument. A potential hedging derivative instrument is effective if its total variable cash flows substantially offset the variable cash flows of the hedgeable item. The Organization determined that it met the criteria of the synthetic instrument method. Therefore, the change in the fair value of the effective interest rate swap is presented in the statements of net position as a deferred outflow of resources in the amount of \$3,729,734 and \$2,446,631 at June 30, 2016 and 2015, respectively.

- (d) **Credit risk**—As of June 30, 2016 and 2015, the Athletics Finance Corporation was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the Organization would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty (Regions Bank) was rated A3 by Moody's Investors Service, BBB+ by Standard and Poor's and BBB by Fitch Ratings at June 30, 2016.
- (e) **Basis risk**—Basis risk arises when different indexes are used in connection with a derivative. Given that both the bond and the interest rate swap are based on 63.7% of the three-month LIBOR rate, there is limited basis risk.
- (f) **Termination risk**—The derivative contract uses the International Swap Dealers Association (ISDA) Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The schedule to the Master Agreement includes an "additional termination event". That is, the swap agreement may be terminated if: (i) the loan or other indebtedness in connection with which a transaction entered into by the Athletics Finance Corporation for the purpose or with the effect of altering the net combined payment from a floating to fixed or a fixed to floating rate basis is repaid, whether upon acceleration of principal, at maturity, or otherwise, or for any other reason ceases to be an obligation of the Athletics Finance Corporation, with or without the consent of the counterparty (Regions Bank); or (ii) any credit support document expires, terminates or ceases to be of full force and effect. Also, the swap agreement may be terminated or assigned by Athletics Finance Corporation if the counterparty's (Regions Bank) long-term, senior, unsecured, unenhanced debt rating is withdrawn, suspended, or falls below at least two of the following: a) "Baa3" as determined by Moody's; or b) "BBB+" as determined by Standard and Poor's; or c) "BBB" as determined by Fitch.

### (5) **Derivative Financial Instruments:** (Continued)

(g) **Swap payments and associated debt**—Using rates as of June 30, 2016, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, are as follows:

For the Year Ending	he Year Ending Variable-		Interest Rate	
<b>June 30</b> ,	Principal	Principal Interest		Total
2017	260,000	485,429	669,571	1,415,000
2018	910,000	479,419	661,281	2,050,700
2019	950,000	458,383	632,267	2,040,650
2020	995,000	436,424	601,976	2,033,400
2021	1,040,000	413,424	570,251	2,023,675
2022-2026	5,955,000	1,683,860	2,322,615	9,961,475
2027-2031	7,425,000	930,752	1,283,823	9,639,575
2032-2033	3,465,000	121,125	167,076	3,753,201
Total	\$ 21,000,000	\$ 5,008,816	\$ 6,908,860	\$ 32,917,676

As rates vary, variable-rate bond interest payments and net swap payments will vary.

### (6) **Unearned Revenues:**

The Athletics Finance Corporation and the University have pledged future revenues in order to meet certain minimum bond requirements under the issue of bond-related debt to finance the stadium project. Operating revenues may include athletics fees collected by the University, fund raising revenues, conference payments, naming rights revenues. Non-operating revenues include capital gifts and investment revenues related to any of the above. Operating revenues related to the sale of football stadium suites and club seats have been deferred. Revenues are unavailable until the year they are earned. Suite sales will be recognized annually based on their corresponding contracts.

The following schedule presents sales commitments under suite agreements and ticket sales that expire on June 30, 2021:

Amount
172,614
83,800
80,000
80,000
40,000
\$ 456,414

### (7) **Related Party Transactions:**

- (a) **Related party revenues**—In accordance with the Memorandum of Understanding dated March 5, 2010, the University manages stadium-related activities, collects revenues on behalf of the Athletics Finance Corporation, and remits revenues timely as required under the existing trust indenture. For the years ended June 30, 2016 and 2015, the Athletics Finance Corporation received revenue for NCAA and conference payments, athletic support, suite revenue, ticket sales, sponsorship revenues, rental income, contributions and other operating revenues. The total of these revenues was \$3,524,461 and \$3,781,020 in 2016 and 2015, respectively. As of June 30, 2016 and 2015, the Athletics Finance Corporation had amounts due from FIU related to these revenues of approximately \$90,000 and \$127,000, respectively.
- (b) **Lease commitments**—Florida International University and the FIU Athletics Finance Corporation entered into two 25-year ground sublease agreements dated April 1, 2007 rendering the rights to the FIU Athletics Finance Corporation to issue a series of capital improvement bonds of which a portion of the proceeds, along with contributions from the University, was to finance a stadium improvement project located on University premises. Under this agreement the FIU Athletics Finance Corporation shall prepay to the University for rental of the premises in the sum of \$31,937,211.

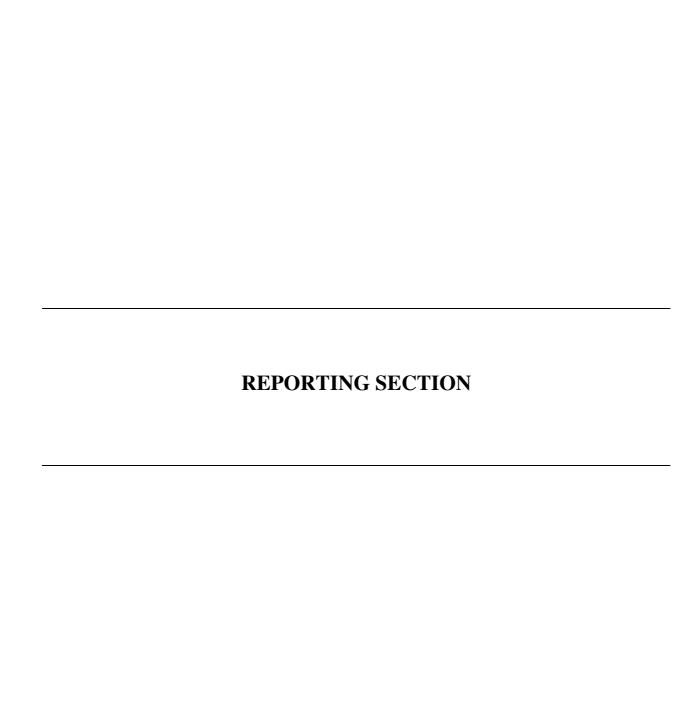
The following schedule by years represents management's best estimate of future minimum rental expense that will be recognized for these sublease agreements:

Amount

For the Year Endin	g
June 30,	

<b>3</b>	 	
2017	\$ 1,304,083	
2018	1,304,083	
2019	1,304,083	
2020	1,304,083	
2021	1,304,083	
2022 - 2026	6,520,416	
2027 - 2031	6,520,416	
2032 - 2033	2,499,493	
	\$ 22,060,740	
	2016	2015
Reconciliation of the Statement of Net		
Position to the Lease Commitment:		
Current prepaid rent and other	\$ 1,304,083	\$ 1,304,083
Noncurrent prepaid rent	20,756,657	22,060,740
Total prepaid rent	 22,060,740	23,364,823
Other assets	42	34
	 22,060,782	23,364,857

As of June 30, 2016 and 2015, construction draws amounting to \$31,937,211 have been paid by the University to various contractors. The prepaid rent has been amortized by \$1,304,083 in both years.





### 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

To the Board of Directors of FIU Athletics Finance Corporation:

We have audited, 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, the financial statements of the FIU Athletics Finance Corporation (the Corporation), a direct support organization and component unit of Florida International University, as of and for the years ended June 30, 2016 and June 30, 2015, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated October 17, 2016.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation'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 determination of financial statement amounts. 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 Meore : 60., P.L.

Gainesville, Florida October 17, 2016 Consent Agenda FA1-D

### THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES

December 1, 2016

Subject: Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. Financial Audit, 2015-16

### **Proposed Board Action:**

Accept the Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. Financial Audit for the 2015-16 Fiscal Year and authorize the Executive Director of the Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. to take all actions necessary pertaining to this Financial Audit, including filing the report with the Auditor General.

### **Background information:**

The Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. (FIU HCN) must submit an independently conducted financial audit of its accounts and records, which has been approved by its governing board and recommended by the University President to the Florida International University Board of Trustees for review and acceptance.

The FIU HCN Financial Audit for the 2015-16 fiscal year was submitted and approved by the Florida International University Academic Health Center Health Care Network Faculty Group Practice Board of Directors on October 13, 2016, and the University President is recommending its acceptance.

Florida Board of Governors Regulation 9.017 (2)(e) Faculty Practice Plans, states in relevant part that each Faculty Practice Plan shall include and/or provide for an annual audit, which shall be forwarded to the Board of Governors for review and oversight.

Supporting Documentation:

Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. Financial Audit, 2015-16



### THE FLORIDA INTERNATIONAL UNIVERSITY ACADEMIC HEALTH CENTER HEALTH CARE NETWORK FACULTY GROUP PRACTICE, INC.

### FINANCIAL STATEMENTS

**JUNE 30, 2016 AND 2015** 

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#### INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Audit Committee of The Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc.:

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of The Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. (the FIU HCN), a component unit of Florida International University, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the FIU HCN's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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#### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the FIU HCN as of June 30, 2016, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Other Matters

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 – 9 be presented to supplement the basic financial statements. Such information, although not 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 September 21, 2016, on our consideration of the FIU HCN'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 FIU HCN's internal control over financial reporting and compliance.

James Meore : Co., P.L.

Gainesville, Florida September 21, 2016

The management's discussion and analysis (MD&A) provides an overview of the financial position and activities of The Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. (the FIU HCN) for the fiscal years ended June 30, 2016 and 2015, 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 - CURRENT YEAR

The FIU HCN transitioned from a full risk clinical model to a Management Services Organization model (MSO) in FY 2015-2016. In this model, revenues derive from management fees of services provided to Student Health Services, Herbert Wertheim College of Medicine (HWCOM), Office of International Affairs (OIA), Embrace, and from leases to Miami Children's Hospital and Gastro Health. The net patient revenues and respective AR for patient services provided since July 1, 2015 are recorded under the books of the HWCOM as a result of this financial model.

The FIU HCN assets totaled approximately \$4.0 million at June 30, 2016. This balance reflects an approximate \$2.2 increase from June 30, 2015, resulting primarily from the increase in cash from MSO fees and the OIA educational program. The increase in cash allowed for a decrease in the liabilities for the loan due to Florida International University (the University or FIU) by approximately \$0.3 million while the total liabilities increased by approximately \$0.1 million. This increase in liabilities comes from the increase in payable accruals and the increase in unearned revenue related to the pre-paid rotations under the OIA program. Liabilities totaled approximately \$9.7 million at June 30, 2016.

The FIU HCN's operating revenues totaled approximately \$5.6 million for the 2016 fiscal year, an approximate \$0.36 million decrease from the 2015 fiscal year. This amount was comprised of management fee revenue (approximately \$2.5 million), OIA educational program revenue (approximately \$2.6 million), rental income (approximately \$0.49 million) as well as prior year net patient service revenue (approximately \$0.06 million). Operating expenses totaled approximately \$3.3 million for the 2016 fiscal year, representing a decrease of approximately \$5.4 million over the 2015 fiscal year due to the following: (a) administrative positions realignment, (b) cost of teaching faculty and their clinical support staff along with associated benefits were absorbed by HWCOM; (c) leases, rentals and operating expenses related declined to the closure of Sunset and Department of Health (DOH) clinical sites; (d) some clinical operating expenses were also absorbed by HWCOM as a result of the change in financial model to MSO.

#### FINANCIAL HIGHLIGHTS - PRIOR YEAR

The FIU HCN assets totaled approximately \$1.8 million at June 30, 2015. This balance reflects an approximate \$900 thousand decrease from the 2014 fiscal year, resulting primarily from termination of the lease for clinical facility in Market Square Garage (PG5) requiring that lease improvements be written off. While assets decreased, liabilities also increased by approximately \$2.9 million, totaling approximately \$9.6 million at June 30, 2015, compared to approximately \$6.7 million at June 30, 2014. The increase in liabilities was a result of the increase in the loan agreement with the University, whereby the University loaned the FIU HCN an additional approximate \$3.1 million to offset losses from operations. The total amount loaned by the University to FIU HCN is approximately \$8.3 million as of June 30, 2015.

(Continued)

The FIU HCN's operating revenues totaled approximately \$6 million for the 2015 fiscal year, an approximate \$1.5 million increase from the 2014 fiscal year. This amount was comprised of primary care and specialty care physician clinical services (approximately \$3.1 million), OIA educational program revenue (approximately \$1.4 million), management fees (approximately \$1.3 million) as well as other operating revenues generated by the FIU HCN relating to non-clinical practice services (approximately \$0.14 million). Operating expenses totaled approximately \$8.6 million for the 2015 fiscal year, representing an increase of approximately \$1.3 million over the 2014 fiscal year due to the following: (a) salaries of administrative, clinical and support staff of HWCOM and their associated benefits; (b) contracted services for additional rotations of international programs, and operations of on campus, Sunset and DOH clinical sites; (c) other operating expenses for project management services.

### **OVERVIEW OF FINANCIAL STATEMENTS**

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

### Statement of Net Position

The statement of net position reflects the assets and liabilities of the FIU HCN, using the accrual basis of accounting, and presents the financial position of the FIU HCN at a specified time. The difference between total assets and total liabilities, net position, is one indicator of the FIU HCN's current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the FIU HCN's financial condition.

The following summarizes the FIU HCN's assets, liabilities, and net position at June 30:

#### **Condensed Statement of Net Position at June 30 (In Thousands)**

	 2016	 2015	2014
Assets Current assets Noncurrent assets	\$ 3,659 354	\$ 1,355 440	\$ 1,164 1,498
<b>Total Assets</b>	\$ 4,013	\$ 1,795	\$ 2,662
Liabilities Current liabilities Noncurrent liabilities	\$ 1,666 8,032	\$ 1,250 8,338	\$ 1,198 5,525
<b>Total Liabilities</b>	\$ 9,698	\$ 9,588	\$ 6,723
Net Position Investment in capital assets Unrestricted Total Net Position	\$ 354 (6,039) (5,685)	\$ 440 (8,233) (7,793)	\$ 1,498 (5,559) (4,061)

(Continued)

The statement of net position reflects the FIU HCN's realignment of operations and change in financial model in FY 2015-2016. Current assets mainly depict cash and receivables.

In summary of fiscal year 2016, total assets increased by approximately \$2.2 million, while total liabilities increased by approximately \$0.1 million. As a result, the total net position balance at June 30, 2016, had an improvement of approximately \$2.1 million.

In summary of fiscal year 2015, total assets declined by \$0.90 million, while total liabilities increased by \$2.9 million. As a result, the total net position balance at June 30, 2015, had an unfavorable decrease of \$3.7 million.

#### Statement of Revenues, Expenses and Changes in Net Position

The statement of revenues, expenses, and changes in net position presents the FIU HCN's revenue and expense activity, categorized as operating and non-operating. Operating revenues are comprised principally of management service fee revenues, OIA educational program revenue and rental income. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

The following summarizes the FIU HCN's activity for the fiscal years ended June 30:

### Condensed Statement of Revenues, Expenses, and Changes in Net Position (In Thousands)

	2016		2015		2014	
Operating revenues	\$	5,591	\$	5,966	\$	4,482
Operating expenses		3,276		8,635		7,308
<b>Operating Gain (Loss)</b>		2,315		(2,669)		(2,826)
Non-operating expenses		(207)		(948)		(100)
Transfers from the University		-		48		1,380
Transfers to the University				(163)		
<b>Change in Net Position</b>		2,108		(3,732)		(1,546)
Net Position, beginning of year		(7,793)		(4,061)		(2,515)
Net Position, end of year	\$	(5,685)	\$	(7,793)	\$	(4,061)

(Continued)

### **Operating Revenues**

The FIU HCN categorizes revenues as either operating or non-operating. Operating revenues are derived from management fees, educational programs, and rental income.

The following summarizes the operating revenues by source that were used to fund operating activities during the fiscal years ended June 30:

### **Operating Revenues (In Thousands)**

	2016		2015		2014	
Management Fees	\$	2,464	\$	1,313	\$	960
Educational Program		2,584		1,384		481
Net patient service revenue		57		3,140		3,009
Other revenues		487		129		32
<b>Total Operating Revenues</b>	\$	5,591	\$	5,966	\$	4,482

The management fees derive from the management of the Student Health Clinics, the management of the OIA educational program where FIU HCN provides services to the American University of Antigua (AUA) by administering its Certificate Program for the Clerkship Rotation to 3rd year medical students, and the management of the clinics where the faculty physicians of HWCOM provide services to patients of the local community. For fiscal year 2016 the reinstated clinical services provided by the faculty physicians consisted of Family Medicine, Internal Medicine, Gynecology, Dermatology, Psychiatry and Behavioral Health. These providers operated in two clinical sites; Modesto A. Maidique Campus and Broward. FIU HCN also provided billing and collections services for the DOH facility and the three mobile health clinics. The DOH facility operated through March, 2016.

The educational program revenue under OIA is derived from the fifth semester rotations, the graduate certificate program and the fourth year electives program from the AUA; and from fees from clinical electives in the International Visiting Medical Student (IVMS) programs administered to international students through collaboration with various institutions.

Net patient service revenue is the net collections and reserves related to claims processed in fiscal year 2016 for services provided in the prior fiscal year 2015. Other revenues consist primarily of rental income from the lease of the Ambulatory Care Center (ACC).

For fiscal year 2015 the activities of the FIU HCN primarily consisted of management fees, educational program revenue and net patient service revenue. The management fees represent the fees for the management of the AUA Graduate Certificate Program. The educational program revenue consists of revenue for the AUA fifth semester rotations, AUA fourth year electives, AUA graduate certificate program, and the IVMS program.

(Continued)

Net patient service revenue in fiscal year 2015 consisted of specialty and primary care clinical services to patients of the local community. For fiscal year 2015 FIU HCN clinical services were provided by Family Medicine, Internal Medicine, Pain Management, Obstetrics/Gynecology, Psychiatry, Behavioral Health and Cardiology providers. FIU HCN operated in four clinical sites during fiscal year 2015; Modesto A. Maidique Campus, Broward, Sunset and the DOH facilities. In addition, clinical services were provided via a contract with DOH at their Sexually Transmitted Infections clinic. This contract terminated at the end of the fiscal year 2015. Due to negative financial outcomes from clinical operations, on January 2015 FIU HCN undertook a restructuring that resulted in elimination of the Family Medicine, Pain Management and Cardiology lines of business and divestment of clinical facilities at Sunset and Department of Health. FIU HCN transitioned to a Management Services Organization model in fiscal year 2016 where management services are provided to HWCOM, OIA, Student Health Services and Embrace.

Other revenues for fiscal year 2015 represent rental income from the lease to Miami Children's Hospital on the second floor of the Ambulatory Care Center building (ACC) which opened in April of 2015.

### **Operating Expenses**

The FIU HCN categorizes expenses as operating or non-operating. The Governmental Accounting Standards Board (GASB) gives financial reporting entities the choice of reporting operating expenses in the functional or natural classifications. The FIU HCN has chosen to report the expenses in their natural classification on the statement of revenues, expenses, and changes in net position.

The following summarizes the operating expenses by natural classifications for the fiscal years ended June 30:

#### **Operating Expenses (In Thousands)**

	 2016	 2015	 2014
Contractual personnel services	\$ 1,170	\$ 5,660	\$ 5,307
Contracted professional and consulting services	1,477	1,539	829
Rentals and leases	27	331	331
Other operating	386	465	206
Depreciation	85	235	187
Supplies - medical	22	164	155
Utilities	6	79	73
Repairs and maintenance	35	20	61
Advertising and promotion	13	45	58
Insurance	22	59	58
Supplies - other	34	38	43
<b>Total Operating Expenses</b>	\$ 3,277	\$ 8,635	\$ 7,308

(Continued)

Operating expenses totaled approximately \$3.3 million for the 2016 fiscal year. This represents a decrease of approximately \$5.4 million from the fiscal year 2015 primarily due to the restructuring and reclassification of administrative positions that took place in the first quarter of the fiscal year and the change in financial model from a full risk clinical model to the MSO model. As part of the MSO model, the cost of teaching faculty staff and clinical support staff of the HWCOM and their associated benefits are not absorbed by the FIU HCN in fiscal year 2016.

Operating expenses totaled approximately \$8.6 million for the 2015 fiscal year. This represents an approximate \$1.3 million increase over the 2014 fiscal year and was primarily due to: (a) salaries of administrative, clinical and support staff of the HWCOM and their associated benefits; (b) contracted professional and consulting services; higher billing and collection fees due to increased clinical services, additional software and increased user licenses and (c) other operating expenses; for project management consulting. These operating expenses all were incurred related to the expansion of medical services and the faculty practice plan.

#### **Non-Operating Expenses**

Non-operating expenses include interest expense on the loans owed to the University for prior years start-up costs and working capital cost and the loss on disposal of equipment. Fiscal year 2015 loss on disposal of capital assets relates to the facility build out resulting from the termination of the lease of the FIU PG5 clinical facility.

The following summarizes the FIU HCN's non-operating expenses for the fiscal years ended June 30:

### **Non-Operating Revenues (Expenses) (In Thousands)**

	 2016	2015	 2014
Interest Expense	\$ (173)	\$ (112)	\$ (100)
Loss on disposal of capital assets	(34)	(836)	-
<b>Non-Operating Expenses</b>	\$ (207)	\$ (948)	\$ (100)

There was no non-operating income for 2016, 2015, or 2014.

#### ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

FIU HCN will continue to operate as a management services organization for FIU. As we enter the FY 2016-2017, FIU HCN revenues will derive from management fees related to the Student Health Clinics, HWCOM, Embrace, the International programs graduate certificate as in prior year with an additional 15% of the programmatic fee of all other international programs and the leases from Miami Children's Hospital and Gastro Health. In fiscal year 2017 the management service revenue from HWCOM will change from a 15% of gross patient service charges to a cost reimbursement model up to 2.1 million dollars in reimbursement. This will include the cost of the clinical support staff for the teaching faculty and associated benefits, the administrative cost to operate the clinical sites and the allocation of the percent effort of FIU HCN administrative support staff. All cash collections related to patient services provided since July 1, 2015 will continue to be revenue and receivables of HWCOM as well as the risk associated with collections on patient services to cover faculty practice effort at the clinics.

(Continued)

There are other potential stakeholders that will use FIU HCN for their management services. The goal for FIU HCN FY 2016-2017 is programmatic growth of clinical services at all clinical sites inclusive of student health clinics and International programs and to focus on continuous quality improvement. Programmatic growth in clinical areas include: corporate wellness; comprehensive weight management; and travel medicine. We will also continue to focus to increase patient service revenue for HWCOM by aligning physician productivity up to national benchmarks and focus on increased billable services for the Student Health Clinics. In addition, as an MSO, FIU HCN is committed to increase revenues through management fees of other potential partnerships.

Revenues from international programs continue to be strong. In addition to existing programs, there is great interest by other foreign academic institutions in partnering for programs with FIU through the FIU HCN.

### REQUESTS FOR INFORMATION

This financial statement is designed to provide a general overview of the FIU HCN's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, The Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc., 11200 SW 8<sup>th</sup> Street, Miami, Florida 33199.

# THE FLORIDA INTERNATIONAL UNIVERSITY ACADEMIC HEALTH CENTER HEALTH CARE NETWORK FACULTY GROUP PRACTICE, INC. STATEMENTS OF NET POSITION JUNE 30, 2016 AND 2015

	2016	2015
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 3,312,533	\$ 792,005
Management fee receivable	209,513	-
Education program receivable	55,200	166,361
Rent receivable	82,054	120,420
Patient accounts receivable, net	-	163,384
Other receivables	-	103,401
Other current assets		9,444
Total current assets	3,659,300	1,355,014
Noncurrent assets		
Depreciable capital assets, net	353,401	440,144
Total assets	4,012,701	1,795,158
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable	667,119	248,829
Due to Florida International University	306,030	459,413
Unearned revenue	692,519	541,578
Total current liabilities	1,665,668	1,249,820
Noncurrent liabilities		
Due to Florida International University	8,032,492	8,338,522
Total liabilities	9,698,160	9,588,342
NET POSITION		
<u></u>		
Net position		
Net investment in capital assets	353,401	440,144
Unrestricted	(6,038,860)	(8,233,328)
Total net position	\$ (5,685,459)	\$ (7,793,184)

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

### THE FLORIDA INTERNATIONAL UNIVERSITY ACADEMIC HEALTH CENTER HEALTH CARE NETWORK FACULTY GROUP PRACTICE, INC.

### STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Operating revenues		
Management fee revenue	\$ 2,463,580	\$ 1,313,235
Educational program	2,583,849	1,383,674
Rental revenue	486,932	129,702
Net patient service revenue	56,663	3,139,638
Total operating revenues	5,591,024	5,966,249
Operating expenses		
Contractual personnel services	1,170,894	5,658,246
Contracted professional consulting services	1,475,510	1,534,697
Rentals and leases	27,339	331,267
Other operating	385,543	464,136
Depreciation	84,843	235,107
Supplies - medical	22,066	164,074
Utilities	5,692	79,276
Repairs and maintenance	35,331	19,623
Advertising and promotion	13,414	44,623
Insurance	22,362	59,015
Supplies - other	33,522	45,112
Total operating expenses	3,276,516	8,635,176
Operating gain (loss)	2,314,508	(2,668,927)
Nonoperating expenses		
Interest expense	(172,679)	(112,366)
Loss on disposal of capital assets	(34,104)	(836,157)
Total nonoperating expenses	(206,783)	(948,523)
Gain (loss) before transfers	2,107,725	(3,617,450)
Transfers		
		40,600
Transfers from Florida International University	-	48,689
Transfers to Florida International University		(163,384)
Total transfers	-	(114,695)
Change in net position	2,107,725	(3,732,145)
Net position, beginning of year	(7,793,184)	(4,061,039)
Net position, end of year	\$ (5,685,459)	\$ (7,793,184)

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

# THE FLORIDA INTERNATIONAL UNIVERSITY ACADEMIC HEALTH CENTER HEALTH CARE NETWORK FACULTY GROUP PRACTICE, INC. STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Cash flows from operating activities		
Receipts from management fee revenue	\$ 2,254,067	\$ 1,302,295
Receipts from educational program revenue	2,845,951	1,399,947
Receipts from rent and other revenue	628,699	129,702
Receipts from patient service	220,047	3,379,549
Payments to suppliers for goods and services	(2,763,939)	(8,780,729)
Net cash and cash equivalents provided by (used in) operations	3,184,824	(2,569,236)
Cash flows from capital and related financing activities		
Purchase of capital assets	(32,204)	(13,075)
Cash flows from noncapital financing activities		
Transfer from Florida International University	_	3,088,007
Transfer to Florida International University	(632,092)	(112,366)
Net cash and cash equivalents provided by (used in)	(032,072)	(112,300)
	(632,002)	2,975,641
noncapital financing activities	(632,092)	2,973,041
Net change in cash and cash equivalents	2,520,528	393,330
Cash and cash equivalents, beginning of year	792,005	398,675
Cash and cash equivalents, end of year	\$ 3,312,533	\$ 792,005
Reconciliation of operating gain (loss) to net cash and cash		
equivalents provided by (used in) operations:		
Operating gain (loss)	\$ 2,314,508	\$ (2,668,927)
Depreciation	84,843	235,107
Adjustments to reconcile operating gain (loss)		
to net cash provided by (used in) operating activities:		
Decrease (increase) in patient accounts receivable	163,384	248,881
Decrease (increase) in rent receivables	38,366	-
Decrease (increase) in management fee receivables	(209,513)	-
Decrease (increase) in education program receivable	111,161	- (4.7.700)
Decrease (increase) in other receivables	103,401	(15,502)
Decrease (increase) in due from Florida International University	-	(8,970)
Decrease (increase) in other current assets	9,444	46,768
Increase (decrease) in accounts payable	418,290	(427,428)
Increase in unearned revenue	150,941	20,835
Net cash and cash equivalents provided by (used in)		
operating activities	\$ 3,184,824	\$ (2,569,236)

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

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

(a) **Reporting entity**—The Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. (the FIU HCN), a Florida not-for-profit corporation, is a component unit of Florida International University (FIU). The FIU HCN exists exclusively to support the mission of FIU to improve and support health education at the FIU in the Herbert Wertheim College of Medicine (HWCOM), the Robert Stempel College of Public Health and Social Work, the College of Nursing and Health Sciences, and departments in the College of Arts and Sciences with clinical activities. The FIU HCN has been granted tax-exempt organization status as defined by Section 501(c)(3) of the Internal Revenue Code. FIU HCN transitioned to a Management Services Organization model in fiscal year 2016 where management services are provided to HWCOM, Office of International Affairs (OIA), Student Health Services and Embrace. Additionally, FIU HCN also receives sublease revenue.

The FIU HCN was organized in the State of Florida on February 21, 2008 and on August 9, 2012, the FIU HCN changed its name from The Florida International University College of Medicine Health Care Network Faculty Group Practice, Inc. to The Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc.

(b) **Basis of presentation**—The financial statements of the FIU HCN 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 FIU HCN 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 FIU HCN's governing body by one or more state or local governments.

In accordance with GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, the FIU HCN 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 accounting principles generally accepted in the United States of America 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) Cash and cash equivalents—The FIU HCN considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. 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 (includes cash and restricted cash) are insured or collateralized.

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

- (e) **Capital assets**—Capital assets are reported at historical cost less accumulated depreciation and amortization. Capital assets consist of fixed and moveable medical equipment and leasehold improvements. Depreciation and amortization are calculated using the straight line method over the following estimated service lives, which consist of 10 years for leasehold improvements, 5-15 years for moveable equipment and 7 years for fixed equipment.
- (f) **Flow assumption for restricted assets**—If both restricted and unrestricted assets are available for use for a certain purpose, it is the FIU HCN's policy to use restricted assets first, and then use unrestricted assets as needed.
- (g) **Operating revenue and expenses**—The FIU HCN's statements of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenue and expenses. Operating revenue results from exchange transactions associated with providing management services to HWCOM, Student Health Clinics, Embrace, the management of the educational program for the OIA which are earned under the terms of the agreement with the American University in Antigua (AUA), and the subleases to Miami Children's Hospital and Gastro Health. Operating expenses include all expenses incurred to provide management services, other than external financing costs.
- (h) Net patient service revenue and patient accounts receivable—Patient service revenue is recognized as revenue in the period when the services are performed and is reported on the accrual basis at the estimated net realizable amounts from patients. Net patient service revenue includes amounts estimated by management to be reimbursable by third-party payor programs. Net patient service revenue also includes an estimated provision for bad debts based upon management's evaluation of collectability of patient receivables considering the age of the receivables and other criteria, such as payor classifications.

Patient accounts receivable are reported net of both an estimated allowance for uncollectible accounts and an allowance for contractual adjustments. Individual accounts are charged-off against the estimated allowance for uncollectible accounts when management determines that it is unlikely that the account will be collected. The contractual adjustments represent the difference between established billing rates and estimated reimbursement from patients and third party payors. The FIU HCN does not require collateral or other security for patient accounts receivable.

- (i) **Educational program revenue**—Educational program revenues are earned under the terms of the agreement with the AUA and consist of monthly tuition revenues earned at the start of each program cycle. Additionally, an advance payment of program fees for the core certificate program is amortized monthly on a pro-rata basis over the life of the agreement which is sixty four (64) months. In addition, FIU HCN receives program revenue under OIA from the International Visiting Medical Student program administered to international students through collaboration with various institutions.
- (j) **Income taxes**—The FIU HCN is a not-for-profit corporation, as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes, except for unrelated business income. There were no income taxes resulting from unrelated business income during the year ended June 30, 2016.

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

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability (or asset) if the FIU HCN 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, 2016, 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 FIU HCN were to incur an income tax liability in the future, interest and penalties would be reported as income taxes. The FIU HCN is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. FIU HCN's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

(k) **Reclassifications**—In order to facilitate the comparison of financial data, certain June 30, 2015 account balances have been reclassified to conform to the current year reporting format. These reclassifications had no effect on net position.

#### (2) Net Patient Service Revenue and Patient Accounts Receivable:

Net patient service revenue is derived principally from professional fees generated by the faculty of the FIU Academic Health Center for treating patients. Net patient service revenue represents direct revenue from patient care. This revenue is derived from professional fees charged to individual patients and funded through third party payors and private patient payments based on established reimbursement rates. The net patient service revenue in fiscal year 2016 relates to charges for dates of service prior to July 1, 2015. Any revenue for subsequent service dates is recorded by HWCOM and HCN is paid a management fee. A reconciliation of the net patient service revenue and amounts of services provided to patients at established rates to direct revenue from patient care, as presented in the statement of revenue, expenses and changes in net position is as follows:

	Year Ending June 30,			
		2016		2015
Gross direct charges from patient care	\$	89,408	\$	6,058,372
Less: Contractual adjustments		-		(2,427,290)
Less: Bad debt expense		(32,745)		(491,444)
Total net patient service revenue	\$	56,663	\$	3,139,638

There were no contractual adjustments in fiscal year 2016 due to the change in business model as noted above. Contractual adjustments for 2015 included approximately \$131,000 related to adjustments provided to self-insured patient accounts. The majority of these adjustments were for hospital services provided to unfunded patients, which represents individuals who are not enrolled in a health plan and must meet their financial obligations by using personal resources. These adjustments do not include allowances offered under a discount program according to the FIU HCN's self-pay discount policy, which were immaterial.

### (2) Net Patient Service Revenue and Patient Accounts Receivable: (Continued)

The following is a summary of the payment arrangements with major third party payors, which were in effect for the fiscal year ended June 30, 2015. They were not in effect for the fiscal year ended June 30, 2016 due to the change in business model as noted above.

*Medicare:* All HWCOM faculty physicians were participating in the Medicare program. In most instances, Medicare paid 80% of the allowed charge with the patient being responsible for 20% copayment and an annual deductible.

*Medicaid:* A number of the HWCOM faculty physicians were participating in the Medicaid program. Those physicians that met the enhanced reimbursement requirement for Medicaid were enrolled; all other faculty physicians were reimbursed at the current Medicaid fee schedule rates.

Other: HWCOM, on behalf of FIU, entered into payment agreements with certain commercial insurance carriers, health maintenance organizations ("HMO's") and preferred provider organizations ("PPO's"). The basis for payment, which was deposited into an FIU HCN account under these arrangements, varied. Many of the HMO and PPO arrangements were based on the third party's fee schedule or capitated arrangements with certain Medicare Advantage HMO's which were executed. Capitation revenue for the year ended June 30, 2015 was approximately \$193,076, which was included in net patient service revenue.

The FIU HCN's net patient accounts receivable consists primarily of amounts owed by third party payors and private payments. Net patient accounts receivable are summarized as follows:

	Year Ending June 30,			
		2016		2015
Patient accounts receivable based on established charges	\$	46,254	\$	2,051,821
Less: Contractual adjustments		-		(1,084,090)
Less: Allowance for doubtful accounts		(46,254)		(804,347)
Patient accounts receivable, net	\$	-	\$	163,384

Net patient accounts receivable by major financial classification is as follows:

	Year Ending June 30,				
	2	016		2015	
Commercial and managed care	\$	-	\$	96,667	
Medicare		-		28,713	
Medicaid		-		35,052	
Self-pay		-		2,952	
Patient accounts receivable, net	\$	-	\$	163,384	

## THE FLORIDA INTERNATIONAL UNIVERSITY ACADEMIC HEALTH CENTER HEALTH CARE NETWORK FACULTY GROUP PRACTICE, INC. NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

#### (3) **Educational Program:**

Effective October 1, 2013, an Agreement was executed by HWCOM on behalf of the FIU HCN with the AUA that allows for the opportunity for qualified AUA students to participate in a HWCOM Clinical Certificate Program that offers clinical rotations in multiple medical specialties under three different AUA programs. The agreement is for a period of sixty four (64) months and will generate management fee and educational program revenues for the FIU HCN. As per the terms of the Agreement, the FIU HCN received a \$500,000 advance in October 2013, which will be earned as revenue on a pro-rata basis over the term of the Agreement. As of June 30, 2016 and 2015, the unearned amount was approximately \$242,000 and \$337,000, respectively, and was included in unearned revenue as a liability on the statements of net position.

For the years ended June 30, 2016 and 2015, total revenues earned under the terms of this agreement approximated \$3,020,000 and \$2,690,000, composed of \$1,280,000 and \$1,280,000 in management fee revenue and \$1,740,000 and \$1,410,000 for in educational program revenue, respectively.

#### (4) **Depreciable Capital Assets:**

A summary of depreciable capital assets is as follows:

		De	preciable (	Cap	ital Assets	
	 Beginning Balance	_A	dditions	_]	Disposals	 Ending Balance
June 30, 2016: Medical equipment	\$ 625,567	\$	32,204	\$	106,100	\$ 551,671
Accumulated depreciation	 (185,423)		(84,843)		(71,996)	 (198,268)
Depreciable capital assets, net	\$ 440,144	\$	(52,639)	\$	(34,104)	\$ 353,401
June 30, 2015:						
Medical equipment	\$ 612,492	\$	13,075	\$	-	\$ 625,567
Leasehold improvements	1,422,715		_		1,422,715	_
Depreciable capital assets	2,035,207		13,075		1,422,715	 625,567
Accumulated depreciation	 (536,874)		(235,107)		(586,558)	 (185,423)
Depreciable capital assets, net	\$ 1,498,333	\$	(222,032)	\$	(836,157)	\$ 440,144

#### (5) Related Party Transactions:

(a) **Related Party Transactions**—On August 27, 2010, the FIU HCN entered into a loan agreement totaling \$5,321,198 with FIU in order to provide working capital and build out capital to fund the expansion of the faculty practice plan and the establishment of the ambulatory care center and other FIU clinical activities. In June of 2015 FIU HCN renegotiated the loan agreement with FIU and borrowed an additional \$3,109,385. The total loaned by FIU to HCN was \$8,663,962, interest on the loan accrues at 2.00% simple interest and the loan is scheduled to mature in 2036.

# THE FLORIDA INTERNATIONAL UNIVERSITY ACADEMIC HEALTH CENTER HEALTH CARE NETWORK FACULTY GROUP PRACTICE, INC. NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

#### (5) **Related Party Transactions:** (Continued)

Estimated principal and interest payments for the life of the amounts due to FIU, based on the balance due as of June 30, 2016, are as follows:

For the Year Ending June 30,	 Principal	 Interest	 Total
2017	\$ 306,030	\$ 166,770	\$ 472,800
2018	316,878	160,650	477,528
2019	327,991	154,312	482,304
2020	339,374	147,752	487,127
2021	351,033	140,965	491,998
2022-2026	1,940,128	594,651	2,534,781
2027-2031	2,276,582	387,498	2,664,080
2032-2036	2,480,506	145,060	2,625,565
Total	\$ 8,338,522	\$ 1,897,658	\$ 10,236,183

In addition, at June 30, 2016, \$403,340 was owed to FIU for expenses incurred in the ordinary course of business and is included in accounts payable on the statements of net position. Amounts owed from FIU for revenues incurred in the ordinary course of business and are included in accounts receivable on the statements of net position at June 30, 2016 and 2015 totaled \$209,513 and \$77,913, respectively.

(b) **Leases**—The University and the FIU HCN were parties to a space leasing agreement for the Faculty Group Practice site at PG 5 Market Station that was canceled in 2015 due to the renegotiated loan discussed above. For the year ended June 30, 2015, rent expense under this agreement amounted to \$167,686. Furthermore, certain space within this facility was subleased. For the years ended June 30, 2016 and 2015, the total sub-lease rental income was \$12,672.

The University and the FIU HCN were also parties to a space leasing agreement for the Ambulatory Care Center with an initial term of 40 years, expiring in October 2053. For the years ended June 30, 2016 and 2015, rent expense under this agreement amounted to \$1. Furthermore, certain space within this facility was subleased with rental income of \$468,119 and \$117,030 for the years ended June 30, 2016 and 2015, respectively.

#### (6) **Operating Leases:**

The FIU HCN leases equipment on a month-to-month basis. Total rental expense for the years ended June 30, 2016 and 2015 were \$163,580 and \$163,580, respectively.

#### (7) Commitments and Contingencies:

(a) **Self-insurance program**—Board of Governor's Regulation 10.001 authorizes self-insurance programs for the purpose of providing comprehensive general liability and professional liability insurance for health care and veterinary sciences to university boards of trustees. On October 1, 2010, the University made an initial non-refundable deposit into a Self-Insurance Program (the SIP) bank account of \$1,000,000.

# THE FLORIDA INTERNATIONAL UNIVERSITY ACADEMIC HEALTH CENTER HEALTH CARE NETWORK FACULTY GROUP PRACTICE, INC. NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

#### (7) **Commitments and Contingencies:** (Continued)

As part of its mission to support the Academic Health Center and FIU, the FIU HCN will transfer a portion of its future surplus from operations to the Academic Health Center and FIU to fund the future cost of the SIP. This future surplus will be transferred to an appropriate FIU account as directed by the FIU's Division of Finance when such funds are available and budgeted by the Board of Directors of the FIU HCN for this purpose. FIU HCN will, when there is sufficient surplus from operations; fulfill its commitment to provide future SIP funding. Through June 30, 2016, FIU HCN has not made any transfers to this SIP.

(b) **Healthcare industry**—The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare participation requirements, reimbursement for patient services, Medicare fraud and abuse and most recently, under provisions of the Health Insurance Portability and Accountability Act of 1996, patient records privacy and security. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

Management believes that the FIU HCN is currently in compliance with fraud and abuse statutes as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

#### **COMPLIANCE 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

To the Board of Directors and Audit Committee of The Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc.:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. (the FIU HCN) as of and for the year ended June 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated September 21, 2016.

#### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the FIU HCN's internal control over financial reporting (internal control) to determine the 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 FIU HCN's internal control. Accordingly, we do not express an opinion on the effectiveness of the FIU HCN'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

- 20 -

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#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the FIU HCN'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 determination of financial statement amounts. 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 September 21, 2016 Consent Agenda FA2

### THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES

December 1, 2016

Subject: Modification of the terms of the Miami-Dade Industrial Development authority revenue bonds (FIU Football Stadium Project), Series 2009A; authorizing the redemption of the authority's revenue bonds (FIU Football Stadium Project), Series 2009B; delegation of signature authority to chairman of the corporation and/or the University Treasurer

#### **Proposed Board Action:**

Approve the proposed resolution.

#### **Background Information:**

WHEREAS, on December 16, 2009, the Miami-Dade Industrial Authority (the "Authority") issued its Revenue Bonds (FIU Football Stadium Project), Series 2009A, and Revenue Bonds (FIU Football Stadium Project), Series 2009B (collectively, the "Bonds"), pursuant to the terms of a Trust Indenture between the Authority and Regions Bank, as trustee (the "Indenture"), the proceeds of which were loaned to the FIU Athletics Finance Corporation (the "Corporation"), a direct-support organization of Florida International University (the "University"), pursuant to the terms of a Loan Agreement between the Authority and the Corporation for the purpose of refinancing the costs of certain capital improvements to the University football stadium;

**WHEREAS**, the Bonds were purchased by and are currently held by Regions Bank (the "Bank");

**WHEREAS**, the Bank has agreed to certain modifications of the terms of the Series 2009A Bonds, in accordance with the terms outlined in the Bank's Commitment Letters dated May 12 and November 21, 2016 and attached hereto as Exhibit A; and

**WHEREAS**, the Corporation has authorized and approved the Commitment Letters, and the consummation of the transactions contemplated therein.

**THEREFORE, BE IT RESOLVED**, that the University Board of Trustees (the "<u>BOT</u>") hereby determines that it is in the best interests of the Corporation to accept the Bank's indicative offer to modify the terms of the Series 2009A Bonds and, in conjunction therewith, cause the Series 2009B Bonds to be repaid in full in accordance with terms of the Term Sheet; and

**BE IT FURTHER RESOLVED**, that the BOT authorizes the redemption of the Series 2009B Bonds in full, subject to the modification of the terms of the Series 2009A Bonds as described in the Bank's Commitment Letters; and

The Florida International University Board of Trustees December 1, 2016 Consent Agenda – FA2 P a g e | 2

**BE IT FURTHER RESOLVED**, that the BOT hereby delegates to the Chairman of the Corporation and/or the University Treasurer the authority to execute any documents and/or take any such actions as shall be necessary to complete the modification of the Series 2009A Bonds and the redemption of the Series 2009B Bonds on behalf of the Corporation, consistent with the terms of the Bank's Commitment Letters, including, but not limited to, execution of any amendment to the Loan Agreement, or acknowledgement of changes to the Trust Indenture, and any other agreements, certifications or other documents relating to the modification:

**BE IT FURTHER RESOLVED**, that the BOT hereby designates Jonathan Evans as the Assistant Secretary of the Corporation for the limited purpose of attesting to the signature of the University Treasurer or any of the foregoing documents; and

**BE IT FURTHER RESOLVED**, that the BOT directs the University Chief Financial Officer to report to the Finance and Audit Committee on the progress of the modification and redemption transactions at the Committee's next regularly scheduled meeting.

#### **LEGAL AUTHORITY:**

This resolution is adopted pursuant to and in accordance with Section 1010.62(9) of the Florida Statutes and the Board of Governors Debt Management Policy Guidelines last amended September 22, 2016, which authorize state universities and their direct-support organizations to enter into "refundings for debt service savings where final maturities are not extended."

**Supporting Documentation:** Exhi

Exhibit A: Commitment Letters with Indicative Terms,

May 12 and November 21, 2016

Exhibit B: Miami-Dade County Industrial Development

Authority Resolution

Exhibit C: FIU Athletics Finance Corporation Board of Directors Resolution Approving Modifications of Terms

and Authorizations and Delegation



#### **Corporate Banking Division**

2800 Ponce de Leon Blvd., 9th Floor Coral Gables, Florida 33134 Off: (305) 774-5152 Cell: (305) 244-4842

Fax: (305) 774-5189

Oscar Herrera Vice President

May 12, 2016

Mr. Tony Vu University Treasurer Florida International University 11200 SW 8th Street, MARC 110 Miami, FL 33199 T (305) 348-2544 pvu@fiu.edu

Reference: Miami-Dade County Industrial Development Authority Revenue Bonds (FIU

Football Stadium Project) Modification

Dear Tony:

Reference is made to the loan agreement ("Agreement") made and entered into as of the first day of December, 2009 by and between the MIAMI-DADE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, a public body corporate and politic organized and existing under the laws of the State of Florida ("Issuer"), and FIU ATHLETICS FINANCE CORPORATION, a Florida single-purpose not-for-profit corporation ("Company") and a direct support organization of The Florida International University Board of Trustees pursuant to Section 1004.28, Florida Statutes, and an instrumentality of Florida International University ("University").

Reference is also made to the trust indenture, dated as of December 1, 2009 ("Indenture"), between Issuer and REGIONS BANK, a state banking corporation organized and existing under the laws of the state of Alabama, as trustee (in such capacity, "Trustee"). The terms used herein, unless the context hereof shall require otherwise, shall have the same meanings when used herein as assigned them in the Indenture, unless the context or use thereof indicates another or different meaning or intent.

In furtherance of the public purpose for which the Issuer was created, the Issuer issued its \$30,000,000 Miami-Dade County Industrial Development Authority Revenue Bonds (FIU Football Stadium Project), Series 2009A ("Series 2009A Bonds") and its \$5,310,000 Miami-Dade County Industrial Development Authority Taxable Revenue Bonds (FIU Football Stadium Project), Series 2009B ("Series 2009B Bonds" and together with the Series 2009A Bonds, the

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Government and Institutional Banking
2800 Ponce de Leon Boulevard, 9th Floor, Coral Gables, FL 33134
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"Bonds") pursuant to the Indenture. REGIONS BANK, a state banking corporation organized and existing under the laws of the state of Alabama (in such capacity, "Bank"), is the Owner of all the Bonds.

The Bank, as Owner of all of the Bonds, has agreed to modify the Indenture and Agreement as necessary to accomplish the following:

#### Series 2009A Bonds (\$21mln Portion)

- Reduction of tax exempt interest rate spread from 1.90% to [1.40%]
- Extension of first Mandatory Tender Date from 12/16/2017 to 03/01/2026, with an additional Mandatory Tender Date on 03/01/2030. These Mandatory Tender Dates will be in lieu of those Mandatory Tender Dates currently set forth in the Bonds and the Indenture.
- Principal payments to follow the following schedule:

Year	Principal
2016	-
2017	260,000
2018	910,000
2019	950,000
2020	995,000
2021	1,040,000
2022	1,090,000
2023	1,135,000
2024	1,185,000
2025	1,245,000
2026	1,300,000
2027	1,355,000
2028	1,415,000
2029	1,485,000
2030	1,550,000
2031	1,620,000
2032	1,690,000
2033	1,775,000
Total	21,000,000

• All other terms to remain unchanged as per the Indenture and Agreement.

#### Series 2009A Bonds (\$9mln Portion)

- Replacement of tax exempt interest rate of 63.7% of 3-month Libor plus 1.90% to a fixed rate of [2.80%].
- Extension of first Mandatory Tender Date from 12/16/2017 to 03/01/2026, with an additional Mandatory Tender Date on 03/01/2030. These Mandatory Tender Dates will be in lieu of those Mandatory Tender Dates currently set forth in the Bonds and the Indenture.

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• Principal payments to follow the following schedule (the Bank is also willing to maintain the current amortization should it be desired by the Company):

Year	Principal
2016	-
2017	111,429
2018	125,000
2019	125,000
2020	250,000
2021	501,373
2022	522,802
2023	542,088
2024	563,516
2025	589,230
2026	612,802
2027	636,373
2028	662,088
2029	692,088
2030	719,945
2031	749,945
2032	779,945
2033	816,376
Total	9,000,000

• All other terms to remain unchanged as per the Indenture and Agreement.

#### Series 2009B Bonds

• These bonds will be fully prepaid at closing of the modification with funds from the Collateral Account, which will be terminated.

#### **Other Terms**

- Funds in the Athletics Fund referred to in Section 11.3(a) and Section 11.3(c) of the Agreement will be released, subject however to the following conditions: (i) the Company and the University are to make their reasonable best efforts to continue developing a business relationship with the Bank; and (ii) unless, coincident with such release of funds, there shall have been extinguished any and all liabilities of the Company arising from the Company having received such funds referred to in Section 11.3(a) of the Agreement, any and all such liabilities shall be subordinate in all respects to the obligations of the Company under the Agreement.
- The Indenture will be modified to require the Company to transfer to the Trustee an amount equal to 5% of the total annual Athletic Fees received by the Company in one single payment on [November 1] each year.

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Exhibit A

Page 4 of 4

The interest rate modifications proposed above are indicative of rates as of this date, but may change to reflect market conditions at the time of closing of the modifications.

The Company and the University shall be responsible for all legal fees and expenses, including those of Bank counsel, associated with effecting the modifications described herein, as well as all administrative charges of all relevant public authorities.

If the foregoing arrangements are agreeable to the Company and the University, please so indicate by executing the acceptance below and returning an executed copy to me.

Best regards,

Oscar Herrera Vice President

The above terms and conditions are accepted

FLORIDA INTERNATIONAL UNIVERSITY

By\_\_\_\_\_

FIU ATHLETICS FINANCE CORPORATION

By\_\_\_\_\_



#### **Corporate Banking Division**

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Oscar Herrera Vice President

November 21, 2016

Mr. Tony Vu University Treasurer Florida International University 11200 SW 8th Street, MARC 110 Miami, FL 33199 T (305) 348-2544 pvu@fiu.edu

Reference: Miami-Dade County Industrial Development Authority Revenue Bonds (FIU

Football Stadium Project) Modification

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In furtherance of the public purpose for which the Issuer was created, the Issuer issued its \$30,000,000 Miami-Dade County Industrial Development Authority Revenue Bonds (FIU Football Stadium Project), Series 2009A ("Series 2009A Bonds") and its \$5,310,000 Miami-Dade County Industrial Development Authority Taxable Revenue Bonds (FIU Football Stadium Project), Series 2009B ("Series 2009B Bonds" and together with the Series 2009A Bonds, the

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"Bonds") pursuant to the Indenture. REGIONS BANK, a state banking corporation organized and existing under the laws of the state of Alabama (in such capacity, "Bank"), is the Owner of all the Bonds.

The Bank, as Owner of all of the Bonds, has agreed to modify the Indenture and Agreement as necessary to accomplish the following:

#### Series 2009A Bonds (\$21mln Portion)

- Reduction of tax exempt interest rate spread from 1.90% to a rate not to exceed 1.60%
- Extension of first Mandatory Tender Date from 12/16/2017 to 03/01/2026, with an additional Mandatory Tender Date on 03/01/2030. These Mandatory Tender Dates will be in lieu of those Mandatory Tender Dates currently set forth in the Bonds and the Indenture.
- Series 2009A Bonds amount to be split into three (3) series with principal amounts of \$8,400,000, \$8,400,000 and \$4,200,000 respectively. Principal payments to follow the following schedule:

Date	Principal	Principal	Principal
03/01/2016	-	-	-
03/01/2017	104,000	104,000	52,000
03/01/2018	364,000	364,000	182,000
03/01/2019	380,000	380,000	190,000
03/01/2020	398,000	398,000	199,000
03/01/2021	416,000	416,000	208,000
03/01/2022	436,000	436,000	218,000
03/01/2023	454,000	454,000	227,000
03/01/2024	474,000	474,000	237,000
03/01/2025	498,000	498,000	249,000
03/01/2026	520,000	520,000	260,000
03/01/2027	542,000	542,000	271,000
03/01/2028	566,000	566,000	283,000
03/01/2029	594,000	594,000	297,000
03/01/2030	620,000	620,000	310,000
03/01/2031	648,000	648,000	324,000
03/01/2032	1,386,000	1,386,000	693,000
Total	8,400,000	8,400,000	4,200,000

• All other terms to remain unchanged as per the Indenture and Agreement.

#### Series 2009A Bonds (\$9mln Portion)

- Replacement of tax exempt interest rate of 63.7% of 3-month Libor plus 1.90% to a fixed rate not to exceed 3.00%.
- Extension of first Mandatory Tender Date from 12/16/2017 to 03/01/2026, with an additional Mandatory Tender Date on 03/01/2030. These Mandatory Tender Dates will be in lieu of those Mandatory Tender Dates currently set forth in the Bonds and the Indenture.
- Principal payments to follow the following schedule (the Bank is also willing to maintain the current amortization should it be desired by the Company):

Date	Principal
03/01/2016	-
03/01/2017	-
03/01/2018	240,000
03/01/2019	375,000
03/01/2020	450,000
03/01/2021	465,000
03/01/2022	490,000
03/01/2023	510,000
03/01/2024	545,000
03/01/2025	580,000
03/01/2026	600,000
03/01/2027	630,000
03/01/2028	665,000
03/01/2029	675,000
03/01/2030	705,000
03/01/2031	760,000
03/01/2032	1,310,000
Total	9,000,000

• All other terms to remain unchanged as per the Indenture and Agreement.

#### Series 2009B Bonds

• These bonds will be fully prepaid at closing of the modification with funds from the Collateral Account, which will be terminated.

#### **Other Terms**

- Funds in the Athletics Fund referred to in Section 11.3(a) and Section 11.3(c) of the Agreement will be released, subject however to the following conditions: (i) the Company and the University are to make their reasonable best efforts to continue developing a business relationship with the Bank; and (ii) unless, coincident with such release of funds, there shall have been extinguished any and all liabilities of the Company arising from the Company having received such funds referred to in Section 11.3(a) of the Agreement, any and all such liabilities shall be subordinate in all respects to the obligations of the Company under the Agreement.
- The Indenture will be modified to require the Company to transfer to the Trustee an amount equal to 5% of the total annual Athletic Fees received by the Company in one single payment on [November 1] each year.

The interest rate modifications proposed above are indicative of rates as of this date, but may change to reflect market conditions at the time of closing of the modifications.

The Company and the University shall be responsible for all legal fees and expenses, including those of Bank counsel, associated with effecting the modifications described herein, as well as all administrative charges of all relevant public authorities.

If the foregoing arrangements are agreeable to the Company and the University, please so indicate by executing the acceptance below and returning an executed copy to me.

Best regards,

Oscar Herrera Vice President

The above terms and conditions are accepted

FLORIDA INTERNATIONAL UNIVERSITY

By\_\_\_\_\_

FIU ATHLETICS FINANCE CORPORATION

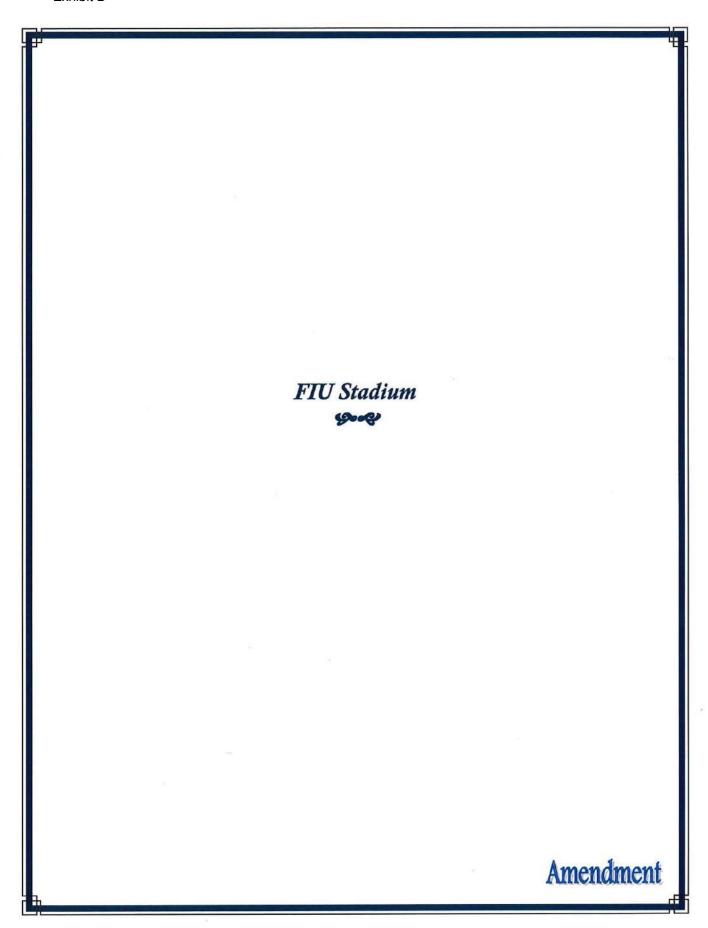
By

# Miami-Dade County Industrial Development Authority

### Meeting Agenda

### November 16, 2016

- I. CALL TO ORDER
- II. ROLL CALL
- III. APPROVAL OF MINUTES FOR THE MEETING OF September 28, 2016
- IV. INDUSTRIAL DEVELOPMENT REVENUE BONDS
  - A. AMENDMENTS
    - 1. RAM Investments of South Florida, Inc. (SeaVee Boats)
    - 2. FIU Stadium
- V. EXECUTIVE DIRECTOR'S REPORT
- VI. NEW BUSINESS
- VII. ADJOURNMENT





August 19, 2016

James D. Wagner, Jr Executive Director Miami-Dade Industrial Development Authority 80 S.W. 8th Street, Suite 2801 Miami, Florida 33130

RE: Miami-Dade Industrial Development Authority Revenue Bonds

(FIU Football Stadium Project), Series 2009

Dear Mr. Wagner:

The above referenced bonds were issued for the benefit of the FIU Athletics Corporation and financed improvements to the football stadium on the FIU campus. The bonds are held by Regions Bank.

Recently, Regions Bank has agreed to certain concessions such as converting approximately \$9 million of the \$30 million issue to a fixed rate for ten (10) years. They have also agreed to lower their credit spread on the Bonds that will continue to bear interest at a variable rate. The concessions will require amendments to the existing documents.

FIU Athletics Corporation would like to proceed with the document amendments. As was the case in 2009, Bryant Miller Olive will represent the FIU Athletics Corporation. My understanding is that the Adorno law firm (who was the original bond counsel) is no longer in the County's rotation so most likely we would be working with Foley and Lardner. If you can confirm this assignment that would be helpful.

We look forward to working with the MDIDA again and if you have any questions, please feel free to give me a call.

Sincerely.

Tony Vu

University Treasurer

Treasurer, FIU Athletics Finance Corporation

#### RESOLUTION NO. 2016-\_\_\_\_

RESOLUTION BY THE MIAMI-DADE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF FOUR AMENDMENTS TO TRUST BANK RELATED INDENTURE WITH REGIONS TO CERTAIN OUTSTANDING MIAMI-DADE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY REVENUE BONDS, THE PROCEEDS OF WHICH WERE LOANED TO FIU ATHLETICS FINANCE CORPORATION; APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN OTHER DOCUMENTS REQUIRED IN CONNECTION WITH THE FOREGOING; AND PROVIDING CERTAIN OTHER DETAILS IN CONNECTION THEREWITH.

WHEREAS, the Miami-Dade County Industrial Development Authority (the "Miami-Dade Authority") is empowered pursuant to Parts II and III of Chapter 159, Florida Statutes, and other applicable laws (the "Act"), to issue its bonds for the purpose of financing and refinancing spectator or participatory sports facilities in Miami-Dade County, Florida; and

WHEREAS, in furtherance of the public purpose for which the Miami-Dade Authority was created, the Miami-Dade Authority previously issued its \$30,000,000 Miami-Dade County Industrial Development Authority Revenue Bonds (FIU Football Stadium Project), Series 2009A (the "Series 2009A Bonds") and its \$5,310,000 Miami-Dade County Industrial Development Authority Taxable Revenue Bonds (FIU Football Stadium Project), Series 2009B (the "Series 2009B Bonds" and together with the Series 2009A Bonds, the "Bonds") pursuant to the Act, a Bond Resolution adopted by the Miami-Dade Authority on December 15, 2009 (the "Bond Resolution") and the Trust Indenture dated as of December 1, 2009 (the "Indenture") by and between the Miami-Dade Authority and Regions Bank, as trustee (the "Trustee"), and loaned the proceeds of the sale of the Bonds to FIU Athletics Finance Corporation, a Florida notfor-profit corporation (the "Company") and a direct support organization of The Florida International University Board of Trustees pursuant to Section 1004.28, Florida Statutes, and an instrumentality of Florida International University (the "University") pursuant to a Loan Agreement (the "Agreement") dated as of December 1, 2009 between the Miami-Dade Authority and the Company in order to (i) refinance the costs of the Project (as defined in the Indenture) by providing funds to retire certain outstanding debt obligations, including in connection with the refinancing funding certain required reserves and (ii) paying the costs of issuance of the Bonds; and

WHEREAS, the Series 2009A Bonds were purchased and are currently held by Regions Bank (the "Owner"); and

WHEREAS, the Company, University and the Owner have reached an agreement related to certain amendments to the Indenture to achieve a lower cost of funds for

the benefit of the Company which necessitates the Miami-Dade Authority enter into four amendments to the Indenture each between the Miami-Dade Authority and the Trustee that will authorize the reissuance of the Series 2009A Bonds through the issuance of four separate series of bonds in order to preserve the status of the obligations as a "qualified tax exempt obligation" within the meaning of the Internal Revenue Code of 1986, as amended and implement the amendments contained in each of the respective amendments; and

WHEREAS, the first amendment to the Indenture will authorize the reissuance of a \$9,000,000 Series 2009A Bond that will bear interest at a fixed for a period of approximately 10 years; and

WHEREAS, the second, third and fourth amendments to the Indenture will each authorize the reissuance of separate series of the Series 2009A Bonds in a principal amount of \$8,400,000, \$8,400,000 and 4,200,000, respectively that will bear interest at a variable rate of interest; and

WHEREAS, each of the amendments will be sequentially numbered as the First, Second, Third and Fourth Amendment to Trust Indenture and are collectively referred to herein as the "Amendments,"

WHEREAS, as part of the agreed upon amendments, the Company has agreed to use the funds currently required to be on deposit in a collateral account held by the Owner plus approximately \$1,000,000 currently on deposit with the Trustee to pay in full the outstanding balance of the Series 2009B Bonds on or prior to the delivery of the first series of the reissued Series 2009A Bonds; and

BE IT RESOLVED by the Miami-Dade County Industrial Development Authority that:

SECTION 1. This Resolution is adopted pursuant to the Constitution of the State of Florida and the Act.

SECTION 2. "Chairman" as used herein refers to both the Chairman and Vice Chairman unless specifically indicated otherwise. Throughout this document when reference is made to "Chairman," the Chairman or Vice Chairman may act independently and interchangeably in performing the duties and functions resolved herein. All other terms used herein in capitalized form, unless otherwise defined herein, shall have the same meanings as ascribed to them in the Indenture as supplemented and amended by the Amendments.

SECTION 3. The Chairman and the Secretary of the Miami-Dade Authority, any assistant secretary or any member of the Miami-Dade Authority (collectively, the "Secretary") are hereby authorized and empowered to execute and deliver each series of the reissued Series 2009A Bonds, each of the Amendments, and all documents contemplated thereby, in each case, subject to such changes and modifications as either of such officers may approve, such execution to be conclusive evidence of any such approval, and to affix thereto or impress thereon, the seal of the Miami-Dade Authority.

SECTION 4. The Executive Director is hereby delegated the authority to execute and deliver individual pricing agreements by and among the Miami-Dade Authority, the Company and the Owner related to each series of the reissued Series 2009A Bonds authorized to be issued under the respective Amendment, subject to such changes and modifications as the Executive Director may approve, such execution to be conclusive evidence of any such approval. Execution and delivery of the pricing agreement with respect to the Series 2009A-1 Bonds is subject to the determination of the initial fixed rate at a rate not to exceed 3.00 per annum as set forth in the pricing agreement. Execution and delivery of each of the pricing agreements with respect to each of the Variable Rate Series 2009A Bonds is subject to the determination by the Company and the Owner of the initial credit spread at a rate not to exceed 160 basis points as set forth in each pricing agreement.

SECTION 5. The Miami-Dade Authority and the officers, employees and agents of the Miami-Dade Authority acting on behalf of the Miami-Dade Authority are hereby authorized and directed to execute such documents, instruments and contracts, whether or not expressly contemplated hereby, and to do all acts and things required by the provisions of this Resolution and by the provisions of the Series 2009A Bonds, the Amendments, the Indenture and the pricing agreements, as may be necessary for the full, punctual and complete performance of all the terms, covenants, provisions and agreements herein and therein contained, or as otherwise may be necessary or desirable to effectuate the purpose and intent of this Resolution, or as may be requested by Regions Bank or the Company. The Chairman or Vice Chairman and the Secretary are hereby designated as the primary officers of the Miami-Dade Authority charged with the responsibility of reissuing the Series 2009A Bonds, and the Chairman or Vice Chairman is hereby authorized to delegate to any other person any of the duties or authorizations of the Chairman or Vice Chairman or the Secretary hereunder.

SECTION 6. In case any one or more of the provisions of this Resolution shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Resolution, and this Resolution shall be construed and enforced as if such illegal or invalid provision had not been contained herein. This Resolution is adopted and each of the Amendments shall be executed, and the Bonds shall be reissued, with the intent that the laws of the State of Florida shall govern their construction, except as shall otherwise be expressly provided by the terms thereof.

SECTION 7. All parts of the Bond Resolution and the other agreements contemplated thereby not in conflict with the express terms hereof are hereby reaffirmed. All resolutions or parts thereof in conflict herewith are hereby repealed.

SECTION 8. This Resolution shall become effective immediately upon its adoption.

Exhibit B

Remainder of page is intentionally left blank

**THIS RESOLUTION IS APPROVED AND ADOPTED** by the Miami-Dade County Industrial Development Authority this 16th day of November, 2016.

### MIAMI-DADE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

	Ву:
	Roberto Pelaez, Chairman
(SEAL)	
ATTEST:	
James D. Wagner Jr., Secretary Ex-Officio	
Approved as to Form and Legal Sufficie	ency
Ву:	
Juliette R. Antoine, Esq.	
Assistant County Attorney	
for Miami-Dade County	

### FIU ATHLETICS FINANCE CORPORATION REFUNDING REQUEST

#### THE COMPANY

FIU Athletics Finance Corporation ("Finance Corp.") is a not-for-profit corporation of the State of Florida which, pursuant to Section 1004.28, Florida Statutes, is a direct support organization of Florida International University (the "University"). In 2006, the University created the Finance Corp. to assist with the financing of projects related to the expansion of the FIU Football Stadium (the "Stadium") and related infrastructure. The Stadium is located on the University's Modesto A. Maidique Campus (formerly known as the University Park Campus) at 11200 SW 8th Street, Miami, Miami-Dade County, Florida and utilized primarily by the FIU football program. The football program competes in National Collegiate Athletic Association's Bowl Championship Subdivision and is a member of the Sun Belt Conference.

The University, a public body corporate of the State of Florida and part of the Florida State University System, was established by the State Legislature on June 22, 1965 and opened to students in 1972. The University operates two campuses and an Engineering center in Miami-Dade County, and an educational center in Broward County, Florida. The Modesto A. Maidique Campus is located in west Miami-Dade County, approximately ten miles west of downtown Miami. The Biscayne Bay Campus is adjacent to Biscayne Bay in northeast Miami-Dade County. In 1981, the University added lower-division classes for freshmen and sophomores, expanding its enrollment capacity. In 1984, the University received authority to begin offering degree programs at the doctoral level.

Since 1984, the University experienced a remarkable growth trajectory and has established numerous schools and colleges that offer close to 200 baccalaureate, master's and doctoral degree programs to over 39,000 students, including but not limited to a College of Business, College of Law, College of Public Health and Social Work, College of Engineering, School of Architecture, School of Hospitality and Tourism Management, School of Journalism and Mass Communication, and most recently a College of Medicine, which admitted its freshman class in August, 2009. In addition, the University has created various academic and research centers, including the International Hurricane Research Center, and its sponsored research activity currently exceeds \$100 million annually. The University also owns and operates two museums, the Frost Art Museum at the Modesto A. Maidique Campus and The Wolfsonian Museum in Miami Beach.

Similarly, the University's Intercollegiate Athletics Program has also grown in stature, by obtaining the fastest transition to Division 1-A of any Football program in the nation, transitioning the Men's Basketball program from Division 1-AAA level to Division 1-A, and achieving excellence in other programs, including Women's Volleyball and Women's Tennis. In 2008, the University completed its significant expansion of the FIU Football Stadium, as detailed more fully below, and recently completed construction of a 50,000 sq. ft. Stadium Field House.

Exhibit B FIU Athletics Finance Corporation (Refunding Request) 09/22/09

#### THE PROJECT

The Project is to refinance the Finance Corp.'s outstanding 2007 Bonds, the proceeds of which were used for the acquisition, construction and equipping of the FIU Stadium, including, an approximate 17,000 seat stadium including up to 1,440 club seats, 19 premium suites, a 6,500 square foot Stadium Club, a wraparound concourse and video scoreboard.

In 2007, the Finance Corp. issued Capital Improvement Revenue Bonds pursuant to a trust indenture with a corporate trustee, secured by revenues generated by the Stadium, fundraising activities related to the Stadium and a portion of the athletic fees collected by the University. The Finance Corp also entered into an Operating Agreement with the University pursuant to which the University, through its Athletic Department, agreed to be responsible for the day-to-day management of the Stadium. Par amount for the bonds totaled \$35,000,000 and were issued as \$28,000,000 Series 2007A Tax-Exempt and \$7,000,000 Series 2007B Taxable Bonds (collectively, the "Bonds"). In addition, the corporation is requesting an additional \$1,000,000 in bond financing to pay for costs of issuance of the new bonds and fund any necessary reserves for a total bond financing not to exceed \$36,000,000.

#### FINANCIAL SUFFICIENCY

Currently, the payment of principal and interest on the Bonds is secured by a five-year letter of credit from a commercial bank. As such, the variable interest rates on the Bonds are directly correlated to the financial credit rating of the bank. The Finance Corp. is experiencing significant interest expense increases due to recent downgrades to the bank's credit rating. The Finance Corp. is in negotiation with two commercial banks to refund the \$36,000,000 in outstanding Bonds. The refunding will permit the Finance Corp. to benefit from certain provisions contained in the American Recovery and Reinvestment Act of 2009 (Stimulus Bill) which enables 501(c)(3) organizations, such as the Finance Corp., to designate tax-exempt refunding bonds as "Qualified Tax Exempt Obligations," thereby allowing banks to purchase the bonds and hold them in the bank's loan portfolio, reducing the interest costs to the 501(c)(3) organization.

Audited financial statements for FIU Athletics Finance Corporation for the fiscal years ended June 30, 2007 and 2008 have been provided as well as unaudited financial statements for FIU Athletics Finance Corporation for fiscal year ended June 30, 2009.

#### Information relative to the proposed financial structure includes:

Financial Structure: The Stadium will continue to be operated by the

University pursuant to the April 1, 2007 Operating Agreement between the University and the Finance

Corp.

Security: a) Revenues generated by the Stadium

 Fundraising activities related to the Stadium including corporate sponsorship packages and possible naming rights opportunities

c) Away game guarantees

d) A portion of the athletic fees collected by the

University.

Marketing: Negotiated private placement held by the bank.

#### **LEGAL**

The Stadium is considered a spectator or participatory sports facility generally available to the public within the meaning of Section 159.27(11) of the Florida Statutes. Current federal tax regulations require new public approval and public hearing in connection with the refunding of previously issued tax-exempt bonds. With respect to the taxable bonds, no public hearing is required by federal tax law.

#### ECONOMIC IMPACT

Presently, the University has approximately 40,000 students, 1,100 full-time faculty and close to 135,000 alumni. It is the largest university in South Florida and among the nation's 25 largest colleges and universities. The student body reflects the rich ethnic and cultural diversity of Southeast Florida.

The University's 135,000 alumni constitute the largest university alumni group of any university in Miami-Dade County. Most of the degrees awarded by universities in Miami-Dade County are conferred by the University. Unlike most university graduates, FIU alumni remain in the area; 67 percent choosing to stay in South Florida and 75 percent in Florida.

The University has more than 4,000 full-time employees, making it Miami-Dade County's 7th largest public sector employer. The University has an economic impact of approximately \$1.7 billion on the South Florida economy.

Exhibit B FIU Athletics Finance Corporation (Refunding Request) 09/22/09

Page 4

Opened on September 8, 2008, the FIU Stadium is the only Bowl Championship Subdivision on-campus football stadium south of Orlando, Florida. Additional phases include the recently completed 50,000 square foot R. Kirk Landon Football Fieldhouse, and a proposed 100,000 square foot student support complex at the Stadium that is currently in the planning stages.

In addition to serving as the venue for FIU football home games that are attended by students, faculty, alumni and members of the general public, the FIU Stadium also serves as a venue for community events operated by Miami-Dade County, public and private high schools, and others. The proposed refinancing would permit the University to realize significant cost savings for the benefit of its Intercollegiate Athletics Program, the FIU community, and the South Florida community as a whole.

I.



### FIU ATHLETICS FINANCE CORPORATION BOARD OF DIRECTORS ANNUAL BOARD MEETING

#### THURSDAY, OCTOBER 22, 2015 3:30 P.M.

FLORIDA INTERNATIONAL UNIVERSITY FIU ARENA – 201B

#### **AGENDA**

II. APPROVAL OF THE MINUTES FOR THE
OCTOBER 22, 2015 MEETING
CHAIRMAN DOTSON

III. ITEMS FOR COMMITTEE ACTION
A. ELECTION OF AL LORENZO TO BOARD VACANCY
CHAIRMAN DOTSON
B. APPROVAL OF THE 2015-16 DRAFT AUDITED
JAMES MOORE & CO., P.L.
FINANCIAL STATEMENTS
C. APPROVAL OF THE AMENDMENT TO THE FOOTBALL
TONY VU

STADIUM LOAN DOCUMENTS

IV. INFORMATION ITEMS

CALL TO ORDER

A. ATHLETICS FINANCIAL UPDATE

**BOBBY STAUB/JONATHON EVANS** 

**CHAIRMAN DOTSON** 

V. OTHER BUSINESS (IF ANY)

VI. ADJOURNMENT

THE NEXT BOARD MEETING SCHEDULED FOR **TBD** 



#### FIU ATHLETICS FINANCE CORPORATION BOARD OF DIRECTORS

#### **BOARD MEETING**

#### MONDAY, OCTOBER 17, 2016

SUBJECT:

MODIFICATION OF THE TERMS OF THE MIAMI-DADE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY REVENUE BONDS (FIU FOOTBALL STADIUM PROJECT), SERIES 2009A; AUTHORIZING THE REDEMPTION OF THE AUTHORITY'S REVENUE BONDS (FIU FOOTBALL STADIUM PROJECT), SERIES 2009B; DELEGATION OF SIGNATURE AUTHORITY TO CHAIRMAN OF THE CORPORATION AND/OR THE UNIVERSITY'S CHIEF FINANCIAL OFFICER

#### PROPOSED BOARD ACTION:

Adopt the following Resolution:

WHEREAS, on December 16, 2009, the Miami-Dade County Industrial Development Authority (the "Authority") issued its Revenue Bonds (FIU Football Stadium Project), Series 2009A and Revenue Bonds (FIU Football Stadium Project), Series 2009B (collectively, the "Bonds") pursuant to the terms of a Trust Indenture between the Authority and Regions Bank, as trustee (the "Indenture") the proceeds of which were loaned to the FIU Athletics Finance Corporation ("Corporation") pursuant to the terms of a Loan Agreement between the Authority and the Corporation for the purpose of refinancing the costs of certain capital improvements to the Florida International University football stadium; and

WHEREAS, the Bonds were purchased by and are currently held by Regions Bank (the "Bank"); and

WHEREAS, the Bank has agreed to certain modifications to the terms of the Series 2009A Bonds in accordance with the terms as outlined in the Bank's letter dated May 12, 2016 (the "Term Sheet") and attached hereto as Exhibit A; and

THEREFORE, BE IT RESOLVED that the Board hereby determines that it is in the best interest Corporation to accept the Bank's offer to modify the terms of the Series 2009A Bonds and, in conjunction therewith, cause the Series 2009B Bonds to be repaid in full in accordance with the terms of the Term Sheet.

**BE IT RESOLVED FURTHER**, the Board hereby authorizes the redemption of the Series 2009B Bonds in full subject to the modification of the terms of the Series 2009A Bonds as described in the Term Sheet.

#### Exhibit C

BE IT RESOLVED FURTHER, that the Board hereby delegates to the Chairman of the Corporation and/or the University Treasurer the authority to execute any documents and/or take any such actions as shall be necessary to complete the modification of the Series 2009A Bonds and the redemption of the Series 2009B Bonds on behalf of the Corporation consistent with the terms of the Term Sheet, including but not limited to execution of any amendments to the Loan Agreement, or acknowledgement of changes to the Trust Indenture, and any other agreements, certificates or other documents relating to the modification; and

**BE IT FURTHER RESOLVED** that the Board hereby designates Jonathan Evans as the Assistant Secretary of the Corporation for the limited purpose of attesting to the signature of the University Treasurer on any of the foregoing documents.

FACILITATOR/PRESENTER:

 PHONG Vu CORPORATION TREASURER



Consent Agenda AP1

### THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES

December 1, 2016

Subject: Tenure as a Condition of Employment Nominations

#### **Proposed Board Action:**

Approve four (4) candidates for Tenure as a Condition of Employment (TACOE).

#### **Background Information:**

Pursuant to the Florida Board of Governors Regulation 1.001(5)(a), each board of trustees shall provide for the establishment of the personnel program for all the employees of the university, including but not limited to tenure.

The four TACOE nominees have appropriate qualifications and have completed the required expedited tenue review at FIU by their respective disciplines.

**Supporting Documentation:** Tenure as a Condition of Employment Nominees

Attachment 1 – Tenure as a Condition of Employment

Nominee Bios



Florida International University 2016-2017 Tenure (as a Condition of Employment) Nominations

	College	Department	Proposed Rank
Newton D'Souza Colleg	college of Communication, Architecture + the Arts	Interior Architecture	Associate Professor
Jun Li Colleg	College of Arts, Sciences, and Education	Biological Sciences	Associate Professor
Jacqueline Lynch Colleg	College of Arts, Sciences, and Education	Teaching and Learning	Associate Professor
Kim Tieu Rober	obert Stempel College of Public Health and Social Work	Environmental and Occupational Health	Professor



## Newton D'Souza, Ph.D. Department of Interior Architecture College of Communication, Architecture + the Arts

Dr. Newton D'Souza holds a Ph.D. in architecture from the University of Wisconsin-Milwaukee and a master's degree in design from the National University of Singapore. He was an instructor at the University of Wisconsin-Milwaukee before joining the University of Missouri-Columbia in 2007 as an assistant professor. Dr. D'Souza was tenured at the University of Missouri-Columbia in 2013. He served as the Director of Graduate Studies in the Department of Architectural Studies and as a faculty collaborator at the Immersive Visualization Lab at the University of Missouri-Columbia. He has also practiced as an architect and interior designer in Bangalore, India.

During the past two decades Dr. D' Souza's research and teaching has focused on design cognition, creativity, human factors for design, environment-behavior, and emerging media environments. He is widely published in various journals, including the *Journal of Design Studies* and *Architecture Research Quarterly*.

It is anticipated that Dr. D'Souza's recent book, *The Multi-Skilled Designer: A Cognitive Explanation for Diversity in Architectural Thinking*, will be published in January 2017 by Routledge Publications. At the University of Missouri, he initiated the Creative Convergence Network, which involves a multidisciplinary faculty forum to investigate creative behavior in new media and whose work was recently published in a special section of the *Journal of Design Studies*.

Dr. D'Souza serves as an active member of the Environmental Design Research Association and the Design Thinking Research Symposium. He is a recipient of several grant-funded awards, including MU System Research Board award, MU Research Council Award, and Mizzou Advantage Media of the Future Award. Since 2013, he has received nearly \$350,000 in grant funding and has published nearly 10 books or peer-reviewed publications. Moreover, he has served as a chair and committee member for 12 graduate doctoral committees. Dr. D'Souza has been honored as the recipient of the 2014 *Ernest L. Boyer International Award for Excellence in Teaching, Learning, and Technology*, and has also won two additional awards from the University of Missouri in recognition of his teaching.

Dr. D'Souza is being recommended for Associate Professor in the Department of Interior Architecture.

# Jun Li, Ph.D. Department of Biology College of Arts, Sciences & Education

Dr. Jun Li earned his bachelor's in biochemistry at the Nanjing University in 1991 and his master's degree in molecular biology at the Shanghai Institute of Biochemistry, Chinese Academy of Sciences in 1994. He then worked as a technician at the Shanghai Institute of Plant Physiology and Ecology, Chinese Academy of Sciences, studying rice genome and transgenic cotton. In 1996, he arrived to the United States to pursue his doctoral degree at the Oklahoma State University. He studied biology and computer sciences simultaneously, aiming to use computational technology to resolve biomedical problems. In 2000, he graduated with a Ph.D. in veterinary biomedical sciences and an M.S. in computer sciences. Following his doctoral studies, he worked as an engineer in industry in San Jose, California from 2000 to 2003. Thereafter, he worked as a senior research associate at the University of Minnesota from 2003 to 2010, and as an assistant professor at the University of Oklahoma from 2010 to 2016.

Dr. Li's research interests include genome sequence analysis, genome-wide association, molecular pathways of malaria transmission in mosquitoes, and the development of drugs and vaccines for mosquito transmitted diseases. His current research program focuses on mosquito-transmitted malaria, which is supported by the National Science Foundation Career Award (\$798K) for basic science research and education, the National Institute of Health R21 (\$424K) for vaccine development, and the National Institute of Health R01 (\$2.2M) for drug development. Dr. Li has also received an NIH R56 award (\$365K), NIH project contract (\$80K), and OCAST grant (\$135K). He has published 17 papers in high profile journals, including *Science* and *Proceedings of the National Academy of Sciences*. He has also reviewed many manuscripts for academic journals.

In addition to offering undergraduate and graduate courses in biochemistry and genomics, Dr. Li has served as a member of nine doctoral students' advising committees and four master's level graduate student advising committees. He is the major professor of two doctoral students and one master's student. Dr. Li is an active grant reviewer for NIH Study Sections, state, university, and private funds. Dr. Li is being recommended for Associate Professor in the Department of Biology.

#### Attachment 1

## Jacqueline Lynch, Ph.D. Department of Teaching and Learning College of Arts, Sciences & Education

Dr. Jacqueline (Jackie) Lynch received a B.Ed. (primary) and a M.Ed. in Teaching and Learning from Memorial University of Newfoundland, and a Ph.D. in Language and Literacy Education from the University of British Columbia in 2003. She has received a number of awards throughout her studies, including a dissertation award from the U.S. College Reading Association. Following her studies, she served as a SSHRC post-doctoral research fellow at Michigan State University's Department of Teacher Education from 2003-2005. Dr. Lynch joined York University, Toronto, Canada as an assistant professor in 2005, and obtained tenure and the rank of associate professor in 2010. In 2014, Dr. Lynch was an affiliate associate professor at the College of Education and Human Development, George Mason University, Virginia. She has primary school teaching experience in Canada and South Korea, and was a course director at the University of British Columbia and at Michigan State University.

Dr. Lynch has presented nationally and internationally on language and literacy research, and has published widely in the literacy research field. She has conducted research in early literacy development and family literacy across Canada and in the U.S., and her research findings are published in refereed journals, including the *Journal of Research in Reading, Reading Psychology*, and the *Journal of Early Childhood Literacy*. She is the primary author of the Canadian edition of a language arts text, *Literacy: Reading, Writing and Children's Literature*, to be published by Oxford University Press (release date February 1, 2017). She continues to write about and conducts research in early literacy, family literacy, primary school teaching, and teacher professional development. Her approach to literacy research often stems from a socio-cognitive or sociocultural perspective, and she has a particular interest in working with children of families from low-income backgrounds. At York University, she was active in university and community service, in student supervision, and in teaching at the undergraduate and graduate levels. Dr. Lynch is being recommended for Associate Professor in the Department of Teaching and Learning.

# Kim Tieu, Ph.D. Department of Environmental and Occupational Health Robert Stempel College of Public Health and Social Work

Dr. Kim Tieu completed his bachelor's degree in pharmacy with honors distinction in 1993 at the University of Saskatchewan (Canada). In 1995, he secured a competitive graduate student scholarship, which allowed him to study with a group of researchers at the University of Saskatchewan to investigate the efficacy of newly developed chemicals for the treatment of Parkinson's disease. After obtaining his Ph.D. in 2000, Dr. Tieu joined the laboratory of Dr. Serge Przedborski at Columbia University, to further investigate how brain cells die in Parkinson's disease. In 2004, he joined the University of Rochester Medical Center as an assistant professor, and in January 2013 joined Plymouth University in England as an associate professor to establish the translational research program in Parkinson's disease. In December 2015, Dr. Tieu was promoted to tenured professor.

Dr. Tieu has published landmark studies in the area of Parkinson's disease research in scholarly journals, including the *Journal of Clinical Investigation*. At the University of Rochester Medical Center, he led a group of highly productive students, post-doctoral fellows, and technicians in a study of the pathways by which environmental toxicants and genetic mutations cause Parkinson's disease. The novel and translational impact of his research has resulted in a patent application, which has now entered the final prosecution phase. Additionally, his laboratory has published high impact studies, such as the one in the *Proceedings National Academy of Science* (2011) describing an important discovery of how paraquat (an herbicide that has been linked to Parkinson's disease) caused cell death in the brain. Dr. Tieu's research team demonstrated for the first time that blocking the function of a protein called dynamin-related protein-1 (Drp1), using gene therapy and chemical approaches, dramatically improved the function and viability of brain cells as seen in Parkinson's disease. As principal investigator on numerous studies, Dr. Tieu has received over \$3 million from the NIH and MRC to advance his research.

Dr. Tieu has been productive in research and has published extensively in top ranking journals, as evidenced by his ranking among the top 100 most cited Parkinson's disease investigators worldwide. His total citations so far (excluding self-citations) is 4,714, mean citation/publication is 134, and has an h-index of 24. Furthermore, he serves in various scientific review capacities for journals and funding agencies. In addition to research, Dr. Tieu is being recommended for Professor in the Department of Environmental and Occupational Health.

Consent Agenda AP2

## THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES

December 1, 2016

Subject: New Program Proposal: Limited Access Bachelor of Science in Digital Communication and Media

#### **Proposed Board Action:**

Approve the Limited Access Bachelor of Science in Digital Communication and Media (CIP 09.0702) new program proposal.

#### **Background Information:**

The School of Communication and Journalism in the College of Communication, Architecture + The Arts at Florida International University proposes to offer a new Limited Access Bachelor of Science degree in Digital Communication and Media. This proposal originates from a current major within the BS in Communication. As the current degree program requires a 2.85 GPA for admission, the proposed Limited Access degree will require the same GPA standard. The proposed program would award degrees in an area of strategic emphasis, as identified by the State University System's Board of Governors.

The proposed degree will place the School of Communication and Journalism at the forefront of pedagogical efforts to create new and diverse opportunities for students entering a changing and highly competitive field. The courses being offered in this degree will represent the very latest in research, critical thinking, and professional standards emerging from both academia and industry. While building a skillset attractive to potential employers will be one goal of the curriculum, there will also be strong emphasis on academic rigor and critical, theoretical foundations that will be even more essential for ensuring students are well prepared as the field continues to evolve and change.

Each university board of trustees shall approve for implementation new degree programs at the bachelor's, master's, advanced master's, and specialist levels in accordance with sections (3) and (5) of Florida Board of Governors Regulation 8.011 – *Authorization of New Academic Degree Programs and Other Curricular Offerings.* Additionally, section (3) of Regulation 8.011 states that in a proposal for a baccalaureate program, if limited access status is sought in accordance with Board Regulation 8.013, adequate justification shall exist for such a designation, and evidence shall be provided that diversity, articulation, and workforce issues are appropriately addressed.

Section (1) of Florida Board of Governors Regulation 8.013 – *Limited Access* states in relevant part that the Board of Governors may declare certain degree programs as limited access programs, upon request by university board of trustees.

Supporting Documentation: Executive Summary: Limited Access Bachelor of Science

Digital Communication and Media (CIP 09.0702) New

Program Proposal



#### Proposed B.S. in Digital Communication and Media Department of Journalism + Media College of Communication, Architecture + The Arts Florida International University

#### EXECUTIVE SUMMARY

The School of Communication and Journalism in the College of Communication, Architecture + The Arts at Florida International University is proposing a new Limited Access Bachelor of Science degree in Digital Communication and Media under the Science, Technology, Engineering, and Mathematics (STEM) CIP code 09.0702. This new degree in Digital Communication and Media, currently a major within the BS in Communication, is being proposed in recognition of the rapidly changing communication and media environment confronting communication professionals, academics, and entrepreneurs. Students enrolled in this concentration will be given the critical thinking and technical skills needed for producing digital media content and distributing that content across multiple platforms, engaging diverse audiences through a strong foundation in social media and networking, as well as learning methods and strategies for ensuring their communication attains maximum impact. The School is requesting that the proposed degree model itself after the current degree's 2.85 GPA admission standard, thus it will be considered a limited access program. (See Appendix with rationale and enrollment impact data.)

A degree in Digital Communication and Media is also envisioned as providing core foundational classes for all students pursuing degrees in Communication and Journalism, as the rapid expansion of the Internet and digital media has been transformational for all forms and types of communication. The new degree in Digital Communication and Media is being designed with just a single concentration, which will in turn offer students the flexibility to choose from a number of classes that best fit their interests in the field. This decision is also being made in recognition of the diversity of the field and potential career paths that exist in this varied and expanding discipline.

The BS in Digital Communication and Media will be a critical addition to the degrees being offered by the School of Communication and Journalism and bring the curriculum of the School fully in line with the challenges, opportunities, and demands presented by a rapidly changing industry. Creating a core curriculum in the theories and critical thinking needed to understand the field of digital media and communication will be an essential component for creating a strong intellectual foundation for students enrolled in this degree as well as all degree-seekers in the School. Among the careers that will be available to students graduating with a B.S. in Digital Communication and Media are the following:

- Data Journalist
- Multimedia/Digital Video Storyteller
- Digital Strategist
- Social Media Strategist/Editor
- Community Engagement Manager Digital
- Product Manager
- Audience Metrics and Data Analyst
- Multimedia Experience Developer
- Web Producer, Designer, or Developer
- Web/Mobile Application Developer

Implementatio n Timeframe	Projected Enrollment (From Table 1)		
	НС	FTE	
Year 1	75	56.25	
Year 2	110	82.5	
Year 3	125	93.75	
Year 4	133	99.75	
Year 5	150	112.5	

Projected Program Costs (From Table 2)				
E&G Cost per FTE  E&G Funds  Contract & Grants Funds		Auxiliary Funds	Total Cost	
\$5,534	\$311,288		\$25,670	\$311,200
\$5,331	\$599,724			\$599,724

#### Appendix: Board of Governor's Limited Access Request

If the university intends to seek formal Limited Access status for the proposed program, provide a rationale that includes an analysis of diversity issues with respect to such a designation. Explain how the university will ensure that Florida College System transfer students are not disadvantaged by the Limited Access status. NOTE: The policy and criteria for Limited Access are identified in Board of Governors Regulation 6C-8.013.

The University does intend to seek formal Limited Access status for the B.S. in Digital Communication and Media. The proposed admission requirements include a 2.85 GPA and successful completion of three upper division courses. The degree will be a professionally oriented program and like most other professional programs- Business, Architecture, Arts - we often need to limit access to engage only those students serious about skills-building in those professions. The nature of much of the instructional material means that classes must be of a size that allows regular feedback opportunities and strong mentor relationships between faculty and students. Such mentoring cannot take place in large, traditional classroom structures. Because much of the work of our students has both audio and visual components, students must also have adequate space and time in which to pursue their work and classes must be limited to the number that the faculty can reasonably support. As such, we teach a number of very specific, skill-focused classes that require low enrollment. Additionally, the official accrediting body for the School of Communication and Journalism, the Accrediting Council on Education in Journalism and Mass Communication (ACEJMC), recommends 15 students in skills classes and prohibits more than 20.

The above admission requirements were already in place for the existing BS in Communications degree in which this proposed new degree program was originally a major of Digital Media Studies. The enrollment numbers of the current major indicate that Transfer Students from the Florida College System (FCS) is 50 and this is almost double in number compared to FTIC students – 30 - who are enrolled in the upper division. Given that the School is maintaining their current requirements for the BS in Communication for the newly proposed BS in Digital Communication and Media, the impact on FCS students will not limit their acceptance in the program compared to other students seeking admission.

The current major, which will become the degree, has a very diverse student population. The race/ethnicity breakdown for the 86 upper division digital media studies' students (fall 2016) includes the following: 75.58% Hispanic (65), 3.39% White Non-Hispanic (3), and 12.79% Black or African American (11). Given FIU's status as an Hispanic Serving Institution, and the current major from which this new degree will draw has been very diverse, we do not believe the continuation of these admission policies will adversely affect the new degree's diversity.



Consent Agenda AP3

## THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES

December 1, 2016

Subject: New Program Proposal: Limited Access Bachelor of Science Public Relations, Advertising, and Applied Communication

#### **Proposed Board Action:**

Approve the Limited Access Bachelor of Science Public Relations, Advertising, and Applied Communication (CIP 09.0900) new program proposal.

#### **Background Information:**

The College of Communication, Architecture + Arts proposes to offer a Limited Access Bachelor of Science in Public Relations, Advertising, and Applied Communication. This proposal originates from a current major within the BS in Communication. As the current degree program requires a 2.85 GPA for admission, the proposed Limited Access degree will require the same GPA standard. The proposed program would award degrees in an area of strategic emphasis, as identified by the State University System's Board of Governors.

The proposed program will produce more well-trained professionals with global orientation who will drive this economic growth and the ever-increasing business cooperation. In addition, equipping students with the knowledge and skills to communicate effectively with culturally diverse audiences addresses the increasing cultural diversity of the U.S. population. More than ever before, advertising and public relations agencies need to develop expertise in identifying the unique needs of each cultural segment and address them in their strategic communication.

Each university board of trustees shall approve for implementation new degree programs at the bachelor's, master's, advanced master's, and specialist levels in accordance with sections (3) and (5) of Florida Board of Governors Regulation 8.011 – *Authorization of New Academic Degree Programs and Other Curricular Offerings.* Additionally, section (3) of Regulation 8.011 states that in a proposal for a baccalaureate program, if limited access status is sought in accordance with Board Regulation 8.013, adequate justification shall exist for such a designation, and evidence shall be provided that diversity, articulation, and workforce issues are appropriately addressed.

Section (1) of Florida Board of Governors Regulation 8.013 – *Limited Access* states in relevant part that the Board of Governors may declare certain degree programs as limited access programs, upon request by university board of trustees.

Supporting Documentation: Executive Summary: Limited Access Bachelor of Science

Public Relations, Advertising, and Applied Communication

(09.0900) New Program Proposal



# Proposed B.S. in Public Relations, Advertising, and Applied Communication Department of Communication College of Communication, Architecture + The Arts Florida International University

#### **EXECUTIVE SUMMARY**

The College of Communications, Architecture + The Arts is proposing to offer a Limited Access B.S. in Public Relations, Advertising, and Applied Communication. We currently offer majors both in Advertising and Public Relations under the school-wide B.S. in Communication. Currently there are almost 500 upper division majors in these very robust programs. Working with both industry and students, it was determined that the major was insufficient and that a separate degree is warranted. The new degree is also different from others offered in the SUS because FIU is located in a hub of Hispanic and multicultural marketing, and where major international advertising and public relations agencies have their Latin American headquarters. This provides unique opportunities for students to access mentors, guest speakers, and internships. The School is requesting that the proposed degree model itself after the current degree's 2.85 GPA admission standard, thus it will be considered a limited access program. (See Appendix with rationale and enrollment impact data.)

Careers in strategic communication with a global focus and the opportunity to take on areas of concentration in strategic disciplines are in line with the mission and strategic plan of FIU. This degree will prepare students to work in marketing communication fields, including advertising and public relations, as well as media sales and management, areas identified as priorities in the county's Beacon Council's "One Community One Goal" targeted industry strategic plan. In the context of the thriving strategic communication industry in South Florida, the University will gain increased recognition as a leader in this industry, attracting top candidates looking specifically for this strategic degree rather than a generic professional degree in communication. The proposed program addresses one of the gap areas identified by the SUS, which means that there are more jobs in the state of Florida than students graduating with the corresponding degree. This is true particularly in South Florida, where there are hundreds of advertising and public relations agencies serving a broad and diverse market, and where dozens of global firms have their Latin American headquarters. A search for jobs in public relations in South Florida on job posting site indeed.com yielded 1,024 open positions in November 2015, and 893 in advertising. The new program will engage local employers and professionals to a greater degree as we build an advisory board and robust internship structure specifically for students in the new degree. This will increase recognition and engagement among businesses and community members, facilitating access of our graduates to the job market.

Implementatio n Timeframe	Projected Enrollment (From Table 1)	
	НС	FTE
Year 1	364	273
Year 2	410	308
Year 3	470	353
Year 4	566	425
Year 5	588	441

Projected Program Costs (From Table 2)				
E&G Cost per Funds FTE  Contract & Grants Funds Funds  Contract Funds Funds				
\$1,212	\$330,997			\$330,997
\$1,502	\$661,995			\$661,995

#### Appendix: Board of Governor's Limited Access Request

If the university intends to seek formal Limited Access status for the proposed program, provide a rationale that includes an analysis of diversity issues with respect to such a designation. Explain how the university will ensure that Florida College System transfer students are not disadvantaged by the Limited Access status. NOTE: The policy and criteria for Limited Access are identified in Board of Governors Regulation 6C-8.013.

The University does intend to seek formal Limited Access status for the B.S. in Public Relations, Advertising, and Applied Communication. The proposed admission requirements include a 2.85 GPA and successful completion of three upper division courses. The degree will be a professionally oriented program and like most other professional programs- Business, Architecture, Arts - we often need to limit access to engage only those students serious about skills-building in those professions. The nature of much of the instructional material means that classes must be of a size that allows regular feedback opportunities and strong mentor relationships between faculty and students. Such mentoring cannot take place in large, traditional classroom structures. Because much of the work of our students has both audio and visual components, students must also have adequate space and time in which to pursue their work and classes must be limited to the number that the faculty can reasonably support. As such, we teach a number of very specific, skill-focused classes that require low enrollment. Additionally, the official accrediting body for the School of Communication and Journalism, the Accrediting Council on Education in Journalism and Mass Communication (ACEJMC), recommends 15 students in skills classes and prohibits more than 20.

The above admission requirements were already in place for the existing BS in Communications degree in which this proposed new degree program was originally two majors (Advertising and Public Relations). The enrollment numbers of the current major indicate that Transfer Students from the Florida College System (FCS) is 263 and this is about one-third more in number compared to FTIC students – 184 - who are enrolled in the upper division. Given that the School is maintaining their current requirements for the BS in Communication for the newly proposed BS in Public Relations, Advertising, and Applied Communication, the impact on FCS students will not limit their acceptance in the program compared to other students seeking admission.

The current major, which will become the degree, has a very diverse student population. The race/ethnicity breakdown for the 496 upper division advertising and public relations' students (fall 2016) includes the following: 77.62% Hispanic (385), 6.8% White Non-Hispanic (34), and 7.06% Black or African American (35). Given FIU's status as an Hispanic Serving Institution, and the current majors from which this new degree will draw has been very diverse, we do not believe the continuation of these admission policies will adversely affect the new degree's diversity.



Consent Agenda AP4

## THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES

December 1, 2016

Subject: New Program Proposal: Master of Science in Data Science

#### **Proposed Board Action:**

Approve the Master of Science in Data Science (CIP 11.9999) new program proposal.

#### **Background Information:**

The School of Computing and Information Sciences is proposing to offer an interdisciplinary program that offers broad and deep technical training in data science, drawing on faculty expertise from five different colleges/schools across both of FIU's main campuses, allowing for specialization in several key application areas of importance to industry, and training students from a wide variety of disciplines. The proposed program would award degrees in an area of strategic emphasis, as identified by the State University System's Board of Governors.

An innovative MS – Data Science program at FIU will be of great value, contributing a supply of well-trained professionals able to address industry needs related to data-driven decision-making. The program will also provide an environment for synergistic multidisciplinary research and education in broad areas of data analytics as applied to public health, engineering, business, tourism and hospitality industries, as well as in increasingly data-intensive areas like forensics and social sciences, and will facilitate collaboration among academic, government, and industry entities.

Each university board of trustees shall approve for implementation new degree programs at the bachelor's, master's, advanced master's, and specialist levels in accordance with sections (3) and (5) of Florida Board of Governors Regulation 8.011 – *Authorization of New Academic Degree Programs and Other Curricular Offerings*.

**Supporting Documentation:** Executive Summary: Master of Science in Data Science (CIP 11.9999) New Program Proposal



#### New Degree Proposal: Master of Science in Data Science School of Computing & Information Sciences College of Engineering and Computing Florida International University

#### **EXECUTIVE SUMMARY**

The College of Engineering and Computing at Florida International University is proposing to offer an interdisciplinary program that offers broad and deep technical training in data science, drawing on faculty expertise from five different colleges/schools across both of FIU's main campuses, allowing for specialization in several key application areas of importance to industry, and training students from a wide variety of disciplines. This program addresses a critical need facing the marketplace. Data Science has been recently hailed as one of the fastest growing fields in terms of the number of job openings. The proposed program will prepare the students for the global marketplace where major decisions in every discipline are becoming increasingly "data-driven".

The MS – Data Science program will be a face-to-face program aimed at students with sound analytical skills holding a Bachelor's degree in Computer Science, Computer Engineering, Statistics, Healthcare Management, Management Information Systems, or related disciplines. The interdisciplinary MS degree program in Data Science will have a common core involving four courses in Computing and Statistics plus a Capstone course. The elective courses are offered as separate specialization tracks to prepare students to become data scientists with specializations in areas such as Computational Data Analytics, Business Data Analytics, Hospitality Data Analytics, and Biostatistics Data Analytics. With the express goal of giving students professional experience and making them better prepared for the marketplace, the proposed program also includes a Capstone course where students will pursue a discipline-specific and industry-relevant project in data analytics.

The program will directly support SUS goals in Teaching & Learning, specifically advancing the strategic priority of increasing the number of graduate STEM degrees in the critical area of data science. It will also directly support SUS goals in Community & Business Engagement by increasing the community workforce in this area, and it will indirectly support SUS goals in Scholarship, Research, & Innovation though its innovative curriculum which will focus both faculty and graduate students on the key concepts and technologies needed to address the deep challenges of data analytics.

The MS – Data Science program will be attractive to a large body of students from South Florida, including both new graduates in data-intensive disciplines and skilled professionals in many disciplines, especially those in the healthcare, finance, insurance, trade, shipping, urban planning, business analytics, and tourism industries.

Implementation Timeframe	Projected Enrollment (From Table 1)		
	НС	FTE	
Year 1	34	21.25	
Year 2	87	43.75	
Year 3	120	58.44	
Year 4	134	62.81	
Year 5	134	62.81	

Projected Program Costs (From Table 2)					
E&G Cost per FTE	per E&G & Grants Auxiliary Funds				
\$7,516	\$159,72 2	0	0	\$159,722	
\$4,360	\$273,89 2	0	0	\$273,892	

AP5 Consent Agenda

#### THE FLORIDA INTERNATIONAL UNIVERSITY **BOARD OF TRUSTEES**

December 1, 2016

Subject: New Program Proposal: Doctor of Philosophy in Applied Mathematical **Sciences** 

#### **Proposed Board Action:**

Approve the Doctor of Philosophy in Mathematical Sciences (CIP 27.0301) new program proposal.

#### **Background Information:**

The College of Arts, Sciences & Education proposes to offer a Doctor of Philosophy in Applied Mathematical Sciences. The proposed program would award degrees in an area of strategic emphasis, as identified by the State University System's Board of Governors.

The main goal of the program is to train and produce knowledgeable scholars with a higher level of problem solving skills than in traditional Ph.D. programs in mathematics. Besides working in academia at a university or community college, a graduate with a doctorate degree in applied mathematical sciences has wide employment opportunities. There is an increasing demand by major companies and governmental agencies for highly skilled mathematical scientists.

Each university board of trustees shall approve for implementation new degree programs at the bachelor's, master's, advanced master's, and specialist levels in accordance with sections (3) and (5) of Florida Board of Governors Regulation 8.011 – Authorization of New Academic Degree Programs and Other Curricular Offerings.

Supporting Documentation: Executive Summary: Doctor of Philosophy in Applied



# New Program Proposal: Ph.D. in Applied Mathematical Sciences Department of Mathematics and Statistics College of Arts, Sciences & Education Florida International University

#### **EXECUTIVE SUMMARY**

The College of Arts, Sciences & Education at Florida International University is proposing to offer a Ph.D. in Applied Mathematical Sciences. The program will be housed in the Department of Mathematics and Statistics. This broad-scope degree program will have an emphasis on applications within mathematics and statistics. It will prepare students for careers in academia, government agencies, high tech, and biomedical industries.

The Applied Experience Component (AEC) is unique to this program and is not found in any other doctoral program in mathematics in Florida. In addition to acquiring skills in work outside academia, the AEC is an opportunity to introduce students to potential employers. A recent Wall Street Journal article found that Mathematician, Actuary, and Statistician were the top three professions. The following quote from the article summarizes the centrality and expectations of mathematical discoveries: "The mathematical modeling of humanity promises to be one of the great undertakings of the 21st century." Besides the production of highly qualified scholars that can educate the future generations of STEM students, the graduates of this program will also contribute to emergence of new businesses and industries in Florida. According to the most recent annual report of the American Mathematical Society for the new doctoral recipients awarded in the mathematical sciences at U. S. universities, 93.9% are employed. Employment distribution is as follows: Academia 47%; Business and Industry 34%; Research Labs 13%; Government 6%. A previous study of the AMS finds that the number of Ph.D. awarded has increased more than 53% over the last ten years and is expected to grow. According to the Florida Chamber of Commerce, the state currently has 55,000 unfilled STEM positions. The proposed Ph.D. program will help address this shortage. The demand for students graduating from the proposed program is clear at the local, state, and national levels.

The proposed Ph. D. program is directly aligned with the goals contained in the BOG Strategic Plan for 2012-2025. The program directly supports the three goals <u>Excellence</u>, <u>Productivity</u>, and <u>Strategic Priorities</u> in the categories <u>Teaching & Learning</u> and <u>Scholarship</u>, <u>Research</u>, <u>& Innovation</u>. The program directly supports the third goal (Strategic Priorities) and indirectly the first two (Excellence and Productivity) in the category <u>Community & Business Engagement</u>.

According to the most recent annual report of the American Mathematical Society for the new doctoral recipients awarded in the mathematical sciences at U. S. universities, only 2.7% are African Americans and only 3.1% are Hispanics. The following quote taken from the report of Dr. Emile Straube, the external reviewer of this proposal,

draws attention to the unique opportunity at hand "The American Mathematical Society reports that of the 863 new Ph.D. graduates in Mathematics from July 2011 to July 2012 who were US citizens, only 33 were Hispanics, and only 28 were African American". Given the demographics of FIU's student body and of the greater Miami area, the department is poised to become the leading producer of Hispanic Ph.D.s in Mathematical Sciences, with the attendant national recognition

Among the 115 universities in the Carnegie ratings as "R1: Doctoral Universities-Highest Research Activity" only three universities (including FIU) do not offer a Ph.D. program in Mathematical Sciences. In Florida, FIU is the only large university without a Math Ph.D., and at FIU Math is the only major STEM field with no Ph.D. A Ph.D. program in Mathematical Sciences will enhance the research environment both in the department and in other departments. Graduate students will often assist in the research programs of the faculty both in math and in other departments

A Ph.D. program in Mathematical Sciences at FIU will provide the Department with a unique opportunity to significantly contribute to the wide-ranging University "Student Success" initiative. The Ph.D. program will train young mathematicians for careers as professional researchers and educators of the 21st century. Tomorrow's STEM workforce, particularly in mathematical sciences, must be diverse to cover the wide spectrum of societal needs. FIU's location puts it at the heart of the Hispanic community and can thus provide a hub of educators of Hispanic students.

Implementation Timeframe	Projected Enrollment (From Table 1)		
	НС	FTE	
Year 1	4	3	
Year 2	8	6	
Year 3	13	10	
Year 4	18	14	
Year 5	20	16	

Projected Program Costs (From Table 2)				
E&G Cost per FTE	E&G Funds	Contract & Grants Funds	Auxiliary Funds	Total Cost
\$21,106	\$63,318	\$41,000		\$104,318
\$17,017	\$272,274	\$145,000		\$417,274

Consent Agenda G1-A

### THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES

December 1, 2016

Subject: Proposed Amendment to the Bylaws of the FIU Foundation, Inc.

#### **Proposed Board Action:**

Approve amendments to the Florida International University Foundation Inc. Bylaws.

#### **Background Information:**

On October 22, 2016, the Florida International University Foundation Inc. Board of Directors (the "FIU Foundation, Inc.") approved amendments to the Foundation's Bylaws. These amendments were made following the Florida Supreme Court's decision in <u>Plancher v. UCF Athletics Association, Inc.</u>, 175 So. 3d 724 (Fla. 2015), and the FIU Board of Trustees' ("BOT") approval of amendments to the FIU Regulation on Direct Support Organizations (FIU-1502) at its meeting on September 1, 2016, as a result of the referenced case.

The FIU BOT must approve any amendments to the FIU Foundation, Inc. Bylaws before their becoming effective.

Regulation FIU-1502 Direct Support Organizations (2)(a) provides that any amendments to the Articles of Incorporation or Bylaws must be submitted by the President of the University to the BOT for approval prior to becoming effective.

Article 10, Section 1 of the FIU Foundation Inc. Bylaws provides that any amendment to the Bylaws, approved by the Board, shall be submitted by the University President to the Board of Trustees for approval prior to its effective date.

**Supporting Documentation:** Proposed Amendment to the Bylaws of the Florida

International University Foundation, Inc.



# FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION INC. A Florida Not For Profit Corporation (The "Foundation")

#### **BYLAWS**

As Amended and Restated the [22<sup>nd</sup> day of October, 2016]

#### ARTICLE 1. BOARD OF DIRECTORS.

<u>Section 1. Governance</u>. In accordance with Article 5 of the Articles of Incorporation of the Foundation, the affairs of the Foundation shall be managed by and under the direction of the Board of Directors (the "Board") and by various Officers and committees thereof as powers may be delegated to such Officers and committees by these Bylaws or by Resolution of the Directors. Members of the Board shall be the sole voting members of the Foundation and shall be called "Directors."

<u>Section 2. Number and Qualifications of Directors</u>. The Directors shall include three categories of members:

- (i) Elected Members. The Directors shall elect from the nominations of the Membership & Board Management Committee, or from nominations made from the floor, a total of not less than twenty-eight (28) and not more than sixty (60) members in accordance with the nomination and election procedures specified by these Bylaws. Each Director shall have demonstrated outstanding qualities of leadership and managerial ability and a serious personal intention to promote the advancement of higher education and Florida International University ("the University") through dedicated service to the Foundation. Each Director should set an example of charitable interest in the University and the Foundation which alumni and other friends of the University may emulate. To that end, each elected member of the Board shall contribute to the Foundation, at a minimum, an annual membership gift, the amount of which shall be recommended by the Executive Committee and approved by the Board at the Annual Meeting, and which shall be paid to the Foundation by each Director during the first quarter of each fiscal year of membership. In addition, each Director shall either make a donation, or get others to make donations, annually in the amount established by the Board at its Annual Meeting. Directors shall be expected to participate in University functions and events whenever reasonable and practicable and act as an emissary to promote and advance the goals of the University.
- (ii) <u>Officers</u>. The Directors shall elect a Chairperson of the Board ("Chairperson"), up to two (2) Vice Chairpersons, Secretary and Treasurer from among its membership. The Chairperson may appoint an Assistant Secretary and Assistant Treasurer to provide administrative support.

(iii) Designated Ex Officio Members. The Directors shall include among their members the persons who hold the following offices during the time they hold such offices: the President of the University or his designee, a Faculty representative from the Faculty Senate recommended by the President after consultation with the Faculty Senate Chairperson, the President of the Student Government Council who is not serving on the Board of Trustees, the President of the Alumni Association, the Chairperson of the FIU President's Council, and others who may be designated by the Directors from time to time ("Ex Officio Members"). The Chairperson of the University Board of Trustees may appoint a representative to the Board and the Executive Committee as an Ex Officio Member. The President of the University may also appoint other members of the University administration, faculty, student body or public to serve on the Board and the Executive Committee as Ex Officio Members, for such terms as may be designated by the President of the University. Ex Officio members shall have the right to vote and shall be counted towards quorum.

Section 3. Terms of Service. A newly elected Director, who has not previously been a Director, shall be elected to serve for one Board calendar year. If the initial term of service is less than 6 months, the Director shall continue to serve during the next calendar year before being elected to any subsequent term. Following the initial year, he/she may be elected for up to a two-year term, followed by two three-year terms before having to rotate off the Board for a minimum of one year. Directors shall be eligible to serve for nine (9) years before having to rotate off the Board for one (1) year. Terms of service shall begin immediately after election. With respect to any Director whose tenure also includes service to the Foundation as an Officer, the term limits set forth herein shall be extended commensurate with the period of time of the Director's service as an Officer. Ex Officio Members shall serve (i) so long as s/he holds the office or the position which resulted in placement on the Board; (ii) for the term designated by the Chairman of the University Board of Trustees or the President of the University, as the case may be; or (iii) until removed by the office having made the appointment of such Ex Officio Member (i.e., the Chairman of the University Board of Trustees or the President of the University, as the case may be).

Section 4. Election. The Board shall elect new members to fill expiring and vacant terms at the Annual Meeting of the Directors to be held in May or June of each year. Directors may elect additional members at any other regular or special meeting of the Directors, as provided in these Bylaws. Nominations for Directors shall be made by the Membership & Board Management Committee, as described in Article 3 of the Bylaws.

<u>Section 5. Vacancies</u>. Vacancies occurring during a term may be filled by the Directors at any regular or special meeting of the Directors, as provided in Section 4 of Article 1 of these Bylaws.

Section 6. Meetings. Regular meetings of the Board shall be held at least three times a year. One such meeting shall be held in May or June of each year and such meeting shall be the Annual Meeting of the Directors when new Directors and Officers shall be elected and take office, subject to other provisions of these Bylaws. Notice to the public of Regular meetings, Committee meetings, and Special meetings of the Board will be given by posting on the Foundation's website at <a href="https://give.fiu.edu/">https://give.fiu.edu/</a> not less than seven (7) days before the meeting and will include a statement of the general subject matters to be considered. Notice to each Director shall be emailed or faxed to each Director not less than seven (7) days prior to each meeting. Special meetings may be called by the Chairperson, the President of the University or his designee, or by any three (3) Directors and the agenda for special meetings shall be limited to matters listed in the written notice of the special meeting.

Emergency Meetings: An emergency meeting of the Board may be called by the Chairperson or a Vice Chairperson in the Chairperson's absence, upon as much notice as is reasonably possible but not less than twenty-four (24) hours notice whenever, in the opinion of the Chairperson or Vice Chairperson, an issue requires immediate Board action. Whenever such emergency meeting is called, the Chairperson will notify the Secretary. The Secretary will immediately serve either verbal or written notice upon each member of the Board, and shall provide notice to the public, by any procedure that is fair under the circumstances, stating the date, hour and place of the meeting and the purpose for which the meeting has been called. No other business will be transacted at the meeting unless additional emergency matters are agreed to by a majority of those Board members in attendance. The minutes of each emergency meeting will show the manner and method by which notice of such emergency meeting was given to each member of the Board and to the public.

<u>Executive Session</u>: The Legislature has provided limited exemptions from the Sunshine law for certain meetings because of the confidential material that must be discussed. When the Board decides to avail itself of any such exemption, it will do so by convening an executive session of the Board.

#### A. Pending Litigation:

Meetings to discuss pending litigation in which the Board is presently a party before a court or administrative agency may be held in executive session outside the Sunshine, provided the following procedures and conditions are met.

- 1. Counsel for the Board must advise the Board at a public meeting that he or she desires an executive session and must state the basis therefore.
- 2. Only Board members, the Board's attorney(s) and the President of the University may attend a closed executive session to discuss pending

litigation. Staff members or consultants are not permitted to attend. The Board must give advance public notice, pursuant to its procedures, of the time and date of the executive session, and must identify the names of the persons who will be attending the closed session.

- 3. The session must commence with an open meeting at which the Chairperson or his/her designee shall announce the commencement of the meeting, the estimated length of the closed executive session, and the names of the persons attending. At that point, the meeting is closed to all except those whose names have been announced. The executive session may then commence. At the conclusion of the executive session, the meeting must be reopened to the public and the person chairing the meeting shall announce the termination of the closed executive session.
- 4. A certified court reporter must record the entire executive session. The reporter must record the times of commencement and termination of the executive session; all discussions and proceedings; the names of all persons present at any time; and the names of all persons speaking. No portion of any executive session may be held off the record. The Board must have the court reporter's notes fully transcribed, and the transcript filed with its records custodian. The transcript is exempt from Florida's public records law, and is not to be disclosed until the litigation concludes. Upon the conclusion of the litigation, the transcript becomes part of the public record.
- 5. The subject matter of the closed session must be confined to settlement negotiations or strategy sessions related to litigation expenditures. The Board may not go beyond these strict parameters. No final action, no vote, and no decisive action may be taken during the closed session. Any final decision to settle a lawsuit, for a certain amount of money, or under certain conditions, is a decision that must be voted upon in a public meeting.

<u>Section 7. Quorum</u>. A quorum of the Directors shall be one-third of the voting Directors holding office at the time of the vote. A quorum must be present to transact the business of the Foundation at a meeting.

<u>Section 8. Voting</u>. Each Director shall have one vote. When a quorum is present at the meeting, all questions shall be decided by majority vote of the voting Directors present, except as otherwise provided in these Bylaws.

<u>Section 9. Proxies</u>. Proxies, general or special, shall not be accepted for any purpose in the meetings of the Directors or committees.

Section 10. Telephonic Meetings. Meetings of the Directors and of committees may be conducted by conference telephone or similar communications facilities, in the same manner as if the meeting were held in person, if the Chairperson or the Chairperson of the Committee determines it is appropriate and is in full compliance with all requirements of the Sunshine Law. The notice of any meeting conducted by means of telephone or similar communication facilities will state where and how members of the public may gain access to the meeting.

Section 11. Resignation or Removal. A Director may resign at any time by giving written notice to the Chairperson, the CEO of the Foundation or the Secretary of the Foundation. Any such resignation shall take effect at the time specified therein or, if no time is specified therein, upon its acceptance by the Board. Any Director who is not present for three (3) regular meetings of the Board during a fiscal year, or who otherwise fails to meaningfully participate as a Director in accordance with the provisions of these Bylaws, shall be placed on probation. The Membership & Board Management Committee, in consultation with the Chairperson and the CEO of the Foundation, shall determine whether to remove the Director from the Board or continue his/her probationary period. In addition, any Director may be removed from office by a two-thirds vote of all of the Directors present or no less than fifteen (15) members, effective as of the date of such vote.

#### ARTICLE 2. OFFICERS.

<u>Section 1. Titles</u>. The Officers of the Foundation, who also serve as Officers of the Board of the Foundation, shall be: a Chairperson, up to two (2) Vice Chairpersons, a Secretary, a Treasurer, and such other officers as the Board may determine.

<u>Section 2. Election</u>. The Chairperson, Vice Chairperson(s), Treasurer and Secretary shall be elected at the Annual Meeting of the Directors from nominations submitted to the Directors by the Membership & Board Management Committee, or from nominations from the floor. No Officer may hold more than one Foundation office concurrently.

Section 3. Term of Service. Each Officer shall be elected for a term of one year and shall be eligible to succeed himself/herself for no more than two (2) additional terms, except as may be otherwise extended for one additional year if approved by the recommendation of the Membership & Board Management Committee and the affirmative vote of two-thirds of the voting Directors present. In the event any officer is elected to fill a vacancy at any regular meeting other than the Annual Meeting of the Directors, the term for filling that vacancy shall not be counted towards the term limits set forth herein.

<u>Section 4. Vacancies</u>. In case any vacancy occurs in an elected office, an election shall be held at the first regular or special meeting of the Directors after such vacancy occurs and nominations may be received directly from the floor to fill such vacant positions. Notice of such vacancy and scheduled election must be given in the same manner as notice for regular or special meetings.

<u>Section 5. Resignation and Removal.</u> An Officer of the Foundation may resign at any time by giving written notice to the Board, the Chairperson or the Secretary of the Foundation. Any such resignation shall take effect at the time specified therein or, if no time is specified therein, upon its acceptance by the Board. Any Officer may be removed from office by a two-thirds vote of all of the Directors present or no less than fifteen (15) members, effective as of the date of such vote.

#### Section 6. Powers and Duties.

- (i) <u>Chairperson of the Board</u>. The Chairperson shall preside at all meetings of the Board and Executive Committee, and perform all other duties as may from time to time be assigned by the Directors or the Executive Committee. Among the Chairperson's powers and duties, without limitation, are to appoint the members and Chairpersons of all Standing Committees established by the Directors, except when members or Chairpersons may be designated by these Bylaws; name Special Committees and appoint their members and Chairpersons; appoint, a person to serve as Registered Agent for the Foundation; represent the Foundation at official functions of the University and elsewhere as he/she may determine proper; and present a report of the activities of the Foundation and the conduct of his/her office at the Annual Meeting which occurs when his/her term of office expires. The Chairperson shall report to the Board and the University President.
- (ii) <u>Vice Chairperson(s)</u>. The Vice Chairperson(s) shall be responsible for assisting the Chairperson in any way so designated by the Chairperson and shall serve as temporary Chairperson in the Chairperson's absence. Vice Chairpersons shall perform such other duties as may from time to time be assigned by the Chairperson, the Directors or the Executive Committee.
- (iii) <u>Secretary</u>. The Secretary shall be responsible for the maintenance and management of the Foundation's activities as may be required by the Chairperson, the Directors or the Executive Committee. He/she shall have charge of the Foundation's corporate records and corporate seal; record the minutes of all meetings of the Directors, Executive Committee and other committees; give and serve notice of meetings as required by these Bylaws; and perform such other duties as may be assigned to him/her by the Chairperson, the Board or the Executive Committee. The Secretary may delegate part of his/her duties to an Assistant Secretary as set forth in Article 5 below.

(iv) <u>Treasurer</u>. The Treasurer shall serve as Chairperson for the Finance Committee; approve all day-to-day disbursements by the Foundation; have custody of all of the funds and financial records of the Foundation; disburse funds upon instruction of the Directors or the Executive Committee; keep full and accurate accounts of all funds, together with the report of the annual audit; present a financial report for the Foundation at each meeting of the Directors and an annual financial report at the Annual Meeting; file all financial reports required by Federal and Florida law, regulation, rule or established procedure; and perform such other duties as may be assigned to him/her by the Chairperson, the Board or the Executive Committee. The Treasurer may delegate part of his/her duties to an Assistant Treasurer as set forth in Article 5 below.

#### ARTICLE 3. COMMITTEES.

Section 1. Designation and Appointment of Committees. Committees of the Board shall either be Standing Committees, as designated by these Bylaws, or Special Committees, as established by the Chairperson. Standing Committees or Special Committees shall have the power to establish Sub-Committees. The Chairperson of the Foundation shall appoint the members of all committees and designate their chairpersons, except as otherwise specified by these Bylaws. A majority of the members of Standing Committees, Special Committees and of any sub-committees must be Directors. All members of the committees shall have voting rights. One-third of the voting members of any Committee, except the Executive Committee as provided for below in these bylaws, shall constitute a quorum and a majority vote of the voting members of the Committee present, after a quorum has been declared, shall be required to enact business of the Committee. The actions of any committee shall be subject to review and approval by the Executive Committee, and to confirmation by the Board at its next ensuing meeting, except when the power to act is specifically granted to a committee by these Bylaws or by action of the Directors or Executive Committee. Each committee shall keep approved minutes and submit them to the Directors for review. Committees shall present an annual plan at the first meeting of the Board for the Foundation's calendar year.

### <u>Section 2. Standing Committees</u>. The Directors shall have the following Standing Committees:

(i) <u>Executive Committee</u>. The Executive Committee of the Directors of the Foundation shall have and may exercise all powers and authority of the Board when the Directors are not in session, subject only to such restrictions or limitations as the Directors may from time to time specify, except that the Executive Committee shall have no authority to alter, amend, or repeal the Articles of Incorporation or Bylaws of the Foundation, to remove Directors or Officers or to elect Officers. The Executive

Committee may elect Directors that have been recommended by the Membership & Board Management Committee, provided that the Membership & Board Management Committee circulates its recommendations to the full Board prior to the Executive Committee meeting where new directors will be elected. The Executive Committee shall meet at the call of the Chairperson of the Directors. A majority of the voting members of the Executive Committee shall constitute a quorum and a majority vote of the voting members of the Committee present, after a quorum has been declared, shall be required to enact business of the Executive Committee. When urgency precludes a formal meeting, matters may be handled by telephone in accordance with provisions of these Bylaws and the requirements of Florida law regarding meetings of the Directors. All actions of the Executive Committee shall be reported to the Directors at the next ensuing meeting of the Board, or when deemed sufficiently important by the Chairperson and the University President, such actions shall be reported to the Directors within thirty (30) days after such action is taken, or at a meeting of the Directors if a meeting is held within that period of time. All actions of the Executive Committee shall be included in the minutes of the Board. Members of the Executive Committee shall be the Chairperson, Vice Chairperson(s), Treasurer and Secretary of the Foundation, the President of the University or his designee, the Chairpersons of each standing committee, and two (2) additional members as may be designated by the Chairperson, and any Ex Officio Members appointed to the Executive Committee by the President in accordance with Section 2(iii) hereof. The University President shall participate at Executive Committee meetings in a non-voting capacity in the event he or she appoints a designee to serve on the Board and Executive Committee.

- (ii) <u>Development Management Committee</u>. The Development Management Committee shall review, approve and recommend to the Directors all major fundraising initiatives and campaigns undertaken by the Foundation or the University and each of its components; carry out a regular fundraising program and coordinate the efforts of the Development Sub-Committee; prepare policies and strategies for the solicitation, receipt, acknowledgment, stewardship and recognition of financial support; and prepare standards for gift recognition including, without limitation, endowed chairs, endowed professorships, endowed lectureships, endowed scholarships, the naming of colleges, schools, centers, buildings, areas and other significant facilities and activities of the University, recognizing, however, that only the University Board of Trustees has the ability to recommend that state buildings and facilities be permanently named after donors.
- (a) <u>Development Sub-Committee</u>. Each member of the Foundation board shall be a member of the Development Sub-Committee, which shall be known as the "Development Committee." The Development Committee, with the guidance and strategic direction provided by the Development Management Committee, shall be responsible for supporting the Foundation's overall efforts to secure private philanthropic financial support and for promoting the University's mission.

- The Finance Committee shall be responsible for the (iii) Finance Committee. oversight of the fiscal matters of the Foundation, including but not limited to the preparation of the Foundation's annual budget, which shall be prepared before the beginning of the University's fiscal year, approved by the Directors and recommended by the University President to the Board of Trustees each year no later than sixty (60) days following the beginning of the Foundation's fiscal year. The Board of Trustees must approve the Foundation budget before it can be enacted. The Finance Committee shall approve or reject gifts or bequests which impose unusual conditions on the Foundation or the University, subject to review and approval by the Executive Committee or the Directors. It shall periodically review the Foundation's performance against budget and monitor and coordinate the work of the Foundation's Assistant Treasurer and the Investment Sub-Committee, Audit Sub-Committee, and Real Estate Sub-Committee. The Finance Committee shall ensure that consistent and reliable financial practices are followed and that the current financial status of the Foundation is reported to the Executive Committee and the Directors regularly.
- The Investment Sub-Committee. The Investment Sub-Committee, with the guidance and recommendations of the Finance Committee and the investment consultants hired by the Foundation, shall be responsible for formulation of the Foundation's investment objectives, and for assisting the Directors in its oversight of the Foundation's investment portfolio and investment managers. The Investment Sub-Committee shall recommend to the Board investment policies, asset allocation policies and guidelines, and shall review and advise on any other investment-related matters as the Finance Committee may from time to time determine. The Investment Sub-Committee shall recommend engagement or termination of investment managers, consultants and custodians, evaluate the performance of investment managers, consultants and custodians and make periodic reports to the Finance Committee and the Board on investment performance and related matters. The Investment Sub-Committee shall meet at least quarterly to review the results of the investment portfolios and recommend appropriate adjustments, as necessary. All actions of the Investment Sub-Committee shall be reported to the Finance Committee.
- (b) The Audit Sub-Committee. The Audit Sub-Committee shall be responsible for assisting the Directors in fulfilling its oversight responsibility with respect to the audit policies and system of internal controls of the Foundation. The Audit Sub-Committee shall cause an audit to be made by an independent certified public accountant of the books of the Foundation as soon as possible after the close of the fiscal year of the Foundation, and to have the results reported to the CEO of the Foundation immediately, and to the full Board at their next meeting thereafter. The annual audit report shall be submitted by the University President to the Board of Trustees for review no later than the end of the fourth month following the close of the organization's fiscal year. The annual audit report shall also be submitted to the

Auditor General and to the Board of Governors no later than nine (9) months after the close of the Foundation's fiscal year. The audit shall be conducted in accordance with rules promulgated by the Board of Trustees and with the policies adopted by the Auditor General. The Audit Sub-committee shall recommend the engagement or termination of the external auditors and shall review their performance. The Audit Sub-Committee shall ensure the financial records of the Foundation are maintained in accordance with generally accepted accounting principles and shall monitor compliance with internal controls and all requirements set forth in the Audit Charter, as may be amended from time to time by the Audit Sub-Committee.

- (c) Real Estate Sub-Committee. The Real Estate Committee shall be responsible for developing and coordinating the Foundation's overall real estate strategy and objectives, and for reviewing and recommending to the Finance Committee and the Directors general real estate policies, guidelines, and best practices for achieving the Foundation's goals. The Committee shall review potential real estate acquisitions and provide recommendations to the Finance Committee with regard to the potential use or disposition of real property.
- (iv) Membership & Board Management Committee. The Membership & Board Management Committee shall receive recommendations for nominees to the Board and as Officers, evaluate such recommendations, and present nominations for open positions to the Board at least seven (7) days prior to the Annual Meeting, or any meeting where new Directors will be chosen. The Membership & Board Management Committee shall advise new Directors of the responsibilities of membership; nominate individuals for special recognition as members of the Foundation; and monitor the attendance, participation and activity of Foundation members and Directors.

<u>Section 3. Special Committees</u>. The Chairperson of the Directors may establish Special Committees from time to time to assist the Directors in carrying out the purposes of the Foundation. The Chairperson shall report the establishment of all Special Committees and the names of their chairpersons and members to the Executive Committee and the Directors at the next ensuing regular meetings of the Executive Committee and Directors.

#### ARTICLE 4. SPECIAL MEMBERS OF THE FOUNDATION.

<u>Section 1. Purpose of Special Members</u>. The Directors may from time to time, acting by majority vote, establish special categories of membership in the Foundation for the purpose of honoring persons for contributions, service or achievement. The qualifications for special membership for each category shall be determined by the Directors as they deem necessary for the benefit of the Foundation and the University. Special members shall have no vote in meetings of the Foundation's members or Directors except as specifically provided in these bylaws.

<u>Section 2. Special Member Categories</u>. The Foundation shall have the following special member categories for honorary and recognition purposes:

- (i) <u>Chairperson Emeritus</u>. This category honors the Chief Executive Officers of the Foundation who have rendered extraordinary service to the Foundation. The Directors may elect a former Chairperson, after his/her term of office shall have expired, as Chairperson Emeritus of the Foundation. The Chairperson Emeritus shall be elected by a two-thirds vote of the Directors present.
- (ii) <u>Director Emeritus</u>. The Directors may elect a former Director, after his/her term of office shall have expired, as a Director Emeritus to honor those who have given distinguished service as members of the Board. The Director Emeritus shall be elected by a two-thirds vote of the Directors present.

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oundation Fellows. The Directors may from time to time elect individual(s) who have demonstrated extraordinary merit and distinction to serve as Foundation Fellows, based upon certain criteria and subject to certain duties, obligations and term requirements as established by the Board from time to time. Candidates will be reviewed by the Membership and Board Management Chair, subject to the confirmation by the Membership and Board Management Committee, and election by a majority vote of Directors present. The total number of Foundation Fellows in office at any given time shall not exceed ten (10).

#### ARTICLE 5. EXECUTIVE AND ADMINISTRATIVE SUPPORT

There shall be a CEO of the Foundation. The President of the University shall approve and recommend to the Board a person to serve as CEO of the Foundation. After duly considering the recommendation of the University President, the Board shall appoint, by majority vote, the CEO of the Foundation, whose primary responsibilities are to manage the corporate affairs of the Foundation on a day-to-day basis, in accordance with policies established by the Directors, and to carry out the functions and duties of the position as prescribed by the Directors in consultation with the University President. The CEO shall report to the Board and the University President.

There may be an Assistant Secretary and an Assistant Treasurer to whom the Secretary or Treasurer may delegate part of their duties. The Assistant Secretary and Assistant Treasurer shall report to the Secretary and Treasurer respectively. Neither the CEO of the Foundation, the Assistant Secretary nor the Assistant Treasurer shall be considered members or officers of the Foundation nor shall they have voting rights.

#### ARTICLE 6. FUNDS.

<u>Section 1. Fund Categories</u>. The assets of the Foundation shall be held in various Funds as established in these Bylaws or as the Directors shall designate, with as many subfunds and accounts within these groupings as shall be necessary or desirable to achieve the purposes of the Foundation and to comply with the terms of gifts to the Foundation. The Foundation's Finance Committee shall review these fund categories at least annually and will recommend changes needed to the Executive Committee and the Directors. "Funds" include General Funds, Designated Funds (including Building Funds), Endowment Funds and other special fund categories.

Section 2. General Funds. General Funds are funds which may be used for the general purposes of the Foundation, including administration of the Foundation's affairs, or funds with restrictions which do not seriously inhibit their use for general Foundation purposes. All donations to the Foundation shall be credited to the General Funds when received, including all principal and income from properties donated to, disposed of, or held by the Foundation, unless the terms of the gift shall require the Foundation to credit such donations or the income of principal from such properties to a specific Designated Fund, as described in the Bylaws, or to a specific use or purpose inconsistent with the general unrestricted use by the Foundation of such donation or the income therefrom.

<u>Section 3. Designated Funds</u>. Designated Funds of the Foundation will be established for each major academic and administrative unit of the University to receive donations to the Foundation which are designated for such purposes. Additional Designated Funds for other specific purposes may be established by the Executive Committee or Directors. The principal of all designated Donations shall be credited to such Designated Fund. Interest income from designated funds shall be credited to the Foundation's General Funds to offset additional university fundraising and support activities unless the terms of the gift specify otherwise.

<u>Section 4. Building Funds</u>. The Board may, from time to time, establish Building Funds for specifically designated capital projects. They shall be administered as Designated Funds.

<u>Section 5. Endowment Funds.</u> Endowment Funds, or Permanently Restricted net assets, are contributions including state matching that must be held and invested in perpetuity as stipulated by the Donor. Only the earnings generated by these investments may be expended and only in accordance with the donor's intent and the gift agreement. All endowment funds are pooled and invested as directed by the Board. Investment earnings/losses are distributed to each endowment on a yearly basis based on its pro-rated share of earnings/losses generated by the permanently restricted net assets. Unless stipulated by the donor, earnings shall not be permanently restricted.

The Board will determine the percentage of yearly earnings to be distributed for spending and the percentage to be held in reserve as added principal. The added principal is available for future spending and although it is temporarily restricted, it may be used to calculate the endowment's average balance from which future distributions are based. Losses attributable to permanently restricted net assets must first reduce any added principal held in reserve prior to reducing the corpus of the endowment. Any permanently restricted net asset which has been reduced by losses must be reinstated to its original corpus before any future investment earnings are distributed for spending. No corpus including state matching may be reduced for spending. An administration fee, as approved by the Board, may be charged to endowments. This fee will be covered by the endowment's investment earnings, but may not reduce an endowment's corpus.

#### Section 6. Ownership and Use of Funds.

- (i) All Funds described herein shall be the property of the Foundation and shall be owned by the Foundation as defined in and limited by its Articles of Incorporation, Bylaws, and applicable Florida and Federal law and regulations. In such capacity, the Foundation shall have the ultimate authority and control over all property in the Funds, and the income derived there from, for the general purposes of the Foundation.
- (ii) The assets and income of any Fund may be commingled with those of other unrestricted funds of the Foundation, or may be invested in units of a common investment fund which may be established or utilized by the Foundation, unless otherwise restricted by the terms of gift. The Foundation shall not have an obligation to commingle the assets for investment purposes and may, in its discretion, retain any assets received or hold the assets of a Fund as a separate unit for investment purposes. Any investment or reinvestment of assets shall be made only in such investments as are appropriate for a prudent fiduciary.
- (iii) Specific expenses necessary or desirable for the proper administration of each Fund and subfund shall be charged to that Fund or subfund. General operational and administrative expenses shall be charged to each Fund or subfund in accordance with a formula approved by the Directors unless inconsistent with the terms of the gift or otherwise legally improper. Such charges shall be paid into the General Funds where they may be disbursed to pay such expenses. In the event such charges are inconsistent with the terms of the gift or otherwise legally improper, the Directors shall determine which Funds may be used to pay for such expenses.
- (iv) These provisions shall not limit in any way the power and ability of the Directors to accept special gifts from donors which may be used for purposes specified by the donors, if such purposes fall within the Foundation's broad general purposes, and which may be subject to such ownership, income and distribution characteristics and

restrictions as the Directors of the Foundation and the donors of such gifts may agree, but no characteristic or restriction shall jeopardize the Foundation's tax exempt status or its corporate charter. The Directors intend that all donations will be administratively grouped as a part of one or more of the Funds specified above or as may be established.

(v) Upon the voluntary or involuntary dissolution of the Foundation, or decertification of the Foundation by the Board of Trustees, the Directors shall, after paying or providing for all debts and obligations of the Foundation, transfer the assets of the Foundation to the University, subject to the conditions, restrictions and limitations to which the assets were subject when they were assets of the Foundation.

Section 7. Checks and Depositories. Except as may otherwise be specified in these Bylaws, the Directors shall provide by Resolution which Officers, Directors, or their designees are authorized to draw checks on the Funds of the Foundation and may impose any reasonable terms, conditions or limitation on such authority. Checks or drafts on the Funds of the Foundation shall be signed by any two of the Officers, Directors, or their designees authorized to do so by the Directors or by these Bylaws. Funds of the Foundation shall be deposited to the credit of the Foundation only in institutions approved by the Directors by resolution and only in financial institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation.

<u>Section 8. Fiscal Year</u>. The fiscal year of the Foundation shall be consistent with the fiscal year of the University.

#### ARTICLE 7. APPEARANCES BEFORE THE BOARD.

#### Section 1. Registration Procedures.

Individuals or group representatives who desire to be heard on a proposition before the Board shall register in advance of the meeting by completing a public comment form ("Form") specifying the agenda item or specific matter on which they wish to be heard. The Form shall be available at the Foundation's Board Relations office, and must be submitted no later than 11:00 a.m. on the business day preceding the Board meeting.

The Assistant Secretary, in consultation with University counsel, shall determine whether the speaker is entitled to be heard in accordance with applicable law. Only registered persons who timely submit a Form will be called on to speak during the public comment period of a Board meeting. Any person who has not timely registered to speak may request approval to be heard by submitting a Form to staff at a registration table at the Board meeting location no later than twenty (20) minutes prior to the scheduled commencement of the Board meeting. Persons submitting any such untimely requests shall be required to show good cause as to why the person was

unable to timely submit the Form in accordance with these procedures. Any such untimely requests shall be considered at the sole discretion of the Chair.

#### Section 2. Time Limits.

As a general matter, speakers shall be allotted a maximum of two (2) minutes to be heard on a proposition before the Board. At the discretion of the Chair, time limits may be extended or shortened depending on the number of speakers requesting to be heard. Organizations or groups wishing to address the Board on a proposition shall designate one representative to speak on their behalf, to ensure the orderly presentation of information to the Board. If a speaker has requested to speak on more than one agenda item before the Board, the maximum time that will be allotted to any individual speaker during a Board meeting is five (5) minutes, regardless of the number of agenda items or topics to be addressed.

#### Section 3. Decorum.

In order to proceed with the essential business of the Board in an orderly manner, the following rules of decorum shall be strictly observed:

- 1. Persons scheduled to speak shall be called by the Chair at the appropriate time during the meeting. Any person not immediately appearing at the podium when called upon by the Chair shall waive the right to any further participation at the Board meeting. Each speaker shall state for the record his or her name and the organization or group represented, if any. Substitutions for scheduled speakers will not be allowed except in exceptional circumstances as determined by the Chair.
- 2. Each speaker's remarks must be directed to the Chair or the Board as a whole and not to individual board members.
- 3. Speakers shall confine their comments solely to the proposition before the Board they have asked to speak on. Speakers may not use any form of profanity or loud abusive comments. The Chair may notify and warn speakers that their comments have gone beyond the subject matter for which they had signed up to address. The Chair may turn off the microphone or recess the meeting if a speaker persists in addressing irrelevant topics or engaging in inappropriate comments. The Chair has the authority after one warning to order the removal of the speaker from the meetings.
- 4. Speakers may not refuse to yield the podium when the Chair has advised that their time is up.
- 5. No clapping, applauding, heckling, shouting comments from the audience, or verbal outbursts in support or opposition to a speaker or his/her remarks shall be

permitted. No signs or placards shall be allowed in the Board meeting. Persons exiting the Board meeting shall do so quietly.

6. Personal cellular telephone conversations shall be prohibited during Board meetings. Ringers must be set to silent mode to avoid disruption of proceedings.

Any individual or group representative who attempts to disrupt a Board meeting will be subject to appropriate action pursuant to law.

#### ARTICLE 8. CODE OF ETHICS.

Code of Ethics - Conflict of Interest

Directors stand in a fiduciary relationship to the University and the Foundation. Therefore, Directors shall act in good faith, with due regard to the interests of the University and the Foundation, and shall comply with the fiduciary principles and -law set forth in the Code of Ethics for Public Officers and Employees, Chapter 112, Part III, Florida Statutes. Directors shall comport themselves in accord with the statutory Code of Ethics and the Conflict of Interest Policy attached to these Bylaws as Appendix "B". Each Director shall annually complete and sign a disclosure form as required by said policy.

The Foundation shall maintain the highest ethical standards in all of its operations in order to protect and preserve the Foundation's good name, business interests, and relationships with donors, beneficiaries, and the community at large, and shall adhere to the requirements of the Florida Whistle-blower's Act, Sections 112.3187 – 112.31895, Florida Statutes.

#### ARTICLE 9. MISCELLANEOUS PROVISIONS

#### Indemnification

The Board shall, to the extent legally permissible, indemnify and defend each of its Directors, officers, employees, volunteers and other agents against all liabilities and expenses incurred in the connection with the disposition or defense of any action, suit or other proceeding, whether civil or criminal, in which such person may be involved by reason of Foundation service, except with respect to any matter in which such person shall have been adjudicated in any proceeding not to have acted in good faith; and further provided that no settlement shall be entered into without the prior consultation and approval of a duly authorized representative of the Board.

#### Service of Process

Service of process may be made on the Office of the University's General Counsel.

Fiscal Year

The fiscal year of the Foundation shall commence on July 1 of each year and end on June 30.

Foundation Records and Sunshine Laws; Compliance with Applicable Law

Public access to Board records will be governed by the provisions of Chapter 1004.28(5), Florida Statutes. Board meetings shall be governed by the provisions of the Open Meetings Law, Chapter 286, Florida Statutes. The Foundation shall maintain and/or dispose of all records made or received in connection with Foundation business in accordance with a document retention schedule as the Board may adopt from time to time. Notwithstanding anything contained herein to the contrary, the University shall have the right to audit the books, records and operations of the Foundation, as the University determines appropriate in the exercise of its oversight over the Foundation.

#### ARTICLE 10. AMENDMENTS.

<u>Section 1. Amendments to Bylaws</u>. These Bylaws may be altered, amended, rescinded, or repealed at any regular or special meeting of the voting Directors by the affirmative vote of two-thirds of the voting Directors present. Any amendment to the Bylaws, approved by the Board, shall be submitted by the University President to the Board of Trustees for approval prior to its effective date.

<u>Section 2. Amendments to Articles of Incorporation</u>. Articles of Incorporation of the Foundation may be altered or amended at any regular or special meeting of the Board by resolution approved by the affirmative vote of two-thirds of the voting Directors present, subject to approval by the Secretary of State of Florida as required by law and subject to any approval which may be required by the Board of Trustees. Written notice of any proposed amendment of the Articles of Incorporation shall be mailed to each Director not less than fifteen (15) days prior to any meeting at which such proposed amendment is to be considered.

<u>Section 3. Requirements of Florida Law.</u> All amendments to the Bylaws and Articles of Incorporation of the Foundation shall comply with <u>and be subject to Florida law and appropriate state and University rules, regulations and policies, including, without limitation, any University regulations relating to DSOs.</u>

#### ARTICLE 11. OFFICE.

The office of the Foundation shall be located at the University.

#### ARTICLE 12. EMPLOYEES OF THE FOUNDATION

Any person employed by the Foundation shall not be considered to be an employee of the State of Florida by virtue of such employment. Any employee of the State of Florida who is assigned to work on Foundation matters shall not be considered an employee of the Foundation.

#### ARTICLE 13. SEAL.

The corporate seal of the Foundation shall bear the words "FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC." and "MIAMI, FLORIDA" and the date "1969". The corporate seal shall be used only in connection with the transaction of business of the Board and of the University. The Secretary may affix the seal on any document signed on behalf of the corporation. Permission may be granted by the Secretary for use of the seal in the decoration of any University building or in other special circumstances. The seal of the Board shall be consistent with the following form and design:

#### ARTICLE 14. PARLIAMENTARY PROCEDURE.

Where not addressed by these Bylaws, the Articles of Incorporation, or Florida law, all matters of procedure shall be governed by <u>Roberts Rules of Order</u> (latest edition).

Consent Agenda G1-B

## THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES

December 1, 2016

Subject: Proposed Amendment to the Bylaws of the FIU Research Foundation, Inc.

#### **Proposed Board Action:**

Approve amendments to the Florida International University Research Foundation Inc. Bylaws.

#### **Background Information:**

On October 20, 2016, the Florida International University Research Foundation Inc. Board of Directors (the "FIU Research Foundation, Inc.") approved amendments to the Research Foundation's Bylaws. These amendments were made following the Florida Supreme Court's decision in <u>Plancher v. UCF Athletics Association, Inc.</u>, 175 So. 3d 724 (Fla. 2015), and the FIU Board of Trustees' ("BOT") approval of amendments to the FIU Regulation on Direct Support Organizations (FIU-1502) at its meeting on September 1, 2016, as a result of the referenced case.

The FIU BOT must approve any amendments to the FIU Research Foundation, Inc. Bylaws before their becoming effective.

Regulation FIU-1502 Direct Support Organizations (2)(a) provides that any amendments to the Articles of Incorporation or Bylaws must be submitted by the President of the University to the BOT for approval prior to becoming effective.

Article VIII, Section 1 of the FIU Research Foundation Inc. Bylaws provides that any amendment to the Bylaws, must be approved by the Board of Trustees of FIU, upon recommendation by the President of FIU prior to their effective date.

**Supporting Documentation:** 

Proposed Amendment to the Bylaws of the Florida International University Research Foundation, Inc.



#### **BYLAWS**

#### FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC.

(A Not-For-Profit Corporation)

Adopted May 11, 2015

Approved by FIU BOT June 3, 2015

#### ARTICLE I Board of Directors

Section 1. Purpose. The purpose of the Florida International University Research Foundation, Inc. ("Research Foundation" or "Corporation") shall be exclusively scientific and educational. This includes the promotion and encouragement of, and assistance to, the research, training activities of faculty, staff, and students of Florida International University ("University" or "FIU") through income from contracts, grants, and other sources, including, but not limited to, income derived from or related to the development and commercialization of University work products. The Ceorporation shall provide means by which discoveries, inventions, processes, and work products of faculty, staff, and students may be patented, developed, applied, and utilized in order that the results of such research shall be made available to the public and that funds be made available from such discoveries, inventions, processes, and work products for further research at Florida International University.

Section 2. <u>Governance</u>. The business affairs of the Research Foundation shall be managed by and under the direction of the Board of Directors (the "Board") and by various Officers and Committees thereof as powers may be delegated to such Officers and Committees by these Bylaws or by Resolution of the Board. Members of the Board shall be the sole voting members of the Research Foundation and shall be called "Directors."

Section 3. Membership. The Board shall consist of no fewer than nine (9) and no more than fifteen (15) voting members. The following shall be members of the Board: the President of Florida International University—("FIU"), or his/her designee, the Executive Vice

President/Provost, or his/her designee, the Vice President for Research (who shall be the Chairperson of the Board), a member appointed by the Chair of the University Board of Trustees, if such member is appointed, a designee for the Dean of the College of Arts, and Sciences & and Education, a designee for the Dean of the College of Engineering and Computing, and a designee for the Dean of the College of Medicine, all of whom shall be known as Appointed Directors (the "Appointed Directors") of the Board for as long as they hold those offices at the University. In addition, there shall be two representatives of the faculty of FIU, based on their strategic and exceptional contributions to the University's research objectives, and one FIU alumni representative. The President of the University may also appoint other members of the University administration, faculty, student body or public to serve on the Board for terms designated by the President of the University.

The faculty and alumni Board members will be nominated by the Nominating

Committee and chosen by the President of FIU. The designees for the Deans of the Colleges of Arts, and Sciences & Education, Engineering and Computing and Medicine shall be recommended by the Dean of each respective College and shall be chosen by the President of FIU. The designee of the Vice President/Provost shall be recommended by the Vice President/Provost and chosen by the President of FIU.

All other members of the Board shall be nominated and elected pursuant to the provisions set forth in Article I, Section 4 and shall be known as the "Elected Directors.". The Elected Directors shall be members of the community and other members having qualifications specified from time to time by the Nominating Ceommittee and consistent with the strategic objectives of the Research Foundation.

Section 4. <u>Election</u>. Elected Directors shall be selected to fill expiring and vacant terms at the Annual Meeting of the Board. Elected Directors may also be elected at any other regular

or special meeting of the Board. Nominations for Elected Directors shall be made by the Nominating Committee as described in Article V, Section 2 (iii) of these Bylaws.

Section 5. <u>Vacancies of Elected Directors</u>. Vacancies occurring during a term of an Elected Director may be filled by the Board at any regular or special meeting of the Board. The Elected Directors so chosen shall hold such office until the next regular Annual Meeting of the Board at which time his or her successor shall be elected.

Section 6. <u>Vacancies of Appointed Directors</u>. In the case of a vacancy of an Appointed Director, the person who is acting as the University President or his/her designee, the Executive Vice President/Provost, or his designee, the Vice President for Research, and the persons holding the positions at the University equivalent to the positions of the designees for the Deans of the Colleges of Arts, <u>Sciences & Education and Sciences</u>, Engineering and Computing and Medicine shall fill the vacancy until the permanent appointment is made at which time the person appointed to hold the position shall be named as the new Appointed Director for that position. Any vacancy among the Elected Directors may be filled by a majority vote of the remaining members of the Board. The term of office of a <u>Delirector chosen</u> to fill a vacancy shall expire at the latter of the next annual meeting of the Board or at such time as a successor shall be duly elected and qualified.

Section 7. Resignation or Removal. A Director may resign at any time by giving written notice to the Chairperson or to the Secretary. Any such resignation shall take effect at the time specified therein or, if no time is specified therein, upon its acceptance by the Board. Any Elected Director who is not present for three (3) consecutive regular meetings of the Board, and whose absences are not excused by the Chairperson, shall be deemed to have submitted his/her resignation, subject to reinstatement by a majority vote of the other Directors. In addition, any

Director may be removed from office by a two thirds vote of all of the Directors, effective as of the date of such vote.

Section 8. Term of Office. The President of FIU or his/her designee, the Executive Vice President/Provost or his/her designee, the Vice President for Research and the designees for the Deans of the Colleges of Arts, and Sciences & Education, Engineering and Computing, and Medicine shall serve as-Directors for such time as each respective individual continues to hold his/her position at the University. The Faculty and Alumni representatives shall serve for a term of two (2) years and be eligible to serve for an additional two—(2) year term. The Elected Directors shall serve a three-year term and shall be eligible for re-election for no more than two (2) additional three-year terms.

Section 9. Powers and Duties of the Board of Directors. The property, affairs, activities, and concerns of the Ceorporation shall be vested in the Board. All management functions shall be exercised by the Board, and by various Officers and Committees thereof as powers may be delegated to such Officers and Committees by these Bylaws or by action of the Board. The Chairperson shall preside over all meetings of the Board. The Ceorporation may open offices in foreign countries or outside the area where it is primarily domiciled in the event that this is required in connection with a University research project and is deemed necessary by the Board.

#### ARTICLE II Meetings

Section 1. <u>Meetings</u>. Regular meetings of the Board shall be held at least two times a year. One such meeting shall be held in October of each year and such meeting shall be the Annual Meeting of the Board when new Directors and Officers shall be elected and take office, subject to other provisions of these Bylaws. Written notice of each meeting shall be faxed or

emailed by the Secretary, to each Director at the last recorded University address, fax number or email address of each Director not fewer than seven (7) calendar days prior to the meeting. The Secretary must provide written notice, by fax or email, to all Directors of any changes to the meeting schedule at least seven (7) calendar days prior to the date of the originally scheduled meeting day or of the new meeting date, whichever date occurs earlier. Special Meetings may be called by the Chairperson, the President of the University in his capacity as University President, or by any two (2) Directors with at least seven (7) calendar days' written notice provided to all of the Directors by fax or email. The agenda for Special Meetings shall be limited to matters listed in the written notice of the Special Meeting. Notice to the public of all meetings of the Board shall be given by posting on the Florida International University Research Foundation webpage on the University website at <a href="http://fiurf-fiu.edu">http://fiurf-fiu.edu</a> and faxing such notice and agenda to a newspaper of general circulation not less than seven (7) days prior to each meeting, and will include a statement of the general subject matters to be considered.

Emergency Meetings: An emergency meeting of the Board may be called by the Chairperson upon no less than forty-eight (48) hours' notice whenever, in the opinion of the Chairperson, an issue requires immediate Board action. Whenever such emergency meeting is called, the Chairperson will notify the Secretary. The Secretary will immediately serve either verbal or written notice upon each member of the Board, and shall provide notice to the public, by any procedure that is fair under the circumstances, stating the date, hour and place of the meeting and the purpose for which the meeting has been called. No other business will be transacted at the meeting unless additional emergency matters are agreed to by a majority of those Board members in attendance. The minutes of each emergency meeting will show the manner and method by which notice of such emergency meeting was given to each member of the Board and to the public.

Section 2. <u>Quorum</u>. A quorum of the Directors shall be a majority of the voting Directors in office at the time of the vote. A quorum must be present (in person or via telephone) to transact any business of the Research Foundation at a meeting.

Section 3. <u>Voting</u>. Each Director shall have one vote. When a quorum is present (in person or via telephone) at the meeting, all questions shall be decided by majority vote of the voting Directors present, except as otherwise provided in these Bylaws, by law or by the Articles of Incorporation.

Section 4. <u>Proxies</u>. Proxies, general or special, shall not be accepted for any purpose in Board or Committee meetings.

Section 5. <u>Telephone Meetings</u>. Board and Committee meetings may be conducted by telephone conference or similar communications facilities if the Chairperson of the Board or the Chairperson of the Committee determines it is appropriate and if all persons participating in such meetings are able to hear each other as if the meeting were held in person. All telephone meetings must be in full compliance with all requirements of the Sunshine Law. The notice of any meeting conducted by means of telephone or similar communication facilities will state where and how members of the public may gain access to the meeting.

#### ARTICLE III Officers

Section 1. Number. The officers of this Ceorporation shall be a President, three Vice Presidents, a Secretary, and a Treasurer. The three Vice Presidents shall be the Dean of the College of Arts<sub>z</sub> and Sciences & Education, the Dean of the College of Engineering and Computing and the Dean of the College of Medicine. The President, Secretary, and Treasurer of the Research Foundation shall be elected as set forth in Article III, Section 2. All other Officers of the Research Foundation, except for those who are appointed by the University President or

the Chair of the Board of Trustees, shall be nominated by the Nominating Committee and elected by the Board.

Section 2. <u>Method of Election</u> of Elected Officers. Elected Officers shall be elected at the Annual Meeting of the Board, from nominations submitted to the Directors by the Nominating Committee or from nominations from the floor. No Officer may hold more than one Research Foundation office concurrently. Elected Officers shall serve for a term of one year and may be re-elected. A quorum must be present (in person or via telephone) to transact any business of the Research Foundation at a meeting.

Section 3. <u>Vacancies</u>. In case any vacancy occurs in an elected office, an election shall be held at the first Regular or Special Meeting of the Board after such vacancy occurs and nominations may be received directly from the floor to fill such vacant positions. Notice of such vacancy and scheduled election must be given in the prior written notice for the regular or special meeting at which such election shall take place.

Section 4. <u>Compensation</u>. Neither the Officers nor the Directors shall receive compensation for being officers or members of the Board other than their usual salaries as employees of FIU, for those members who also are employed by FIU.

Section 5. Resignation and Removal. An Officer of the Research Foundation may resign at any time by giving written notice to the Board, the Chairperson or the Secretary of the Research Foundation. Any such resignation shall take effect at the time specified therein or, if no time is specified therein, upon its acceptance by the Board. Any Officer may be removed from office by a two-thirds vote of all of the Directors, effective as of the date of such vote.

### ARTICLE IV Duties of Officers

Section 1. President of the Research Foundation. The President of the Research Foundation shall be a member of the Executive Committee. He/She shall preside at all meetings of the Executive Committee. He/She shall communicate to the Board such matters and make such suggestions as may in his/her opinion tend to promote the business and affairs of the Research Foundation. The Chairperson and the Research Foundation President are each authorized to execute in the name of the Research Foundation, with the Secretary attesting, all certificates, contracts, deeds, notes and other documents or legal instruments authorized or issued by the Board. Among the Research Foundation President's powers and duties, without limitation, are-, from time to time, to perform such matters as may be assigned to the Research Foundation President by the Board; to represent the Research Foundation at official functions of the University and elsewhere as he/she may determine proper; and to present a report of the activities of the Research Foundation and the conduct of his/her office at each Annual Meeting. The Research Foundation President shall report to the Research Foundation Board and to the University President, in his capacity as President of the University, or designee, who shall be a Vice President of the University or other senior officer reporting directly to the University <u>President</u>, on all matters pertaining to the Research Foundation.

Section 2. <u>Vice Presidents</u>. The Vice Presidents shall be responsible for assisting the Chairperson or the Board in any way so designated by the Chairperson and a Vice-President shall serve as temporary President, as determined by the Board Chairperson, in the President's absence. The Vice Presidents shall perform such duties as may from time to time be assigned to them by the Chairperson of the Board, the Board or the Executive Committee.

Section 3. Secretary. The Secretary shall keep full and accurate minutes of all meetings of the Board, all meetings of the Executive Committee and all Committee meetings in a book provided for that purpose and shall transmit all notices required by the Bylaws of the Research Foundation. The Secretary shall have custody of the corporate seal of this Ceorporation. The Secretary may attest to documents with the Chairperson in the name of this Ceorporation and, when required, shall affix thereto the seal of the Ceorporation. Any contract not attested by the Secretary must be signed by two persons as witnesses. The Secretary shall have charge of all official records of this Ceorporation, which shall be at all reasonable times open for the inspection of any Director, and the Secretary shall in general perform all duties incident to the management of the office of Secretary for the Board. The Secretary shall perform such other duties as may be assigned to him/her by the Chairperson, the Board or the Executive Committee.

Section 4. Treasurer. Except as may be otherwise specified by resolution of the Board, the Treasurer and his or her designee(s) shall receive and keep the funds of the Corporation and pay out the same in accordance with the requirements of the Trust Indenture or related bond documents and/or applicable Corporation and/or University policies and procedures with respect to expense reimbursements. The Treasurer shall ensure that consistent and reliable financial practices are followed, and that any Corporation investments are made and managed in accordance with the terms of any applicable Trust Indenture or related bond documents and/or policies of the Corporation or University pursuant to any such strategic allocation ranges as may be established by this Board. The Research Foundation is prohibited from giving, directly or indirectly, any gift to a political committee or committee of continuous existence as defined in the Florida Statutes for any purpose other than those certified by a majority roll call vote of the Board at a regularly scheduled meeting as being directly related to

the educational mission of the University. The duties of the Treasurer shall include, but not be limited to, the following:

- The deposit of all cash monies, checks, and other credits to the account of this

  Ceorporation in such bank or banks or other depositories as the Board may designate; to
  review all receipts and vouchers for payment made to and all vouchers and checks made
  by this Ceorporation; to regularly maintain a full and accurate account of all funds
  received and paid out on accounts administered by this Ceorporation; and to render to
  the Board an account and statement of all the Treasurer's transactions at each meeting of
  the Board and at such other times as the Board may determine;
- by the Board at the last meeting held before the end of the fiscal year. The budget shall separately delineate planned actions which result in a commitment of FIU resources or which represent significant commitment of the resources of the Research Foundation.

  Said budget shall be submitted to the President of FIU for approval and recommendation to the FIU Board of Trustees each year, no later than thirty (30) days following the beginning of the Research Foundation's fiscal year. Such proposed budget shall be approved by the FIU Board of Trustees no later than sixty (60) days after the first day of the fiscal year to which the proposed budget pertains. Each proposed budget shall include therein:
  - a. Expenditures for the construction of physical facilities, and
  - b. Salary supplements, compensation and benefits provided to the President,
     University faculty, University staff, and Research Foundation employees to be
     paid with assets of the Research Foundation, which shall be specifically
     identified.;

To cause an annual audit to be made by an independent certified public accountant of the Ceorporation's books and records as soon as possible after the close of the fiscal year of the Research Foundation and to have the results reported to the Chairperson of the Research Foundation immediately and to the full Board at its next meeting thereafter.

The annual audit report shall be submitted by the President of FIU to the Board of Trustees and to the Board of Governors for review no later than the end of the fourth month following the close of the Research Foundation's fiscal year. The annual audit report also shall be submitted by the University President to the Auditor General and to the Board of Governors no later than nine (9) months after the close of the Research Foundation's fiscal year. The audits shall be conducted pursuant to the requirements of the Florida Statutes and in accordance with rules promulgated by the Board of Trustees of FIU and with policies adopted by the Auditor General.;

Revenue Service Application for Recognition of Exemption form and its fFederal Internal

Revenue Service Return of Organization Exempt from Income Tax form.

The <u>T</u>treasurer shall at all reasonable times exhibit his or her books and accounts to any Director of this <u>C</u>eorporation and shall in general perform all duties incident to the management of the office of Treasurer for the Board.

Section 5. <u>Checks</u>. Unless otherwise delegated by the Board, checks or drafts on the funds of this <u>Ceorporation</u> shall be signed by any two of the Officers or Directors authorized to do so by the Board, or by any two University employees authorized to do so by the Chief Financial Officer of the University, and approved by the Board of Directors.

### **ARTICLE V Committees**

Section 1. <u>Designation and Appointment of Committees</u>. Committees of the Board shall either be Standing Committees, as designated by these Bylaws, or Special Committees, as established by the Chairperson. The Chairperson shall appoint the members of all Committees and designate their chairpersons, except as otherwise specified by these Bylaws. All members of the Committees shall have equal voting rights. Two voting members of any Committee, except the Executive Committee as provided for below in these <u>B</u>bylaws, shall constitute a quorum and a majority vote of the voting members of the Committee present, after a quorum has been declared, shall be required to enact business of the Committee. The actions of any Committee shall be subject to review and approval by the Board at its next ensuing meeting, except when the power to act is specifically granted to a Committee by these Bylaws or by action of the Board or the Executive Committee. Each Committee shall keep approved minutes and submit them to the Board for review and to the Secretary for record-keeping.

Section 2. <u>Standing Committees</u>. The Board shall have the following Standing Committees:

Executive Committee. The Board may elect at its Annual Meeting an Executive

Committee consisting of three or more Directors, which committee Shall

have such powers as may be delegated to it by the Board. The Chair of the University

Board of Trustees may appoint a member of the Executive Committee. In additional, the

President of the University or a designee shall also serve on the Executive Committee.

The President of the University may also appoint other members of the University

administration, faculty, student body or public to serve on the Executive Committee for

terms designated by the President of the University. Three members of the Executive

Committee shall constitute a quorum. A majority of the Executive Committee shall be

sufficient to exercise all of its powers. The Executive -Committee of the Board shall have and may exercise all powers and authority of the Board when the Board is not in session, subject only to such restrictions or limitations as the Board may, from time to time, specify, except that the Executive Committee shall have no authority to alter, amend, or repeal the Articles of Incorporation or Bylaws of the Research Foundation, to remove Directors or Officers or to elect Directors or Officers. All actions of the Executive Committee shall be reported in writing to the Board at the next ensuing meeting of the Board. All actions of the Executive Committee shall be ratified and included in the minutes of the Board.

members appointed by the Chairperson subject to the -approval of the Board, of which three members also must be Directors. The Committee shall advise the Board and the Chairperson on all financial matters related to this Ceorporation, including annual budgeting, equity holding, fund/investment management, securities liquidation, license agreements, insurance needs, audits and financial statements, taxes, and other issues relating to the financial stability of the Ceorporation. The Finance Committee may also be called upon for advice in the consideration of major expenditures and capital outlays. The Finance Committee shall be responsible for the preparation and periodic review of the Research Foundation's annual budget in compliance with the provisions set forth in Article IV, Section 4 (ii), and it shall—review the yearly audit done by the outside auditors. It shall cause a financial audit of its accounts and records to be conducted by an independent certified public accountant after the close of each fiscal year. The audit report shall be submitted by the President of the University to the Board of Trustees and the Board of Governors no later than the end of the fourth month following the close of

the <u>Corporationorganization</u>'s fiscal year. It shall monitor the work of the Research Foundation's Treasurer and shall review and report to the Board on the Research Foundation's financial statements. It shall ensure that all financial reports are filed in a timely manner. To It shall prepare and submit to the <u>University President</u>, no later than the first day of each quarter of the Research Foundation's fiscal year, a quarterly expenditure plan to be reviewed and approved quarterly by the President of FIU or his or her designee who shall be a Vice President or other senior officer of FIU reporting directly to the President. The plan shall that separately delineates planned actions which <u>causeresult in</u> a commitment of FIU resources or which represent <u>a</u> significant commitment of the resources of the Research Foundation, <u>including</u>:

a. Major fund raising events and campaigns and their purpose;

iii.

- b. Compensation and benefits to University employees and employees of the Research
   Foundation;
- c. Capital projects, including land acquisition, construction, renovation or repair; and
- d. Other major commitments of the resources of the Research Foundation.
- Nominating and -Development Committee. The Nominating and Development

  Committee shall consist of up to three members appointed by the Chairperson, subject
  to the approval of the Board, and shall receive recommendations for nominees to the
  Board and to act as Elected Officers. It shall evaluate such recommendations, and
  present nominations for open positions to the Board, as well as a slate of officers, at least
  fifteen (15) days prior to the Annual Meeting or at any other properly noticed meeting if
  a vacancy occurs.

Section 3. Other Standing Committees. At the first meeting of the Board, or as soon thereafter as is practical, the Chairperson shall, subject to the approval of the Board, appoint

such other Standing Committees as he/she may deem necessary and advisable to assist in the conduct of the Research Foundation's affairs.

Section 4. Special Committees. The Chairperson may, from time to time, establish Special Committees to assist the Board in carrying out the purposes of the Research Foundation. The Chairperson shall report the establishment of all Special Committees which he/she has authorized, and the names of their Chairpersons and members to the Executive Committee and the Board at the next ensuing regular meeting of the Executive Committee and the Board.

Section 5. <u>Committee Quorum</u>. A majority of any Committee of the Research Foundation shall constitute a quorum for the transaction of business, except as otherwise noted in these Bylaws. All other terms and conditions set forth in these Bylaws pertaining to Board meetings shall also apply to Standing and Special Committee meetings.

### ARTICLE VI Indemnification

This Ceorporation shall, to the extent legally permissible, indemnify and defend each of its Delirectors, Oefficers, employees, or other agents against all liabilities and expense, including, where applicable, amounts paid in satisfaction of judgments in compromise of actions, suits, claims or other proceedings, as fines or penalties, or as counsel fees, actual and reasonable paid or incurred in connection with the defense or disposition of any action, suit or other proceeding, whether civil or criminal, in which such person may be involved by reason of employment by the Research Foundation or by Board or Committee service, except with respect to any matter as to which such person shall have been adjudicated in any proceeding not to have acted in good faith, or not to have acted in the reasonable belief that such action was in the best interest of the Ceorporation; provided that any payment by the way of settlement, compromise, or consent decree shall be indemnified there under only to the extent that it shall

be determined by the Board to have been made in the best interest of the Ceorporation; and further provided that no settlement hereunder shall be entered into without the prior consultation and approval of a duly authorized representative of the Board. Any person believing him/herself to be entitled to indemnification or defense under this article, in order to qualify for indemnification or defense hereunder, shall notify the Chairperson immediately upon the occurrence giving rise to said entitlement.

### ARTICLE VII

The seal of this <u>C</u>eorporation shall bear the words "Florida International University Research Foundation, Inc.," as more particularly shown in the following impression:



ARTICLE VIII Amendments

Section 1. <u>Amendment to Bylaws</u>. The Bylaws of this <u>C</u>eorporation may be altered, amended, rescinded or repealed by a two-thirds vote of the Board at any Regular or Special meeting of the Board. All amendments must be approved by the Board of Trustees of FIU, upon recommendation by the President of FIU prior to their effective date.

Section 2. <u>Amendments to the Articles of Incorporation</u>. The Articles of Incorporation of the Research Foundation may be altered or amended at any regular or special meeting of the

Board by resolution approved by the affirmative vote of a majority of the voting Directors present, subject to approval by the Secretary of State of Florida as required by law and subject to any approval which may be required by the Board of Trustees of FIU. Written notice of any proposed amendment of the Articles of Incorporation shall be mailed to each Director not fewer than fifteen (15) days prior to any meeting at which such proposed amendment is to be considered.

Section 3. <u>Requirements of Florida Law</u>. All amendments to the Bylaws and Articles of Incorporation of the Research Foundation shall comply with Florida law and appropriate <u>S</u>state rules and policies.

#### ARTICLE IX Miscellaneous

Section 1. <u>Employees.</u> No employee of this <u>C</u>eorporation shall be considered to be an employee of the State of Florida or The Florida International University Board of Trustees solely by virtue of his/her employment by the Research Foundation. Any employee of the State of Florida or The Florida International University Board of Trustees, who is assigned to work on Research Foundation matters, shall not be considered an employee of the Research Foundation.

The Research Foundation shall provide equal employment opportunities to all persons regardless of race, color, religion, gender, age, disability, marital status, sexual orientation, veteran's status or national origin.

Section 2. <u>Checks and Depositories</u>. Except as may otherwise be specified in these Bylaws, the Board shall provide, by <u>r</u>Resolution, which Officers or Directors or other representatives are authorized to draw checks on the accounts of the Research Foundation and may impose any reasonable terms, conditions or limitation on such authority. Checks or drafts of the Research Foundation shall be signed by any two of the Officers or Directors, authorized

to do so by the Board or by these Bylaws and approved by the Research Foundation Board of Directors. Funds of the Research Foundation shall be deposited to the credit of the Research Foundation only in institutions approved by the Board by resolution and whenever possible, only in financial institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation.

Section 3. <u>Fiscal Year</u>. The fiscal year of the <u>Research</u> Foundation shall be consistent with the fiscal year of the University.

Section 4. <u>Service of Process</u>. Service of process shall be made on the office of the University's General Counsel.

Section 5. Sunshine Laws. Public access to Board records will be governed by the provisions of Section 1004.28, Florida Statutes. All records of the Research Foundation other than the auditor's report, management letter, and any supplemental data requested by the Board of Governors, the University Board of Trustees, the Auditor General or the Office of Program Policy Analysis and Government Accountability shall be confidential and exempt from the provisions of Florida's Public Records Laws. It is the policy of the Corporation to maintain and/or dispose of all records made or received in connection with Corporation business in accordance with a document retention schedule as the Board may adopt from time to time. Board meetings shall be governed by the provisions of the Open Meetings Law, Chapter 286, Florida Statutes.

Section 6. Audit by University. The University shall have the right to audit the books, records and operations of the Research Foundation as the University determines appropriate in the exercise of its oversight.

Section 7. Decertification. The President of the University may recommend to the Board of Trustees that the Research Foundation be decertified as a direct support organization if the

President determines that the Research Foundation is no longer serving the best interest of the University. The recommendation for decertification shall include a plan for disposition of the Research Foundation's assets and liabilities. The Research Foundation assets shall be distributed for the benefit of the University as directed by the Board of Trustees of the University if the Research Foundation is decertified as a direct support organization.

#### **ARTICLE X**

#### Code of Ethics - Conflict of Interest

Directors stand in a fiduciary relationship to the University and the Research
Foundation. Therefore, Directors shall act in good faith, with due regard to the interests of the
University and the Research Foundation, and shall comply with the fiduciary principles and
law set forth in the Code of Ethics for Public Officers and Employees, Chapter 112, Part III,
Florida Statutes. Directors shall comport themselves in accord with the statutory Code of Ethics
and the Conflict of Interest Policy attached to these Bylaws as Appendix "AB." Each Director
shall annually complete and sign a disclosure form as required by said policy. The Corporation
shall maintain the highest ethical standards in all of its operations in order to protect and
preserve the Corporation's good name, business interests, and the community at large, and
accordingly, it is the policy of the Corporation to adhere to the requirements of the Florida
Whistleblower's Act, as applicable.

## ARTICLE XI Parliamentary Procedure

Where not addressed by these Bylaws, the Articles of Incorporation, or Florida law, all matters of procedure shall be governed by <u>Roberts Rules of Order</u> (latest edition).

### ARTICLE XII Powers of the President of the University

The President of the University shall have the following powers and duties: (1) Monitor and control the use of University resources by the Research Foundation; (2) Control the use of the University name by the Research Foundation; (3) Monitor compliance of the Research Foundation with state and federal laws; (4) Recommend to the Board of Trustees of FIU an annual budget; (5) Review and approve expenditure plans at least quarterly; (6) Approve salary supplements and other compensation or benefits paid to University faculty and staff from the Research Foundation assets; and salaries, benefits, and other compensation paid to employees of the Research Foundation, consistent with the policies of the FIU Board of Trustees.



#### Appendix AB

# FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC. CONFLICT-OF-INTEREST POLICY

- **1. Scope**. The following statement of policy applies to each member of the F<u>lorida International</u> University Research Foundation, Inc. Board of Directors ("<u>Research Foundation Board</u>") and all Research Foundationsubsequent Committees ("Committees").
- **2. Fiduciary Responsibilities.** Section 8 of Article II of the Constitution of the State of Florida states: "A public office is a public trust." Board and Committee members of <a href="the Research">the Research</a> Foundation Board serve the public trust and have a clear obligation to fulfill their responsibilities in a manner consistent with this fact. All decisions of the <a href="Research">Research</a> Foundation Board and Committees are to be made solely on the basis of a desire to advance the best interests of the <a href="Research Foundation">Research Foundation</a> institution and the public good.

Research Foundation Board and Committee members are generally involved in the affairs of other institutions and organizations. Effective boards and committees will include individuals who have relationships and affiliations that may raise questions about perceived conflicts of interest. Although many such potential conflicts are and will be deemed inconsequential, each Research Foundation Board and Committee member has the responsibility to comply with the Code of Ethics for Public Officers and Employees which is contained in Chapter 112, Part III (Sections 112.311 – 112.326) of the Florida Statutes (the "Code").

**3. The Code of Ethics for Public Officers and Employees.** The Code of Ethics provides definitions and sets forth the various contexts in which conflicts arise. As defined in the Code,

a "conflict of interest" arises in a situation in which regard for a private interest tends to lead to disregard of a public duty or interest.

Particular attention is required when public officers are in situations involving:

- solicitation and acceptance of gifts;
- favors or compensation;
- contracts and transactions with the Research Foundation;
- unauthorized compensation;
- misuse of public position or confidential information;
- conflicting employment or consulting contractual relationships; and
- employment of relatives.

Thus, each <u>Research</u> Foundation Board and Committee member has a continuing obligation to:

(a) be familiar with the <u>CodeFlorida Statutes</u> regarding ethics and conflicts of interest and the terms of this Policy;

- (b) disclose to the <u>Research</u> Foundation Board and/or Committee Chair any possible personal, familial, or business relationships that might reasonably give rise to a conflict involving the <u>Research</u> Foundation; and
- (c) acknowledge by his or her execution of the attached "Conflict of Interest Disclosure Form" that he or she is in compliance with the letter and spirit of this Policy and applicable laws.
- **4. Disclosure.** All <u>Research</u> Foundation Board and Committee members shall list on the attached Conflict of Interest Disclosure Form, at least once a year, those relationships:
  - (a) that they or members of their family maintain with organizations that do business with the Research Foundation, or
  - (b) that could be construed to affect their independent, unbiased judgment in light of their decision-making authority and responsibility.

If a <u>Research</u> Foundation Board or Committee member is uncertain as to whether to list a particular relationship, the <u>Research</u> Foundation Board and/or Committee Chair and the General Counsel of the University should be consulted. Information shared or gathered as a result of such consultations (including information provided on the attached form) shall not be released except

- in accordance with applicable public records laws, or
- when the <u>Research Foundation</u> institution s best interests would be served by disclosure, or
- as required by court order.

-Any such required disclosure will be made only after informing the affected <u>Research</u> Foundation Board or Committee member.

#### 5. Definitions:

The following definitions apply to this policy:

Business Relationship – A business relationship is one in which a <u>Research</u> Foundation Board or Committee <u>member</u> or a <u>Research</u> Foundation Board or Committee <u>member</u>'s spouse or child serves as an officer, director, or proprietor of, or has a material interest in, an organization that does business with <u>the FIU</u> Research Foundation, <u>Inc.</u>, or Florida International University.

Material Interest - a direct or indirect ownership of more than 5 percent of the total assets or capital stock of any business entity constitutes a material interest.

Attached is <u>t</u>The F<u>lorida</u> International University Research Foundation, Inc. Conflict of Interest Disclosure Form, which each <u>Research</u> Foundation Board and Committee member must file with the <u>FIU</u> Research Foundation <u>Corporate</u> Secretary on or before July 1<sup>st</sup> of each year, unless a change necessitating an amendment occurs prior to July 1<sup>st</sup> of the following year.



#### FIU RESEARCH FOUNDATION, INCINC.

#### CONFLICT OF INTEREST DISCLOSURE FORM

This Conflict of Interest Disclosure Form is intended to protect the FIU Research Foundation by affording the FIU Research Foundation ample opportunity to forestall any potential conflicts and assure that all Board, committee Committee and officer Officer decisions and actions are above reproach. This Form must be filled out by any Delirector or Officer of the FIU Research Foundation.

To allow the FIU Research Foundation to monitor and promptly address any potential conflicts, please (i) identify below any relationships, financial or personal, that may constitute conflicts or potential conflicts of interest, or (ii) confirm that no such conflicts or potential conflicts are known to exist:

The following represent interests or relationships that are or may be in conflict with my position as a <u>dD</u>irector or <u>officer Officer</u> of the FIU Research Foundation:

1.	Personal, familial, or business relationships that might reasonably give rise to a conflict involving the FIU Research Foundation or University.	
2.	A family or business relationship with any other <u>director Director</u> or <u>officer Officer</u> of the Research Foundation.	
3.	Outside employment or service (any outside employment or provision of outside services by you or any member of your family that may be in conflict with your position as a Board or Committee member of the FIU Research Foundation.)	
4.	Outside interests, financial and other (including any ownership or other interests or position held such as serving as an officer, director or trustee) which you or any member of your family hold in any outside concern or entity doing business with the FIU Research Foundation (like a vendor):	

## Conflict of Interest Disclosure Form Page 2

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5. Any other potential issues or conflicts:		
OR		
As of today's date, I have none of the financial, professional, or personal relationships listed above.		
I am familiar with the FIU Research Foundation, Inc. Conflict of Interest Policy pursuant to which this Disclosure Form is filed. I have disclosed all potential conflicts of interests of which I am aware, and I agree to file promptly a further Disclosure Form if any additional matters subject to disclosure arise before my next annual Disclosure Form is due.		
Signature	Date	
0		
Print Name		

### Please fax or mail this form to

FIU Research Foundation, Inc. Corporate Secretary
Florida International University
MARC 430
11200 SW 8th Street
Miami, FL 33199

Tel. 305-348-2494, Fax- 305-348-6389

Consent Agenda G1-C

# THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES

December 1, 2016

Subject: Proposed Amendment to the Bylaws of the FIU Athletics Finance Corporation

#### **Proposed Board Action:**

Approve amendments to the Florida International University Athletics Finance Corporation Bylaws.

#### **Background Information:**

On November 16, 2016, the Florida International University Athletics Finance Corporation Board of Directors (the "FIU Athletics Finance Corporation") approved amendments to the Athletics Finance Corporation's Bylaws. These amendments were made following the Florida Supreme Court's decision in <u>Plancher v. UCF Athletics Association, Inc.</u>, 175 So. 3d 724 (Fla. 2015), and the FIU Board of Trustees' ("BOT") approval of amendments to the FIU Regulation on Direct Support Organizations (FIU-1502) at its meeting on September 1, 2016, as a result of the referenced case.

The FIU BOT must approve any amendments to the FIU Athletics Finance Corporation Bylaws before their becoming effective.

Regulation FIU-1502 Direct Support Organizations (2)(a) provides that any amendments to the Articles of Incorporation or Bylaws must be submitted by the President of the University to the BOT for approval prior to becoming effective.

Article IX, Section 1 of the FIU Athletics Finance Corporation Bylaws provides that any amendment to the Bylaws, must be approved by the Board of Trustees of FIU, upon recommendation by the President of FIU prior to their effective date.

**Supporting Documentation:** 

Proposed Amendment to the Bylaws of the Florida International University Athletics Finance Corporation



### **SECOND AMENDED BYLAWS OF**

### FIU ATHLETICS FINANCE CORPORATION

### ARTICLE I MEMBERSHIP

The Board of Directors (the "Board") of the FIU Athletics Finance Corporation (the "Corporation") shall constitute the members of the Corporation.

### ARTICLE II BOARD OF DIRECTORS

Section 1. Governance. The business affairs of the Corporation shall be managed by and under the direction of the Board and by various Officers and Committees thereof as powers may be delegated to such Officers and Committees by these Bylaws or by Resolution of the Board. Members of the Board shall be the sole voting members of the Corporation and shall be called "Directors".

Section 2. <u>Membership</u>. The Board shall consist of no less than five (5) and no more than nine (9)ten (10) voting members.

The following persons shall be directors of the Corporation:

- A. The Chairperson of the University Board of Trustees ("BOT") Athletics Workgroup or his or her designee.
  - B. The President of Florida International University (the "University") or the President's designee.
    - C. The Treasurer of the University.
    - D. The Athletics Director or designee.

The Associate Athletics Director, External Operations.

All Directors in Subsections A through D above shall be known as "Appointed Directors".

E. At least one (1) and no more than five (5) Community Members with a demonstrated commitment to FIU Intercollegiate Athletics who shall not be employees of FIU and who are (i) nominated either by the Nominating Committee, or any member of the Board, or the President of the University, and (ii) elected by a majority vote of the Board (hereinafter "Elected Directors"). All Directors in Subsections A through D above shall be known as "Appointed Directors". The President of the University may also appoint members of the University administration, faculty, student body or public to serve on the Board and/or the Executive Committee, for such terms as may be designated by the President of the University.

Section 3. <u>Election</u>. Elected Directors shall be selected to fill expiring and vacant terms at the Annual Meeting of the Board. Elected Directors may also be elected at any other regular or Special Meeting of the Board. Nominations for Elected Directors shall be made by the Nominating Committee as described in Article VI, Section 2 (iii) of these Bylaws or from nominations made from the floor at any regular or Special Meeting of the Board.

Section 4. <u>Vacancies of Elected Directors</u>. Vacancies occurring during a term of an Elected Director may be filled by the Board at any regular or Special Meeting of the Board. The Elected Directors so chosen shall hold such office until the next regular Annual Meeting of the Board at which time his or her successor shall be elected. <u>Any vacancy among the Elected Directors may be filled by a majority vote of the remaining members of the Board, or, in the case of an Elected Director nominated and elected pursuant to Article II, Section 2(E)(ii), the President of the University. The term of office of an Elected Director chosen to fill a vacancy shall expire at the latter of the next Annual Meeting of the Board or at such time as a successor shall be duly elected</u>

### and qualified.

Section 5. <u>Vacancies of Appointed Directors</u>. In the case of a vacancy of an Appointed Director, the person who is acting as the Chairperson of the BOT Athletics Workgroup or his/her designee, the President or his/her designee, the University Treasurer, the Associate Athletics Director for External Operations, —and the Athletics Director or designee, shall fill the vacancy until the permanent appointment is made at which time the person appointed to hold the position shall be named as the new Appointed Director for that position. <del>Any vacancy among the Elected Directors may be filled by a majority vote of the remaining members of the Board. The term of office of an Elected Director chosen to fill a vacancy shall expire at the latter of the next Annual Meeting of the Board or at such time as a successor shall be duly elected and qualified.</del>

Section 6. Resignation or Removal. A Director may resign at any time by giving written notice to the Chairperson or to the Secretary of the Board. Any such resignation shall take effect at the time specified therein or, if no time is specified therein, upon its acceptance by the Board. Any Elected Director who is not present for three (3) consecutive regular meetings of the Board, and whose absences are not excused by the Chairperson, shall be deemed to have submitted his/her resignation, subject to reinstatement by a majority vote of the other Directors. In addition, any Elected Director may be removed from office by a two-thirds vote of all of the Directors, effective as of the date of such vote.

Section 7. <u>Term of Office</u>. The Chair of the BOT Athletics Workgroup or his/her designee, the President of FIU or his/her designee, the University Treasurer, the Associate Athletics Director for External Operations, and the Athletics Director or designee, shall serve as Directors for such time as each respective individual continues to serve as Trustee, President, University Treasurer, Associate Athletics Director for External Operations, or the Athletics Director, as the case may be. Elected Directors shall serve for a term of five (5) years and shall

be eligible for re-election for no more than two (2) additional five-year terms.

Section 8. <u>Powers and Duties of the Board of Directors</u>. The property, affairs, activities, and concerns of the Corporation shall be vested in the Board. All corporate functions shall be exercised by the Board, and by various Officers and Committees thereof as powers may be delegated to such Officers and Committees by these Bylaws or by action of the Board.

### ARTICLE III MEETINGS

Section 1. Meetings. Regular meetings of the Board shall be held from time to time at least two (2) times a year, at such times as may be specified by the Chairperson. One such meeting shall be held in either April, May or June of each year and such meeting shall be the Annual Meeting of the Board when new Directors and Officers shall be elected and take office, subject to other provisions of these Bylaws. Written notice of each meeting shall be faxed or emailed by the Secretary, to each Director at the last recorded University address, fax number of email address of each Director not less than seven (7) calendar days prior to the meeting. The notice and agenda containing the general subject matters to be considered at the meeting shall also be posted on an appropriate FIU website and faxed to a newspaper of general circulation not less than seven (7) days before the meeting, in compliance with the requirements of the Sunshine Law. The Secretary must provide written notice, by fax or email, to all Directors of any changes to the meeting schedule at least seven (7) calendar days prior to the date of the originally scheduled meeting day or of the new meeting date, whichever date occurs earlier. Special Meetings may be called by the Chairperson, the President of the University in his capacity as University President, or by any two (2) Directors with at least seven (7) calendar days' written notice provided to all of the Directors by fax or email. The agenda for Special Meetings shall be limited to matters listed in the written notice of the Special Meeting.

Section 2. Quorum. A quorum of the Directors shall be a majority of the voting Directors at

the time of the vote. A quorum must be present to transact any business of the Corporation at a meeting.

Section 3. <u>Voting</u>. Each Director shall have one vote. When a quorum is present at the meeting, all questions shall be decided by majority vote of the voting Directors present, except as otherwise provided in these Bylaws, by law or by the Articles of Incorporation.

Section 4. <u>Proxies</u>. Proxies, general or special, shall not be accepted for any purpose in Board or Committee meetings.

Section 5. <u>Telephone Meetings</u>. Board and Committee meetings may be conducted by telephone conference or similar communications facilities if the Chairperson of the Board or the Chairperson of the Committee determines it is appropriate and is in full compliance with all requirements of the Sunshine Law. The notice of any meeting conducted by means of telephone or similar communication facilities will state where and how members of the public may gain access to the meeting.

Section 6. Emergency Meetings. An emergency meeting of the Board may be called by the Chairperson or the Vice Chairperson in the Chairperson's absence, upon no less than forty-eight (48) hours' notice whenever, in the opinion of the Chairperson or Vice Chairperson, an issue requires immediate Board action. Whenever such emergency meeting is called, the Chairperson will notify the Secretary. The Secretary will immediately serve either verbal or written notice upon each member of the Board, and shall provide notice to the public, by any procedure that is fair under the circumstances, stating the date, hour and place of the meeting and the purpose for which the meeting has been called. No other business will be transacted at the meeting unless additional emergency matters are agreed to by a majority of those Board members in attendance. The minutes of each emergency meeting will show the manner and method by which notice of such emergency meeting was given to each member of the Board and to the public.

## ARTICLE IV OFFICERS OF THE CORPORATION

Section 1. <u>Number</u>. The Officers of this Corporation shall be a Chairperson, a Vice Chairperson, a Secretary, and a Treasurer. They also shall serve as Officers of the Board of Directors. The Officers shall be elected by the Board as described in Section 2 below.

Section 2. <u>Method of Election of Officers</u>. Officers shall be elected at the Annual Meeting of the Board, from nominations submitted to the Directors by the Nominating Committee or from nominations from the floor. No Officer may hold more than one Corporation office concurrently. Officers shall serve for a term of three years and shall be eligible to succeed himself/herself for no more than two (2) additional terms.

Section 3. <u>Vacancies</u>. In case any vacancy occurs in an elected office, an election shall be held at the first Regular or Special Meeting of the Board after such vacancy occurs and nominations may be received directly from the floor to fill such vacant positions. Notice of such vacancy and scheduled election must be given in the prior written notice for the regular or Special Meeting at which such election shall take place.

Section 4. <u>Compensation</u>. Neither the Officers nor the Directors shall receive compensation for being Officers or members of the Board other than their usual salaries as employees of FIU, for those members who also are employed by FIU.

Section 5. <u>Resignation and Removal</u>. An Officer of the Corporation may resign at any time by giving written notice to the Chairperson or the Secretary of the Board. Any such resignation shall take effect at the time specified therein or, if no time is specified therein, upon its acceptance by the Board. Any Officer may be removed from office by a two-thirds vote of all of the Directors in office, effective as of the date of such vote.

## ARTICLE V DUTIES OF OFFICERS

Section 1. Chairperson of the Board. The Chairperson of the Board shall be a Director and a member of the Executive Committee. He/She shall preside at all meetings of the Board and of the Executive Committee. He/She shall communicate to the Board such matters and make such suggestions as may in his/her opinion tend to promote the business and affairs of the Corporation. The Chairperson shall act as the Chief Executive Officer of the Corporation and shall do and perform such other duties as may be assigned to him/her by the Board. He/She shall set the agenda for all meetings. The Chairperson is authorized to execute in the name of the Corporation, with the Secretary attesting, all certificates, contracts, deeds, notes and other documents or legal instruments authorized or issued by the Board. Among the Chairperson's powers and duties, without limitation, are the power to appoint the members and Chairpersons of all Standing Committees established by the Board, except when members or Chairpersons are designated by these Bylaws; to name Special Committees and appoint their members and Chairpersons; from time to time, to represent the Corporation at official functions of the University and elsewhere as he/she may determine proper; and to present a report of the activities of the Corporation and the conduct of his/her office at each Annual Meeting. The Chairperson shall report to the Board and the President of the University on all matters pertaining to the Corporation.

Section 2. <u>Vice Chairperson</u>. The Vice Chairperson shall be responsible for assisting the Chairperson in any way so designated by the Chairperson and shall serve as temporary Chairperson in the Chairperson's absence. He/she shall perform such other duties as may from time to time be assigned to him/her by the Chairperson, the Board or the Executive Committee.

Section 3. <u>Secretary.</u> The Secretary shall keep full and accurate minutes of all meetings of the Board, all meetings of the Executive Committee and all Committee meetings in a book

provided for that purpose and shall transmit all notices required by the Bylaws of the Corporation. The Secretary shall have custody of the corporate seal of this Corporation. The Secretary may attest to documents with the Chairperson in the name of this Corporation and, when required, shall affix thereto the seal of the Corporation. The Secretary shall have charge of all official records of this Corporation, which shall be at all reasonable times open for the inspection of any Director, and the Secretary shall in general perform all duties incident to the management of the office of Secretary for the Board. The Secretary shall present an annual operations report at the Annual Meeting and shall perform such other duties as may be assigned to him/her by the Chairperson, the Board or the Executive Committee.

Section 4. Treasurer. Except as may be otherwise specified by resolution of the Board, the Treasurer and his or her designee(s) shall receive and keep the funds of the Corporation and pay out the same in accordance with the requirements of any Trust Indenture or related bond documents and/or applicable University policies and procedures with respect to expense reimbursements. The Treasurer shall ensure that consistent and reliable financial practices are followed, and that any Corporation investments are made and managed in accordance with the terms of any applicable Trust Indenture or related bond documents and/or the investment policy of the FIU Foundation, Inc, pursuant to any such strategic allocation ranges as may be established by this Board. The duties of the Treasurer shall include, but not be limited to, the following:

(a) The deposit of all monies, checks, and other credits to the account of this Corporation in such bank or banks or other depositories as the Board may designate; to review all receipts and vouchers for payment made to and all vouchers and checks made by this Corporation; to regularly maintain a full and accurate account of all monies received and paid out on accounts administered by this Corporation; and to render to the Board an account and statement of all the Treasurer's transactions at each meeting of the Board and at such other times—as the Board may

determine;

- (b) To prepare with the Chairperson an annual budget for the coming year to be approved by the Board at the last meeting held before the end of the fiscal year. Said budget shall be submitted to the President of FIU for approval, and recommendation submitted to the FIU Board of Trustees each year for review and approval no later than sixty (60) days following the beginning of the Corporation's fiscal year;
- (c) To prepare a quarterly expenditure plan to be reviewed and approved quarterly by the President of FIU or his or her designee who shall be a Vice President or other senior officer of FIU reporting directly to the President. The plan shall separately delineate planned actions which result in a commitment of FIU resources or which represent significant commitment of the resources of the Corporation;
- (d) To cause an annual audit to be made by an independent certified public accountant of the Corporation's books and records as soon as possible after the close of the fiscal year of the Corporation and to have the results reported to the Chairperson of the Corporation immediately and to the full Board at its next meeting thereafter. The annual audit report shall be submitted by the President of FIU to the Board of Trustees for review no later than the end of the fourth month following the close of the Corporation's fiscal year. The annual audit report also shall be submitted to the Auditor General and to the Florida Board of Governors no later than nine (9) months after the close of the Corporation's fiscal year. The audit shall be conducted in accordance with rules promulgated by the Board of Trustees of FIU and with policies adopted by the Auditor General: and
- (e) The Treasurer shall at all reasonable times make available his or her books and accounts to any Director of this Corporation and shall in general perform all duties incident to the management of the office of Treasurer for the Board.

Section 5. <u>Checks</u>. Checks or drafts on the funds of this Corporation shall be signed by any two of the Officers or Directors authorized to do so by the Board.

### ARTICLE VI COMMITTEES OF THE BOARD OF DIRECTORS

Section 1. <u>Designation and Appointment of Committees</u>. Committees of the Board shall either be Standing Committees, as designated by these Bylaws, or Special Committees, as established by the Chairperson. The Chairperson shall appoint the members of all Committees and designate their chairpersons, except as otherwise specified by these Bylaws. All members of the Committees shall have equal voting rights. The actions of any Committee shall be subject to review and approval by the Board at its next ensuing meeting, except when the power to act is specifically granted to a Committee by these Bylaws or by action of the Board or the Executive Committee. Each Committee shall keep approved minutes and submit them to the Secretary for record-keeping.

Section 2. The Board shall have the following Committees:

(i) Executive Committee. The Executive Committee shall consist of the Officers of the Corporation, as well as any member appointed to the Executive Committee by the President of the University in accordance with Section 2(F). Three members of the Executive Committee shall constitute a quorum. The Executive Committee of the Board shall have and may exercise all powers and authority of the Board when the Board is not in session, subject only to such restrictions or limitations as the Board may, from time to time specify, except that the Executive Committee shall have no authority to alter, amend, or repeal the Articles of Incorporation or Bylaws of the Corporation, to remove Directors or Officers or to elect Directors or Officers. All actions of the Executive Committee shall be reported in writing to the Board at the next ensuing meeting of the Board. All actions of the Executive Committee shall be ratified and included in the minutes of the Board.

(ii) Finance and Audit Committee. The Finance and Audit Committee shall consist of up to five (5) members appointed by the Chairperson subject to the approval of the Board, of which three members also must be Directors. The Committee shall advise the Board and the Chairperson on all financial matters related to this Corporation, including annual budgeting, equity holding, fund management, securities liquidation, license agreements, insurance needs, audits and financial statements, taxes, and other issues relating to the financial stability of the Corporation. The Finance and Audit Committee may also be called upon for advice in the consideration of major expenditures and capital outlays. The Finance and Audit Committee shall be responsible for the preparation and periodic review of the Corporation's annual budget in compliance with the provisions set forth in Article IV, and it shall review the yearly audit done by the outside auditors. It shall monitor the work of the Corporation's Treasurer and shall review and report to the Board on the Corporation's financial statements. It shall ensure that all financial reports are filed in a timely manner.

The Finance and Audit Committee shall develop and review financial policies and procedures and make detailed reports to the Board of Directors.

The Finance and Audit Committee shall cause an audit of the books and records of this Corporation to be made at least once each fiscal year in accordance with Article V, Section 4(d) of these Bylaws, together with a management letter, including the response from management, conducted by a firm of independent Certified Public Accountants selected by the Board, whose engagement letter shall provide that it render an opinion on the financial statements in accordance with generally accepted accounting principles and to have the results of the audit reported to the Board of Directors.

(iii) <u>Nominating Committee</u>. The Nominating Committee shall receive recommendations for nominees to the Board and to act as Officers. It shall evaluate such

recommendations, and present nominations for open positions to the Board, as well as a slate of officers, at least fifteen (15) days prior to the Annual Meeting.

Section 3. Other Standing Committees. At the first meeting of the Board, or as soon thereafter as is practical, the Chairperson shall, subject to the approval of the Board, appoint such other Standing Committees as he/she may deem necessary and advisable to assist in the conduct of the Corporation's affairs.

Section 4. <u>Special Committees</u>. The Chairperson may, from time to time, establish Special Committees to assist the Board in carrying out the purposes of the Corporation. The Chairperson shall report the establishment of all Special Committees and members thereof to the Board at the next ensuing regular meeting of the Board.

Section 5. <u>Committee Quorum</u>. A majority of any Committee of the Corporation shall constitute a quorum, except as otherwise noted in these Bylaws, and a majority vote of the voting members of the Committee present, after a quorum has been declared, shall be required to enact business of the Committee. All other terms and conditions set forth in these Bylaws pertaining to Board meetings shall also apply Committee meetings.

## ARTICLE VII INDEMNIFICATION

This Corporation shall, to the extent legally permissible, indemnify and defend each of its directors, officers, employees, or other agents against all liabilities and expense, including, where applicable, amounts paid in satisfaction of judgments in compromise of actions, suits, claims or other proceedings, as fines or penalties, or as counsel fees, actual and reasonable paid or incurred in connection with the defense or disposition of any action, suit or other proceeding, whether civil or criminal, in which such person may be involved by reason of employment by the Corporation or by Board service, except with respect to any matter as to which such person shall have been adjudicated in any proceeding not to have acted in good faith, or not to have acted in the

reasonable belief that such action was in the best interest of the Corporation; provided that any payment by the way of settlement, compromise, or consent decree shall be indemnified there under only to the extent that it shall be determined by the Board to have been made in the best interest of the Corporation; and further provided that no settlement hereunder shall be entered into without the prior consultation and approval of a duly authorized representative of the Board. Any person believing himself to be entitled to indemnification or defense under this article, in order to qualify for indemnification or defense hereunder, shall notify the Chairperson immediately upon the occurrence giving rise to said entitlement.

### ARTICLE VIII SEAL

The seal of this Corporation shall bear the words "FIU Athletics Finance Corporation", as more particularly shown in the following impression:

## ARTICLE IX AMENDMENTS TO BYLAWS

Section 1. <u>Amendment to Bylaws</u>. The Bylaws of this Corporation may be altered, amended, rescinded or repealed by a two-thirds vote of the Board at any Regular or Special Meeting of the Board. All amendments must be approved by the Board of Trustees of FIU, upon recommendation by the President of FIU prior to their effective date.

Section 2. Amendments to the Articles of Incorporation. The Articles of Incorporation of the Corporation may be altered or amended at any regular or Special Meeting of the Board by resolution approved by the affirmative vote of a majority of the voting Directors present, subject to approval by the Secretary of State of Florida as required by law and subject to any approval which may be required by the Board of Trustees of FIU. Written notice of any proposed amendment of the Articles of Incorporation shall be mailed to each Director not less than fifteen

(15) days prior to any meeting at which such proposed amendment is to be considered.

Section 3. Requirements of Florida Law. All amendments to the Bylaws and Articles of Incorporation of the Corporation shall comply with Florida law and appropriate state rules and policies.

### ARTICLE X MISCELLANEOUS

Section 1. <u>Use of University Resources and Name</u>. Any use by the Corporation of FIU resources or FIU's name shall be approved by the President of FIU.

Section 2. <u>Employees</u>. No employee of this Corporation shall be considered to be an employee of the State of Florida solely by virtue of his/her employment by the Corporation. Any employee of the State of Florida who is assigned to work on Corporation matters shall not be considered an employee of the Corporation.

Section 3. Checks and Depositories. Except as may otherwise be specified in these Bylaws, the Board shall provide, by Resolution, which Officers or Directors are authorized to draw checks on the accounts of the Corporation and may impose any reasonable terms, conditions or limitation on such authority. Checks or drafts of the Corporation shall be signed by any two of the Officers or Directors, authorized to do so by the Board or by these Bylaws. Funds of the Corporation shall be deposited to the credit of the Corporation only in institutions approved by the Board by resolution and only in financial institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation.

Section 4. <u>Fiscal Year</u>. The fiscal year of the Corporation shall be consistent with the fiscal year of the University.

Section 5. Prohibited Political Activity. The Corporation shall be prohibited from giving, directly or indirectly, any gift to a political action committee or committee of continuing existence as defined in the Florida Statutes for any purpose other than those certified by a majority roll call

vote of the Corporation's governing board at a regularly scheduled meeting as being directly related to the educational mission of the University.

Section 6. Audit of Books and Records by University. The University shall have the right to audit the books, records and operations of the Corporation, as the University determines appropriate in the exercise of its oversight over the Corporation.

Section 7. Decertification. The President of the University may recommend to the University Board of Trustees that the Corporation be decertified as a direct support organization if the President determines that the Corporation is no longer serving the best interests of the University. The recommendation for decertification shall include a plan for disposition of the Corporation's assets and liabilities. The Corporation's assets shall be distributed for the benefit of the University as directed by the University Board of Trustees if the Corporation is decertified as a direct support organization.

### ARTICLE XI NONDISCRIMINATION

The Corporation is committed to non-discrimination with respect to race, color, religion, age, disability, gender, marital status, national origin, sexual orientation or veteran status.

### ARTICLE XII CONFLICT OF INTEREST

Directors stand in a fiduciary relationship to the University and the Corporation.

Therefore, Directors shall act in good faith, with due regard to the interests of the University and the Corporation, and shall comply with the fiduciary principles and law set forth in the Code of Ethics for Public Officers and Employees, Chapter 112, Part III, Florida Statutes. Directors shall comport themselves in accord with the statutory Code of Ethics and the Conflict of Interest Policy attached to these Bylaws as Appendix "A". Each Director shall annually complete and sign a disclosure form as required by said policy. All actual or potential conflicts of interest involving

directors of the Corporation shall be disclosed and addressed in accordance with the Corporation's Conflict of Interest Policy. The Corporation shall maintain the highest ethical standards in all of its operations in order to protect and preserve the Corporation's good name and business interests, and accordingly, it is the policy of the Corporation to adhere to the requirements of the Florida Whistle-blower's Act, Sections 112.3187 – 112.31895, Florida Statutes.

## ARTICLE XIII PUBLIC RECORDS

Public access to the Corporation's records shall be governed by Section 1004.28, Florida Statutes. It is the policy of the Corporation to maintain and/or dispose of all records made or received in connection with Corporation business in accordance with a document retention schedule as the Board may adopt from time to time.

## ARTICLE XIV POWERS OF THE PRESIDENT OF THE UNIVERSITY

The President of the University shall have the following powers and duties: (1) Monitor and control the use of university resources by the Corporation; (2) Control the use of the university name by the Corporation; (3) Monitor compliance of the Corporation with state and federal laws; (4) Recommend to the Board of Trustees of FIU an annual budget; (5) Review and approve expenditure plans at least quarterly; (6) Approve salary supplements and other compensation or benefits paid to university faculty and staff from the Corporation assets; and salaries, benefits, and other compensation paid to employees of the Corporation, consistent with the policies of the FIU Board of Trustees; and (7) Approve contribution of funds or supplements to support intercollegiate athletics.

## ARTICLE XV PARLIAMENTARY PROCEDURE

Where not addressed by these Bylaws, the Articles of Incorporation, or Florida law, all matters of procedure shall be governed by <u>Roberts Rules of Order</u> (latest edition).

### FIU ATHLETICS FINANCE CORPORATION CONFLICT-OF-INTEREST POLICY

- **1. Scope**. The following statement of policy applies to each member of the FIU Athletics Finance Corporation ("Corporation") Board of Directors and all subsequent Committees.
- **2. Fiduciary Responsibilities.** Section 8 of Article II of the Constitution of the State of Florida states: "A public office is a public trust." Board and Committee members of the Corporation serve the public trust and have a clear obligation to fulfill their responsibilities in a manner consistent with this fact. All decisions of the Corporation Board and Committees are to be made solely on the basis of a desire to advance the best interests of the institution and the public good.

Corporation Board and Committee members are generally involved in the affairs of other institutions and organizations. Effective boards and committees will include individuals who have relationships and affiliations that may raise questions about perceived conflicts of interest. Although many such potential conflicts are and will be deemed inconsequential, each Corporation Board member has the responsibility to comply with the Code of Ethics for Public Officers and Employees which is contained in Chapter 112, Part III (Sections 112.311 – 112.326) of the Florida Statutes.

**3.** The Code of Ethics for Public Officers and Employees. The Code of Ethics provides definitions and sets forth the various contexts in which conflicts arise. As defined in the Code,

a "conflict of interest" arises in a situation in which regard for a private interest tends to lead to disregard of a public duty or interest.

Particular attention is required when public officers are in situations involving:

- solicitation and acceptance of gifts;
- favors or compensation;
- contracts and transactions with the Corporation;
- unauthorized compensation;
- misuse of public position or confidential information;
- conflicting employment or consulting contractual relationships; and
- employment of relatives.

Thus, each Corporation Board and Committee member has a continuing obligation to:

- (a) be familiar with the Florida Statutes regarding ethics and conflicts of interest and the terms of this Policy;
- (b) disclose to the Corporation Board and/or Committee Chair any possible personal, familial, or business relationships that might reasonably give rise to a conflict involving the Corporation; and

- (c) acknowledge by his or her execution of the attached "Conflict of Interest Disclosure Form" that he or she is in compliance with the letter and spirit of this Policy and applicable laws.
- **4. Disclosure.** All Corporation Board and Committee members shall list on the attached Conflict of Interest Disclosure Form, at least once a year, those relationships
  - (a) that they or members of their family maintain with organizations that do business with the Corporation; or
  - (b) that could be construed to affect their independent, unbiased judgment in light of their decision-making authority and responsibility.

If a Corporation Board or Committee member is uncertain as to whether to list a particular relationship, the Corporation Board and/or Committee Chair and the General Counsel of the University should be consulted. Information shared or gathered as a result of such consultations (including information provided on the attached form) shall not be released except

- in accordance with applicable public records laws, or
- when the institution's best interests would be served by disclosure, or
- as required by court order.

Any such required disclosure will be made only after informing the affected Corporation Board or Committee member.

### **5.** Definitions:

The following definitions apply to this policy:

Business Relationship – A business relationship is one in which a Corporation Board or Committee or a Corporation Board or Committee's spouse or child serves as an officer, director, or proprietor of, or has a material interest in, an organization that does business with the Corporation or Florida International University.

Material Interest - a direct or indirect ownership of more than 5 percent of the total assets or capital stock of any business entity constitutes a material interest.

Attached is The Corporation Conflict of Interest Disclosure Form which each Corporation Board and Committee member must file with the Corporation Secretary on or before July 1<sup>st</sup> of each year, unless a change necessitating an amendment occurs prior to July 1<sup>st</sup> of the following year.

# FIU ATHLETICS FINANCE CORPORATION CONFLICT OF INTEREST DISCLOSURE FORM

This Conflict of Interest Disclosure Form is intended to protect the Corporation Board and Committees, and the Corporation, by affording the Corporation ample opportunity to forestall any potential conflicts and assure that all Board decisions are above reproach.

To allow the Corporation Board and Committees, and the Corporation to monitor and promptl address any potential conflicts, please (i) identify below any relationships, financial or persona that may constitute conflicts or potential conflicts of interest, or (ii) confirm that no such conflict or potential conflicts are known to exist:		
The following represent interests or relationships that are or may be in conflict with my position as Board or Committee member of the Corporation:		
1. Personal, familial or business relationships that might reasonably give rise to a conflict involving the Corporation or University.		
2. Outside employment or service (any outside employment or provision of outside services by you or any member of your family that may be in conflict with your position as a Board or Committee member of the Corporation.		
3. Outside interests, financial and other (any interests or position which you or any member of your family hold in any outside concern from which the Corporation or University obtains goods or services, or which provides services competing with the Corporation or University):		
4. Any other potential issues or conflicts:		
OR  As of today's date, I have no financial, professional, or personal relationships that		
reasonably hold the potential for a conflict of interest involving my service as a Corporation Board or Committee member.		

I am familiar with the Corporation's Conflict of Interest Policy pursuant to which this Disclosure
Form is filed. I have disclosed all potential conflicts of interests of which I am aware, and I agree
to promptly file a further Disclosure Form if any additional matters subject to disclosure arise
before my next annual Disclosure Form is due.

Signature	Date
Print Name	

Please FAX or mail this form to FIU Athletics Finance Corporation Secretary, at 11200 SW 8 Street, GPA 201, Miami, FL 33199 or to 305-348-0247.

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# THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES

December 1, 2016

Subject: Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. Bylaws as Amended and Restated on the 16<sup>th</sup> day of May 2016 and the 8<sup>th</sup> day of November 2016 and Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. Articles of Incorporation as Amended and Restated on the 8<sup>th</sup> day of November 2016

### **Proposed Board Action:**

Approve the Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. Bylaws, as amended and restated on May 16, 2016 and November 8, 2016, and the Articles of Incorporation, as amended and restated on November 8, 2016.

### **Background Information:**

At meetings held on May 16, 2016 and November 8, 2016, the Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. (the "FIU-HCN") Board of Directors approved amendments to the FIU-HCN Bylaws. On November 8<sup>th</sup>, the FIU-HCN Board of Directors also approved amendments to FIU-HCN Articles of Incorporation. The amendments approved on November 8, 2016, resulted from the Florida Supreme Court's decision in <u>Plancher v. UCF Athletics Association, Inc.</u>, 175 So. 3d 724 (Fla. 2015), and the FIU Board of Trustees' ("BOT") approval of amendments to the FIU Regulation on Direct Support Organizations (FIU-1502) at its meeting on September 1, 2016, as a result of the referenced case.

The amendments to the Bylaws include the following:

### Article IV:

Section 1 – Powers and Duties of the Board of Directors - The number of Directors for the FIU-HCN Board of Directors was comprised of up to fifteen (15) directors. The proposed amendment increases the number of directors from up to fifteen (15) to up to seventeen (17). In addition, the Bylaws did not address the ability of the corporation to give gifts to political committees. The proposed amendment revises the Bylaws to add language regarding gifts, specifically the circumstances for the allowance of the giving of gifts by the FIU-HCN Board of Directors.

Section 3 – Term of Office - The proposed amendment amends the Bylaws to eliminate the language regarding staggering the initial terms, as this has happened and is no longer necessary. The three (3) year term of office for elected members remains unchanged.

### Article VI:

Expansion of University President's Powers - The Bylaws, as amended, expand the power of the FIU President to approve the salary and benefits paid to FIU-HCN employees and to direct an audit of the books and records of the FIU-HCN. [Responsive to <u>Plancher.</u>] <u>Article VII</u>:

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Section 6.3 – The Finance and Audit Committee (Previously Section 6.1) - The membership of the Finance and Audit Committee included two (2) additional Community Members. The Bylaws, as amended, revise the number of additional Community Members to at least one (1) and up to three (3). In addition, the membership of Community Board Members on the Finance and Audit Committee was governed by the membership terms of the Finance and Audit Committee. The proposed amendment revises Section 6.2 to allow Community Board Members to serve on the Finance and Audit Committee so long as they are members of the Board.

Furthermore, the Bylaws provided for an annual audit to be conducted by outside public accountants. The proposed Bylaws include a provision stating that the University has the right to audit the books, records and operations of the FIU-HCN as deemed appropriate in the University's exercise of its oversight over the FIU-HCN. [Right of audit in this paragraph responsive to <a href="Plancher">Plancher</a>.]

#### Article IX:

Section 3. Financial Audits and Reports - The Dean of the HWCOM/Senior Vice President for Health Affairs determined the availability to appropriate personnel of all financial records of the FIU-HCN. The Bylaws, as amended, revise the language to have the President of the University make the determination instead of the Dean. [Responsive to <u>Plancher.</u>]

The amendments to the Articles of Incorporation included the following:

### Amendments to FIU-HCN Articles of Incorporation:

<u>Article XI</u> – Update title of FIU-HCN Chairperson to FIU-HCN President; and replace M. Kristina Raattama with Carlos B. Castillo as registered agent for the FIU-HCN.

<u>Article XIII</u> – University President's powers will add the phrase "direct the University to audit the books and records of FIU-HCN" to the powers of the President. [Right of audit in this article responsive to <u>Plancher.</u>]

The amendments to the FIU-HCN Bylaws and Articles of Incorporation have been reviewed and approved in writing by the President. The BOT must approve all amendments to the FIU-HCN Bylaws and Articles of Incorporation before their becoming effective.

Article XII of the FIU-HCN Bylaws provides that that no bylaw may be amended without the prior written approval of the President of FIU and that all amendments to the Bylaws of the FIU-HCN must be approved by the FIU BOT, upon recommendation of the President of FIU prior to their effective date. Article VII of the FIU-HCN Articles of Incorporation provides that no provision of the Articles of Incorporation may be amended without the prior written approval of the President of FIU. All amendments to the Articles of Incorporation of the FIU-HCN must be approved by the FIU BOT, upon recommendation of the President of FIU prior to their effective date.

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### **Supporting Documentation:**

Proposed Amendment to the Bylaws of the Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc.

Proposed Amendment to the Articles of Incorporation of the Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc.



### THIRD

# FOURTH AMENDED AND RESTATED BYLAWS of

The Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc.

(A Non-Florida Not for Profit Corporation)

### ARTICLE I PURPOSE

General Purpose. The Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. (FIU-HCN) shall exist exclusively to support the mission of the Florida International University (FIU) and to improve and support health education at the Florida International University in the Herbert Wertheim College of Medicine (HWCOM), the Robert Stempel College of Public Health and Social Work (RSCPHSW), the Nicole Wertheim College of Nursing and Health Sciences (CNHSNWCNHS), and departments in the College of Arts—and, Sciences (CASand Education (CASE) with clinical activities. It is organized as a not-for-profit corporation under Chapter 617, Florida Statutes.

### ARTICLE II FISCAL YEAR

The fiscal year of the FIU-HCN shall begin on the first day of July and end on the last day of June in each year.

### ARTICLE III MEMBERS

The membership of the FIU-HCN shall consist of all clinical faculty members

of the HWCOM who are actively involved in the clinical practice of medicine and faculty in RSCPHSW, <u>CNHSNWCNHS</u>, and <u>CASCASE</u> who engage in clinical activities as a part of their teaching assignment at FIU. Voluntary or adjunct faculty members are not eligible to be Members of the FIU-HCN. When any member ceases to be employed by FIU, his/her membership in the FIU-HCN shall be deemed automatically terminated.

### ARTICLE IV BOARD OF DIRECTORS

Section 1. <u>Powers and Duties of the Board of Directors</u>. Except as otherwise provided in the Articles of Incorporation and these Bylaws, the direction and management of the affairs of the FIU-HCN and the control and disposition of its assets shall be vested in the Board of Directors ("Board") which shall be comprised of up to <u>fifteen (15seventeen (17)</u> directors.

The Board shall have the power to hold and to invest and reinvest any monies it receives and to hold any property, to sell or exchange the same, and to invest and reinvest the proceeds of any sale or other conversion of any such property, for the purpose of earning income, which income less operating expenses of the FIU-HCN shall be used to improve and support the HWCOM and clinical activities of FIU clinical faculty in the RSCPHSW, CNHSNWCNHS, and CASCASE in accordance with the FIU-HCN purpose, applicable State of Florida and federal laws, and the policies of the University and its Board of Trustees. In exercising these powers and performing their duties, the Board of Directors shall have the powers, duties, and responsibilities vested in the directors of Florida not for profit corporations and those set forth in Florida Board of Governors Regulation 9.017 as may be amended from time to time. No part of the net earnings of the Corporation shall inure to the benefit of any member, director, or officer of the FIU-HCN, or to any other private

individual.

Without limiting the foregoing, the FIU-HCN shall have the power and authority to:

- a) borrow money by issuing long or short-term notes, bonds, or debentures;
- b) pledge, mortgage, or otherwise encumber its assets within the discretion of the Board and the policies of the University and its Board of Trustees; and
- c) approve the budget of the FIU-HCN prior to the beginning of each fiscal year.

The FIU-HCN is prohibited from giving, directly or indirectly, any gift to a political committee or committee of continuous existence as defined in the Florida Statutes for any purpose other than those certified by a majority roll call vote of the Board at a regularly scheduled meeting as being directly related to the educational mission of the University.

- Section 2. Membership. The members of the Board shall be:
  - (a) a designee of the FIU Board of Trustees who shall also serve as a designee of the President of the University.
  - (b) the Dean of the HWCOM / Senior Vice President for Medical Health Affairs;
  - (c) the Dean of the **CNHS**NWCNHS;
  - (d) the Dean of the RSCPHSW;
  - (e) the Dean of the CASE or a clinical faculty member of the College of Arts and Sciences CASE designated by the Dean of the College of Arts and Sciences. CASE;
  - (f) the Executive Associate Dean of Clinical Affairs of the HWCOM.
  - (g) the Provost of FIU or his/her Designee.
  - (h) the Chief Financial Officer of FIU or his/her Designee.

- (i) one (1) HWCOM Non-Chair clinical faculty member selected by the HWCOM clinical faculty.
- (j) one (1) FIU-HWCOM Chair faculty member selected by the FIU-HWCOM clinical chairs.
- (k) no more than five (5) additional members as follows: Four Up to four (4) members who shall not be employees of FIU and who are (i) nominated either by the Committee on Nominations or a nominations committee or by any member of the Board and elected by a majority vote of the Board; or (ii) appointed by the President of the University (hereinafter "Community Member"). One (1) of the Community Members elected to the Board of Directors must have the financial skills to be designated as thea Financial Expert pursuant to the criteria of Sarbanes-Oxley (the "Financial Expert"). The Community Member designated as the Financial Expert shall serve as a member of the Finance and Audit Committee. One (1) additional at large member Board member may be elected by the Board of Directors who may be a Community Member. In addition, the President of the University may also appoint members of the University administration, faculty, student body or public to serve on the Board and the Executive Committee, for such terms as may be designated by the President of the University. In no event will the maximum number of Board members exceed the maximum number of members set forth in Article IV, Section 1.

Section 3. <u>Term of Office</u>. The Dean of the HWCOM / Senior Vice President for <u>Medical Health</u> Affairs, the Dean of the <u>CNHSNWCNHS</u>; the Dean of the RSCPHSW; the <u>CASDean of the CASE or</u> clinical faculty member designated by

the Dean of the CASCASE; the Executive Associate Dean of Clinical Affairs of HWCOM; the Provost of FIU or Designee; and the Chief Financial Officer of FIU or Designee shall each serve as a director of the FIU-HCN for such time as each continues to serve *ex-officio* in their respective positions. Should the Provost or the Chief Financial Officer choose Designees to serve as Board members, then those Designees shall serve as Board members for as long as the Provost or the Chief Financial Officer shall determine. For members elected by the Board the term of office will be three (3) years. The initial terms will be staggered with the faculty representative serving one (1) year, the chair representative serving two (2) years and the three (3) Community Members serving staggered terms. One (1) member will serve a term of two (2) years and two (2) members will serve a term of three (3) years.

Section 4. <u>Election</u>. Any elected director whose term of office shall have expired may be elected to another term for a maximum of two (2) consecutive terms. Nothing in the Bylaws or the Articles of Incorporation shall prohibit any elected Board member from being re-elected after two (2) terms so long as such Board member does not serve on the Board for at least one (1) year between terms.

The Board member representing the HWCOM clinical chairs shall be selected by the HWCOM clinical chairs. The nominee representing the HWCOM clinical faculty shall be selected by the HWCOM clinical faculty.

Section 5. <u>Resignation</u>. A director not serving *ex-officio* may resign at any time upon written notice to the President or Secretary/Treasurer of the FIU-HCN. Unless otherwise specified in the notice, the resignation shall take effect upon receipt. Resignation from the Board will automatically result in resignation from any Board office. The acceptance of a resignation shall not be necessary to make it effective.

Section 6. <u>Vacancy and Removal</u>. A vacancy shall exist on the Board upon

the death, resignation, or removal of a director, upon the disability of a director that renders him or her permanently incapacitated or unable to serve, or when a director is no longer qualified to serve as a director. A Community Member director may be removed from the Board by the affirmative vote of a majority of the remaining directors at a properly called meeting of the Board. Whenever any vacancy occurs in the Board, it shall be filled without undue delay. A vacancy of a Community Member director shall, at the election of the President of the University, be filled by a majority vote of the remaining members of the Board at a special meeting, which shall be called for that purpose, or appointed by the President of the University. The person so chosen shall hold office for the duration of the previous director's term.

# ARTICLE V OFFICERS OF THE BOARD

Section 1. Number and Method of Election. The Officers of the Board shall be <u>FIU-HCN</u> President, <u>("President")</u>, Vice President, and Secretary/Treasurer. The President shall be the Senior Vice President of Medicalfor Health Affairs of FIU. The Vice President and Secretary/Treasurer will be elected by the Board. Election will require a majority vote of the Board. An elected officer shall serve a term of one year. Officers are eligible for election for consecutive terms.

Section 2. <u>Duties of Officers</u>. The duties and powers of the officers of the FIU-HCN shall be as follows:

<u>Dean / Senior Vice President for MedicalHealth Affairs</u>. The Dean / Senior Vice President for <u>MedicalHealth Affairs</u> of the HWCOM shall serve as President. The President shall preside at the meetings of the Board, and shall be an *ex officio* member of all committees<del>, with no voting power.</del> He/she shall also, at the annual meeting of the FIU-HCN and such other times as he/she deems proper,

communicate to the FIU-HCN or to the Board such matters and make such suggestions as may in his/her opinion tend to promote the prosperity and welfare and increase the usefulness of the FIU-HCN and shall perform such other duties as are necessarily incident to the office of the President. The Unless delegated to FIU-HCN management by the Board, the President shall sign all certificates, bonds, deeds, mortgages, leases, and contracts of the FIU-HCN as approved by the Board. The President shall perform all duties, as the Board shall designate. The President of the FIU-HCN may delegate certain duties with the Board's approval.

<u>Vice President</u>. In case of the death or absence of the President, or of his/her inability from any cause to act, the Vice President shall perform the duties of the President.

<u>Secretary/Treasurer</u>. It shall be the duty of the Secretary/Treasurer to give notice of and attend all meetings of the FIU-HCN and all committees and keep a record of their doings; to conduct all correspondence and to carry into execution all orders, votes, and resolutions not otherwise committed; to keep a list of the members of the FIU-HCN; to notify the officers and members of the FIU-HCN of their election; to notify members of the FIU-HCN of their appointment on committees; to furnish the chairman of each committee with the results of the vote under which the committee is appointed, and at his/her request give notice of the meetings of the committee; and generally to devote his/her best efforts to forwarding the business and advancing the interests of the FIU-HCN. The Secretary/Treasurer shall have the care and custody of the money, funds, valuable paper and documents of the FIU-HCN. The Secretary/Treasurer shall keep accurate books of accounts of the FIU-HCN's transactions, which shall be the property of the FIU-HCN, and shall render financial reports and statements of condition of the FIU-HCN when so requested by the Board or President. In case of absence or disability of the Secretary/Treasurer, the Board shall appoint a Secretary/Treasurer pro tem. The Secretary/Treasurer shall be the keeper of the corporate seal.

Section 3. <u>Bond of Secretary/Treasurer</u>. The Secretary/Treasurer shall give to the FIU-HCN such security for the faithful discharge of his/her duties as the Board may direct.

Section 4. <u>Vacancies</u>. All vacancies in any office shall be filled by the <u>Board</u> without undue delay, at any regular meeting, or at a meeting specially called for that purpose.

\_Section 5. <u>Compensation of Officers</u>. The officers <u>shallmay</u> receive such salary or compensation as the Board may determine, pursuant to the policies and regulations of the University and its Board of Trustees and applicable State of Florida and federal law.

### ARTICLE VI POWERS OF THE UNIVERSITY'S PRESIDENT

The President of FIU or designee shall have the following powers and duties: (1) monitor and control the use of university resources by the FIU-HCN; (2) control the use of the university name by the FIU-HCN; (3) monitor compliance of the FIU-HCN with state and federal laws and regulations; (4) Recommend to the Board of Trustees an annual budget; (5) approve salary supplements and other compensation or benefits paid to FIU-HCN employees and to university faculty and staff from the FIU-HCN assets, consistent with Board of Trustees' policies; (6) ensure that the FIU-HCN enacts a policy on ethics and conflicts of interest; (7) direct the University to audit the books and (7records of FIU-HCN; and (8) ratify all nominees to the Board and all appointments to Board Committees.

### ARTICLE VII COMMITTEES

Section 1. <u>Designation and Appointment of Committees</u>. Committees of the Board shall either be Standing Committees, as designated by these Bylaws, or Special Committees, as established by the President of the FIU-HCN Board. Standing Committees or Special Committees shall have the power to establish Sub-Committees. The President of the FIU-HCN Board shall appoint the members of all committees and designate their chairpersons, except as otherwise specified by these Bylaws. A majority of the members of Standing committees, Special Committees and of any sub-committees must be Directors. All members of the committees shall have voting rights. The actions of any committee shall be subject to review and approval by the Board at its next meeting, except when the power to act is specifically granted to a committee by these Bylaws or by action of the Directors. Each committee shall keep approved minutes and submit them to the Directors for review.

Section 2. <u>Standing Committees</u>. At the first meeting of the Board after its election, or as soon thereafter as practicable, the President of the FIU-HCN Board shall appoint such committees as he/she may deem necessary and advisable to assist in the conduct of the FIU-HCN's affairs.

There shall be two (2) standing committees of the Board: the Finance and Audit Committee and the Executive Committee on Nominations.

Section 3. <u>Special Committees</u>. The President of the FIU-HCN Board may, at any time, appoint other committees to deal with specific issues, for which there is no Standing Committee. Special Committees shall be discharged by the President upon completion of the task for which they are established.

Section 4. <u>Committee Quorum</u>. A majority of any committee of the FIU-HCN shall constitute a quorum for the transaction of business, unless any such

committee shall, by a majority of its entire membership, decide otherwise.

Section 5. <u>Committee Vacancies</u>. The authority, which originally appointed a committee, shall have the power to fill any vacancy on the committee.

### Section 6. Committees of the Board

- 6.1 Executive Committee Membership. The members of the Executive Committee are as follows:
  - a) Officers of the Board (President, Vice President and Secretary/Treasurer);
  - b) Chair of the Finance and Audit Committee;
  - c) Chief Financial Officer of the University;
  - d) The Board Member serving as the President's designee; and
- e) Any other Board members appointed by the President of the University.
  - 6.2 Authority of the Executive Committee

The Executive Committee of the Board of the FIU-HCN shall have and may exercise all powers and authority of the Board when the Directors are not in session, subject only to such restrictions or limitations as the Directors may from time to time specify, except that the Executive Committee shall have no authority to alter, amend, or repeal the Articles of Incorporation or Bylaws of the FIU-HCN, to remove Directors or Officers or to elect Officers, or to take any action requiring a super-majority of the Board. The Executive Committee shall meet at the call of the President of the Board. A majority of the voting members of the Executive Committee shall constitute a quorum and a majority vote of the voting members of the Committee present, after a quorum has been declared, shall be required to enact business of the Executive Committee. When urgency precludes a formal meeting, matters may be handled by telephone in accordance with provisions of these Bylaws and the requirements of Florida law regarding meetings of the Directors.

All actions of the Executive Committee shall be reported to the Directors at the next ensuing meeting of the Board, or when deemed sufficiently important by the

President of the Board or the University President. Such actions shall be reported to the Directors within thirty (30) days after such action is taken, or at a meeting of the Directors if a meeting is held within that period of time. All actions of the Executive Committee shall be included in the minutes of the Board.

- <u>6.3</u> The Finance and Audit Committee. The Finance and Audit Committee shall have at least five (5) members. The President of the FIU-HCN Board shall appoint to the Finance and Audit Committee the following:
  - a) one (1) member who is a Community Member serving on the Board as a Financial Expert;
  - b) two (2b) at least one (1) and up to three (3) additional Community Members; and
  - c) no more than two (2) additional committee members.

In addition, the following Board members shall serve *ex-officio*:

- ad) the Chief Financial Officer of FIU or his or her designee; and
- be) the Secretary-Treasurer of the Board if not appointed as one of the members listed above.

Members who doare not serve *ex officio* Board members may be appointed for two (2) successive three (3) year terms and reappointed after two (2) terms so long as such Committee member does not serve on the Committee for at least one (1) year between terms. Board members may serve on the Finance and Audit Committee so long as they are Board members.

An audit shall be conducted annually by outside public accountants and presented to the Finance and Audit Committee, which shall in turn present the report of audit, including the scope of the examination, to the members of the FIU-HCN at their next meeting with such

recommendations as the Finance and Audit Committee shall deem appropriate. Thereafter, the annual audit report shall be submitted by the University President to the Board of Trustees for review no later than the end of the fourth month following the close of the organization's fiscal year. It shall address and oversee financial and administrative policy matters for the FIU-HCN. Notwithstanding anything contained herein to the contrary, the University shall have the right to audit the books, records and operations of the FIU-HCN, as the University determines appropriate in the exercise of its oversight over the FIU-HCN.

The Committee shall, subject to overall guidance by the Board, establish the fees and/or methodology to establish fees for clinical services provided by clinical faculty members supported by the FIU-HCN and for facility fees. It shall, subject to guidance from the Board, establish a billing and collection policy. The Finance and Audit Committee shall be responsible for the periodic review of the FIU-HCN's financial performance, and provide advice and recommendations to the Board on financial matters. The Finance and Audit Committee shall approve the FIU-HCN's annual budget and thereafter periodically review actual performance against the budget. The budget shall be reviewed and recommended to the Board before the beginning of the FIU-HCN's fiscal year. Each year the budget shall be approved by the Board and recommended by the University President to the Board of Trustees no later than sixty (60) days following the beginning of the FIU-HCN's fiscal year. The Board of Trustees must approve the FIU-HCN's budget before it can be enacted.

The Executive Associate Dean for Finance shall be an ex officio non-voting member of the Finance Committee. The Committee shall keep a record of its proceedings and may appoint the Secretary/Treasurer for that purpose.

President of the FIU-HCN shall appoint a Committee of Nominations of at least three (3) and no more than five (5) members whose duty it shall be to nominate candidates to fill vacancies in the Community Board Member positions. The President of the FIU-HCN Board shall name the Chair of the Committee who shall be a Board member. \_\_\_\_

Section 7. <u>Composition of Committees</u>. Individuals other than Directors shall be eligible to serve on committees. However, the Chairperson of the Committees shall be a Director.

### ARTICLE VIII MEETINGS OF THE FIU-HCN

Section 1. Annual Meeting of the FIU-HCN. ThereOne of the regular meetings of the FIU-HCN shall be an annual meeting for receiving the annual reports of officers, directors and committees, and the transaction of other business. Notice of the meeting, signed by the Secretary/Treasurer, shall be mailed by U.S. Mail or delivered electronically, except as herein or by statute otherwise provided, to the last recorded physical or electronic address of each member at least ten (10) days and not more than fifty (50) days before the time appointed for the meeting. All notices of meetings shall set forth the place, date, time and purpose of the meeting.

Section 2. <u>Regular Meetings</u>. Regular meetings of the Board shall be held no less often than <del>quarterly.two times per year.</del> Notice of the meeting, signed by the Secretary/Treasurer, shall be mailed by U.S. Mail or delivered electronically, except

as herein or by statute otherwise provided, to the last recorded physical or electronic address of each member at least ten (10) days and not more than fifty (50) days before the time appointed for the meeting. The purpose of regular meetings shall be for the transaction of such business as may lawfully come before each meeting. The Secretary/Treasurer of the FIU-HCN shall provide the directors with a schedule of the regular meetings.

Section 3. <u>Special Meetings</u>. The President of FIU-HCN, the President of FIU or any two (2) Board members may call special meetings of the Board. No business other than that specified in the notice of meeting shall be transacted at any special meeting of the Board.

Section 4. <u>Telephone Meetings</u>. The Board and Committee meetings may be conducted by telephone conference or similar communications facilities if the President or the Chairperson of the Committee determines it is appropriate and if all persons participating in such meetings are able to hear each other as if the meeting were held in person.

Section 5. Executive Session. The Legislature has provided limited exemptions from the Sunshine law for certain meetings because of the confidential material that must be discussed. When the Board decides to avail itself of any such exemption, it will do so by convening an executive session of the Board.

# A. Pending Litigation:

Meetings to discuss pending litigation in which the Board is presently a party before a court or administrative agency may be held in executive session outside the Sunshine, provided the following procedures and conditions are met.

- 1. Counsel for the Board must advise the Board at a public meeting that he or she desires an executive session and must state the basis therefore.
- 2. Only Board members, the Board's attorney(s) and the President of

- the University may attend a closed executive session to discuss pending litigation. Staff members or consultants are not permitted to attend. The Board must give advance public notice, pursuant to its procedures, of the time and date of the executive session, and must identify the names of the persons who will be attending the closed session.
- 3. The session must commence with an open meeting at which the President or his/her designee shall announce the commencement of the meeting, the estimated length of the closed executive session, and the names of the persons attending. At that point, the meeting is closed to all except those whose names have been announced. The executive session may then commence. At the conclusion of the executive session, the meeting must be reopened to the public and the person chairing the meeting shall announce the termination of the closed executive session.
- 4. A certified court reporter must record the entire executive session. The reporter must record the times of commencement and termination of the executive session; all discussions and proceedings; the names of all persons present at any time; and the names of all persons speaking. No portion of any executive session may be held off the record. The Board must have the court reporter's notes fully transcribed, and the transcript filed with its records custodian. The transcript is exempt from Florida's public records law, and is not to be disclosed until the litigation concludes. Upon the conclusion of the litigation, the transcript becomes part of the public record.
- 5. The subject matter of the closed session must be confined to settlement negotiations or strategy sessions related to litigation expenditures.

  The Board may not go beyond these strict parameters. No final action, no vote, and no decisive action may be taken during the closed session. Any final decision to settle a lawsuit, for a certain amount of money, or under

certain conditions, is a decision that must be voted upon in a public meeting.

<u>Section 6.</u> <u>Waiver</u>. A Member, Officer or Director may not waive any notice required to be given by law or under these Bylaws.

Section 67. Quorum. The presence in person, or telephonically, if ChairpersonPresident has permitted participation by telephone, of a majorityeight of the Directors of the FIU-HCN entitled to vote shall be necessary to constitute a quorum for the transaction of business.

Section 78. <u>Voting</u>. If the manner of deciding any question has not otherwise been prescribed, it shall be decided by a majority of the votes cast at a meeting at which a quorum is present.

Section 89. Action by Written Consent. All actions required or permitted to be taken by the Board must be taken at a meeting of the Board or of any committee designated by the Board.

Section 910. Order of Business. Roberts Rules or Order will be followed at all the meetings of the FIU-HCN and the Board.

The Chair President without debate shall decide any question as to priority of business.

This order of business may be altered or suspended at any meeting by a majority vote of the members present.

Section <u>1011</u>. <u>Agenda and Minutes</u>. A written agenda of the matters to be considered at a Board or committee meeting shall be delivered to members thereof prior to such meeting.

Written minutes of the proceedings of the Board and committees shall be maintained and all actions taken at Board and committee meetings shall be properly recorded in the minutes.

# ARTICLE IX ADMINISTRATION POLICIES

Section 1. <u>Chief Executive Officer</u>. The Board shall appoint a Chief Executive Officer ("CEO") of the FIU-HCN. The appointment is subject to the approval of the Dean of the HWCOM / Senior Vice President for <u>MedicalHealth</u> Affairs. As CEO, he/she shall oversee all day-to-day affairs of the FIU-HCN.

Section 2. Affairs and Operations. Notwithstanding any other provision of these Bylaws to the contrary, the affairs and operations of the FIU-HCN shall be conducted in strict compliance with the policy and regulations of the Florida Board of Governors and the University concerning the faculty practice plan for the HWCOM, approved at the January 24, 2008, meeting, as it may hereafter be amended. Any employee of the State of Florida who is assigned to work on FIU-HCN matters shall provide services on behalf of the FIU clinical faculty practices and will not be considered an employee of the FIU-HCN.

Section 3. <u>Financial Audits and Reports</u>. All financial records of the FIU-HCN shall be available to the appropriate personnel of the University from time to time as determined by the <u>Dean of the HWCOM / Senior Vice President for Medical Affairs of the University</u>. The Board shall engage an independent certified public accountant (CPA) to perform an annual audit of the organization's financial statements, with the objective being to render an opinion on the financial statements. The cost of the audit shall be borne by the FIU-HCN as an operating expense. Copies of each annual audited financial report shall be promptly provided to the President of the University and the Dean of the HWCOM / Senior Vice President for <u>MedicalHealth</u> Affairs for their review.

Section 4. <u>Distribution of Net Receipts</u>. The accumulation, expenditure and distribution of all funds of FIU-HCN shall be exclusively for the improvement and support of medical education at colleges and departments generating the income and

shall be made only after approval by the Dean of HWCOM / Senior Vice President for MedicalHealth Affairs or his/her designee.

### ARTICLE X SEAL

The seal of the FIU-HCN shall be as more particularly shown in the following impression.

# ARTICLE XI COMMITMENT TO COMPLIANCE

The FIU-HCN is a tax-exempt organization dedicated to providing high quality clinical services administrative services to support University clinical and educational services provided to students and to the South Florida community. The FIU-HCN is committed to meeting the highest ethical standards in all of its operations and clinical services. It is committed to compliance with the laws, rules and regulations that govern its operations and committed to establishing a compliance program that will provide the FIU-HCN employees with tools to understand and comply with such laws.

# ARTICLE XII AMENDMENTS

The Bylaws of the FIU-HCN shall be made, altered or rescinded by a twothirds vote of all members of the Board at any regular or at any special meeting called for that purpose; provided, however, that no bylaw may be adopted, amended or rescinded without the prior written approval of the President of FIU. All amendments to the Bylaws of the FIU-HCN must be approved by the Board of Trustees of FIU, upon recommendation of the President of FIU prior to their effective date. All amendments to the Bylaws and Articles of Incorporation of the FIU-HCN shall comply with and be subject to Florida law and applicable state and University rules, regulations and policies.

# ARTICLE XIII INDEMNIFICATION

The indemnification of any director, officer or employee of the FIU-HCN shall be as provided by law.

# ARTICLE XIV DISSOLUTION

In the event that the FIU-HCN shall dissolve or otherwise terminate its corporate existence, subject to the provisions of Chapter 617, Florida Statutes, the FIU-HCN shall distribute all its existing assets as provided in the Articles of Incorporation in compliance with applicable State of Florida and federal law.

Fourth Amended Bylaws Amendments Proposed May 2016

<u>University</u> Presidential Approval — <u>July 20, 2012May 12, 2016</u>

Board of Directors Approval July 26, 2012 May 16, 2016

Fourth Amended Bylaws Amendments Proposed November 2016

University Presidential Approval October 31, 2016

Board of Directors Approval

FIU Board of Trustees Approval September 11, 2012

of May 2016 and November 2016

Amendments



# SECOND-THIRD AMENDED AND RESTATED ARTICLES OF INCORPORATION

# THE FLORIDA INTERNATIONAL UNIVERSITY ACADEMIC HEALTH CENTER HEALTH CARE NETWORK FACULTY GROUP PRACTICE, INC.

### A Florida Not-For-Profit Corporation

The undersigned subscribers do hereby associate ourselves together to form a not-for-profit corporation pursuant to the laws of the State of Florida, and for these purposes do hereby adopt the following Amended and Restated Articles of Incorporation.

## ARTICLE I. NAME

The name of this corporation shall be THE FLORIDA INTERNATIONAL UNIVERSITY ACADEMIC HEALTH CENTER HEALTH CARE NETWORK FACULTY GROUP PRACTICE, INC. For convenience, the corporation shall be referred to as the "FIU-HCN".

### **ARTICLE II. PURPOSES**

The FIU-HCN is organized and shall be operated exclusively for scientific, educational and charitable purposes within the intent and meaning of Section 501(c)(3) of the Internal Revenue Code of the United States. Further, the FIU-HCN shall exist exclusively to support the mission of Florida International University (hereinafter referred to as "FIU") to improve and support health education at the Florida International University in the Herbert Wertheim College of Medicine (HWCOM), the Robert Stempel College of Public Health and Social Work (RSCPHSW), the Nicole Wertheim College of Nursing and Health Sciences (NWCNHS), and departments in the College of Arts, and Sciences and Education (CASE) with clinical activities.

#### **ARTICLE III. POWERS**

The FIU-HCN shall have all of the powers now provided or which may hereafter be provided for not-for-profit corporations by the laws of the State of Florida, and is empowered to do all acts and things as from time to time may be necessary or expedient in order to accomplish its general purposes all in accordance with and subject to the Bylaws of the FIU-HCN and the limitations of applicable State of Florida and federal laws and regulations including the authority granted to the Board of Trustees of FIU. No part of the net earnings of the Corporation shall inure to the benefit of any member, director, or officer of the FIU-HCN, or to any other private individual. In exercising these powers and performing their duties, the Board of Directors shall have the powers, duties, and responsibilities vested in the directors of Florida not for profit corporations and those set forth in Florida Board of Governors Regulation 9.017 as may be amended from time to time. In particular, the FIU-HCN shall not engage in any activities prohibited by a corporation exempt from Federal income tax under section 501(C)(3) of the Internal Revenue Code, as revised from time to time. The FIU-HCN shall not be empowered to do any act or thing which would cause it to lose its status as a notfor-profit corporation under the laws of the United States or of the State of Florida. No substantial part of the FIU-HCN's funding or activities shall be for the carrying on of propaganda or otherwise attempting to influence legislation, and the FIU-HCN shall not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office.

# ARTICLE IV. MEMBERS

The Members of the FIU-HCN all shall be clinical faculty of the HWCOM who are actively involved in the clinical practice of medicine and faculty in RSCPHSW, <a href="NWCNHS">NWCNHS</a>, and CASE who engage in clinical activities as a part of their teaching assignment at FIU. Voluntary or adjunct faculty members are not eligible to be Members of the FIU-HCN. When any member ceases to be employed by FIU, his/her membership in the FIU-HCN shall be deemed automatically terminated.

# ARTICLE V. BOARD OF DIRECTORS

<u>Section 1.</u> All corporate powers of the FIU-HCN shall be exercised by, or under the authority of, the Board of Directors in accordance with these Articles of Incorporation and the Bylaws of the FIU-HCN. Only Directors shall have a vote in meetings of the FIU-HCN's members or of the Directors.

<u>Section 2.</u> The Board of Directors shall be elected, hold office and direct the activities of the FIU-HCN in accordance with the Bylaws. The Directors of the Board shall be specified in the Bylaws.

<u>Section 3.</u> The qualifications, election procedures, terms of service, powers and duties of the Directors and Officers of the FIU-HCN shall be specified in the Bylaws.

### **ARTICLE VI. BYLAWS**

The Bylaws of the FIU-HCN shall be adopted by the Board of Directors, and may be altered, amended or rescinded by the Board of Directors in the manner provided for in the Bylaws.

### **ARTICLE VII. AMENDMENTS TO ARTICLES OF INCORPORATION**

The Articles of Incorporation of the FIU-HCN shall be made, altered or rescinded by a two-thirds vote of all members of the Board at any regular or at any special meeting called for that purpose; provided, however, that no provision of the Articles of Incorporation may be adopted, amended or rescinded without the prior written approval of the President of FIU. All amendments to the Articles of Incorporation of the FIU-HCN must be approved by the Board of Trustees of FIU, upon recommendation of the President of FIU prior to their effective date.

# **ARTICLE VIII. EARNINGS**

No part of the net earnings of the FIU-HCN, if any, shall inure to the benefit of, or be distributed to, its members, Directors, Officers, or other private persons, except that the FIU-HCN is authorized and empowered, upon approval by the Board of Directors, to pay reasonable compensation to any person or organization for services rendered, to reimburse Officers and other Directors of the FIU-HCN for expenses incurred by them in the performance of their duties, and to pay salary supplements and expense allowances to officers and employees of the University. All such payments shall be governed by provisions of the Bylaws.

#### ARTICLE IX. DISSOLUTION

In the event of dissolution of the FIU-HCN or termination of its affairs, the Directors shall, after paying or making provision for payment of all of the liabilities of the FIU-HCN, distribute all of the remaining assets of the FIU-HCN to FIU to be used exclusively for the general purposes for which the FIU-HCN was organized, subject to the conditions, restrictions, and limitations to which such assets were subject when

they were assets of the FIU-HCN. No individual shall be entitled to share in the distribution of any of the assets of the FIU-HCN upon dissolution or termination.

# **ARTICLE X. INDEMNIFICATION**

Every Director, Officer and employee of the FIU-HCN shall be indemnified by the FIU-HCN against and reimbursed for all reasonable expenses and liabilities, including attorneys' fees, reasonably incurred or imposed upon them in connection with any proceeding to which they may be a party, or in which they may become involved, by reason of their being or having been a Director, Officer or employee of this FIU-HCN, or any settlement thereof, whether or not they are Directors, Officers or employees at the time such are incurred, except in such cases where the Director, Officer or employee is adjudged guilty of willful malfeasance or misfeasance in the performance of duties; provided that, in the event of a settlement, the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement as being in the best interests of the FIU-HCN. With prior approval of the Board of Directors, costs, charges and expenses (including attorneys' fees) incurred by a Director, Officer or employee may be paid by the FIU-HCN in advance of the final disposition of such action, suit, or proceeding upon receipt of an undertaking by or on behalf of such Director, Officer, or employee to repay all amounts so advanced in the event it shall ultimately be determined that such Director, Officer or employee is not entitled to be indemnified by the FIU-HCN as authorized in this Article or under state law, and upon satisfaction of such other conditions as are required by current or future legislation. The decision by the FIU-HCN to indemnify a Director, Officer or employee or to make advances to a Director, Officer or employee shall be final and shall not be subject to judicial review. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Directors, Officers or employees shall be entitled. Notwithstanding the foregoing, the Board of Directors shall have the power to consolidate the representation of individual Directors, Officers and employees so that the FIU-HCN shall not incur unreasonable attorneys' fees and other costs. Prompt written notice, by registered mail, of all claims for which indemnification is or may be sought shall be given to the FIU-HCN and no settlement of any such claim shall be entered into without reasonable prior written notice, by registered mail, having been given to the FIU-HCN.

### ARTICLE XI. REGISTERED OFFICE AND REGISTERED AGENT

The FIU-HCN hereby designates its Registered Office to be located at Florida International University, Office of the General Counsel, University Park, PC 511, Miami, Florida, 33199, or such other place as it may from time to time designate. In accordance with the Bylaws, the University President hereby recommends and the Chairperson FIU-HCN President hereby appoints M. Kristina RaattamaCarlos B. Castillo, General Counsel, Florida International University, as Registered Agent of the FIU-HCN, to accept service process within this State, to serve in such capacity until a successor is selected and duly designated.

### **ARTICLE XII. EQUAL OPPORTUNITY/ACCESS**

In its operations and activities, the FIU-HCN shall be governed by the principles of equal opportunity and access to all persons regardless of race, color, religion, sex, age, national origin, handicap or disability.

# ARTICLE XIII. POWERS OF THE PRESIDENT AND USE OF UNIVERSITY RESOURCES

The President of the University or designee shall have the following powers and duties: (1) monitor and control the use of university resources by the FIU-HCN; (2) control the use of the university name by the FIU-HCN; (3) monitor compliance of the FIU-HCN with state and federal laws and regulations; (4) recommend to the Board of Trustees an annual budget; (5) approve salary supplements and other compensation or benefits paid to university faculty and staff from the FIU-HCN assets, consistent with Board of Trustees' policies; (6) ensure that the FIU-HCN enacts a policy on ethics and conflicts of interest; (7) direct the University to audit the books and records of FIU-HCN and (87) ratify all nominees to the Board and all appointments to Board Committees.

### **ARTICLE XIV. TAX RETURN**

The FIU-HCN shall submit to the President of FIU and the Board of Governors of the State of Florida its Internal Revenue Service Application for Recognition of Exemption form (Form 1023) and its Federal Internal Revenue Service Return of Organization Exempt from Income Tax form (form 990) in accordance with Section 1004.28 of the Florida Statutes, as may be amended from time to time.

	John A. Rock, M.D.  Chairperson /DirectorFIU-HCN
	President
	Address: 11200 SW 8 <sup>th</sup> Street, AHC2 Suite 693
	Miami, Florida 33199
(SEAL) STATE OF FLORIDA )	
COUNTY OF DADE )	
May, 201 <u>6</u> 1, by <u>Joh</u> The Florida International University	acknowledged before me this 4 <sup>th</sup> day of an A. Rock, M.D., the Chairperson President of Academic Health Center Health Care Network a not-for-profit corporation. The aforementioned and did not take an oath.
	Notary Public, State of Florida

# **CERTIFICATION**

	I, M. Kristina RaattamaCarlos B. Castillo, Registered Agent of The Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc., a Florida not-for-profit corporation, hereby certify that I am familiar with and accept the duties and responsibilities of the Registered Agent of the FIU-HCN as stated in its Articles of Incorporation.  IN WITNESS WHEREOF, I have hereunto set my hand and have affixed the		
	seal of the FIU-HCN, this 4 <sup>th</sup> day of <del>May</del> 20161.		
ACADEMIC HEALTH CE NETWORK FACULTY GI		FLORIDA INTERNATIONAL UNIVERSITY DEMIC HEALTH CENTER HEALTH CARE WORK FACULTY GROUP PRACTICE, INC. rida not-for-profit Corporation	
		By:	
	Presidential Approval Board of Directors Approval FIU Board of Trustees Approval	April 20, 201 <u>6</u> 1	



Consent Agenda G3

# THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES

December 1, 2016

Subject: Proposed Finance and Facilities Committee Charter

#### **Proposed Board Action:**

Approve the proposed Finance and Facilities Committee Charter.

#### **Background Information:**

Pursuant to the recommendation of the Board of Governors regarding best practices for governing Boards of universities and colleges, and the creation of a separate Board of Trustees Finance and Facilities Committee and a separate Board of Trustees Audit and Compliance Committee, which the Florida International University Board of Trustees Governance Committee is scheduled to take up on December 1, 2016, adoption of the proposed charter will enable the proposed Finance and Facilities Committee to assist this Board in fulfilling its administrative and fiscal responsibilities.

Board of Governors' Regulation 1.001(3)(b) states that each board of trustees may establish committees of the board to address matters, including, but not limited to, academic and student affairs, strategic planning, finance, audit, property acquisition and construction, personnel, and budgets.

**Supporting Documentation:** Draft of proposed Finance and Facilities Committee Charter



# THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES

#### FINANCE AND FACILITIES COMMITTEE CHARTER

#### 1. Overall Purpose/Objectives

The Finance and Facilities Committee ("Committee") is a committee of the Florida International University Board of Trustees ("Board"), whose members are appointed by the Chairperson of the Board. The general purpose of the Committee is to provide review, policy guidance and strategic oversight of the university's financial matters, financial reporting statements, campus master planning activities and other real estate type activities for both the University and its direct support organizations ("DSO").

For university financial matters, the Committee will review actions to be presented to the Board and provide a recommendation. This includes, but is not limited to, the annual University budget and all tuition, room rents, and other student fees that are required by state statute to be approved by the Board. The committee will schedule and periodically review financial reports from the university's DSO.

For campus master planning and other real estate matters, the Committee will coordinate the campus master planning process and provide recommendations to the Board for action. The Committee will annually review the capital improvement plan submissions to the Board of Governors and State legislature, and periodically review programs that ensure the maintenance and safety of University facilities. The Committee will review any real estate related projects or facilities involving the University or any of its DSOs, or any other university entities that may arise in the future by whatever designation, and make recommendations to the full Board. The Committee will participate in, review and approve the planning process for any DSO-initiated program that will materially affect the University either financially or in reputation, or involve any real estate related matters on or off campus.

#### 2. Authority

The Board authorizes the Committee to:

- 2.1 Perform activities within the capacity of its charter.
- 2.2 Participate, through the Chair, in the process of the appointment and dismissal of the Senior Vice President and Chief Financial Officer.
- 2.3 Engage independent counsel and other advisers as it deems necessary to carry out its duties, with approval of the Board or the President.
- 2.4 Have unrestricted access to management, faculty and employees of the

University and its DSOs, as well as to all books, records, and facilities thereof.

### 3. Organization Membership

- 3.1 The Chair of the Board of Trustees will appoint the chair and members of the Committee.
- 3.2 The Committee consists of at least five (5) members, all of whom are voting Trustees of the University.
- 3.3 A majority of Committee members, if not all, shall possess general accounting, business and financial knowledge, including the ability to read and understand fundamental financial statements.
  - 3.3.1 If possible the Committee will include at least one member who is a "accounting or financial expert"; a person who has an understanding of generally accepted accounting principles and financial statements; the ability to assess the application of these principles in connection with accounting for estimates, accruals and reserves; and an understanding of committee functions; experience preparing financial statements, or experience actively supervising persons engaged in such activities. The person must have acquired these attributes through one or more of the following: education or experience actually doing these functions or similar ones; actively supervising someone who is performing these functions or similar ones; experience overseeing or assessing the performance of companies or public accountants who are preparing or evaluating financial statements; or other relevant experience.
- 3.4 Members will serve on the Committee until their resignation or replacement by the Chair of the Board.

#### 4. Meetings

- 4.1 A simple majority of the members of the Committee will constitute a quorum for the transaction of business.
- 4.2 Meetings shall be held not less than four (4) times per year and shall correspond with the University's financial reporting cycle.
- 4.3 The Committee shall maintain written minutes of its meetings, and for the Committee Chair to approve each meeting's agenda.
- 4.4 The Senior Vice President and Chief Financial Officer, who has operational responsibility for facilities planning, will be the liaison to the Committee from the FIU Administration. Said Senior Vice President and Chief Financial Officer will regularly meet and correspond with the Chair of the Committee and in consultation with the Chair, prepare the agenda for meetings of the Committee. Said Senior Vice

President and Chief Financial Officer will further advise and keep informed, as needed, both the President and the Chair of the Board on a regular basis regarding matters brought before and actions taken by the Committee.

- 4.5 The Committee shall provide regular updates of Committee activities to the Board for matters within the Committee's area of responsibility.
- 4.6 The Committee may request special presentations or reports that may enhance members' understanding of their responsibilities.
- 4.7 It is the intent of the Committee for matters within its purview to come before the Committee as early as possible so that the Committee can issue its recommendations and exercise its oversight at the beginning of any particular project or matter.

#### 5. Roles and Responsibilities

#### **FINANCE**

With regard to each item listed below, the committee will:

- 5.1 Review the annual operating budgets of the University and recommend appropriate action to the Board.
- 5.2 Review the financial statements of the University's DSOs, making recommendations for action to the Board as needed; (frequency of review is at the discretion of the committee, but will be not less than once each year).
- 5.3 Review the annual capital budget request of the University and recommend appropriate action to the Board.
- 5.4 Review annual (or interim) changes to the University's tuition and fees and any related policy changes, and recommend appropriate action to the Board.
- 5.5 Review and approve material, non-mandated changes to accounting policies and practices.
- 5.6 Advise Senior Management, based upon the Committee's review, whether the Committee believes that the annual audited financial statements (including the footnotes) contain any material misstatements or omissions.
- 5.7 Review with Senior Management at the completion of the annual financial statement audit:
  - 5.7.1 the University's annual financial statements and related footnotes, including their degree of clarity;

- 5.7.2 the Auditor General's opinion regarding the financial statements;
- 5.7.3 any significant changes required to the state auditor's audit plan;
- 5.7.4 any difficulties or disputes with management encountered during the audit, including an overall assessment of management cooperation;
- 5.7.5 the University's accounting principles, including the consistency, appropriateness and quality (not just acceptability) thereof, with particular emphasis on sensitive accounting estimates and accruals;
- 5.7.6 the University's overall level of compliance with governmental regulations;
- 5.7.7 reports concerning internal controls, including significant findings and recommendations and management's response;
- 5.7.8 other matters that should be communicated to the Committee under generally accepted generally accepted auditing standards; and
- 5.7.9 any other financial filings required by law or regulation.
- 5.8 Consult annually with the CFO regarding the integrity of the University's financial reporting processes and related internal controls.

#### **FACILITIES**

- 5.9 Become familiar with the current campus master plan and the philosophies behind its development.
- 5.10 Understand the statutorily required process and frequency of updates to the plan.
- 5.11 Recommend amendments to the plan to the Board.
- 5.12 Recommend appropriate action regarding the acquisition and disposition of real property.
- 5.13 Review material proposed additions to and renovations of existing facilities, to include facilities of the University and DSOs.
- 5.14 Review and recommend to the Board the annual list of capital improvements for funding by the Legislature.
- 5.15 Periodically review and recommend to the Board matters and facilities relating specifically to student housing, both on and off campus and further review a long-term strategic planning program for said student housing.

#### **Direct Support Organizations**

- 5.16 Participate in the planning process for any DSO involvement in capital projects that affect the University either financially or in reputation or involve any real estate.
- 5.17 Review, provide oversight with respect to, and provide recommendations to the Board for any actions that may be required stemming from a DSO initiated capital project.

#### **Maintenance of Facilities**

- 5.18 Review the effectiveness of the various University and DSO organizations in maintaining the buildings and grounds that are responsibilities of the Board.
- 5.19 Review the effectiveness of University law enforcement in protecting the physical assets of the University and providing a safe environment for the various University constituencies.
- 5.20 Review the effectiveness of the campus organizations responsible for environmental health and safety both in the buildings and on the grounds.
- 5.21 Provide recommended action items to the Board on all of the items above to the Board when necessary.

#### **Reporting Responsibilities**

- 5.22 Regularly update the Board about Committee activities and make appropriate recommendations.
- 5.23 Ensure the Board is aware of matters within the purview or responsibility of the Committee that may significantly impact the financial condition or legal liability of the University.

#### **Charter Review**

- 5.24 Review the Committee charter at least every two (2) years and discuss any required changes with the Board.
- 5.25 Ensure that the charter is approved or reapproved by the Board, after each update.



Consent Agenda G4

# THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES

December 1, 2016

Subject: Proposed Audit and Compliance Committee Charter

#### **Proposed Committee Action:**

Approve the proposed Audit and Compliance Committee.

#### **Background Information:**

Pursuant to the recommendation of the Board of Governors regarding best practices for governing Boards of universities and colleges, and the creation of a separate Board of Trustees Finance and Facilities Committee and a separate Board of Trustees Audit and Compliance Committee, which the Florida International University Board of Trustees Governance Committee is scheduled to take up on December 1, 2016, adoption of the proposed charter will enable the proposed Audit and Compliance Committee to assist this Board in fulfilling its oversight responsibilities.

Board of Governors' Regulation 1.001(3)(b) states that each board of trustees may establish committees of the board to address matters including, but not limited to, academic and student affairs, strategic planning, finance, audit, property acquisition and construction, personnel, and budgets.

**Supporting Documentation:** Draft of proposed Audit and Compliance Committee Charter



# THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES

#### AUDIT AND COMPLIANCE COMMITTEE CHARTER

#### 1. Overall Purpose/Objectives

The Audit and Compliance Committee ("Committee") is appointed by the Florida International University Board of Trustees ("Board") to assist it in discharging its oversight responsibilities, including but not limited to, reviewing procedures in place to assess and minimize significant risks, overseeing the quality and integrity of financial reporting practices (including the underlying system of internal controls, policies and procedures, regulatory compliance programs, and ethical code of conduct), and overseeing the overall audit process.

The Committee will oversee the financial operations and reporting process for both the University and its direct support organizations ("DSO"). The committee will review: 1) the University's internal financial controls and processes; 2) the internal audit function; 3) the independent audit process, including the appointment and assessment of the external auditors for the University; and 4) the DSO and University processes for monitoring compliance with applicable laws and regulations, meeting regulatory requirements and promoting ethical conduct.

#### 2. Authority

The Board authorizes the Committee to:

- 2.1 Perform activities within the capacity of its charter.
- 2.2 Evaluate the Office of Internal Audit's role and scope of activities.
- 2.3 Participate, through the Chair, in the process of the appointment and dismissal of the Chief Audit Executive.
- 2.4 Engage independent counsel and other advisers as it deems necessary to carry out its duties.
- 2.5 Have unrestricted access to management, faculty and employees of the University and its DSOs, as well as to all books, records, and facilities thereof.
- 2.6 Develop and review procedures for the receipt, retention and treatment of complaints received from employees regarding financial or operational matters.
- 2.7 Review and approve the Office of Internal Audit's annual audit plan (and any subsequent changes thereto), considering the University-wide risk assessment and the degree of coordination with the Auditor General's Office for an effective, efficient, non-redundant use of audit resources.

- 2.8 Review and discuss with management and the Office of Internal Audit (1) significant findings and recommendations, including management's response and timeframe for corrective action; (2) the degree of implementation of past audit recommendations; and (3) any difficulties encountered in the course of the audit activities such as restrictions on the scope of work or access to information.
- 2.9 Assess the staffing of the Office of Internal Audit, including the annual budget.
- 2.10 Review and approve modifications to the Office of Internal Audit.
- 2.11 Review the organizational reporting lines related to the Office of Internal Audit, particularly related to confirming and assuring the continued independence of the Office of Internal Audit and its staff.
- 2.12 Review the work of the external auditors for the University and DSOs.
- 2.13 Evaluate the effectiveness of the University's compliance program by (1) reviewing the results of the program effectiveness evaluation; (2) assessing the staffing of the Office of Compliance & Integrity, including the annual budget; (3) reviewing major modifications to the University's compliance program; and (4) reviewing compliance-related training topics for the Board.
- 2.14 Participate, through the Chair, in the process of the appointment and dismissal of the Assistant Vice President, Chief Compliance and Privacy Officer.
- 2.15 Review and approve the Office of Compliance & Integrity's annual compliance plan (and any subsequent changes thereto), considering the University-wide risk assessment.
- 2.16 Review and approve modifications to the Office of Compliance & Integrity.
- 2.17 Review the organizational reporting lines related to the Office of Compliance & Integrity, particularly related to confirming and assuring the continued independence of the Office of Compliance & Integrity and its staff.

### 3. Organization

#### **Membership**

- 3.1 The Chair of the Board of Trustees will appoint the chair and members of the Committee
- 3.2 The Committee consists of at least five (5) members, all of whom are voting Trustees of the University.
- 3.3 A majority of Committee members, if not all, shall possess general accounting, business and financial knowledge, including the ability to read and understand fundamental financial statements.

- 3.3.1 If possible the Committee will include at least one member who is a "accounting or financial expert"; a person who has an understanding of generally accepted accounting principles and financial statements; the ability to assess the application of these principles in connection with accounting for estimates, accruals and reserves; an understanding of committee functions; experience preparing, auditing, analyzing or evaluating financial statements, or experience actively supervising persons engaged in such activities; and an understanding of internal controls and procedures for financial reporting. The person must have acquired these attributes through one or more of the following: education or experience actually doing these functions or similar ones; actively supervising someone who is performing these functions or similar ones; experience overseeing or assessing the performance of companies or public accountants who are preparing, auditing or evaluating financial statements; or other relevant experience.
- 3.4 Members shall be independent and objective in the discharge of their responsibilities. They are to be free of any financial, family, or other material personal relationship, including relationships with members of University management, University auditors and other professional consultants
- 3.5 Members will serve on the Committee until their resignation or replacement by the Chair of the Board.

#### **Meetings**

- 3.6 A simple majority of the members of the Committee will constitute a quorum for the transaction of business.
- 3.7 Meetings shall be held not less than four (4) times per year and shall correspond with the University's financial reporting cycle.
- 3.8 The Committee shall maintain written minutes of its meetings, and for the Committee Chair to approve each meeting's agenda.
- 3.9 The Committee shall meet with the General Counsel, Chief Audit Executive, and Assistant Vice President, Chief Compliance and Privacy Officer on a regular basis.
- 3.10 The Committee may request special reports from University or DSO management on topics that may enhance their understanding of their activities and operations.

#### 4. Roles and Responsibilities

The Committee shall:

4.1 Provide the Board with regular updates of Committee activities and make recommendations to the Board for matters within the Committee's area of responsibility.

- 4.2 Meet separately with the Office of Internal Audit and Senior Management, separately, in order to discuss any matters the Committee or these individuals believe should be discussed privately. This should be performed at least two (2) times annually, at the conclusion of a regularly scheduled Committee meeting.
- 4.3 Affirm that the Chief Audit Executive and Assistant Vice President, Chief Compliance and Privacy Officerare ultimately responsible to the Committee and the Board and they should communicate directly with the Committee Chair when deemed prudent and necessary. Said Chief Audit Executive and Assistant Vice President, Chief Compliance and Privacy Officer, in consultation with the General Counsel, will regularly meet and correspond with the Chair of the Committee, advise and keep informed, as needed, both the President and the Chair of the Board on a regular basis regarding matters brought before and actions taken by the Committee, and in further consultation with the Chair, prepare the agenda for meetings of the Committee.
- 4.4 Have the authority to conduct investigations into any matters within the Committee's scope of responsibilities as set forth herein. The Committee shall have unrestricted access to the University's independent auditors and anyone employed by the University, and to all relevant information in order to conduct such investigations. The Committee may retain, at the University's expense, independent counsel, accountants and other professional consultants to assist with such investigations. The results of any such investigations must be reported to the Board by the Committee Chair.

With regard to each topic listed below, the Committee shall:

#### **Internal Controls**

- 4.5 Consider and review the effectiveness of the University's process for identifying significant financial, operational, reputational, strategic and regulatory risks or exposures and management's plans and efforts to monitor and control such risks.
- 4.6 Evaluate the overall effectiveness of the internal control framework and consider whether recommendations made by the internal and external auditors have been implemented by management, including but not limited to the status and adequacy of information systems and security, for purposes of meeting expectations of the U.S. Sentencing Guidelines, personnel systems internal controls, and other relevant matters.
- 4.7 Understand the internal control systems implemented by management of the University and each DSO for the approval of transactions and the recording and processing of financial data.

#### **Risk Management**

- 4.8 Evaluate the overall effectiveness of the risk management process.
- 4.9 Evaluate the University's oversight and monitoring of its affiliated organizations, and the University's insurance coverage and the process used to manage any uninsured

risks.

#### **Financial Reporting and Disclosures**

- 4.10 Review the adequacy of accounting, management, and financial processes of the University and its DSOs.
- 4.11 Review the financial reporting process implemented by management of the University and its DSOs.
- 4.12 Review as applicable for the University and its DSOs: 1) interim financial statements, 2) annual financial statements, 3) the annual report, and 4) the audit report on federal awards that is required under Office of Management and Budget (OMB) Circular A-133.
- 4.13 Review University and DSO management processes for ensuring the transparency of the financial statements and the completeness and clarity of the disclosures.
- 4.14 Meet with University management and the external auditors to review the financial statements, the key accounting policies, the reasonableness of significant judgments, and the results of the audit.

#### Compliance with Laws, Regulations, Policies and Standards

- 4.15 Review the independence, qualifications, activities, resources, and structure of the compliance function and ensure no unjustified restrictions or limitations are made.
- 4.16 Review and discuss any significant results of compliance audits; any significant matters of litigation or contingencies that may materially affect the University's financial statements; and any legal, tax or regulatory matters that may have a material impact on University operations, financial statements, policies and programs.
- 4.17 Ensure that significant findings and recommendations made by the university compliance officer are received, discussed, and appropriately acted on.
- 4.18 Review the effectiveness of the system for monitoring compliance with laws and regulations and management's investigation and follow-up (including disciplinary action) of any wrongful acts or non-compliance.
- 4.19 Ascertain whether the University has an effective process for determining risks and exposure from asserted and unasserted litigation and other claims of noncompliance with laws and regulations.
- 4.20 Receive information and training regarding specific elements of the University's compliance program.
- 4.21 Obtain reports concerning financial fraud resulting in losses in excess of \$10,000 or involving a member of senior management.

- 4.22 Obtain regular updates from the University Compliance Officer regarding compliance matters that may have a material impact on the organization's financial statements or compliance policies.
- 4.23 Review the University's monitoring of compliance with University policies, including (but not limited to) policies regarding the conduct of research, including the results of the University's monitoring and enforcement of compliance with University standards of ethical conduct and conflict of interest policies.
- 4.24 Review the findings of any examinations or investigations by regulatory bodies.

#### **Working with Auditors**

#### **Independent External Audit**

- 4.25 Review the professional qualifications of all external auditors, and when determined by the committee, require such auditor to be hired by and report directly to the Committee.
- 4.26 Review on an annual basis the performance of all external auditors and make recommendations to the appropriate Board for their appointment, reappointment or termination.
- 4.27 Ensure that significant findings and recommendations made by the independent auditors for both the University and any DSO, and management's proposed response thereto, are received, discussed and appropriately acted upon.

#### **Internal Audit**

- 4.28 Review the independence, qualifications, activities, resources and structure of the internal audit function and ensure no unjustified restrictions or limitations are made.
- 4.29 Review the effectiveness of the internal audit function and ensure that it has appropriate standing within the University.
- 4.30 Ensure that significant findings and recommendations made by the internal auditors and management's proposed response are received, discussed and appropriately acted on
- 4.31 Review the proposed internal audit plan for the coming year [or the multi-year plan] and ensure that it addresses key areas of risk and that there is appropriate coordination with the external auditor.

#### **Complaints and Ethics**

4.32 Ensure procedures for the receipt, retention and treatment of complaints concerning financial, internal accounting controls or auditing matters.

4.33 Review the University and DSO conflicts of interest policies to ensure that: 1) the term "conflict of interest" is clearly defined, 2) guidelines are comprehensive, 3) annual signoff is required, and 4) potential conflicts are adequately resolved and documented.

#### **Reporting Responsibilities**

- 4.34 Regularly update the Board about Committee activities and make appropriate recommendations.
- 4.35 Ensure the Board is aware of matters that may significantly impact the financial condition or affairs of the University or its DSOs.
- 4.36 Receive prior to each meeting a summary of findings from completed internal audits and the status of implementing related recommendations.

#### **Evaluating Performance**

- 4.37 Evaluate the Committee's own performance, both of individual members and collectively, on a regular basis.
- 4.38 Assess the achievement of duties specified in the charter and report findings to the board.
- 4.39 Review the Committee charter, at least every two (2) years, and discuss any required changes with the board.
- 4.40 Ensure that the charter is approved or reapproved by the Board, after each update.



Agenda Item 6 G2

# THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES

December 1, 2016

Subject: Proposed Amendments to the Bylaws of the Florida International University Board of Trustees

#### **Proposed Board Action:**

Approve the amendments to the Bylaws of the Florida International University Board of Trustees (the BOT).

#### **Background Information:**

The proposed amendments to the FIU BOT Bylaws result from the foregoing:

The Florida Legislature enacted House Bill No. 7029, which amended Section 1001.71 of the Florida Statutes to include added requirements of university board membership and the conduct of board meetings. The Board of Governors thereafter adopted a revised Board of Governors (BOG) Regulation 1.001 to make the regulation compliant with revised statute Section 1001.71, Florida Statutes. The proposed amendments to the FIU BOT Bylaws is to bring them current and in compliance with F.S. §1001.71, and BOG Regulation 1.001.

The proposed amendment to FIU BOT Bylaw Section 4.6, Duties of Corporate Secretary, requires the BOT to keep and within two weeks after a board meeting, to "post prominently on the university's website detailed meeting minutes for all meetings, including the vote history and attendance of each trustee . . .", in compliance with new BOG Regulation 1.001(2)(j).

The proposed amendments to FIU BOT Bylaws Section 3.2, Attendance, and 4.4, Duties of Chair, are meant to conform with new BOG Regulation 1.001(2)(c), regarding BOT attendance.

The proposed amendments also include minor revisions to FIU BOT Bylaw Section 6.3, Special Meetings, correcting scrivener's errors.

In addition, the BOG, in a July 20, 2016 memorandum, discussed best practices for the composition and placement of the Audit and Compliance Committees of University Boards of Trustees. (A copy of the memorandum is included in the materials relating to this action item.) The BOG recommended that the governing boards of universities and colleges, consider the importance of independence and autonomy, key factors to providing accountability and oversight, when evaluating their respective audit and compliance committee's practices, compositions, and placement. The BOG highlighted that the independence of the audit committee, and its function, is important for a variety of reasons, including that audit committee functions do not take a back seat to other pressing university operations issues. During the BOT Governance Committee and Full Board meetings of

The Florida International University Board of Trustees Full Board Meeting December 1, 2016 Agenda Item 6 - G2 P a g e | 2

September 1, 2016, FIU staff advised the FIU BOT of the referenced memorandum, and BOT Chair Claudia Puig requested that FIU staff work with Trustee Gerald C. Grant, Jr. to address the memorandum and propose recommended changes. The proposed amendments create two new and separate committees, namely: (1) the Finance and Facilities Committee; and (2) the Audit and Compliance Committee. The new charters for each of these committees are covered by separate agenda items.

The Bylaws of the BOT establish a governance structure for the conduct of Board business and are intended to encourage efficiencies and to facilitate Board business.

BOG Regulation 1.001(3)(b) states that each board of trustees may establish committees of the board to address matters including, but not limited to, academic and student affairs, strategic planning, finance, audit, property acquisition and construction, personnel, and budgets.

Section 8.1 of the BOT Bylaws states, "[t]hese Bylaws may be altered, amended or repealed at any regular meeting of the Board by a two-thirds (2/3) vote of all members of the Board, when notice of the proposed amendment or repeal is provided in the meeting notice.

**Supporting Documentation:** Proposed Amendments to the Bylaws of the Florida

International University Board of Trustees

Florida Board of Governors Memorandum dated July 20,

2016

Facilitator/Presenter: Claudia Puig, Governance Committee Chair

# BYLAWS OF THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES

#### **ARTICLE I**

#### **ORGANIZATION**

The Florida International University Board of Trustees (the "Board") is established as a public body corporate, with all powers of a public body corporate as provided by Florida law, acting as an instrumentality of the state, pursuant to s. 768.28, Florida Statutes, for purposes of sovereign immunity. It shall serve as the governing body of the Florida International University (the "University") and perform all duties prescribed by law and by the Board of Governors.

The Board is the final institutional authority and delegates the conduct of administration and management of the University to the President. The Board entrusts the functions of teaching and research through the President to the Faculty. The Board encourages student, faculty and staff participation in decision-making within the limits of attainable effectiveness.

To establish a governance structure for the conduct of Board business, the Board establishes these Bylaws. These Bylaws are intended to encourage efficiencies and to facilitate Board business. These Bylaws, University Regulations and Board approved-policies take precedence over all other policies of the University.

#### **ARTICLE II**

#### THE BOARD

**Section 2.1 Corporate Name.** The Board of Trustees is a public body corporate called "The Florida International University Board of Trustees," with all the powers of a public body corporate under the laws of the State of Florida.

Section 2.2 Composition. The Board shall be composed of thirteen Trustees, six of whom shall be appointed by the Governor of the State of Florida and five of whom shall be appointed by the Board of Governors of the State University System of Florida, and all of whom are subject to confirmation by the Senate of the State of Florida. The other two members shall be the Chair of the Faculty Senate and the President of the University's Student Government Association for the Modesto A. Maidique Campus and they shall also serve as voting Trustees during their terms of office.

Section 2.3 Powers and Duties. The Board shall serve as the governing body of the University. The Board shall have the authority to carry out all lawful functions permitted by these Bylaws, by regulations and policies of the Board of Governors and by law. The Board's responsibilities include:

- O Determining the mission of the University and ensuring that the mission is kept current and aligned with public purposes.
- O Charging the President with the task of periodically leading a strategic planning process consistent with the Board's strategic direction for the University; approving the strategic plan, and monitoring its effectiveness.

- O Selecting, supporting, and evaluating the President and reviewing the President's compensation.
- O Monitoring and overseeing the University's fiscal integrity; overseeing the University's financial resources and other assets; and preserving and protecting the University's assets for posterity,
- o Protecting, through monitoring and oversight, within the context of faculty shared governance, the educational quality of the University and its academic programs; and preserving and protecting the University's autonomy, academic freedom, and the public purposes of higher education.
- O Engaging regularly, in concert with senior administration, with the University's major constituencies.
- o Approving University regulations and Board policies.
- O Conducting the Board's business in a business-like fashion and with appropriate transparency, adhering to the highest ethical standards and complying with applicable open-meeting and public-record laws.
- o Keeping Board governance policies and practices current.
- o Periodically assessing the performance of the Board, its committees, and its members.

In fulfilling their Board duties, Trustees may rely on information, opinions, and reports provided by University administrators to the Board, so long as the Trustees reasonably and in good faith believe them to be reliable and competent.

The Board may delegate and provide for the further delegation of any and all powers and duties, subject to the limitations set forth in law.

**Section 2.4 Corporate Seal.** The University shall have a seal on which shall be inscribed "Florida International University". The seal shall be used only in connection with the transaction of business of the Board and of the University. The Corporate Secretary may affix the seal on any document signed on behalf of the University. The seal of the University shall be consistent with the following form and design:



## **ARTICLE III**

#### THE TRUSTEES

**Section 3.1 Term of Office.** Trustees shall serve for staggered 5-year terms, as provided by law and may be reappointed for subsequent terms, except for the faculty and student representatives who shall serve for the duration of the term of their respective elected offices.

Section 3.2 Attendance. All <u>T</u>trustees are expected to attend board and committee meetings. If a <u>T</u>trustee has three consecutive unexcused absences in any fiscal year, the Chair <u>shall</u>, <u>pursuant to and in accordance with Section 1001.71</u>, <u>Florida Statutes</u>, <u>notify the Governor or the Board of Governors</u>, as applicable, in writing, of such unexcused absences, which may be grounds for removal of such <u>Trustee by the Governor or the Board of Governors</u>, as applicable. <u>will ensure that the trustee is still willing and able to serve</u>, and will notify the appointing authority of the specific <u>Trustee</u>'s attendance record.

**Section 3.3 Vacancies**. Vacancies shall be filled by the appointing authority, subject to confirmation by the Senate of the State of Florida.

**Section 3.4 Compensation**. Trustees shall serve without compensation but may be reimbursed for travel and per diem expenses in accordance with state law.

Section 3.5 Emeritus Status. The Board shall have the special member categories of Chairperson Emeritus and Trustee Emeritus for honorary purposes to recognize past Chairpersons and Trustees who have provided distinguished and extraordinary service and contributions to the University and are no longer serving in that capacity. Trustees shall be elected by a two-thirds vote of the Board for either of the above defined designations. Trustees receiving the Chairperson or Trustee Emeritus title may attend meetings of the Board but shall not have the right to vote and shall not be considered in constituting a quorum. This provision shall only be applicable to Trustees whose Board service commenced prior to June 30, 2014; thereafter, this provision shall no longer be effective.

## **ARTICLE IV**

#### OFFICERS OF THE BOARD

**Section 4.1 Officers**. The officers of the Board are the Board Chair, Board Vice Chair, and the Executive Officer and Corporate Secretary.

Section 4.2 Selection / Term of Officers. The Board Chair and Vice Chair shall each serve for a two year term. The Board shall select, by majority vote, the Board Chair and Board Vice Chair from the appointed members at the last regularly scheduled meeting of the fiscal year and the Board Chair and Vice Chair will serve for the two fiscal years following thereafter. The Chair and Vice Chair shall be eligible for reselection for one additional consecutive two-year term. Normally, to be eligible for election as Chair or Vice Chair, a member of the Board shall have at least two years remaining on his or her term of appointment. Any additional term of office must be approved by a two-thirds vote of the Board. The University President shall serve as Executive Officer and Corporate Secretary of the Board.

Section 4.3 Vacancies in Office of Chair or Vice Chair. In the event of a vacancy in the Chair and/or Vice Chair positions, an election will be held as soon as practical after the vacancy occurs to select a member of the Board, by a majority vote, to the applicable vacant position(s). The newly selected officer(s) will serve terms as specified in Section 4.2 above. This may result in the Board Chair and Vice Chair terms of office not running concurrently. While the Vice Chair shall be the

presumptive successor to the Chair when a vacancy occurs, the Chair shall be selected as specified in Section 4.2 above.

Section 4.4 Duties of Chair. The duties of the Board Chair include presiding at all meetings of the Board, calling special or emergency meetings of the Board when necessary, appointing and removing Committee Chairs and Committee members, establishing and disbanding ad hoc committees, task forces or working groups of the Board, attesting to the actions of the Board, serving as the spokesperson for the Board and fulfilling other duties as assigned by the Board. The Board Chair shall also notify the Governor or Board of Governors, as applicable, of a Trustee's record of unexcused absences as required by Section 1001.71, Florida Statutes and Section 3.2 of these Bylaws.

**Section 4.5 Duties of Vice Chair.** The Board Vice Chair shall act as Board Chair during the absence or disability of the Board Chair and during any temporary period of vacancy before election of a new Board Chair pursuant to Section 4.3 above.

Section 4.6 Duties of Corporate Secretary. The University President, as Executive Officer and Corporate Secretary of the Board, is responsible for giving notice of all meetings of the Board, setting the agenda and compiling the supporting documents for the meetings of the Board in consultation with the Board Chair, recording and maintaining detailed the minutes of any Board meeting, including the vote history and attendance of each Trustee, executing or attesting to all documents that have been executed by the Board, and shall be custodian of the University's seal. Minutes of each Board meeting shall be prominently posted on the University's website within two weeks after such Board meeting.

# **ARTICLE V**

#### **DUTIES OF THE PRESIDENT**

The University President shall serve as the principal liaison officer and official contact between the Board and the faculty, staff and students of the University. The University President shall be responsible for the operation and administration of the University, including efficient and effective budget and program administration, leading the University to accomplish its education missions and goals, monitoring educational and financial performance, consulting with the Board in a timely manner on matters appropriate to its policy-making and fiduciary functions, and serving as the University's key spokesperson. The President shall have the authority to execute all documents and take all actions on behalf of the University and the Board consistent with law, Board regulations, policies and delegations, these Bylaws and the best interests of the University.

#### ARTICLE VI

#### **MEETINGS**

**Section 6.1 Applicability of Sunshine Law**. All meetings of the Board and its Committees shall be open to the public at all times unless the matter being discussed or acted upon falls within the provisions of law allowing closed meetings. No formal action shall be considered binding except as taken or made in accordance with Section 286.011, Florida Statutes.

**Section 6.2 Regular Meetings**. Meetings of the Board shall be held as needed, with a minimum of four (4) regular meetings per year. Meetings may be held at the Florida International University or other locations as deemed necessary and appropriate by the Board, consistent with Section 286.011, Florida Statutes. The schedule of meetings is to be available on the Board's website.

**Section 6.3 Special Meetings**. The Board may hold special meetings, including hearings and workshops, at times and places designated by the Board Chair. The Corporate Secretary shall send written notice of such special meetings to all **T**trustees, along with a statement of the purpose of the meeting, at least 48 hours in advance. Only matters included in the Chair's call of the meeting may be considered at a special meeting except a new matter may be added by an affirmative vote of a majority of the **T**trustees at the meeting.

**Section 6.4 Emergency Meetings**. Meetings of the Board may be held for the purpose of acting on emergency matters affecting the university or public health, safety, or welfare. Notice of the time, date, place and purpose of an emergency meeting will be posted on the Board's website and forwarded to a major newspaper of general circulation in the area where the meeting will take place. The media may also be notified through a press release issued by the Media Relations Office.

**Section 6.5 Notice of Meetings**. Reasonable prior notice of all meetings shall be provided in accordance with Florida law. Notice of regular and special meetings will be provided by posting the notice and agenda on the Board's website and faxing such notice and agenda to a major newspaper of general circulation. Notice of emergency meetings shall be provided as described above.

**Section 6.6 Telephonic Meetings**. At the discretion of the Board Chair, Full Board and Committee meetings may be held through teleconferencing or other electronic means. Additionally, while Trustees are expected to attend most in person Board and Committee meetings, the Board Chair may give permission for participants to participate through teleconferencing or other electronic means when this is deemed necessary.

**Section 6.7 Quorum**. A majority of the members of the Board must be present to constitute a quorum for the transaction of business.

Section 6.8 Voting. Unless otherwise provided in these Bylaws, the decision of the majority of the Trustees in attendance and voting on the question shall prevail. No Trustee present at a Board meeting or Committee meeting may abstain from voting except for those circumstances when a Trustee has a specific recognized conflict of interest under Florida law. Trustees are prohibited from voting on any matters which the Trustee knows would inure to his or her individual special private gain or loss. A Trustee is encouraged to abstain from voting when a Trustee has any other conflict of interest recognized under the Florida Code of Ethics but Trustees are permitted by Florida law to vote when such a conflict of interest is present so long as the Trustee discloses the conflict of interest. Trustees with voting conflicts are required to inform the Board in the manner prescribed by the Florida Commission on Ethics. Voting by proxy or by mail is not permitted.

Section 6.9 Meeting Agendas. The Corporate Secretary or his/her designee, in consultation with the Board Chair, shall set the agenda for meetings. The Corporate Secretary will provide a copy of the agenda and supporting documentation to each member of the Board for regular meetings and, when possible, special meetings, at least seven (7) calendar days prior to the meeting, and for emergency meetings and all other special meetings, as soon as practical after the meetings are scheduled. Failure

to provide an agenda by the time specified in these Bylaws will not affect the ability of the Board to vote on any items. If additional items or supporting documentation become available prior to the meeting, a supplemental agenda will be provided. Agendas shall list items in the order they are to be considered. Items may be considered out of their stated order at the discretion of the Chair. The Board may also consider and vote on items not included in the published agenda.

Normally, agenda items that come before the Board have been considered and recommended by a Committee of the Board. However, the Chair may, in consultation with the Corporate Secretary, allow an item to be presented to the full Board without prior consideration by a Board committee when circumstances warrant.

**Section 6.10 Consent Agenda and Action Items**. At regular meetings of the Board, the Board shall vote on matters appearing on the Consent Agenda in its entirety, unless an individual Trustee requests that a separate vote be taken on a particular item. A separate vote shall be taken on each item appearing as an Action Item on the Agenda.

**Section 6.11 Rules of Procedure**. Roberts Rules of Order, newly revised, will be followed in conducting meetings of the Board, unless otherwise provided by the Board Bylaws. The Chair shall resolve questions regarding interpretations under these Bylaws or Roberts Rules.

**Section 6.12 Minutes**. Minutes of the meetings of the Board shall be kept by the Corporate Secretary, who shall cause them to be preserved and who shall transmit copies to the members of the Board. All lengthy reports shall be referred to in the minutes and shall be kept on file as part of the University records, but such reports need not be attached to the minutes except when so ordered by the Board.

## **ARTICLE VII**

#### **COMMITTEES**

Section 7.1 Committees. Except for the Governance Committee, the membership of which is specified in these Bylaws, the Board Chair, in consultation with the President, shall appoint members of Committees, their Chairs, and Vice Chairs based upon their expertise in matters relating to that Committee and may also remove any members. All Committees shall have no fewer than three (3) members. Unless specifically delegated or as otherwise provided in these Bylaws, authority to act on all matters is reserved exclusively to the Board and the duty of each Committee shall be to consider and to make recommendations to the Board upon matters referred to it. Each Committee shall have a written statement of purpose and primary responsibilities, or charter, as approved by the Board. The chairs of all Committees shall perform their duties and shall have the responsibility and authority to place matters on the Board's agenda, with approval of the Board chair.

**Section 7.2 Standing Committees**. The following Committees shall be standing Committees of the Board until dissolved by the Board:

The Academic Policy and Student Affairs Committee shall be responsible for oversight of all policies relating to the academic and student affairs of the University. It shall assist the Board in its oversight responsibilities relating to aspects of student life and student conduct. It shall review the infrastructure and resources necessary to deliver the academic and student life programs and for the accreditation of the University and professional programs. It shall be responsible for reviewing and

considering policies relating to new and existing degree programs, instruction and research. It shall review and consider policies relating to the recruitment and retention of faculty members, including tenure, academic freedom and academic responsibility, codes of conduct and appropriate penalties for violations of University regulations pertaining to academic dishonesty, and student admissions, and make recommendations to the Board on these and other matters referred to it by the Board.

The **Athletics Committee** shall serve as the primary advisory body to the President in matters relating to intercollegiate athletics. It shall insure the proper role of athletics within the overall mission of the University. It shall insure the integrity of the athletics program with regard to NCAA, the University's athletic conference, state and federal law compliance and gender equity on Intercollegiate Athletics. It shall work to maintain the proper perspective of athletic competition within the university life of the student-athlete. It shall monitor the academic performance and progress made by student-athletes. It shall oversee all programs designed to insure the academic success, personal development and personal welfare of student-athletes.

The External Relations Committee is responsible for reviewing and recommending to the Board policies relating to local, state and federal legislation; working to identify all major local, state and federal activities affecting the University; reporting to the Board recommended actions which will further the University's mission; reviewing and recommending to the Board policies affecting communications with the media and with the public, including alumni of the institution; and reviewing and considering programs that advance the University's reputation and further the University's teaching, research, and service missions in the local, state, national, and international communities.

The Finance and Audit Committee is responsible, for providing oversight over the University's financial resources and other assets and for reviewing internal and external audits of the University, direct support organizations, and the University's faculty practice plan corporation, together with responses and corrective actions, as applicable. This includes receiving and reviewing information regarding the fiscal operations of the University and reviewing and, when appropriate, recommending to the Board for its approval: the University's annual operating and capital outlay budgets; the University's investment policy; the University's Capital Improvement Program list for funding by the Legislature, including the Public Education Capital Outlay list; debt issuances; the University's master plan(s); honorary and donative namings of University facilities; regulations and Board policies pertaining to the financial resources and other assets of the University; advising the Board on all aspects of internal and external audit; advising the Board on the adequacy of accounting procedures, systems, controls, and financial reporting in accordance with applicable laws and regulations; and overseeing and monitoring the University's compliance program.

The Finance and Facilities Committee is responsible, for providing review, policy guidance and strategic oversight of the university's financial matters, financial reporting statements, campus master planning activities and other real estate type activities for both the University and its direct support organizations ("DSO"). This includes receiving and reviewing information regarding the fiscal operations of the University and reviewing and, when appropriate, recommending to the Board for its approval: the University's annual operating and capital outlay budgets; the University's investment policy; the University's Capital Improvement Program list for funding by the Legislature, including the Public Education Capital Outlay list; debt issuances; the University's master plan(s); honorary and donative namings of University facilities; and regulations and Board policies pertaining to the financial resources and other assets of the University.

The Audit and Compliance Committee is responsible, in assisting the Florida International University Board of Trustees ("Board") in discharging its oversight responsibilities, including but not limited to, reviewing procedures in place to assess and minimize significant risks, overseeing the quality and integrity of financial reporting practices (including the underlying system of internal controls, policies and procedures, regulatory compliance programs, and ethical code of conduct), and overseeing the overall audit process. This includes advising the Board on the adequacy of accounting procedures, systems, controls, and financial reporting in accordance with applicable laws and regulations; and overseeing and monitoring the University's compliance program.

The Governance Committee is responsible for reviewing and making recommendations to the Board on various Board functions, including, periodically reviewing these Bylaws; evaluating the Board's performance; overseeing governance of the University's affiliated organizations; overseeing Presidential personnel matters, including the annual evaluation of the President; considering collective bargaining matters coming before the Board; and establishing regulations and Board policies regarding University governance. Furthermore, the Governance Committee shall have and may exercise all powers and authority of the Board on an as needed basis between regular Board meetings for timesensitive matters, subject only to such restrictions or limitations as the Trustees may from time to time specify, except that the following matters shall be reserved to the full Board for approval (i) Board officer selection, (ii) changes in the mission and purposes of the institution, (iii) presidential selection and termination, (iv) amendments to the Bylaws, (v) debt issuances, (vi) sale or other disposition of real property, (vii) the University's annual operating and capital outlay budgets and the University's Capital Improvement Program list for funding by the Legislature, including the Public Education Capital Outlay list, and (viii) any other matter required by law or Board of Governors' regulation to be approved by the full Board. All actions taken by the Governance Committee pursuant to this authority shall be reported at the next meeting of the full Board, or when deemed sufficiently important by the Board Chair and the University President, such actions shall be reported to the Trustees within thirty (30) days after such action is taken, or at a meeting of the Trustees if a meeting is held within that period of time. The Governance Committee shall be comprised of the Board Chair, Board Vice Chair and all Committee Chairs.

The Health Affairs Committee is responsible for oversight of all policies relating to the Academic Health Center; assisting the Board in its oversight responsibilities relating to aspects of the Colleges of Medicine, Nursing and Health Sciences, Public Health and Social Work, Arts and Sciences (School of Integrated Science and Humanity), and Engineering and Computing (Department of Biomedical Engineering) that deal with health affairs; assisting the Board in its oversight responsibilities of the University's clinical activities, including the faculty practice plan and the delivery of student health services; reviewing the infrastructure and resources necessary for the operation and integration of the Academic Health Center; and assisting the Board in providing strategic direction regarding affiliation activities for clinical instruction and practice for all faculty and students in the Academic Health Center.

**Section 7.3 Ad-Hoc Committees.** Ad-Hoc Committees shall be appointed by the Board Chair with such powers and duties and period of service as the Board Chair may determine, provided that no adhoc committee shall be created to act upon any matter appropriate to be acted upon by a standing committee. The Chair of any ad-hoc committee shall be appointed by the Board Chair and shall perform his/her duties in consultation with the University President.

**Section 7.4 Quorum**. A majority of the regular committee members shall constitute a quorum for all committee meetings. A quorum having been established, no business shall be transacted without a majority vote of all committee members present.

#### ARTICLE VIII

## AMENDMENT OR SUSPENSION OF BYLAWS

Section 8.1 Bylaw Amendments. These Bylaws may be altered, amended or repealed at any regular meeting of the Board by a two-thirds (2/3) vote of all members of the Board, when notice of the proposed amendment or repeal is provided in the meeting notice.

Section 8.2 Suspension of Bylaw Provisions. Any provision of these Bylaws may be suspended in connection with the consideration of a matter before the Board by an affirmative vote of not less than two-thirds (2/3) of the members of the Board.

#### ARTICLE IX

#### APPEARANCES BEFORE THE BOARD

Section 9.1 Registration Procedures. Individuals or group representatives who desire to be heard on a proposition before the Board shall register in advance of the meeting by completing a public comment form ("Form") specifying the agenda item or specific matter on which they wish to be heard. The Form shall be available at the Board of Trustees Office at 11200 S.W. 8 Street, PC 548, Miami, Florida 33199, and must be submitted to the Board of Trustees Office no later than 11:00 a.m. on the business day preceding the Board meeting.

The Assistant Corporate Secretary, in consultation with the General Counsel, shall determine whether the speaker is entitled to be heard in accordance with applicable law. Each Trustee will be provided with an opportunity to review the list of individuals who are on the agenda to appear before the Board, as well as the names of any who were not placed on the agenda.

Only registered persons who timely submit a Form will be called on to speak during the public comment period of a Board meeting. Any person who has not timely registered to speak may request approval to be heard by submitting a Form to staff at a registration table at the Board meeting location no later than twenty (20) minutes prior to the scheduled commencement of the Board meeting. Persons submitting any such untimely requests shall be required to show good cause as to why the person was unable to timely submit the Form in accordance with these procedures. Any such untimely requests shall be considered at the sole discretion of the Chair.

Section 9.2 Time Limits. As a general matter, speakers shall be allotted a maximum of two (2) minutes to be heard on a proposition before the Board. At the discretion of the Chair, time limits may be extended or shortened depending on the number of speakers requesting to be heard. Organizations or groups wishing to address the Board on a proposition shall designate one representative to speak on their behalf, to ensure the orderly presentation of information to the Board. If a speaker has requested to speak on more than one agenda item before the Board, the maximum time that will be allotted to any individual speaker during a Board meeting is five (5) minutes, regardless of the number of agenda items or topics to be addressed.

**Section 9.3 Decorum.** In order to proceed with the essential business of the Board in an orderly manner, the following rules of decorum shall be strictly observed:

- 1. Persons scheduled to speak shall be called by the Chair at the appropriate time during the meeting. Any person not immediately appearing at the podium when called upon by the Chair shall waive the right to any further participation at the Board meeting. Each speaker shall state for the record his or her name and the organization or group represented, if any. Substitutions for scheduled speakers will not be allowed except in exceptional circumstances as determined by the Chair.
- 2. Each speaker's remarks must be directed to the Chair or the Board as a whole and not to individual board members.
- 3. Speakers shall confine their comments solely to the proposition before the Board they have asked to speak on. Speakers may not use any form of profanity or loud abusive comments. The Chair may notify and warn speakers that their comments have gone beyond the subject matter for which they had signed up to address. The Chair may turn off the microphone or recess the meeting if a speaker persists in addressing irrelevant topics or engaging in inappropriate comments. The Chair has the authority after one warning to order the removal of the speaker from the meetings.
- 4. Speakers may not refuse to yield the podium when the Chair has advised that their time is up.
- 5. No clapping, applauding, heckling, shouting comments from the audience, or verbal outbursts in support or opposition to a speaker or his/her remarks shall be permitted. No signs or placards shall be allowed in the Board meeting. Persons exiting the Board meeting shall do so quietly.
- 6. Personal cellular telephone conversations shall be prohibited during Board meetings. Ringers must be set to silent mode to avoid disruption of proceedings.

Any individual or group representative who attempts to disrupt a Board meeting will be subject to appropriate action pursuant to law.

#### **ARTICLE X**

#### **ACADEMIC FREEDOM**

## Statement of Board Policy on Academic Freedom

Florida International University is dedicated to the transmission and advancement of knowledge and understanding. Academic freedom is essential to the achievement of these purposes. The University therefore supports and encourages freedom of inquiry for faculty members and students, to the end that they may responsibly pursue these goals through teaching, learning, research, discussion and publication, free from internal or external restraints that would unreasonably restrict their academic endeavors. The University shall protect faculty and students in their responsible exercise of freedom to teach and learn.

#### ARTICLE XI

#### **MISCELLANEOUS**

Section 11.1 Conflict of Interest Policy. Trustees stand in a fiduciary relationship to the University. Therefore, Trustees shall act in good faith, with due regard to the interests of the University, and shall comply with the fiduciary principles and law set forth in the Code of Ethics for Public Officers and Employees, Chapter 112, Part III, Florida Statutes. The Board shall adopt a written conflict of interest policy, which shall be reviewed periodically and revised as necessary.

Section 11.2 Limitation of Liability and Indemnification. The Board shall be a corporation primarily acting as an instrumentality of the state pursuant to Section 768.28, Florida Statutes, for purposes of sovereign immunity. The University shall, to the extent legally permissible, indemnify, defend and hold harmless each of its Trustees, against all liabilities and expenses incurred in the connection with the disposition or defense of any action, suit or other proceeding, whether civil or criminal, in which such person may be involved by reason of University service, except with respect to any matter in which such person shall have been adjudicated in any proceeding not to have acted in good faith; and further provided that no settlement shall be entered into without the prior consultation and approval of a duly authorized representative of the Board.

**Section 11.3 Non-Discrimination**. The University does not discriminate in its educational and employment policies against any person on the basis of gender, race, color, religion, age, disability, sexual orientation, national or ethnic origin, or on any other basis proscribed by federal, state or local law.

Adopted 13 January 2003; Amended 12 March 2003; Amended 22 November 2004; Amended 19 September 2005; Amended 28 June 2007; Amended 29 February 2008; Amended 31 March 2009; Amended 12 June 2009; Amended 20 February 2010; Amended 10 September 2013; Amended 10 September 2014; Amended 11 March 2016



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July 20, 2016

# MEMORANDUM

TO:

University Presidents

**Board of Trustees Chairs** 

Board of Trustees Audit Committee Chairs

FROM:

Alan Levine, Chair

Audit and Compliance Committee

SUBJECT:

Audit Committee Guidance

You may recall, at the June 2016 Audit and Compliance Committee meeting of the Board of Governors, we had a brief discussion about the best practices for composition and placement of the Audit and Compliance Committees of University Boards of Trustees. It is clear each university has a committee responsible for audit. However, it is also evident that some universities combine the audit function with operational functions (such as budget and finance). I raised this issue at the committee meeting primarily to create awareness that this combination of operational functions with audit is not a best practice. The independence of the audit committee, and its function, is important for a variety of reasons, not the least of which is ensuring that audit committee functions do not take a back seat to other pressing university operations issues.

The audit and compliance committee is a key standing committee of any governing board. It is the first line of defense for financial reporting, internal control, risk management and compliance and serves as guardian of the university's most valuable asset: its reputation.

Regarding audit committees, the Association of Governing Boards of Universities and Colleges (AGB), in their 2011 *Survey of Higher Education Governance*, states:

Through its independence, it ensures accountability and provides oversight of the institution's financial practices and standards of conduct. Also, the presence of an independent audit committee demonstrates board accountability to the general

University Presidents, Board Chairs, and Audit Committee Chairs July 20, 2016 Page 2 of 2

public and to prospective board members. Although not required by law, it is good practice for all institutions, public and independent, to have audit committees separate from finance committees.

Audit and compliance committees should be designated as autonomous committees to enhance independence and mitigate potential conflicts that may exist within joint committees.

The decision about how to structure vour committees is one best left to your Board of Trustees in consultation with the President. However, I ask you to consider the importance of independence and autonomy – key factors to providing accountability and oversight – when evaluating your audit and compliance committee's practices, compositions, and placement. You may wish to consider resources such as the AGB's Effective Committee Series to benchmark your Board of Trustees audit and compliance committee practices. These documents are available at: <a href="http://agb.org/store/the-effective-committees-toolkit">http://agb.org/store/the-effective-committees-toolkit</a>.

On behalf of the Audit and Compliance Committee of the Board of Governors, I am sincerely grateful for your consideration of this request as we work together to ensure proper oversight and governance for the State University System of Florida. Please feel free to reach out if you have concerns.

cc: Chancellor Criser
General Counsel Shirley
Inspector General and Director of Compliance Maleszewski
Governor Morton
Governor Huizenga
Governor Lautenbach
Governor Link
Governor Valverde
Governor Jordan