



**FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND FACILITIES COMMITTEE**

FIU, Modesto A. Maidique Campus, Graham Center Ballrooms

Livestream: <http://webcast.fiu.edu/>

**Wednesday, December 8, 2021
9:15 AM**

or

Upon Adjournment of Previous Meeting

Chair: Roger Tovar

Vice Chair: Jose J. Armas

Members: Cesar L. Alvarez, Dean C. Colson, Natasha Lowell, Joerg Reinhold, Chanel T. Rowe, Marc D. Sarnoff

AGENDA

- | | |
|---|---------------------------|
| 1. Call to Order and Chair's Remarks | Roger Tovar |
| 2. Approval of Minutes | Roger Tovar |
| 3. Action Items | |
| FF1. FIU Direct Support Organizations Financial Audits
 FY 2020-2021 | Kenneth A. Jessell |
| 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. | |
| FF2. Authorization to Select a Construction Manager for the
 Trish and Dan Bell Chapel and East Loop Road
 Realignment | Kenneth A. Jessell |
| FF3. Engineering Building Phase I—Second Amendment to
 Prior Budget Approval | Kenneth A. Jessell |
| 3. Action Items (<i>Committee Action; Full Board Information Only</i>) | |
| FF4. Riccardo Silva Stadium Kitchen Project | Kenneth A. Jessell |

3. Action Items (*Committee Action; Full Board Information Only*) (*Continued...*)

- | | |
|---|---------------------------|
| FF5. Approval to Issue Change Orders for Purchase Orders greater than or equal to \$1,000,000 and less than \$3,000,000: <ul style="list-style-type: none">• PO: 228023 Vendor: Google• PO: 227828 Vendor: Facebook/Instagram | Kenneth A. Jessell |
| FF6. Ratification of the Independent Contractor Agreement with the vendor Logistics Management Group, and approval of the purchase orders that may be issued under this Agreement | Kenneth A. Jessell |

4. Discussion Item (*No Action Required*)

- | | |
|---|---------------------------|
| 4.1 Financial Performance Review, First Quarter FY 2021-22 | Kenneth A. Jessell |
|---|---------------------------|

5. Reports (*For Information Only*)

- | | |
|---|----------------------------|
| 5.1 Athletics Update | Heath Glick |
| 5.2 Business Services Report | Aime Martinez |
| 5.3 Emergency Management Status Report | Amy B. Aiken |
| 5.4 Facilities and Construction Update | John Cal |
| 5.5 Safety and Environmental Compliance Report | Amy B. Aiken |
| 5.6 Treasury Report | Benjamin Jarrell |
| 5.7 Procurement Report | Kelly Mayorga |
| 5.8 CasaCuba Building Update | Maria Carla Chicuen |
| 5.9 Foundation Report | Andre L. Teixeira |

- | | |
|--|--------------------|
| 6. New Business (<i>If Any</i>) | Roger Tovar |
|--|--------------------|

- | | |
|--|--------------------|
| 7. Concluding Remarks and Adjournment | Roger Tovar |
|--|--------------------|

FIU Board of Trustees Finance and Facilities Committee Meeting

Time: December 08, 2021 9:15 AM - 10:15 AM EST

Location: FIU, Modesto A. Maidique Campus, Graham Center Ballrooms | Livestream:
<http://webcast.fiu.edu/>

Section	Agenda Item	Presenter	Page
1.	Call to Order and Chair's Remarks	Roger Tovar	
2.	Approval of Minutes	Roger Tovar	1
	<i>Minutes: Finance and Facilities Committee Meeting, September 14, 2021</i>		2
3.	Action Items		
FF1.	FIU Direct Support Organizations Financial Audits, FY 2020-2021	Kenneth A. Jessell	
	<i>Summary FIU Direct Support Organizations Financial Audits, FY 2020-2021</i>		13
	A. FIU Foundation, Inc.		18
			19
	B. FIU Research Foundation, Inc.		71
			72
	C. FIU Athletics Finance Corporation		91
			92
	D. FIU Academic Health Center Health Care Network Faculty Group Practice, Inc.		126
			127
FF2.	Authorization to Select a Construction Manager for the Trish and Dan Bell Chapel and East Loop Road Realignment	Kenneth A. Jessell	153
	<i>BOT Agenda, Trish and Dan Bell Chapel and East Road Realignment—Naming and Approval of Design, December 3, 2020</i>		155
	<i>FIU Foundation, Inc. Board of Directors / Resolution, Advancement of Funding Towards Construction of the Trish and Dan Bell Chapel, October 22, 2021</i>		157

Section	Agenda Item	Presenter	Page
	<i>Funding Certification Form</i>		159
FF3.	Engineering Building Phase I—Second Amendment to Prior Budget Approval	Kenneth A. Jessell	160
	<i>Engineering Building Phase I Budget</i>		162
	<i>Funding Certification Form</i>		163
3.	Action Items (<i>Committee Action; Full Board Information Only</i>)		
FF4.	Riccardo Silva Stadium Kitchen Project	Kenneth A. Jessell	164
	<i>Kitchen Concept Renderings</i>		168
	<i>Funding Certification Form</i>		173
FF5.	Approval to Issue Change Orders for Purchase Orders greater than or equal to \$1,000,000 and less than \$3,000,000: <ul style="list-style-type: none"> • <i>PO: 228023 Vendor: Google</i> • <i>PO: 227828 Vendor: Facebook/Instagram</i> 	Kenneth A. Jessell	174
	<i>Memorandum from College of Business</i>		175
	<i>Funding Certification Form</i>		176
FF6.	Ratification of the Independent Contractor Agreement with the vendor Logistics Management Group, and approval of the purchase orders that may be issued under this Agreement	Kenneth A. Jessell	177
	<i>Independent Contractor Agreement, Vendor: Logistics Management Group</i>		178
	<i>Funding Certification Form</i>		191
4.	Discussion Item (<i>No Action Required</i>)		
4.1	Financial Performance Review, First Quarter FY 2021-22	Kenneth A. Jessell	192
5.	Reports (<i>For Information Only</i>)		
5.1	Athletics Update	Heath Glick	197
5.2	Business Services Report	Aime Martinez	198
5.3	Emergency Management Status Report	Amy B. Aiken	204
	<i>FIU Alert Emergency Notification System Test</i>		205
5.4	Facilities and Construction Update	John Cal	212

Section	Agenda Item	Presenter	Page
	<i>New Minor Projects established 8/1/2021 – 10/31/2021</i>		219
	<i>New Project Change Orders established 8/1/2021 – 10/31/2021</i>		220
5.5	Safety and Environmental Compliance Report	Amy B. Aiken	221
5.6	Treasury Report	Benjamin Jarrell	222
5.7	Procurement Report	Kelly Mayorga	
	<i>Quarterly report of the purchasing transactions greater than or equal to \$500,000 and less than \$1,000,000 from July 29, 2021 through October 26, 2021</i>		227
	<i>Quarterly report of the purchasing transactions greater than \$1,000,000 from July 29, 2021 through October 26, 2021</i>		231
5.8	CasaCuba Building Update	Maria Carla Chicuen	234
5.9	Foundation Report	Andre L. Teixeira	235
6.	New Business (If Any)	Roger Tovar	
7.	Concluding Remarks and Adjournment	Roger Tovar	

This page intentionally left blank

**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES**

Finance and Facilities Committee

December 8, 2021

Subject: Approval of Minutes of Meeting held September 14, 2021

Proposed Committee Action:

Approval of Minutes of the Finance and Facilities Committee meeting held on September 14, 2021 at the FIU, Modesto A. Maidique Campus, Graham Center Ballrooms and via Zoom.

Background Information:

Committee members will review and approve the Minutes of the Finance and Facilities Committee meeting held on September 14, 2021 at the FIU, Modesto A. Maidique Campus, Graham Center Ballrooms and via Zoom.

Supporting Documentation: Minutes: Finance and Facilities Committee Meeting, September 14, 2021

Facilitator/Presenter: Roger Tovar, *Finance and Facilities Committee Chair*

This page intentionally left blank



Finance and Facilities Committee

September 14, 2021

FIU, Modesto A. Maidique Campus, Graham Center Ballrooms and via Zoom

MINUTES

1. Call to Order and Chair's Remarks

The Florida International University Board of Trustees' Finance and Facilities Committee meeting was called to order by Committee Vice Chair Roger Tovar at 8:53 a.m. on Tuesday, September 14, 2021.

Committee Vice Chair Tovar pointed out that Board of Trustees members are thoroughly briefed in anticipation of every Board meeting.

General Counsel Carlos B. Castillo conducted roll call of the Finance and Facilities Committee members and verified a quorum. Present were Trustees Roger Tovar, *Committee Vice Chair and Board Vice Chair*; Cesar L. Alvarez; Dean C. Colson, *Board Chair*; Natasha Lowell; Joerg Reinhold; and Marc D. Sarnoff.

Trustees Donna J. Hrinak, Gene Prescott, Chanel T. Rowe, Alexander Rubido, and Carlos Trujillo (*via Zoom*) and University President Mark B. Rosenberg also were in attendance.

Committee Vice Chair Tovar requested to take the agenda out of order, specifically for the Committee to first review action items FF6 and FF7 that are before the Committee for final approval and for Full Board information only. He added that the Committee would then proceed to review agenda item FF2 and thereafter review the remaining items in the order set forth in the agenda. There were no objections.

2. Approval of Minutes

Committee Vice Chair Tovar asked that the Committee approve the minutes of the meeting held on June 16, 2021. A motion was made and unanimously passed to approve the minutes of the Finance and Facilities Committee meeting held on June 16, 2021.

3. Action Items (*Committee Action; Full Board Information Only*)

FF6. Approval of transactions greater than or equal to \$1,000,000 and less than \$3,000,000:

- 1) Purchase order, vendor: Apple, Inc.
- 2) Contract #PUR-01611, vendor: Triumvirate Environmental
- 3) Advance approval to purchase 40 pianos for the FIU School of Music

Senior Vice President of Administration and Chief Financial Officer Kenneth A. Jessell explained that the transactions greater than or equal to \$1,000,000 and less than \$3,000,000 being presented

for Committee review and approval include a blanket purchase order with Apple, Inc. for \$2.1M for the University's retail store Panther TECH, a \$130,000 contract extension with a total contract cost of \$1M+ with Triumvirate Environmental for hazardous waste disposal services, and for the purchase of 40 pianos.

Pursuant to the Delegations of Authority from the Florida International University Board of Trustees to the University President, as reflected in the Resolution on the President's Powers and Duties approved by the Board of Trustees on March 4, 2019, (i) a motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee approve the University entering into the transactions as described in the Board materials, and (ii) authorize the University President or his designee to execute, on behalf of the University, all of the documents, and take all actions, that may be necessary to effectuate the transactions contemplated in the respective contracts.

FF7. Approval of additional purchase orders issued under the independent contractor agreement with the vendor Logistics Management Group

Sr. VP and CFO Jessell presented, for Committee review and approval, the additional purchase orders issued under the independent contractor agreement with the vendor Logistics Management Group. He explained that the request is an addition to the contract that was previously approved by the Committee for the logistics related to the Food Network & Cooking Channel South Beach Wine & Food Festival. He indicated that it has been determined that an additional \$107,580 in agreement expenses, over the amount previously approved, is due to Logistics Management Group.

Pursuant to the Delegations of Authority from the Florida International University Board of Trustees to the University President, as reflected in the Resolution on the President's Powers and Duties approved by the Board of Trustees on March 4, 2019, a motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee authorize the University President or his designee to issue additional purchase orders pursuant to the agreement with the vendor Logistics Management Group, in an amount equal to \$107,579.23.

3. Action Items

FF2. Approval of Contract #PUR-04378 for Arthur J. Gallagher Risk Management

Sr. VP and CFO Jessell presented the request for approval of Contract #PUR-04378 for Arthur J. Gallagher Risk Management for Committee review, indicating that, through a competitive solicitation, and as part of a consortium of other institutions in Florida, FIU provides student health insurance through an insurance broker, Gallagher Student Health & Special Risk. He pointed out that the contract is being requested to provide voluntary and hard waiver insurance coverage to FIU enrolled students, including international students, student athletes, graduate assistants, and students on FIU fellowships.

Pursuant to the Delegations of Authority from the Florida International University Board of Trustees to the University President, as reflected in the Resolution on the President's Powers and Duties approved by the Board of Trustees on March 4, 2019, a motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend that the

Florida International University Board of Trustees (i) approve the University entering into the contract described in the Board materials, and (ii) authorize the University President or his designee to execute, on behalf of the University, the aforementioned contract and all of the documents, and take all actions, that may be necessary to effectuate the transactions contemplated in the respective contracts.

FF1. Approval of Educational and General Carryforward Spending Plan, Fixed Capital Outlay Budget, and Related Certification

Sr. VP and CFO Jessell presented the Educational and General Carryforward spending plan, Fixed Capital Outlay Budget, and related certification for Committee review. He pointed out that FIU has prepared the plan in accordance with Florida Board of Governors (BOG) instructions, guidelines, and regulations, and Florida statute. He explained that the University's Carryforward beginning balance totaled \$99.47M, noting that said balance was approximately \$10M over what was projected. He commented that the \$57.3M Carryforward spending plan amount reflects a reduction of \$2.77M in encumbrances brought forward and the 7% statutory reserve reduction of \$39.4M. Sr. VP and CFO Jessell delineated the \$57.3M Carryforward spending plan amount, specifically that \$35.06M is for fixed capital outlay/maintenance, repair and renovation projects; \$8.89M for faculty research start-up; and \$1.79M for information technology equipment. Sr. VP and CFO Jessell mentioned that of the \$57.3M, \$24.3M is the unspent balance of previously approved multi-year expenditures and \$33M reflects new Carryforward from the 2020-21 budget. He referred to the agenda materials, namely, the fourth quarter Financial Performance Review, which reflects that Education and General (E&G) revenues were higher than projected and expenses were lower than expected resulting in \$33M in Carryforward for the current year.

Sr. VP and CFO Jessell explained that the University's Carryforward plan includes Board of Trustees and BOG previously approved and authorized non-recurring expenditures, including fixed capital expenditures that have not yet been completed, and will have planned expenditures for 2021-22. He highlighted key elements of the 2021-22 new \$33M Carryforward spending plan: funds restricted by appropriations, \$.5M; campus security and safety, \$.32M; student services, including temporary personnel and training software about hazing prevention, \$.2M; student financial aid, \$.82M; micro-credentialing and 21st century workforce initiatives, \$.8M; post-docs, graduate assistants, and graduate assistant bonuses, \$4.85M; research faculty start-up lab equipment, supplies and furnishings, \$3.14M; Adam Smith Center for Economic Freedom temporary staff and start-up costs, \$.9M; information technology network management system hardware refresh, \$1.8M; fixed capital outlay projects renovations, repairs, and maintenance, \$6.63M; mold remediation projects for all campuses, \$1.5M; Center for Translational Science renovation of neuroscience labs, \$1.15M; Wertheim Conservatory north building restoration, \$.92M; operations utility at Engineering Center restroom renovations for American with Disabilities Act (ADA) compliance, \$.76M; School of International and Public Affairs II building and BOG approval for Public Education Capital Outlay (PECO) completion, \$1.4M; faculty bonuses per collective bargaining agreement, conditional upon Board of Trustees approval, \$3.05M; and other expenditures encompassing professional services, computer and office equipment and supplies; repair and maintenance, accessibility compliance, branding, marketing, and communication services, \$4.27M.

In response to Board Chair Dean C. Colson, Sr. VP and CFO Jessell explained that accumulated savings are split between the units and central funds for University-wide initiatives. Further responding to Board Chair Colson, Sr. VP and CFO Jessell indicated that of the \$33M in new Carryforward, approximately \$13M of said funds emanated from the units. In response to Trustee Joerg Reinhold, Senior Vice President for Research and Development and Dean of the University Graduate School Andres G. Gil pointed out that graduate assistants with salaries of \$26,000 and below can expect to receive a 3.5% bonus. At the request of Committee Vice Chair Tovar, Sr. VP and CFO Jessell commented on deferred maintenance, noting that renovation and maintenance has not been funded for several years. He added that deferred maintenance is increasingly critical as University buildings age, stating that funding for operations and maintenance has not been received for five (5) years. In response to Trustee Natasha Lowell, Sr. VP and CFO Jessell explained that, while not required by the State, the facilities team requested funding, which is included in the Carryforward request, in order to complete certifications on all University buildings aged 40 years and above. He commented on the results of said certification, noting that no major structural deficiencies were identified.

Sr. VP and CFO Jessell pointed out that HWCOT's Carryforward beginning balance totaled \$20M and that the Carryforward spending plan amount is \$16.51M, which reflects a 7% statutory reserve reduction of \$3.62M. He remarked that of the \$16.51M, \$7.43M is the unspent balance of previously approved multi-year expenditures and \$9.08M is new Carryforward from the 2020-21 budget. He highlighted key elements of the 2021-22 new \$9.08M HWCOT Carryforward spending plan: funds restricted by appropriations for primary care residency, \$.31M; student financial aid for need and diversity-based scholarships, \$2.06M; research faculty start-up for lab equipment, supplies, and renovations, \$2.11M; technology equipment and repairs, \$.39M; fixed capital outlay projects for Academic Health Center 2 classroom and lab remodeling, \$3M; and other expenditures, which include professional development, repairs and maintenance of classrooms, furniture and fittings for classrooms and labs, \$1.21M.

Sr. VP and CFO commented that the Fixed Capital Outlay (FCO) budget includes Board of Trustees and BOG previously approved and authorized PECO projects, Capital Improvement Trust Fund (CITF) projects, and authorized projects from E&G Carryforward. He presented an overview of new FCO Carryforward projects, specifically Academic Health Center 2 classroom and lab remodeling, mold remediation projects, School of International and Public Affairs II building, lab renovations at the Center for Translational Science, Wertheim Conservatory north building restoration, operations utility at Engineering Center restroom renovations, Chemistry and Physics building heating, ventilation, and air conditioning (HVAC) and controls conversion, and miscellaneous FCO projects. Sr. VP and CFO Jessell highlighted new state appropriated FCO projects: Graham University Center expansion (CITF), \$.5M; Trish and Dan Bell Chapel and East Loop Road Realignment (CITF), \$3M; College of Arts, Sciences & Education building remodeling and renovation (PECO), \$7.15M; Panther Promenade near the new Tamiami Residence Hall (CITF), \$3M; Modesto A. Maidique Campus recreation fields support building (CITF), \$.26M; and Engineering Building Phase I estimated additional cost based upon design and market prices, and contingent on funding and Board of Trustees approval of the final budget, \$12M.

Sr. VP and CFO Jessell commented that \$150M was requested of the legislature as part of the Engineering I and II building funding request. He described the \$75M Engineering I project, specifically that \$38.9M was appropriated by the legislature in PECO, \$9.5M added for the extra floor, \$15M in build out to be funded through philanthropy and sponsored research overhead funds, and the current \$12M FCO request. He added that the University will be presenting the request for the \$12M in additional funding for Engineering I at a future Board of Trustees meeting.

A motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend to The Florida International University Board of Trustees (the BOT) approval of the Florida International University Educational and General (E&G) expenditure plan for carryforward funds in accordance with State University System of Florida Board of Governors (BOG) Regulation 9.007 *State University Operating Budgets* and Florida Statute 1011.45 *End of Year Balance of Funds*; approval of the FIU Fixed Capital Outlay Budget in accordance with BOG Regulation 14.003 *Fixed Capital Outlay Budgets – University Budgeting Procedures*; and authorize the University Chief Financial Officer to certify the unexpended amount of funds appropriated to the University from the General Revenue Fund, the Educational Enhancement Trust Fund, and the Education/General Student and Other Fees Trust Fund as of June 30, 2021 and the Fixed Capital Outlay budget; and authorize the University President to amend the BOT carryforward expenditure plan and fixed capital outlay budget as necessary and report to the BOT and the BOG any amendments to the spending plans in a format prescribed by the BOG Office of University Budgets.

FF3. Authorization to advertise for and select the construction manager for CasaCuba project and enter into contract for pre-construction services only

Sr. VP and CFO Jessell presented the request for authorization to advertise for and select the construction manager for the CasaCuba project and enter into a contract for pre-construction services only for Committee review. He indicated that the architectural firm, Rene Gonzalez Architects, has prepared conceptual schematic designs, adding that it is important to have a construction manager on board early on to ensure that the project meets the programmatic and budgetary requirements. He pointed out that Construction Manager services beyond pre-construction services will not take place without Board of Trustees approval, adding that CasaCuba has the funding to cover the estimated cost of \$255,783 in pre-construction services.

Committee Vice Chair Tovar requested a CasaCuba fundraising update. Founding Executive Director for CasaCuba, Maria Carla Chicuen, was joined by Mr. Agustín Arellano Sr., Board Chair, CasaCuba Board of Advisors; Mr. Ray Rodriguez, Board Vice Chair, CasaCuba Board of Advisors, and Trustee, Knight Foundation Board of Trustees; Mr. George Corton, FIU Chief Development Officer; and Ms. Lili Betancourt Space, CasaCuba Director of Development. Ms. Chicuen commented on \$2.2M in foundational gifts from the Knight Foundation, in addition to \$5M from Bacardi and \$1M from Mr. Arellano. She pointed out that the \$750,000 grant from the National Endowment for the Humanities represents the largest grant in the nation under the infrastructure program (in 2019). She added that the CasaCuba Board has raised over \$7M, including a lead gift from Founding Board of Advisors member Jorge Más, on behalf of the Más Family. Ms. Chicuen remarked on the \$1.2M gift from J.M. Smucker in benefit of CasaCuba and the Chaplin School of Hospitality and Tourism Management, stating that most recently South Motors committed its support to CasaCuba for \$.5M.

Mr. Corton noted that CasaCuba is currently cultivating 142 prospects, with a minimum gift of \$50,000, stating that CasaCuba is actively in solicitation with 37 prospects for gifts totaling approximately \$30M. He mentioned that 20 gifts have been solicited and are currently pending and total about \$10.4M. He remarked on 17 projected solicitations, totaling nearly \$20M, for the current fiscal year, further stating that CasaCuba expects to raise \$7 to \$8M in the current fiscal year. Mr. Rodriguez commented that CasaCuba is of importance to the Knight Foundation and Mr. Arellano remarked on the proposed action for construction manager selection, noting that such steps help propel commitments forward.

Trustee Carlos Trujillo voiced his concern on taking action related to a project that is not fully funded, noting that construction estimates will likely not be valid by the time the project breaks ground. Committee Vice Chair Tovar noted that while similar concerns were previously voiced (when the project was originally presented for Board of Trustees review), positive strides have been made in terms of fundraising. Committee Vice Chair Tovar indicated that the Committee will continue to monitor CasaCuba's fundraising progress.

A motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend to the Florida International University Board of Trustees authorization to advertise for and select the construction manager for the CasaCuba project and enter into a contract with the selected construction manager to begin pre-construction services only.

FF4. Approval of construction and installation of additional FIU-requested tenant improvements, furnishings, and fixtures, and purchase and installation of information technology equipment for FIU in Washington, D.C. leased premises located at 601 New Jersey Avenue NW, Washington, D.C.

Sr. VP and CFO Jessell explained that the Board of Trustees (Finance and Facilities Committee) approved the lease of the new space in Washington D.C., noting that the lease did include tenant improvements that were paid for by the landlord based upon standard build-out. He added that the University is requesting up to an additional \$1.95M, stating that most of the additional request will cover technology equipment costs. In terms of funding, he explained that \$1.8M will be provided by sponsored research overhead funds with the remaining \$162,000 to be funded from University Carryforward.

Associate Vice President for Governmental Relations Carlos Becerra explained that the future facility is larger, more dynamic, and has a higher profile. He highlighted FIU in D.C.'s research impact since opening and commented that the University is leveraging FIU in D.C.'s first-floor location with interactive technology and digital signage in order to showcase its preeminent research initiatives. He remarked that four distinct spaces in the new location will be outfitted with technology and the ability to have a dedicated classroom, seminar room, multipurpose room, and broadcast quality production studio.

Trustee Marc D. Sarnoff commented that future lease requests should include the full associated costs, including moving expenses, information technology costs, and the extra expenses associated with the number of full and part-time employees. Committee Vice Chair Tovar concurred, noting

that while he is fully supportive, the current request should have been presented with the lease request and this should be the process moving forward.

A motion was made and unanimously passed that the FIU Board of Trustees Finance and Facilities Committee recommend that the Florida International University Board of Trustees approve (1) construction and installation of additional FIU-requested tenant improvements, furnishings, fixtures, and information technology equipment for FIU in Washington, D.C. (FIU in DC) leased premises located at 601 New Jersey Avenue NW, Washington, D.C; and (2) the delegation of authority to the University President, or designee, to cause the completion of the improvements on behalf of the University and execute all necessary documents in connection therewith.

FF5. Approval of the execution of a Sublease Agreement with the Knight Foundation for 22,822 square feet of space on the 33rd Floor of the Southeast Financial Center, located at THE BLOCK BOUNDED BY S.E. 2ND STREET, SOUTH BISCAYNE BLVD, S.E. 3RD AVENUE IN MIAMI FLORIDA, to be used as a new location for The Knight Foundation School of Computing and Information Sciences (the “Sublease Agreement”); and delegate to the University President, or his designee, the authority to execute the Sublease Agreement on behalf of the University

Trustee Sarnoff disclosed that his (law) firm and he represent Ponta Gadea Biscayne LLC, indicating that Ponta Gadea Biscayne LLC, is the landlord of the same office space that is the subject of the proposed sublease between the tenant, the James L. Knight Foundation, Inc., and FIU as the subtenant. In response to Committee Vice Chair Tovar, General Counsel Castillo explained that, based on the disclosure and state law, Trustee Sarnoff may elect to vote or abstain from voting on the matter and that subsequently he would fill out the appropriate form with the required filing to follow. In response to Trustee Sarnoff, General Counsel Castillo confirmed that the sublease did not involve a novation and agreed that the Knight Foundation would remain responsible for covering the sublease rent for the term of the sublease.

Committee Vice Chair Tovar thanked the Knight Foundation for their generosity and for their interest in FIU, specifically in the School of Computing and Information Sciences.

Provost and Executive Vice President Kenneth G. Furton presented the sublease agreement with the Knight Foundation for Committee review, noting that the University has identified computer science as a program that it would like to advance into Top-50 rankings. He commented on the growth of computer science, specifically that FIU computer science enrollments have skyrocketed, graduates are highly sought after, and that 70% of all new science, technology, engineering, and mathematics (STEM) jobs are in computing-related fields. He stated that computer science will be the largest University department by 2026 and remarked on the Knight Foundation School of Computing and Information Sciences (KFSCIS) and its impact on securing Top-50 ranking, specifically commenting on the 66% four-year full-time first-time-in-college (FTIC) graduation rate this year and the 80% six-year FTIC graduation rate expected next year. He added that KFSCIS secured \$18M in external funding awards, is ranked #2 in Florida and #27 nationwide in terms of research expenditures and is the largest producer of Hispanic computing degrees and the second largest producer of Black/African American computing degrees.

Provost Furton indicated that space is needed to accommodate 11 additional faculty and 80 additional graduate students. He remarked on Downtown being the epicenter of the tech wave, referring to large industry leaders that are expanding into the area. University President Mark B. Rosenberg mentioned that 28 companies are relocating into the 33131 zip code, which is where the Knight Foundation space is located, and are either locating or will locate 3,800 positions they intend to fill. Committee Vice Chair Tovar voiced his concern regarding the proposed sublease request, specifically that Knight Foundation approval is pending, that faculty would be diluted to the Downtown space, and that the location may not be conducive to interacting with other firms within the building and does not have exposure to the on-campus community.

Provost Furton introduced Associate Dean for the College of Engineering and Computing and Distinguished University Professor Mark Weiss. Professor Weiss commented on the state's longstanding need for computer science, noting that while FIU has outperformed in terms of computer science, the University has room for improvement in terms of engaging with industry and that said companies are located Downtown. He remarked on the mission of the FIU-KF tech hub, specifically to empower FIU students and faculty to pursue technology-driven research and training programs and to create opportunities for tech transfer, startups, and tech employment outcomes. He commented that the FIU-KF tech hub will host research faculty and students, industry partners, and FIU student and alumni organizations. Professor Weiss pointed out that the lease payments would be covered by a new Knight Foundation donation to FIU, adding that space will be fully furnished. He presented a preliminary layout diagram and provided an overview of workforce development goals. Provost Furton commented that after the expiration of the 4-1/2-yr sublease, the University would continue to seek out Downtown space.

In response to Trustee Sarnoff, Vice President for Engagement Saif Y. Ishoof mentioned that the sublease presents a unique opportunity and commented that inbound assets are unprecedented and that very mature companies are declaring their interest for South Florida due to talent arbitrage opportunities. He commented on the critical need to connect FIU with the transformational opportunities arising within the Downtown corridor, adding that the Knight Foundation sublease aligns well with the University's ability to manifest 2025 institutional goals. Trustee Sarnoff remarked that while the 4-1/2-year sublease is a relatively short amount of time, it does allow the University the ability to determine where and if a Downtown presence is needed. Board Chair Dean C. Colson voiced his concern over the lack of information presented, specifically a long-term vision and budget for information technology needs. He inquired as to the possibility of making the Board's approval subject to the grant being successful. Provost Furton indicated that, as per the granting agency, FIU's commitment to space Downtown will significantly enhance the University's chances to be awarded the grant. In response to Trustee Lowell, Committee Vice Chair Tovar mentioned that if the University were to decline the offer, that the relationship with the Knight Foundation would not be negatively impacted. Trustee Joerg Reinhold commented on the similarities of the current request with that of Torrey Pines, noting that he is in favor of the sublease agreement. Committee Vice Chair Tovar concurred with the concerns raised by Board Chair Colson. President Rosenberg commented on the University's agility and entrepreneurship, noting that even if the University were to fail, the opportunity would present an invaluable learning experience.

A motion was made and passed that the FIU Board of Trustees Finance and Facilities Committee recommend that the Florida International University Board of Trustees approve (1) the negotiation and execution of a sublease agreement for a new location for The Knight Foundation School of Computing and Information Sciences located at the block bounded by S.E. 2nd Street, South Biscayne Blvd, S.E. 3rd Avenue in Miami Florida, consistent with the terms and conditions contained in the letter of intent (the “Sublease Agreement”); (2) the delegation of authority to the University President, or designee, to negotiate the Sublease Agreement; and (3) the delegation of authority to the University President, or designee, to execute the Sublease Agreement on behalf of the University, and such other documents that may be necessary to effectuate the transactions contemplated therein.

Board Chair Colson and Committee Vice Chair Tovar voted against the motion.

4. Discussion Items

4.1 Finance and Facilities Committee Charter

Sr. VP and CFO Jessell indicated that revisions to the Finance and Facilities Charter were made in September 2019. He pointed out that the recent review confirmed that the Charter is up-to-date, and therefore, no changes are being recommended at the current time. He indicated that the current review fulfills the requirements set forth in the Charter and meets statutory and BOG regulatory requirements.

4.2 Financial Performance Review, Fourth Quarter FY 2020-21

Sr. VP and CFO Jessell presented the University’s financial performance review for the fourth quarter of FY 2020-21, noting that operating revenues were above estimates by \$135.8M and that operating expenses were below estimates by \$86.1M with a net favorable variance of \$221.9M. He also described the key drivers.

5. Reports

There were no questions from the Committee members in terms of the reports included as part of the agenda materials: Athletics Update; Business Services Report; Emergency Management Status Report; Facilities and Construction Update; Foundation Report; Safety and Environmental Compliance Report; Treasury Report; Procurement Report; and CasaCuba Building Update.

6. New Business

No new business was raised.

7. Concluding Remarks and Adjournment

With no other business, Finance and Facilities Committee Vice Chair Roger Tovar adjourned the meeting of the Florida International University Board of Trustees Finance and Facilities Committee on Tuesday, September 14, 2021, at 11:01 a.m.

FORM 8A MEMORANDUM OF VOTING CONFLICT FOR STATE OFFICERS

LAST NAME—FIRST NAME—MIDDLE NAME <i>Samoff, Marc, David</i>		NAME OF BOARD, COUNCIL, COMMISSION, AUTHORITY, OR COMMITTEE <i>FIU Board of Trust</i>
MAILING ADDRESS <i>3100 Virginia St.</i>		NAME OF STATE AGENCY <i>FIU</i>
CITY <i>Miami</i>	COUNTY	MY POSITION IS: <input type="checkbox"/> ELECTIVE <input checked="" type="checkbox"/> APPOINTIVE
DATE ON WHICH VOTE OCCURRED <i>9/14/21</i>		

WHO MUST FILE FORM 8A

This form is for use by any person serving at the State level of government on an appointed or elected board, council, commission, authority, committee, or as a member of the Legislature. It applies to members of advisory and non-advisory bodies who are presented with a voting conflict of interest under Section 112.3143, Florida Statutes.

Your responsibilities under the law when faced with voting on a measure in which you have a conflict of interest will vary greatly depending on whether you hold an elective or appointive position. For this reason, please pay close attention to the instructions on this form before completing and filing the form.

INSTRUCTIONS FOR COMPLIANCE WITH SECTION 112.3143, FLORIDA STATUTES

ELECTED OFFICERS:

As a person holding elective state office, you may not vote on a matter that you know would inure to your special private gain or loss. However, you may vote on other matters, including measures that would inure to the special private gain or loss of a principal by whom you are retained (including the parent or subsidiary or sibling organization of a principal by which you are retained); to the special private gain or loss of a relative; or to the special private gain or loss of a business associate. If you vote on such a measure or if you abstain from voting on a measure that would affect you, you must make every reasonable effort to disclose the nature of your interest as a public record in a memorandum filed with the person responsible for recording the minutes of the meeting, who shall incorporate the memorandum in the minutes. If it is not possible for you to file a memorandum before the vote, the memorandum must be filed with the person responsible for recording the minutes of the meeting no later than 15 days after the vote.

For purposes of this law, a "relative" includes only your father, mother, son, daughter, husband, wife, brother, sister, father-in-law, mother-in-law, son-in-law, and daughter-in-law. A "business associate" means any person or entity engaged in or carrying on a business enterprise with you as a partner, joint venturer, coowner of property, or corporate shareholder (where the shares of the corporation are not listed on any national or regional stock exchange).

A member of the Legislature may satisfy the disclosure requirements of this section by filing a disclosure form created pursuant to the rules of the member's respective house if the member discloses the information required by this subsection, or by use of Form 8A.

* * * * *

APPOINTED OFFICERS:

As a person holding appointive state office, you are subject to the abstention and disclosure requirements stated above for Elected Officers. You also must disclose the nature of the conflict before voting or before making any attempt to influence the decision by oral or written communication, whether made by you or at your direction.

For purposes of this law, a "relative" includes only your father, mother, son, daughter, husband, wife, brother, sister, father-in-law, mother-in-law, son-in-law, and daughter-in-law. A "business associate" means any person or entity engaged in or carrying on a business enterprise with you as a partner, joint venturer, coowner of property, or corporate shareholder (where the shares of the corporation are not listed on any national or regional stock exchange).

IF YOU INTEND TO MAKE ANY ATTEMPT TO INFLUENCE THE DECISION PRIOR TO THE MEETING AT WHICH THE VOTE WILL BE TAKEN:

- You must complete and file this form (before making any attempt to influence the decision) with the person responsible for recording the minutes of the meeting, who will incorporate the form in the minutes.
- A copy of the form must be provided immediately to the other members of the agency.
- The form must be read publicly at the next meeting after the form is filed.

IF YOU MAKE NO ATTEMPT TO INFLUENCE THE DECISION EXCEPT BY DISCUSSION OR VOTE AT THE MEETING:

- You must disclose orally the nature of your conflict in the measure before participating.
- You must complete the form and file it within 15 days after the vote occurs with the person responsible for recording the minutes of the meeting, who must incorporate the form in the minutes. A copy of the form must be provided immediately to the other members of the agency, and the form must be read publicly at the next meeting after the form is filed.

DISCLOSURE OF STATE OFFICER'S INTEREST

I, Marc Sarnoff, hereby disclose that on 9/14/21, 20 21 :

(a) A measure came or will come before my agency which (check one or more)

- ☐ inured to my special private gain or loss;
- ☐ inured to the special gain or loss of my business associate, _____;
- ☐ inured to the special gain or loss of my relative, _____;
- ☒ inured to the special gain or loss of PortaGadea Biscayne, LLC, by whom I am retained; or
- ☐ inured to the special gain or loss of _____, which is the parent, subsidiary, or sibling organization of a principal which has retained me.

(b) The measure before my agency and the nature of my conflicting interest in the measure is as follows:

I and my firm represent PortaGadea Biscayne, LLC. PortaGadea Biscayne, LLC is the landlord of the same office space that is the subject of a proposed sublease between the tenant, John S. Sames Knight Foundation, Inc. and FIU as a subtenant. On Sept. 14, 2021, the FIU Board of Trustees Finance and Facilities Committee (FFC), on which I serve, voted on whether to recommend the sublease for approval and the BOT full Board voted to approve the sublease. I verbally disclosed my conflict at both the FFC and full board meetings prior to any discussion or vote on the sublease.

If disclosure of specific information would violate confidentiality or privilege pursuant to law or rules governing attorneys, a public officer, who is also an attorney, may comply with the disclosure requirements of this section by disclosing the nature of the interest in such a way as to provide the public with notice of the conflict.

Date Filed

Signature

NOTICE: UNDER PROVISIONS OF FLORIDA STATUTES §112.317, A FAILURE TO MAKE ANY REQUIRED DISCLOSURE CONSTITUTES GROUNDS FOR AND MAY BE PUNISHED BY ONE OR MORE OF THE FOLLOWING: IMPEACHMENT, REMOVAL OR SUSPENSION FROM OFFICE OR EMPLOYMENT, DEMOTION, REDUCTION IN SALARY, REPRIMAND, OR A CIVIL PENALTY NOT TO EXCEED \$10,000.

This page intentionally left blank



THE FLORIDA INTERNATIONAL UNIVERSITY

BOARD OF TRUSTEES

Finance and Facilities Committee

December 8, 2021

FF1--FIU DIRECT SUPPORT ORGANIZATIONS FINANCIAL AUDITS FY 2020-2021

SUMMARY

- FIU has four Component Units, *FIU Foundation, Inc.*, *FIU Research Foundation, Inc.*, *FIU Athletics Finance Corporation* and the *Academic Health Center Health Care Network Faculty Group Practice, Inc.*
- The annual financial audits of three of the Component Units will be reflected on the University's financial audit that is currently underway by the State of Florida Auditor General. The financial activities of the FIU Research Foundation, Inc. are not included in the University financial audit because total assets and operating revenues of that entity represent less than one percent of the total aggregate component units' assets and operating revenues.
- The financial statements for all four entities are prepared in conformity with **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 2021.
- All of the audits received an "Unmodified" [formerly known as Unqualified] Opinion meaning the financial statements presented fairly, in all material respects, the financial positions of the entities as of June 30, 2021.
- 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, 2021 WITH JUNE 30, 2020 COMPARISONS

FIU FOUNDATION, INC.

- **Total Assets were \$475.7**, an increase of \$139.4M, primarily due to increases in investments of \$140.5M due to significant investment performance of 30% returns versus 2.7% in the prior year, coupled with increases in pledges receivable of \$6.2M due to new contributions mainly for scholarships and other University program support. These increases were offset by reductions in cash and cash equivalents of \$6.9M and net depreciable capital assets of \$709,563.
- **Total Liabilities were \$5.4M**, a decrease of \$1.4M primarily from the principal payment of notes payable of \$960,000 for the MARC building loan, \$150,000 in unearned revenue due to the receipt of the required matching donations for which the Foundation recognized contribution revenue in the current year and \$328,570 of reduced accounts payable and funds due to FIU.
- **Total Net Position was \$470.3M**, an increase of \$140.8M in the current year change in net position. The net position represents the residual interest in Foundation's assets after deducting liabilities. Of the total increase, \$134.2M was attributable to the receipt of unrestricted gifts and the positive market effects on investments returns offset by the outflow of expendable restricted resources for the benefit of programs, scholarships and building support provided to the University. Restricted nonexpendable endowments increased \$6.4M, which was a result of net cash gifts to the endowment and \$250,437 in the change in capital assets.
- **Total Net Operating Revenues were \$168.8M**, an increase of \$131.9M primarily from new gifts for scholarships and other program support of \$52.6M driven by a comprehensive fundraising campaign; higher investment earnings (net of investment fees) of \$79.3M or 30% driven by equity investments particularly in developed international markets, US venture capital and US large cap equities when compared to prior year earnings of 2.7%; and increases of \$125,803 in rental income. These increases were offset by lower event and museum store revenues, royalties, and dues of \$211,200.

Total Operating Expenses were \$43.9M, including \$27.1M in program, scholarship, building and general support to FIU, a decrease of \$1.9M due primarily to cancelled events, reduced travel, and delays in hiring due to the COVID-19 pandemic. There were also higher expenses in prior year associated with the environmental remediation on the Doral property and building funds transferred for construction projects.

- Under GASB reporting, Endowment contributions are reflected as a non-operating revenue and totaled \$6.3M, an increase of \$393,045 when compared to prior year. This increase is reflective of the Foundation's focus on fundraising efforts to grow the endowment.

Also reported as non-operating revenues is the support the University provides to Foundation operations which includes the salaries and benefits related to personnel who perform administrative and fundraising functions for the Foundation which totaled \$9.7M this fiscal year.

- **Other Matters**--Under the GASB accounting framework, it is important to note that endowment pledges are not recognized. Only additions to permanent endowments are recognized upon the receipt of cash. As of June 30, 2021, endowment pledges receivable totaled \$51.7M, which includes \$42.0M from the State of Florida for match funds from the Trust Fund for Major Gifts. Those pledges are not recognized in the statement of net position.

RESEARCH FOUNDATION, INC.

- **Total Assets (Cash) were \$109,820,** a decrease of \$18,034 over the prior year due to grant activities related to the U.S. Agency for International Development (USAID) grant in West Africa.
- **Total Liabilities were \$6,776,** a decrease of \$1,007 over the prior year primarily the result of a decrease in Accounts Payable and payments due to FIU.
- **Net Position was \$103,044,** a decrease of \$17,027 over the prior year.
- **Operating revenues of \$1,039,** an increase of \$1,029 over the prior year, are associated with donations received by the Foundation and the final distribution of funds from the Tanzania bank account associated with the USAID iWash program that ended in 2016.

- **Operating Expenses were \$18,066**, an increase of \$10,605 from the prior year, primarily driven by salary support to the university in the amount of \$12,842, offset by lower audit and tax fees of \$2,250.
- **Operating Loss was \$17,027**, an increase of \$9,576 over the prior year loss of \$7,451 as expenses are greater than revenues and are being funded from prior year cash balances.

ATHLETICS FINANCE CORPORATION

- **Total Assets were \$20.7M**, a decrease of \$1.4M, due primarily to decreases in prepaid rent of \$1.3M, stadium naming rights receivable of \$700,000, and investments of \$590,651. These were offset primarily by an increase in due from FIU of \$1.2M.
- **Total Liabilities were \$28.6M**, a decrease of \$2.7M due primarily from decreases in bonds payable of \$1.5M and derivative liability on the interest rate swap of \$1.1M.
- **Operating Revenues were \$4.1M**, a decrease of \$112,175, due primarily from decreases in ticket sales of \$539,550, NCAA conference payments of \$347,378, stadium naming rights of \$175,000, sponsorship revenues of \$312,137 and other operating revenues of \$174,069. These decreases were offset by increases in game guarantees of \$775,000, contributions of \$412,000, rental income of \$93,554 and event revenues of \$155,405.
- **Operating expenses were \$1.9M**, a decrease of \$374,322, due primarily to a decrease in football operations of \$411,560 due to fewer home football games, offset by an increase in custodial and janitorial expenses due to the COVID-19 pandemic of \$37,238.
- **The Net Position was \$(5.7M)**, an improvement of \$226,074 over the prior year net position. The primary reason for the negative net position is the \$3,159,460 derivative liability on the interest rate swap.

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

- **Total Assets were \$11.6M**, an increase of \$2.2M, primarily from the increase in cash and investments of \$2.4M and receivables from the educational program under the Herbert Wertheim College of Medicine (HWCOM) Office of International Affairs (OIA) and other receivables of \$38,381. The increase was offset by the reduction of management fee receivables of \$8,329, rent receivables of \$101,338, reduction of prepaid expenses of \$12,653 and reduction of net depreciable capital assets of \$59,179.
- **Total Liabilities were \$9M**, an increase of \$131,591 primarily driven by payables to the HWCOM from the OIA program offset by the reduction in the note payable. The total note payable due to FIU, \$6.7M, is associated with a prior working capital and building capital loan in addition to operating losses that is secured by annual lease payments from Nicklaus Children's Hospital under a 40-year lease agreement. This note payable will be paid off in July 2021 which is the reason the entire balance is reflected in current liabilities.
- **Total Operating Revenues were \$11.2M**, an increase of \$942,427, due primarily to increases in educational program revenue of \$729,961 driven by higher volumes in the OIA program resulting from the ability to open remote learning programs during the COVID-19 pandemic, management fee revenue of \$123,011, \$82,485 of other revenues primarily from the payments from HWCOM to cover the cost of operating the clinical sites and lastly slight increase in rental payments from Nicklaus Children's Hospital of \$6,970.
- **Total Operating Expenses were \$5.7M**, an increase of \$284,927 primarily in contracted services in the HWCOM OIA program necessary for the increase in student rotations due to the remote program offerings during the COVID-19 pandemic.
- **Transfer to Florida International University was \$3.2M** and represents the payment of the net profits of the international programs to HWCOM.
- **Net position was \$2.7M**, an improvement of \$1.9M, due to favorable performance.

This page intentionally left blank

**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES**

Finance and Facilities Committee

December 8, 2021

Subject: Florida International University Foundation Inc., Financial Audit, 2020-21

Proposed Committee Action:

Recommend acceptance by the Florida International University Board of Trustees of the Florida International University Foundation, Inc. Financial Audit for the 2020-21 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)(g), the Florida International University Foundation, Inc. must submit an independently conducted financial audit of its accounts and records, which has been 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 2020-21 was approved by the Florida International University Foundation, Inc. Board of Directors on October 22, 2021, and the University President is recommending its acceptance.

Florida Board of Governors Regulation 9.011 (5) 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 for review. The audit report shall be submitted to the Board of Governors, and the Auditor General.

Supporting Documentation: Florida International University Foundation, Inc.
Financial Audit, 2020-21

Facilitator/Presenter: Kenneth A. Jessell

This page intentionally left blank

**FLORIDA INTERNATIONAL UNIVERSITY
FOUNDATION, INC.**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2021 AND 2020

	<u>Page(s)</u>
Independent Auditors' Report	1 – 2
Required Supplementary Information	
Management's Discussion and Analysis	3 – 15
Financial Statements	
Statements of Net Position	16
Statements of Revenues, Expenses, and Changes in Net Position	17
Statements of Cash Flows	18
Statements of Fiduciary Net Position	19
Statements of Revenues, Expenses, and Changes in Fiduciary Net Position	20
Notes to Financial Statements	21 – 45
Compliance Report	
Independent Auditor's Report on Internal Controls Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	46 – 47

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Florida International University Foundation, Inc. (the Foundation), a direct support organization and component unit of Florida International University, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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 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 -

121 Executive Circle
Daytona Beach, FL 32114-1180
Telephone: 386-257-4100

133 East Indiana Avenue
DeLand, FL 32724-4329
Telephone: 386-738-3300

5931 NW 1st Place
Gainesville, FL 32607-2063
Telephone: 352-378-1331

2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308-4386
Telephone: 850-386-6184

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2021 and 2020, 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.

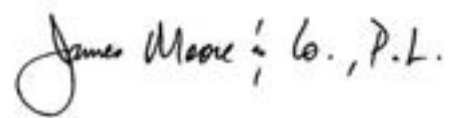
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 through 17 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 standard 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 22, 2021, 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.

A handwritten signature in dark ink that reads "James Moore & Co., P.L." The signature is written in a cursive, flowing style.

Gainesville, Florida
October 22, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

**FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2021 AND 2020**

Management's discussion and analysis ("MD&A") provides an overview of the financial position and activities of the Florida International University Foundation, Inc. (the "Foundation") for the fiscal years ended June 30, 2021, 2020 and 2019, 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.

The Foundation is presented as a discrete component unit of Florida International University (the "University" or "FIU") and is certified as a direct support organization ("DSO"). The Foundation's mission is to encourage, solicit, receive, and administer gifts and bequests of property and funds for scientific, educational and charitable purposes, all for the advancement of the University and its objectives.

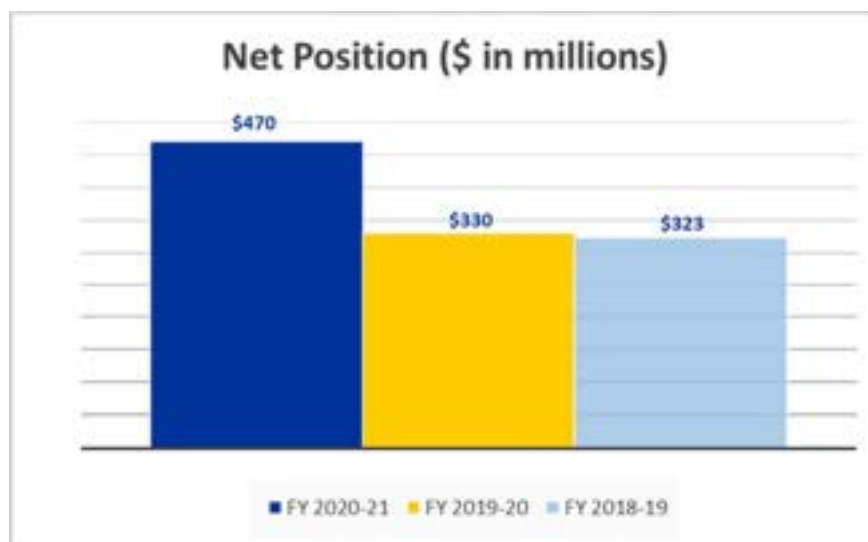
FINANCIAL HIGHLIGHTS

The Foundation's assets totaled \$475,748,066 and \$336,392,250 at June 30, 2021 and 2020, respectively. This balance represents an increase of \$139,355,816, or 41.4%. This change is primarily a result of an increase in investments due to stronger investment performance as compared to prior year coupled with an increase in pledges receivable due to new contributions mainly for scholarships and other University program support.

The Foundation's liabilities totaled \$5,440,096 and \$6,880,370 at June 30, 2021 and 2020, respectively. This balance represents a decrease of \$1,440,274, or 20.9%. The decrease is primarily attributable to principal payments made in the current year and a decrease in unearned revenue due to the receipt of the required matching donations for which the Foundation recognized contribution revenue in the current year.

As a result, the Foundation's net position increased by \$140,796,090, as compared to prior year, resulting in a year-end balance of \$470,307,970. The increase in net position is mainly attributable to the receipt of unrestricted gifts and the positive market effects of investments offset by the outflow of expendable restricted resources for the benefit of programs, scholarships and building support provided to the University.

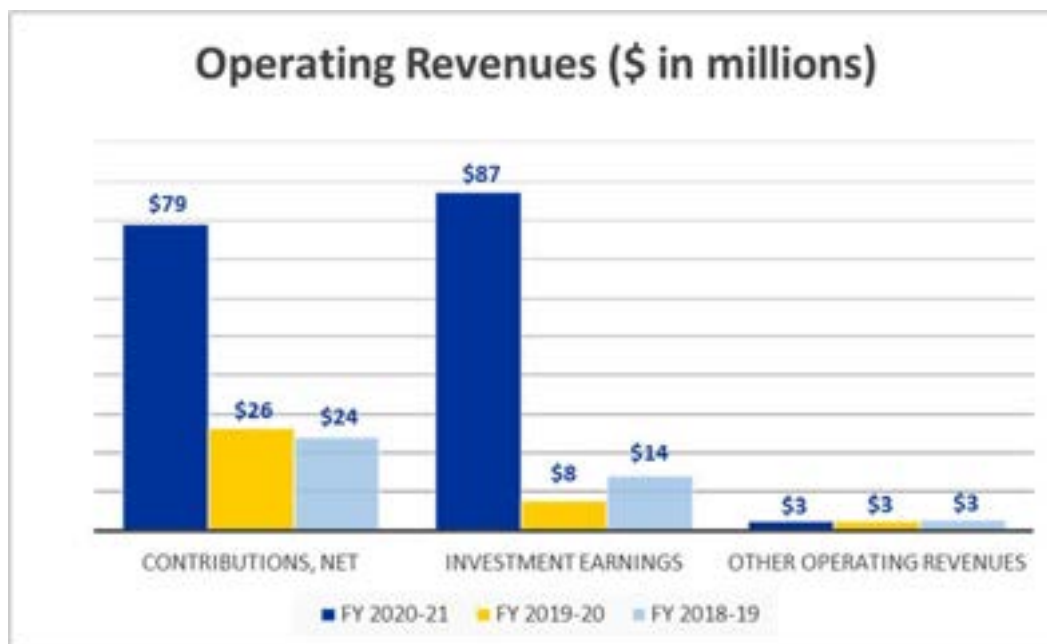
The Foundation's comparative total net position for the fiscal years ended June 30, 2021, 2020 and 2019, is shown in the following graph:



FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2021 AND 2020

The Foundation's operating revenues totaled \$168,846,668 for the 2020-21 fiscal year, representing an increase of \$131,854,238, or 356.4%, as compared to prior year. The increase in operating revenues is mainly attributable to an increase in new gifts for scholarships and other program support and higher investment earnings, net of investment fees, of 30.0% in the current year versus 2.7% in the prior year.

The following chart provides a graphical presentation of the Foundation's revenues by category for the 2020-21, 2019-20 and 2018-19 fiscal years:



The Foundation's operating expenses totaled \$43,921,711 for the 2020-21 fiscal year, representing a decrease of \$1,900,217, or 4.1%, as compared to prior year. The decrease in operating expenses is mainly due to lower expenses in the current year as a result of cancelled events, reduced travel and delays in hiring due to the COVID-19 pandemic. Operating expenses are comprised of support to the University, fundraising, general and administrative, and depreciation expenses.

The largest component of operating expenses is support to the University in the form of programs, scholarships and building support totaling \$25,921,906 and other general support to the University totaling \$1,182,987 for the 2020-21 fiscal year, representing a total decrease of \$1,404,224, or 4.9%, as compared to prior year. This decrease is mainly due to one-time expenses related to COVID-19 relief assistance and higher building support incurred in the prior year.

Fundraising expenses totaled \$9,528,255 and were level when compared to the prior year. General and administrative expenses totaled \$6,543,940, representing a decrease of \$520,462, or 7.4%, as compared to prior year. This decrease was mainly due to environmental remediation expenses on land held for investment incurred in the prior year.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2021 AND 2020

OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to Governmental Accounting Standards Board ("GASB") Statement No. 35, the Foundation's financial report consists of three basic financial statements for its business-type activities: the statements of net position; the statements of revenues, expenses, and changes in net position; and the statements of cash flows. The financial statements, and notes thereto, encompass the Foundation and its blended component units, which include:

- The Wolfsonian, Inc.
- Foundation Enterprise Holdings I, LLC ("FEH I")
- Foundation Enterprise Holdings II, LLC ("FEH II")
- Foundation Enterprise Holdings V, LLC ("FEH V")

THE STATEMENTS OF NET POSITION

The statements of net position reflect the assets and liabilities of the Foundation, using the accrual basis of accounting, and present the financial position of the Foundation at a specified time. Assets less liabilities, equals net position, which is one indicator of the Foundation's current financial condition.

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

	June 30,		
	2021	2020	2019
Assets			
Current assets	\$ 36,596,690	\$ 36,849,383	\$ 24,949,030
Noncurrent assets	439,151,376	299,542,867	305,870,032
Total assets	<u>475,748,066</u>	<u>336,392,250</u>	<u>330,819,062</u>
Liabilities			
Current liabilities	4,892,404	5,105,974	4,707,204
Noncurrent liabilities	547,692	1,774,396	2,741,168
Total liabilities	<u>5,440,096</u>	<u>6,880,370</u>	<u>7,448,372</u>
Net position			
Net investment in capital assets	13,171,584	12,921,147	12,565,994
Restricted:			
Nonexpendable endowments	191,376,258	185,009,260	179,637,406
Expendable	183,178,127	114,580,228	113,063,720
Unrestricted	82,582,001	17,001,245	18,103,570
Total net position	<u>\$ 470,307,970</u>	<u>\$ 329,511,880</u>	<u>\$ 323,370,690</u>

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2021 AND 2020

TOTAL ASSETS

The following summarizes the Foundation's total assets for fiscal years ended:

	June 30,		
	2021	2020	2019
Cash and cash equivalents	\$ 21,398,096	\$ 28,302,508	\$ 16,368,061
Pledges receivable, net	25,974,582	19,751,852	16,991,025
Other current assets	678,306	488,439	433,560
Due from Florida International University	166,639	134,300	19,855
Investments	412,740,949	272,216,094	280,952,657
Depreciable capital assets, net	14,789,494	15,499,057	15,975,578
Nondepreciable capital assets	-	-	78,326
Total assets	\$ 475,748,066	\$ 336,392,250	\$ 330,819,062

Total assets as of June 30, 2021 increased \$139,355,816, or 41.4%, as compared to prior year. Investments were significantly higher in the current year due to stronger investment performance as compared to prior year. Pledges receivable increased due to new contributions mainly for scholarships and other University program support. Cash and cash equivalents were lower due to a rebalancing of assets to the investment portfolio. The increase in cash flows used in investing activities was attributable to the strong current year investment returns.

Endowment pledges are not recognized under the GASB accounting framework and not reflected in the pledges receivable in the statements of net position. Only additions to permanent endowments are recognized upon the receipt of cash. Although endowment pledges are not included, the Foundation understands the importance of endowment fundraising as these gifts are a strategic priority. The Foundation will continue to prioritize fundraising for endowment pledges and collecting on those pledges.

As of June 30, 2021, 2020 and 2019, endowment pledges receivable totaled \$51,670,998, \$51,725,927 and \$51,309,132, respectively, which includes \$41,967,040 the State of Florida has approved for match under the Trust Fund for Major Gifts. Effective July 1, 2011, state matching funds were temporarily suspended by the Florida Legislature for donations received for this program on or after June 30, 2011. The program may be restarted after \$200 million of the backlog for programs has been matched. The State of Florida did not provide funds for this program during the fiscal year; therefore, these endowment pledges are not recognized in the statements of net position. The ultimate collection of these funds is dependent upon future appropriations for this program by the State of Florida Legislature.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2021 AND 2020

TOTAL LIABILITIES

The following summarizes the Foundation's total liabilities for fiscal years ended:

	June 30,		
	2021	2020	2019
Accounts payable and accrued expenses	\$ 578,797	\$ 634,483	\$ 442,798
Due to Florida International University	3,148,622	3,421,506	3,126,585
Notes payable	1,075,000	2,035,000	2,945,000
Unearned revenue	-	150,000	292,836
Annuity obligations	637,677	639,381	641,153
Total liabilities	\$ 5,440,096	\$ 6,880,370	\$ 7,448,372

Total liabilities as of June 30, 2021 decreased \$1,440,274, or 20.9%, as compared to prior year. The decrease is mainly due to a decrease of \$960,000 in notes payable coupled with a decrease of \$150,000 in unearned revenue. The decrease in notes payable is due to principal payments made in the current year. The decrease in unearned revenue is due to the receipt of the required matching donations for which the Foundation recognized contribution revenue in the current year.

NET POSITION

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

	June 30,		
	2021	2020	2019
Net investment in capital assets	\$ 13,171,584	\$ 12,921,147	\$ 12,565,994
Restricted:			
Nonexpendable endowments	191,376,258	185,009,260	179,637,406
Expendable	183,178,127	114,580,228	113,063,720
Unrestricted	82,582,001	17,001,245	18,103,570
Total net position	\$ 470,307,970	\$ 329,511,880	\$ 323,370,690

Net position represents the residual interest in the Foundation's assets after deducting liabilities. Total net position as of June 30, 2021 increased \$140,796,090, or 42.7%, as compared to prior year. The increase in net position is mainly attributable to the receipt of unrestricted gifts and the positive market effects on investments offset by the outflow of expendable restricted resources for the benefit of programs, scholarships and building support provided to the University.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2021 AND 2020

Net position is reported in three classifications: net investment in capital assets, restricted, and unrestricted net position. Net investment in capital assets reflects total capital assets, net of accumulated depreciation, less any capital-related borrowings. Restricted net position consists of restricted nonexpendable resources which represent permanent endowments to be held in perpetuity, while expendable resources are made up of external, donor-restricted funds and appreciation from the endowments. Unrestricted net position represents funds that are available without restriction for carrying out the Foundation's objectives.

Additional information about the statements of net position is presented in the notes to financial statements.

THE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The statements of revenues, expenses, and changes in net position present the Foundation's revenue and expense activity, categorized as operating and nonoperating. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

The following summarizes the Foundation's changes in net position for fiscal years ended:

	June 30,		
	2021	2020	2019
Contributions, net	\$ 78,984,929	\$ 26,346,350	\$ 23,870,781
Investment earnings	87,296,896	7,995,841	14,019,924
Rental income	2,088,485	1,962,682	2,001,143
Other operating revenues	476,358	687,557	856,111
Total operating revenues, net	168,846,668	36,992,430	40,747,959
Programs, scholarships and building support to Florida International University	25,921,906	27,235,249	27,532,822
Fundraising	9,528,255	9,500,622	13,000,097
General and administrative	6,543,940	7,064,402	4,993,581
General support to Florida International University	1,182,987	1,273,868	1,243,041
Depreciation	744,623	747,787	723,023
Total operating expenses	43,921,711	45,821,928	47,492,564
Operating income (loss)	124,924,957	(8,829,498)	(6,744,605)
Nonoperating revenues (expenses)			
Change in value of annuity obligations	(84,000)	(84,000)	(29,853)
Support from Florida International University	9,700,747	9,193,347	9,145,301
Total nonoperating revenues	9,616,747	9,109,347	9,115,448
Gain before endowment contributions	134,541,704	279,849	2,370,843
Endowment contributions	6,254,386	5,861,341	5,391,941
Change in net position	140,796,090	6,141,190	7,762,784
Net position - beginning of year, as restated (Note 1(r))	329,511,880	323,370,690	315,607,906
Net position - end of year	\$ 470,307,970	\$ 329,511,880	\$ 323,370,690

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2021 AND 2020

OPERATING REVENUES

GASB Statement No. 35 categorizes revenues as either operating or nonoperating. Operating revenues represent ongoing activities of the Foundation, as well as ongoing activities that are in support of the University's programs. Operating activities are related to the Foundation's mission, which is to encourage, solicit, receive, and administer gifts and bequests of property and funds for scientific, educational and charitable purposes, all for the advancement of the University and its objectives. As defined by GASB No. 35, all of Foundation's revenues are classified as operating revenues.

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

	June 30,		
	2021	2020	2019
Contributions, net	\$ 78,984,929	\$ 26,346,350	\$ 23,870,781
Investment earnings	87,296,896	7,995,841	14,019,924
Rental income	2,088,485	1,962,682	2,001,143
Other operating revenues	476,358	687,557	856,111
Total operating revenues, net	\$ 168,846,668	\$ 36,992,430	\$ 40,747,959

Total operating revenues increased \$131,854,238, or 356.4%, as compared to prior year. Operating revenues are made up of contributions, investment earnings, rental income, and other operating revenues.

The increase in total operating revenues is mainly attributable to an increase in new gifts for scholarships and other program support and higher investment earnings, net of investment fees, of 30.0% in the current year versus 2.7% in the prior year. Portfolio performance was driven by strong results across equity investments, including notable performance in developed international markets, US venture capital, and US large cap equities.

Despite the uncertainty caused by the COVID-19 pandemic, contributions increased in the current year as a result of the Foundation's focus on a comprehensive fundraising campaign and the receipt of a significant contribution in the current year. On January 26, 2019, the University entered the public phase of The Next Horizon campaign. That momentum coupled with the dedicated work of the Foundation Board, volunteers, and staff have made this success possible.

Rental income was level when compared to the prior year. Other operating revenues decreased \$211,199, or 30.7%, as compared to prior year. Other operating revenues are comprised of revenues related to events, museum store sales and membership dues. This decrease is a result of the cancellation of events and closures due to the COVID-19 pandemic in the current year.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2021 AND 2020

OPERATING EXPENSES

GASB Statement No. 35 categorizes expenses as either operating or nonoperating. Operating expenses represent ongoing activities of the Foundation, as well as ongoing activities that are in support of the University, such as programs, scholarships and building support. The majority of the Foundation's expenses are operating expenses as defined by GASB. GASB gives financial reporting entities the choice of reporting operating expenses in either their functional or natural classifications. The Foundation has chosen to report operating expenses by their functional classifications on the statements of revenues, expenses, and changes in net position.

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

	June 30,		
	2021	2020	2019
Programs, scholarships and building support to			
Florida International University	\$ 25,921,906	\$ 27,235,249	\$ 27,532,822
Fundraising	9,528,255	9,500,622	13,000,097
General and administrative	6,543,940	7,064,402	4,993,581
General support to Florida International University	1,182,987	1,273,868	1,243,041
Depreciation	744,623	747,787	723,023
Total operating expenses	\$ 43,921,711	\$ 45,821,928	\$ 47,492,564

Total operating expenses decreased \$1,900,217, or 4.1%, as compared to prior year. Operating expenses are comprised of support to the University, fundraising, general and administrative and depreciation expenses.

The largest component of operating expenses is support to the University. These operating expenses include programs, scholarships and building support totaling \$25,921,906 and other general support to the University totaling \$1,182,987. Operating expenses in support of the University totaled \$27,104,893 for the 2020-21 fiscal year, representing a decrease of \$1,404,224, or 4.9%, as compared to prior year. This decrease is mainly due to one-time expenses related to COVID-19 relief assistance and higher building support incurred in the prior year.

The next largest component of operating expenses is fundraising. Fundraising expenses were level when compared to the prior year.

General and administrative expenses include business office expenses, utilities, maintenance, insurance, and environmental remediation on land held for investment. The decrease in general and administrative expenses is primarily attributable to higher environmental remediation expenses on land held for investment incurred in the prior year.

General support to the University includes other expenses such as lobbying, and support for the compensation, travel and business expenses for the University President. General support to the University was level when compared to the prior year.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2021 AND 2020

NONOPERATING REVENUES

GASB Statement No. 35 categorizes revenues and expenses as either operating or nonoperating. Nonoperating revenues are comprised of the net change in value of annuity obligations and support from the University. Support from the University includes salaries and benefits related to personnel who perform administrative and fundraising functions for the Foundation.

The following summarizes the nonoperating revenues for the fiscal years ended:

		June 30,	
	2021	2020	2019
Change in value of annuity obligations	\$ (84,000)	\$ (84,000)	\$ (29,853)
Support from Florida International University	9,700,747	9,193,347	9,145,301
Total nonoperating revenues	\$ 9,616,747	\$ 9,109,347	\$ 9,115,448

ENDOWMENT CONTRIBUTIONS

Endowment contributions increased \$393,045, or 6.7%, as compared to the prior year. Endowment contributions are recognized as revenue as they are received in cash. The earnings on an endowment, rather than the endowment itself, are intended for spending. The endowment is invested in perpetuity. The increase is reflective of Foundation's focus on fundraising efforts to grow the endowment.

		June 30,	
	2021	2020	2019
Endowment contributions	\$ 6,254,386	\$ 5,861,341	\$ 5,391,941
Total endowment contributions	\$ 6,254,386	\$ 5,861,341	\$ 5,391,941

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2021 AND 2020

THE STATEMENTS OF CASH FLOWS

The statements of cash flows provide information about the Foundation's financial results by reporting the major sources and uses of cash and cash equivalents. The statement will assist in evaluating the Foundation's ability to generate net cash flows, its ability to meet its financial obligations as they come due, and its need for external financing. Cash flows from operating activities show the net cash used or provided by the operating activities of the Foundation. Cash flows from capital and related financing activities include changes associated with the long-term debt activities of the Foundation. Cash flows from investing activities show the net sources and uses of cash related to purchasing or selling investments and earnings income on those investments. Cash flows from noncapital financing activities include those activities not covered in other sections.

The following summarizes the major sources and uses of cash for the fiscal years ended:

	June 30,		
	2021	2020	2019
Cash flows provided by (used in)			
Operating activities	\$ 41,097,330	\$ (9,472,127)	\$ (5,946,929)
Capital and related financing activities	(1,028,169)	(1,187,171)	(1,762,781)
Investing activities	(53,227,959)	16,732,404	1,105,627
Noncapital financing activities	6,254,386	5,861,341	5,391,941
Change in cash and cash equivalents	(6,904,412)	11,934,447	(1,212,142)
Cash and cash equivalents			
Beginning of year	28,302,508	16,368,061	17,580,203
End of year	<u>\$ 21,398,096</u>	<u>\$ 28,302,508</u>	<u>\$ 16,368,061</u>

Cash and cash equivalents decreased \$6,904,412, or 24.4%, as compared to prior year. Net cash flows provided by operating activities increased by \$50,569,457, mainly attributable to the receipt of a significant contribution in the current year. Net cash used in capital and related financing activities remained level as compared to prior year. The cash flows used in investing activities increased \$69,960,363 due to the strong current year investment returns. Net cash flows provided by noncapital financing activities increased by \$393,045, attributable to an increase in endowment contributions as compared to prior year.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2021 AND 2020

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

At June 30, 2021, the Foundation had \$23,847,672 in capital assets, less accumulated depreciation of \$9,058,178 for net capital assets of \$14,789,494. Depreciation charges for the current fiscal year totaled \$744,623.

The following summarizes the Foundation's capital assets, net of accumulated depreciation for the fiscal years ended:

	June 30,		
	2021	2020	2019
Building and improvements, net	\$ 14,374,908	\$ 14,976,002	\$ 15,345,925
Furniture and equipment, net	414,586	523,055	629,653
Total depreciable capital assets, net	14,789,494	15,499,057	15,975,578
Construction in progress	-	-	78,326
Total nondepreciable capital assets	-	-	78,326
Total capital assets, net	\$ 14,789,494	\$ 15,499,057	\$ 16,053,904

The largest component of capital assets is building and improvements, net totaling \$14,374,908, or 97.2%, of the total balance. Furniture and equipment, net account for the remaining balance in capital assets.

The following summarizes the Foundation's debt outstanding for the fiscal years ended:

	June 30,		
	2021	2020	2019
Notes payable	\$ 1,075,000	\$ 2,035,000	\$ 2,945,000
Annuity obligations	637,677	639,381	641,153
Total outstanding debt	\$ 1,712,677	\$ 2,674,381	\$ 3,586,153

During the 2020-21 fiscal year, the Foundation reduced debt by \$961,704, primarily as a result of principal payments.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2021 AND 2020

The following summarizes the Foundation's net investment in capital assets for the fiscal years ended:

	<u>2021</u>	<u>June 30, 2020</u>	<u>2019</u>
Capital assets, net	\$ 14,789,494	\$ 15,499,057	\$ 16,053,904
Notes payable	(1,075,000)	(2,035,000)	(2,945,000)
Annuity obligations	(542,910)	(542,910)	(542,910)
Net investment in capital assets	<u>\$ 13,171,584</u>	<u>\$ 12,921,147</u>	<u>\$ 12,565,994</u>

Additional information about the Foundation's capital assets and long-term debt activity is presented in the notes to financial statements.

FIDUCIARY FINANCIAL STATEMENTS

As a result of the implementation of GASB 84, *Fiduciary Activities*, separate Statements of Fiduciary Net Position and Statements of Revenues, Expenses and Changes in Fiduciary Net Position are included in these financial statements. Fiduciary funds are used to account for resources held for the benefit of external parties such as the University. Fiduciary funds are not reflected in the Foundation's basic business-type entity financial statements because ownership of those resources remain with the University.

OUTLOOK FOR THE FUTURE

The sole purpose of the FIU Foundation is to encourage, solicit, receive and administer gifts and bequests of property and funds for scientific, educational and charitable purposes, all for the advancement of FIU and its mission. The primary way this is accomplished is through consistent philanthropic revenue and responsible investing of the endowment, capital and operating funds on behalf of FIU. As much as each individual donor will allow, efforts are focused on the FIU-approved strategic priorities of student success and research excellence, while focusing on the impact to students, faculty and the community.

The Next Horizon campaign is FIU's most ambitious comprehensive campaign to date. The fiscal year 2020-2021 was the second full year in the campaign's public phase, and its accomplishments exceeded those of any single year in the history of FIU. Additionally, the University's endowment has reached a market value \$276 million. This year's fundraising successes brought FIU to 91% of its \$750 million goal for the Next Horizon campaign.

New initiatives that drove the FIU Foundation's efforts in fiscal year 2020-2021 focused on cultivating new audiences as prospects, and ensuring philanthropic endeavors support areas and issues that both the university and donors find meaningful and timely. Following the creation of the university-wide Equity Action Initiative, the FIU Foundation introduced its new Office of Inclusive Philanthropy, a diverse team of development officers focused on bolstering philanthropic support for diversity, equity and inclusion at FIU as well as increasing the diversity of philanthropists interested in investing in the university.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2021 AND 2020

Additionally, new efforts boosted alumni engagement, which impacts the university's ranking by *U.S. News & World Report*. Some of these alumni initiatives included the new Panther Pack, a donation model designed to help recent graduates begin their annual giving journeys; new communications such as the monthly digital newsletter, which will boost affinity and keep alumni interested in their alma mater long after graduation; and other interest-based outreach activities offered in-person and virtually to connect with alumni near and far.

At the institutional level, FIU likewise accomplished great feats: The Florida Board of Governors, which oversees the State University System, placed FIU first in its annual, performance-based funding rankings, conferring a score of 97 – the highest score given to any university in the history of this funding model. *Times Higher Education* ranked FIU among the top 10 public universities in the U.S. in nine categories and among the top 50 U.S. public universities in all 17 categories in its 2021 Impact Rankings for its impact on the community, based on United Nations criteria. More than 15,000 graduates crossed FIU's commencement stage this academic year, as well. Further validating FIU's commitment to social mobility and access to education, philanthropist MacKenzie Scott and husband Dan Jewett made a \$40 million unrestricted gift to FIU, following extensive research performed by her team to identify organizations making significant impact in their respective communities.

Key Next Horizon campaign priorities moving forward include building development capacity and the pipeline of donors to ensure lasting philanthropic impact at the university and growing undergraduate alumni giving participation to 18 percent by 2025. With the growth in alumni engagement comes a comprehensive initiative to boost the philanthropic endeavors of alumni and create a culture of alumni giving benefiting FIU. Fundraising for the current fiscal year will also continue to focus, in large part, on priority capital projects that will reshape the face of campus.

On the heels of another record fundraising year and with priorities and initiatives that align with the university's 2025 strategic plan, the FIU Foundation is poised to achieve new milestones and continue making a difference in the lives of those we serve.

REQUESTS FOR INFORMATION

These financial statements are designed to provide a general overview of the Foundation's finances. Questions concerning information provided in the MD&A or other required supplemental information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Controller, FIU Foundation, Inc., 11200 Southwest 8th Street, MARC Building, 5th Floor, Miami, Florida 33199.

FINANCIAL STATEMENTS

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 21,398,096	\$ 28,302,508
Pledges receivable, net	14,353,649	7,924,136
Other current assets	678,306	488,439
Due from Florida International University	166,639	134,300
Total current assets	<u>36,596,690</u>	<u>36,849,383</u>
Noncurrent assets		
Investments	412,740,949	272,216,094
Pledges receivable, net	11,620,933	11,827,716
Depreciable capital assets, net	14,789,494	15,499,057
Total noncurrent assets	<u>439,151,376</u>	<u>299,542,867</u>
Total assets	<u>475,748,066</u>	<u>336,392,250</u>
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable and accrued expenses	578,797	634,483
Due to Florida International University	3,148,622	3,421,506
Long-term liabilities - current portion:		
Notes payable	1,075,000	960,000
Annuity obligations	89,985	89,985
Total current liabilities	<u>4,892,404</u>	<u>5,105,974</u>
Noncurrent liabilities		
Notes payable	-	1,075,000
Unearned revenue	-	150,000
Annuity obligations	547,692	549,396
Total noncurrent liabilities	<u>547,692</u>	<u>1,774,396</u>
Total liabilities	<u>5,440,096</u>	<u>6,880,370</u>
<u>NET POSITION</u>		
Net investment in capital assets	13,171,584	12,921,147
Restricted:		
Nonexpendable endowments	191,376,258	185,009,260
Expendable	183,178,127	114,580,228
Unrestricted	82,582,001	17,001,245
Total net position	<u>\$ 470,307,970</u>	<u>\$ 329,511,880</u>

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

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Operating revenues		
Contributions, net	\$ 78,984,929	\$ 26,346,350
Investment earnings	87,296,896	7,995,841
Rental income	2,088,485	1,962,682
Dues	365,503	387,447
Other miscellaneous	57,004	219,908
Royalties	53,851	80,202
Total operating revenues, net	<u>168,846,668</u>	<u>36,992,430</u>
Operating expenses		
Programs, scholarships and building support to Florida International University	25,921,906	27,235,249
Fundraising	9,528,255	9,500,622
General and administrative	6,543,940	7,064,402
General support to Florida International University	1,182,987	1,273,868
Depreciation	744,623	747,787
Total operating expenses	<u>43,921,711</u>	<u>45,821,928</u>
Operating income (loss)	<u>124,924,957</u>	<u>(8,829,498)</u>
Nonoperating revenues (expenses)		
Change in value of annuity obligations	(84,000)	(84,000)
Support from Florida International University	9,700,747	9,193,347
Total nonoperating revenues	<u>9,616,747</u>	<u>9,109,347</u>
Gain before endowment contributions	<u>134,541,704</u>	<u>279,849</u>
Endowment contributions	6,254,386	5,861,341
Change in net position	<u>140,796,090</u>	<u>6,141,190</u>
Net position - beginning of year, as restated (Note 1(r))	329,511,880	323,370,690
Net position - end of year	<u>\$ 470,307,970</u>	<u>\$ 329,511,880</u>

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

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows provided by (used in) operating activities		
Receipts from contributions	\$ 72,579,859	\$ 23,466,078
Receipts from rental income	2,088,485	1,824,846
Other receipts	284,787	612,535
Net payments on annuity obligations	(84,000)	(84,000)
Payments made to suppliers	(3,676,407)	(4,662,741)
Payments made to Florida International University	(30,095,394)	(30,628,845)
Net cash provided by (used in) operating activities	<u>41,097,330</u>	<u>(9,472,127)</u>
Cash flows used in capital and related financing activities		
Principal paid on capital debt	(960,000)	(910,000)
Purchase of leasehold improvement	(35,060)	(192,940)
Interest paid on capital debt	(33,109)	(84,231)
Net cash used in capital and related financing activities	<u>(1,028,169)</u>	<u>(1,187,171)</u>
Cash flows provided by (used in) investing activities		
Proceeds from sale and maturity of investments	55,737,112	188,917,135
Purchase of investments	(110,125,509)	(172,959,929)
Receipts from interest, net of fees	1,160,438	775,198
Net cash provided by (used in) investing activities	<u>(53,227,959)</u>	<u>16,732,404</u>
Cash flows from noncapital financing activities		
Private gifts for permanent endowments	6,254,386	5,861,341
Net cash flows provided by noncapital financing activities	<u>6,254,386</u>	<u>5,861,341</u>
Net increase (decrease) in cash and cash equivalents	<u>(6,904,412)</u>	<u>11,934,447</u>
Cash and cash equivalents - beginning of year	28,302,508	16,368,061
Cash and cash equivalents - end of year	<u><u>\$ 21,398,096</u></u>	<u><u>\$ 28,302,508</u></u>
Reconciliation of operating income (loss) to net cash used in operating activities:		
Operating income (loss)	\$ 124,924,957	\$ (8,829,498)
Adjustments to reconcile operating income to net cash used in operating activities:		
Depreciation expense	744,623	747,787
Noncash support from Florida International University	9,700,747	9,193,347
Investment earnings	(87,296,896)	(7,995,841)
Interest expense	33,109	84,231
Change in value of annuity obligations	(84,000)	(84,000)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Receivables from related parties	(32,339)	(114,445)
Pledges receivable	(6,222,730)	(2,760,827)
Other assets	(189,867)	(54,879)
Increase (decrease) in:		
Accounts payable and other liabilities	(55,686)	191,685
Annuity obligations	(1,704)	(1,772)
Payables to related parties	(272,884)	294,921
Unearned revenue	(150,000)	(142,836)
Total adjustments	<u>(83,827,627)</u>	<u>(642,629)</u>
Net cash provided by (used in) operating activities	<u><u>\$ 41,097,330</u></u>	<u><u>\$ (9,472,127)</u></u>

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

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Assets		
Investments	\$ 12,759,008	\$ 9,984,912
Total assets	<u>\$ 12,759,008</u>	<u>\$ 9,984,912</u>
<u>NET POSITION</u>		
Restricted:		
Nonexpendable endowments	\$ 9,500,000	\$ 9,500,000
Expendable	3,259,008	484,912
Total fiduciary net position	<u>\$ 12,759,008</u>	<u>\$ 9,984,912</u>

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

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Additions		
Grant income from National Institutes of Health (NIH)	\$ -	\$ 1,900,000
Investment earnings	3,083,468	234,167
Total additions	<u>3,083,468</u>	<u>2,134,167</u>
Deductions		
Spending distribution	309,372	226,115
Total deductions	<u>309,372</u>	<u>226,115</u>
Change in fiduciary net position	<u>2,774,096</u>	<u>1,908,052</u>
Net position - beginning of year, as restated (Note 1(r))	9,984,912	8,076,860
Net position - end of year	<u>\$ 12,759,008</u>	<u>\$ 9,984,912</u>

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

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(1) Nature of Organization and Significant Accounting Policies:

(a) **Organization and purpose**—Florida International University Foundation, Inc. (the “Foundation”), serves as a direct support organization (“DSO”) and a discrete component unit of Florida International University (the “University”), which is organized to encourage, solicit, receive and administer gifts and bequests of property and funds for the advancement of 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 Foundation is considered a discrete component unit of the University due to the University’s budgetary oversight responsibility and due to the Foundation’s significant operational and financial relationships with the University. The Foundation has determined that there are four component units that meet the criteria for blending into the Foundation’s financial statements. The financial statements of the Foundation include the accounts of its blended component units: the Wolfsonian, Inc., Foundation Enterprise Holdings I, LLC (“FEH I”), Foundation Enterprise Holdings II, LLC (“FEH II”), and Foundation Enterprise Holdings V, LLC (“FEH V”).

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.

FEH I is a Florida limited liability company of which the sole member is the FIU Foundation, Inc. On March 29, 2011, 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 FEH I for the benefit of the Wolfsonian-FIU. As part of the agreement with the WSC, FEH I executed an Assignment and Assumption of Leases on March 29, 2011 and assumed all the rights formerly held by WSC with regard to its lease agreements.

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.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

FEH V is a Florida limited liability company of which the sole member is the FIU Foundation, Inc. On October 27, 2017, FEH V became the owner of 62.5 acres of vacant land located at 11800 NW 41st Street, Miami, Florida (“Doral Property”). The Doral Property was purchased for \$1,008,153 and is valued at \$1,411,550.

FEH I, FEH II, and FEH V 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 (Foundation) for federal tax purposes. For federal tax purposes, FEH I, FEH II, and FEH V are treated, therefore, as “disregarded entities” under the Income Tax Regulations and are simply components or divisions of its single member.

(b) **Basis of accounting**—The financial statements and related disclosures are prepared on the accrual basis in conformity with accounting principles generally accepted in the United States (GAAP) for governmental business-type activities.

To help ensure observance of limitations and restrictions placed on the use of resources, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. Accordingly, the net position of the Foundation is reported as follows:

(i) **Net investment in capital assets**—Represents capital assets, net of accumulated depreciation, reduced by the outstanding balance on any bonds, annuity obligations, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of the capital assets.

(ii) **Restricted**—Restricted net position represents net position that is restricted by constraints placed on the use of resources externally imposed by either creditors, grantors, contributors, or laws. Restricted funds include:

Nonexpendable endowments—Represents the nonexpendable portion (corpus) of endowment funds that are subject to donor, grantor or other outside party restrictions for the benefit of various programs at the University. These programs primarily include endowed chairs and professorships, research funding, and scholarships. The corpus of the permanent endowments is retained and reported in nonexpendable endowments net position, while the net earnings or losses on endowment funds are included in expendable net position available for expenditure.

Expendable—Represents funds that are subject to donor, grantor or other outside party restrictions to use for the benefit of various programs at the University and includes the expendable portion of endowment funds. These programs primarily include endowed chairs and professorships, research funding, and scholarships.

(iii) **Unrestricted**—Represents funds that are available without restriction for carrying out the Foundation’s objectives.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

In addition to the business type activities noted above, the Foundation accounts for assets that it holds in a fiduciary capacity that it invests and manages for the University, which accumulates resources for annual distributions to the University. These funds are accounted for as fiduciary funds in accordance with GASB Statement No. 84, *Fiduciary Activities*, which was implemented during the year ended June 30, 2021, and retrospectively applied to these financial statements.

(c) **Operating and nonoperating activities**—Operating revenues and expenses represent ongoing activities of the Foundation, as well as ongoing activities that are in support of the University's programs. Operating activities relate to the Foundation's mission, which is to encourage, solicit, receive and administer gifts and bequests of property and funds for scientific, educational and charitable purposes, all for the advancement of the University and its objectives. Nonoperating revenues and expenses include activities not included in operating revenues and expenses, which include support from the University and change in value of annuity obligations.

(d) **Use of estimates**—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 financial statements and revenues and expenses during the period reported. These estimates include assessing the collectability of pledges receivable and the fair value of investments. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

(e) **Cash equivalents**—The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

(f) **Promises to give**—Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in restricted expendable net position. When a restriction is met, the restricted net position is transferred to the unrestricted net position. Promises to give to endowments are recognized when funds are received.

The Foundation 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, using a risk adjusted discount rate applicable to the month in which the promises are received. 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.

(g) **Contributions**—Contributed goods and services are recorded as contributions at their estimated fair value at date of receipt.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

(h) **Investments and investment earnings**—Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value (see Note 1 (i) on *fair value measurements*) in the statements of net 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 statements of revenue, expenses, and changes in net position as an increase or decrease in unrestricted net position unless the gains or losses are restricted by donor or law. Restricted gains and losses and investment earnings where the restrictions are met in the same reporting period as the income is earned are recorded as unrestricted support.

(i) **Fair value measurements**—Fair value is defined 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. The financial statements are required to disclose information about their fair value determinations via an established framework for measuring. The established framework includes a three-tier hierarchy to maximize the use of observable market data, 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 4 for a summary of the inputs used as of June 30, 2021 and 2020, in determining the fair value of the Foundation's investments.

(j) **Capital assets**—Capital assets are defined as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of five 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 its 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 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. Capital assets, net of accumulated depreciation, are reported as capital assets in the statements of net position. Capital assets, net of accumulated depreciation and capital-related borrowings, are reported as net investment in capital assets in the statements of net position.

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 financial statements. Purchases of collection items are recorded as decreases in unrestricted net position in the year in which the items are acquired or as restricted expendable net position 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 position classes.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

(k) **Unearned revenue**—Unearned revenue is comprised of unearned contributions. On May 13, 2016, 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 Foundation has no unearned revenue for the fiscal year ended June 30, 2021. For the fiscal year ended June 30, 2020, the Foundation had noncurrent unearned revenues in the amount of \$150,000, made up of advanced matching funding payments received. The Foundation received the required matching donations, and this balance was recognized as contribution revenue in the current year.

(l) **Annuity 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 annuity obligations in the accompanying financial statements. The annuity obligation is presented as a liability in the statements of net position. Capital assets, net of accumulated depreciation and annuity obligations, are reported as net investment in capital assets in the statements of net position.

Annuity obligations are recorded when incurred at the present value of the anticipated distributions to be made to the donors' designated beneficiaries. Distributions are paid over the lives of the beneficiaries. Present values are determined using appropriate discount rates and actuarially determined life expectancies. Annuity obligations 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 annuity obligations.

(m) **Fiduciary activities**—In March 2016, the National Institutes of Health ("NIH") awarded a grant in the amount of \$9,500,000 to the University, with annual installments 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 a total of \$9,500,000 as of June 30, 2021 to the Foundation to be held as a term endowment. The endowment will be managed consistent with the Foundation's policies and procedures. The endowment's market value is reflected within the Statements of Fiduciary Net Position and the annual appreciation is presented in the Statements of Revenues, Expenses, and Changes in Fiduciary Net Position.

(n) **University support**—University support on the statements of changes in net position includes amounts transferred to related parties or amounts disbursed directly to third parties to benefit the University or its DSO's. These expenses include programs, scholarships, building support and other program related expenses.

(o) **Support from Florida International University**—The Foundation's mission is to raise funds for the benefit of the University and donations are generally restricted for the benefit of the University. As a result, the Foundation receives support for personnel services from the University in order to carry out its administrative and fundraising functions. The University directly funded salaries and benefits of \$9,700,747 and \$9,193,347 for University employees that perform functions for the benefit of the Foundation for the fiscal years ended June 30, 2021 and 2020, respectively. This amount is included in Support from Florida International University on the statements of revenues, expenses, and changes in net position.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

(p) **Income taxes**—The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The blended component units are Limited Liability Companies which are wholly owned by the Foundation and therefore 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 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, 2021 and 2020, 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 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 2018.

(q) **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 Depositary 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.

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, 2021 and 2020, approximately \$427,087,000 and \$296,614,000, 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.

(r) **Restatement**—Certain amounts presented in the prior year have been restated to reflect the amounts previously reported in net position for investment earnings on the NIH grant the Foundation manages for the University should instead be reflected as funds held for the University. These funds are now reflected as fiduciary activities – see Note 1(m). This restatement had an effect of \$484,912 on previously reported net position.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(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 2031, 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).

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 include 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, furniture, 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, Sciences & Education. 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.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(3) Pledges Receivable:

Unconditional promises to give, recorded at their estimated fair value and discounted to present value, are summarized as follows:

	June 30,	
	2021	2020
Pledges receivable	\$ 28,746,003	\$ 22,354,188
Less:		
Allowance for doubtful accounts	(2,182,435)	(2,410,364)
Discount on future payments	(588,986)	(191,972)
Total pledges receivable, net	<u>\$ 25,974,582</u>	<u>\$ 19,751,852</u>
Current pledges receivable, net	\$ 14,353,649	\$ 7,924,136
Noncurrent pledges receivable, net	11,620,933	11,827,716
Total pledges receivable, net	<u>\$ 25,974,582</u>	<u>\$ 19,751,852</u>

Contributions to be received after one year are discounted using U.S. Treasury yields. The discount on future payments totaled \$588,986 and \$191,972 at June 30, 2021 and 2020, respectively. Amortization of the discount on future payments is recorded as an adjustment to contribution revenue. The discount rate on June 30, 2021 and 2020 was 0.87% and 0.29%, respectively.

Effective July 1, 2011, the State of Florida match under the Trust Fund for Major Gifts are temporarily suspended by the Legislature for donations received for this program on or after June 30, 2011. The program may be restarted after \$200 million of the backlog for programs have been matched. The State of Florida did not provide funds for this program during the fiscal year; therefore, these endowment pledges are not recognized. The ultimate collection of these funds is dependent upon future appropriations for this program by the State of Florida legislature.

(4) Investments:

The Foundation maintains an investment structure for managing portfolio assets. This structure includes targets and allowable ranges for investments in various asset classes and investment management styles utilizing a role in portfolio construct that, in aggregate, is expected to produce a sufficient level of overall diversification and total investment returns over the long-term. The goal of investment returns, net of investment management fees, is to achieve a total return that is consistent with the requirements of the spending policy and the administrative fee distribution policy. See Note 14 for additional information on these requirements.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(4) **Investments:** (Continued)

The Foundation's investments, including alternative investments are reported as follows:

	June 30,	
	2021	2020
Domestic equities	\$ 155,970,071	\$ 34,279,809
Global equities	97,796,405	114,938,486
Real assets	-	3,622,426
Fixed income	71,738,205	19,198,061
Hedge funds	29,176,871	53,236,246
Private investments	69,406,855	55,514,428
Land held for investments	1,411,550	1,411,550
Total investments	<u>\$ 425,499,957</u>	<u>\$ 282,201,006</u>

Total investment earnings for the year ended June 30, 2021 and 2020 totaled \$87,296,896 and \$7,995,841, of which \$63,059,221 and \$6,150,622 was applied to individual endowments, respectively. Investment earnings are reported net of related expenses for custodial fees, investment management and incentive fees, mutual fund expenses, and investment consulting fees. Custodial fees, investment management fees and incentive fees paid during the fiscal year ended June 30, 2021 and 2020 totaled \$4,493,816 and \$4,182,993, respectively. Investment consultant fees totaled \$809,005 and \$836,914 for the fiscal year ended June 30, 2021 and 2020, respectively.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The future maturities of the securities held in domestic fixed income at June 30, 2021 are as follows:

		Investment Maturities (In Years)		
Type of Investment	Fair Market Value	Less Than 1	1-5	6-10
Domestic Fixed Income	\$ 71,737,005	\$ -	\$ 43,451,486	\$ 28,285,519
Total	<u>\$ 71,737,005</u>	<u>\$ -</u>	<u>\$ 43,451,486</u>	<u>\$ 28,285,519</u>

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(4) **Investments:** (Continued)

The future maturities of the securities held in domestic fixed income at June 30, 2020 are as follows:

<u>Type of Investment</u>	<u>Fair Market Value</u>	<u>Investment Maturities (In Years)</u>		
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>
Domestic Fixed Income	\$ 19,196,861	\$ 10,593	\$ 5,601,859	\$ 13,584,409
Total	<u>\$ 19,196,861</u>	<u>\$ 10,593</u>	<u>\$ 5,601,859</u>	<u>\$ 13,584,409</u>

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2021, the securities held in domestic fixed income had credit quality ratings by Standard & Poor's as follows:

Debt Investment Credit Quality Ratings

<u>Type of Investment</u>	<u>Fair Market Value</u>	<u>A+</u>	<u>BBB</u>
Domestic Fixed Income	\$ 71,737,005	\$ 28,285,519	\$ 43,451,486
Total	<u>\$ 71,737,005</u>	<u>\$ 28,285,519</u>	<u>\$ 43,451,486</u>

At June 30, 2020, the securities held in domestic fixed income had credit quality ratings by Standard & Poor's as follows:

Debt Investment Credit Quality Ratings

<u>Type of Investment</u>	<u>Fair Market Value</u>	<u>AA+</u>
Domestic Fixed Income	\$ 19,196,861	\$ 19,196,861
Total	<u>\$ 19,196,861</u>	<u>\$ 19,196,861</u>

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(4) **Investments:** (Continued)

GASB Statement No. 72, *Fair Value Measurement and Application*, 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 over-the-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 values 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.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(4) **Investments:** (Continued)

Land held for investment is carried at fair value and is updated periodically based on recent market conditions and outside appraisals obtained on its value.

Included within the disclosures of fair value below are amounts totaling \$12,759,008 and \$9,984,912 for the years ended June 30, 2021 and 2020, respectively, which are held by the Foundation as a term endowment on behalf of the University. The balance of these funds are reflected within the statements of fiduciary net position.

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, 2021:

Fair Value Measurements Using

		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level	Amount			
Domestic equities	\$ 155,471,109	\$ 155,471,109	\$ -	\$ -
Global equities	82,130,848	82,130,848	-	-
Fixed income	71,737,005	71,737,005	-	-
Land held for investments	1,411,550	-	-	1,411,550
Total investments by fair value level	\$ 310,750,512	\$ 309,338,962	\$ -	\$ 1,411,550

Investments measured at the net asset value (NAV)¹

Domestic equities	498,962
Global equities	15,665,557
Fixed income	1,200
Hedge funds	29,176,871
Private investments	69,406,855
Total investments measured at NAV¹	114,749,445
Total investments measured at fair value	\$ 425,499,957

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(4) **Investments:** (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, 2020:

Fair Value Measurements Using				
Investments by fair value level	Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Domestic equities	\$ 135,161	\$ 135,161	\$ -	\$ -
Global equities	55,706,286	55,706,286	-	-
Fixed income	19,196,861	19,196,861	-	-
Land held for investments	1,411,550	-	-	1,411,550
Total investments by fair value level	\$ 76,449,858	\$ 75,038,308	\$ -	\$ 1,411,550
Investments measured at the net asset value (NAV)¹				
Domestic equities	34,144,648			
Global equities	59,232,200			
Fixed income	1,200			
Real assets	3,622,426			
Hedge funds	53,236,246			
Private investments	55,514,428			
Total investments measured at NAV¹	205,751,148			
Total investments measured at fair value	\$ 282,201,006			

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(4) Investments: (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, 2021:

Investments measured at NAV¹	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Equities:				
Domestic equities (a)	\$ 498,962	\$ -	Monthly - Quarterly	5 - 45 days
Global equities (b)	15,665,557	-	Monthly - Quarterly	6 - 60 days
Fixed income:				
Global bonds (d)	1,200	-	Monthly	10 days
Hedge funds:				
Long/short equity (f)	24,395,804	-	Monthly - Every 3 Years ²	30 - 180 days
Event driven/open mandate (g)	4,781,067	-	Quarterly - Annually ²	45 - 90 days
Private investments:				
Private equity (h)	38,591,286	30,588,501	Illiquid	N/A
Venture capital (i)	30,815,569	1,285,000	Illiquid	N/A
Total investments measured at NAV¹	\$ 114,749,445	\$ 31,873,501		

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, 2020:

Investments measured at NAV¹	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Equities:				
Domestic equities (a)	\$ 34,144,648	\$ -	Monthly - Quarterly	5 - 45 days
Global equities (b)	46,267,884	-	Monthly - Quarterly	6 - 60 days
Emerging markets (c)	12,964,316	-	Monthly	7 - 30 days
Fixed income:				
Global bonds (d)	1,200	-	Monthly	10 Days
Real assets:				
Natural resource equities (e)	3,622,426	-	Monthly	30 Days
Hedge funds:				
Long/short equity (f)	38,779,177	-	Monthly - Every 3 Years ²	30 - 180 Days
Event driven/open mandate (g)	14,457,069	-	Quarterly - Annually ²	45 - 90 days
Private investments:				
Private equity (h)	30,750,206	23,056,167	Illiquid	N/A
Venture capital (i)	24,764,222	1,465,000	Illiquid	N/A
Total investments measured at NAV¹	\$ 205,751,148	\$ 24,521,167		

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(4) **Investments:** (Continued)

¹ In accordance with GASB No. 72, 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 statements of net position.

² 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 publicly listed equities of companies domiciled in the U.S.

(b) **Global equities**—This category includes investments in publicly listed equities of companies domiciled globally.

(c) **Emerging markets**—This category includes investments in publicly listed equities of companies listed in markets which have been categorized as emerging.

(d) **Global bonds**—This category includes investments in globally listed public debt instruments.

(e) **Natural resource equities**—This category includes investments in publicly listed equities of companies that derive a substantial portion of their operations from natural resource-related business operations.

(f) **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.

(g) **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.

(h) **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 resulting 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.

(i) **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 initial public offering (“IPO”).

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(5) **Capital Assets:**

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Buildings and improvements	\$ 22,675,013	\$ 55,441	\$ (20,381)	\$ 22,710,073
Less: accumulated depreciation	(7,699,011)	(636,969)	815	(8,335,165)
Net buildings and improvements	<u>14,976,002</u>	<u>(581,528)</u>	<u>(19,566)</u>	<u>14,374,908</u>
 Furniture and equipment	 1,152,545	 -	 (14,946)	 1,137,599
Less: accumulated depreciation	(629,490)	(108,469)	14,946	(723,013)
Net furniture and equipment	<u>523,055</u>	<u>(108,469)</u>	<u>-</u>	<u>414,586</u>
 Total capital assets, net	 <u>\$ 15,499,057</u>	 <u>\$ (689,997)</u>	 <u>\$ (19,566)</u>	 <u>\$ 14,789,494</u>

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Buildings and improvements	\$ 22,412,735	\$ 262,278	\$ -	\$ 22,675,013
Less: accumulated depreciation	(7,066,810)	(632,201)	-	(7,699,011)
Net buildings and improvements	<u>15,345,925</u>	<u>(369,923)</u>	<u>-</u>	<u>14,976,002</u>
 Furniture and equipment	 1,242,734	 8,988	 (99,177)	 1,152,545
Less: accumulated depreciation	(613,081)	(115,586)	99,177	(629,490)
Net furniture and equipment	<u>629,653</u>	<u>(106,598)</u>	<u>-</u>	<u>523,055</u>
 Construction in progress	 78,326	 -	 (78,326)	 -
 Total capital assets, net	 <u>\$ 16,053,904</u>	 <u>\$ (476,521)</u>	 <u>\$ (78,326)</u>	 <u>\$ 15,499,057</u>

Depreciation expense was \$744,623 and \$747,787 for the year ended June 30, 2021 and 2020, respectively.

(6) **Other Current Assets:**

Other current assets include the cash surrender value of life insurance policies in the amount of \$373,853 and \$269,177 at June 30, 2021 and 2020, respectively. The net benefit value of the underlying life insurance in force was \$9,216,343 and \$9,116,344 at June 30, 2021 and 2020. Various individuals have donated the policies, with the Foundation designated as beneficiary and owner.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(7) 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 13). 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, was synthetically fixed at 4.63 percent by way of an interest rate swap agreement with a commercial bank and expired on February 1, 2015. The bond proceeds were used to acquire, construct and equip the Management and Advanced Research Center (MARC), a multi-function support complex located on the University campus in Miami-Dade County and to pay issuance costs. As of June 30, 2021 and 2020, the outstanding principal balance due under this notes payable amounted to \$1,075,000 and \$2,035,000, respectively. For the year ended June 30, 2021 and 2020, total interest incurred and paid was \$33,109 and \$84,231, respectively.

Under the 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 five-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%. With the passage of The Tax Cuts and Jobs Act of 2017, effective January 1, 2018, the maximum federal corporate income tax rate decreased from 35% to 21%, resulting in an increase in the applicable interest rate by a factor of 1.22, retroactive to January 1, 2018. The interest rate at June 30, 2021 and 2020 is 2.12% and 2.18%, respectively. 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.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(7) **Notes Payable:** (Continued)

The debt activity for the years ended June 30, 2021 and 2020 is as follows:

	Beginning Balance 7/1/2020	Additions	Reductions	Ending Balance 6/30/2021	Due Within One Year
Notes payable	\$ 2,035,000	\$ -	\$ (960,000)	\$ 1,075,000	\$ 1,075,000
	<u>\$ 2,035,000</u>	<u>\$ -</u>	<u>\$ (960,000)</u>	<u>\$ 1,075,000</u>	<u>\$ 1,075,000</u>

	Beginning Balance 7/1/2019	Additions	Reductions	Ending Balance 6/30/2020	Due Within One Year
Notes payable	\$ 2,945,000	\$ -	\$ (910,000)	\$ 2,035,000	\$ 960,000
	<u>\$ 2,945,000</u>	<u>\$ -</u>	<u>\$ (910,000)</u>	<u>\$ 2,035,000</u>	<u>\$ 960,000</u>

Minimum principal and estimated interest payments required under all debt agreements, subsequent to June 30, 2021, are as follows:

For the Year Ending June 30,	Principal	Interest	Total Principal and Interest
2022	\$ 1,075,000	\$ 14,721	\$ 1,089,721
Total	<u>\$ 1,075,000</u>	<u>\$ 14,721</u>	<u>\$ 1,089,721</u>

(8) **Annuity 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 source 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

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(8) **Annuity Obligations:** (Continued)

construction of a parking garage structure, with the expressed 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 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.

Annuity obligations for the years ended June 30, 2021 and 2020 are as follows:

	Beginning Balance 7/1/2020	Additions	Reductions	Ending Balance 6/30/2021	Due Within One Year
Annuity obligations	\$ 639,381	\$ 84,000	\$ (85,704)	\$ 637,677	\$ 89,985
	<u>\$ 639,381</u>	<u>\$ 84,000</u>	<u>\$ (85,704)</u>	<u>\$ 637,677</u>	<u>\$ 89,985</u>

	Beginning Balance 7/1/2019	Additions	Reductions	Ending Balance 6/30/2020	Due Within One Year
Annuity obligations	\$ 641,153	\$ 84,000	\$ (85,772)	\$ 639,381	\$ 89,985
	<u>\$ 641,153</u>	<u>\$ 84,000</u>	<u>\$ (85,772)</u>	<u>\$ 639,381</u>	<u>\$ 89,985</u>

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

	Fixed Asset	Annuity obligation to Donor	Net
Life Annuity	<u>\$ 2,100,000</u>	<u>\$ 542,910</u>	<u>\$ 1,557,090</u>

The Foundation has received, as of June 30, 2021 and 2020, \$155,000 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, as required by Florida Statute Section 627.481, as annuity obligations in the statements of net position totaling \$94,767 and \$96,471 at June 30, 2021 and 2020, respectively.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(9) Net Investment in Capital Assets:

The net investment in capital assets category reflects total capital assets, net of accumulated depreciation, less any capital-related borrowings. The following summarizes the balances as of:

	June 30,	
	2021	2020
MARC Building		
Building and improvements, net	\$ 10,045,948	\$ 10,559,267
Furniture and equipment, net	414,586	523,055
Notes payable	(1,075,000)	(2,035,000)
FEH I		
Building, net	1,561,875	1,614,375
Annuity obligation	(542,910)	(542,910)
FEH II		
Building, net	2,767,085	2,802,360
Net investment in capital assets	\$ 13,171,584	\$ 12,921,147

(10) Restricted Net Position:

At June 30, 2021 and 2020, the restricted nonexpendable endowments net position of \$191,376,258 and \$185,009,260, respectively, consisted of endowment funds. Investment earnings 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 the year ending June 30, 2021 and 2020 was 6.0%, 4.0% to support donor-designated scholarships and programs and 2.0% for the administrative fee. The spendable earnings are recorded as increases to the restricted expendable net position.

At June 30, 2021 and 2020, the restricted expendable net position of \$183,178,127 and \$114,580,228 includes \$85,033,786 and \$33,674,990, respectively, of undistributed earnings related to endowment funds, which represents gifts that are subject to donor-imposed restrictions, either for a specific purpose or subject to the passage of time. Restricted expendable amounts also include earnings on permanently restricted endowments that have not yet been appropriated for expenditure.

(11) 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.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(11) **Contributions to University Building Program:** (Continued)

During the years ended June 30, 2021 and 2020, the Foundation received \$5,331,777 and \$1,509,467, respectively, from donors to support numerous construction projects, as follows:

	<u>2021</u>	<u>2020</u>
CasaCuba Building Fund	\$ 3,441,700	\$ 682,273
Knight Foundation School of Computing and Information Sciences Building Fund	1,000,000	-
World Center for Tropical Botany	350,000	-
ICTB Research and Education Center at the Kampong	300,000	-
Tennis Center	150,000	300,000
Alumni Center Building	48,276	14,251
The Trish and Dan Bell Chapel	25,000	500,000
Wolfsonian Capital Projects	15,000	-
CBA Building Complex	985	871
SIPA Bricks and Mortar Building	260	260
Stocker Astrophysics Center Building	216	236
The Ruth K. and Shepard Broad Auditorium	210	-
Founders Park	130	1,420
Baseball Stadium Expansion	-	10,000
SIPA Auditorium	-	156
Total contributions received in support of University building programs	<u>\$ 5,331,777</u>	<u>\$ 1,509,467</u>

(12) **Commitments and Contingencies:**

Loan Guarantees

In December of 2017, the Foundation Board authorized and approved to guarantee low-interest loans, up to \$1,000,000, to qualifying Florida International University employees, who are members of the University Credit Union, for purposes of hurricane relief as a result of Hurricane Irma. A total of \$989,800 was issued to qualifying employees with maturity dates through January 2023. The outstanding loan amount as of June 30, 2021 and 2020 was \$174,567 and \$368,904, respectively. As of June 30, 2021 and 2020, there have been two and six loan defaults totaling \$5,035 and \$11,098, respectively.

Doral Property

In October of 2017, FEH V purchased the Doral Property, which required environmental remediation. FEH V received the approval from the Division of Environmental Resources Management (DERM) on a Corrective Action Plan (CAP) for the remediation. As part of the CAP, an environmental consultant was engaged to provide construction oversight, monitoring, and reporting to DERM on a monthly basis. A construction firm was selected and hired through a competitive bid solicitation process to complete the removal of solid waste. The environmental consultant filed the Certificate of Completion (COC) for the CAP requirements with DERM on October 26, 2020. DERM approved the COC with conditions to conduct groundwater and surface water monitoring for at least one year. The environmental consultant was further engaged to collect the water quality data and submit reports to DERM on a quarterly basis through until approximately April 2022.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(12) **Commitments and Contingencies:** (Continued)

Letter of Credit

As part of a gift acceptance on June 29, 2005, the Foundation accepted all rights and responsibilities for two worker's compensation claims. On August 20, 2007, the Foundation was required to enter into a letter of credit agreement with a commercial bank that permitted the Foundation to borrow up to \$100,000 in favor of the Florida Self Insurers Guaranty Association (FSIGA) to guaranty the worker's compensation obligations. As of June 30, 2021, the Foundation has not used any of the available balance in the letter of credit.

(13) **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 MARC complex was built, as described in Note 7. The consideration required to be paid by the Foundation is \$10 annually. The lease will expire on the later of December 31, 2024 or the final payment date under the letter of credit agreement, as described in Note 7. Total amounts paid to the Foundation under this agreement were \$1,834,138 and \$1,793,101 for the year ended June 30, 2021 and 2020, 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 MARC complex to the University. The financing of the payments under the letter of credit agreement and the loan agreement, as described in Note 7, 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 MARC complex, in addition to amounts necessary to pay any unanticipated and extraordinary costs. The lease commenced during August 2002 when the MARC complex became operational.

The Foundation expects that the MARC complex will be donated to the University once the final payment is made under the letter of credit agreement, which is May 1, 2022. The cost of the leased asset is \$13,325,539 and the net book value was \$7,088,317 and \$7,423,009 at June 30, 2021 and 2020, respectively. Minimum future rentals as of June 30, 2021 are approximately as follows:

For the Year Ending	
June 30	Amount
2022	\$ 1,418,000
Total	<u>\$ 1,418,000</u>

The Foundation's mission is to raise funds for the benefit of the University and donations are generally restricted for the benefit of the University. As a result, the Foundation receives support for personnel services from the University in order to carry out its administrative and fundraising functions. The University directly funded salaries and benefits of \$9,700,747 and \$9,193,347 for University employees that perform functions for the benefit of the Foundation for the fiscal years ended June 30, 2021 and 2020, respectively. This amount is included in Support from Florida International University on the statements of revenues, expenses, and changes in net position.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(14) Endowments:

The Foundation's endowment consists of funds established for a variety of purposes. Its endowment includes donor-restricted endowment funds and funds designated by the Board of Directors to function as an endowment ("quasi-endowment"). As required by accounting principles generally accepted in the United States of America, net position 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 restricted net position (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment.

Included within the disclosures of restricted expendable net position below are amounts totaling \$2,774,096 and \$8,052 for the years ended June 30, 2021 and 2020, respectively, which are related to the market appreciation of the term endowment held on behalf of the University. The balance of the corpus and the appreciation is reflected within the Statements of Revenues, Expenses, and Changes in Fiduciary Net Position.

As of June 30, 2021, restricted net position consisted of the following:

	Restricted Expendable*	Restricted: Nonexpendable Endowments	Total
Restricted net position, beginning of year 7/1/2020	\$ 33,674,990	\$ 185,009,260	\$ 218,684,250
Endowment investment earnings:			
Interest, dividends and realized gains	40,639,344	-	40,639,344
Unrealized losses	22,419,877	-	22,419,877
Total endowment investment earnings	63,059,221	-	63,059,221
Contributions and other revenues	10,988	6,254,386	6,265,374
Appropriation of endowment assets for expenditure	(8,784,457)	-	(8,784,457)
Appropriation for administrative fee 2%	(2,924,685)	-	(2,924,685)
Donor directed changes in restriction	(2,271)	112,612	110,341
Restricted net position, end of year 6/30/2021	<u>\$ 85,033,786</u>	<u>\$ 191,376,258</u>	<u>\$ 276,410,044</u>

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(14) **Endowments:** (Continued)

As of June 30, 2020, restricted net position consisted of the following:

	Restricted Expendable*	Restricted: Nonexpendable Endowments	Total
Restricted net position, beginning of year 7/1/2019	\$ 36,744,852	\$ 179,637,406	\$ 216,382,258
Endowment investment earnings:			
Interest, dividends and realized gains	7,716,748	-	7,716,748
Unrealized losses	(1,566,126)	-	(1,566,126)
Total endowment investment earnings	6,150,622	-	6,150,622
Contributions and other revenues	1,908,047	5,861,341	7,769,388
Appropriation of endowment assets for expenditure	(8,348,729)	-	(8,348,729)
Appropriation for administrative fee 2%	(2,765,785)	-	(2,765,785)
Donor directed changes in restriction	(14,017)	9,484	(4,533)
Release of JMOF endowment	-	(498,971)	(498,971)
Restricted net position, end of year 6/30/2020	<u>\$ 33,674,990</u>	<u>\$ 185,009,260</u>	<u>\$ 218,684,250</u>

* The restricted expendable net position shown above only includes the investment earnings on the restricted nonexpendable endowments 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 policies 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.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(14) **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. The spending distribution is computed 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.

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, 2021 and 2020, the amount included in the endowment's temporarily restricted balance and approved for future spending on program support was \$8,784,457 and \$8,348,729, respectively.

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.:

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 Florida International University Foundation, Inc. (the Foundation), a direct support organization and component unit of Florida International University, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated October 22, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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.

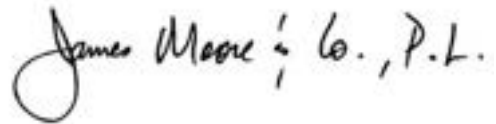
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given 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.

Compliance and Other Matters

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

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.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive, flowing style.

Gainesville, Florida
October 22, 2021

**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES**

Finance and Facilities Committee

December 8, 2021

**Subject: Florida International University Research Foundation Inc., Financial Audit,
2020-21**

Proposed Committee Action:

Recommend acceptance by the Florida International University Board of Trustees of the Florida International University Research Foundation, Inc. Financial Audit for the 2020-21 Fiscal Year and authorize the President 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)(g), 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 2020-21 was approved by the Florida International University Research Foundation, Inc. Board of Directors on October 6, 2021, and the University President is recommending its acceptance.

Florida Board of Governors Regulation 9.011 (5) 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 for review. The audit report shall be submitted to the Board of Governors, and the Auditor General.

Supporting Documentation:	Florida International University Research Foundation, Inc. Financial Audit, 2020-21
----------------------------------	---

Facilitator/Presenter:	Kenneth A. Jessell
-------------------------------	--------------------

This page intentionally left blank

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

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC.
(A DIRECT SUPPORT ORGANIZATION)
TABLE OF CONTENTS
JUNE 30, 2021 AND 2020

	<u>Page(s)</u>
Independent Auditors' Report	1 – 2
Required Supplementary Information	
Management's Discussion and Analysis	3 – 6
Financial Statements	
Statements of Net Position	7
Statements of Revenues, Expenses and Changes in Net Position	8
Statements of Cash Flows	9
Notes to Financial Statements	10 – 12
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 <i>Government Auditing Standards</i>	13 – 14

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, 2021 and 2020, 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 -

121 Executive Circle
Daytona Beach, FL 32114-1180
Telephone: 386-257-4100

133 East Indiana Avenue
DeLand, FL 32724-4329
Telephone: 386-738-3300

5931 NW 1st Place
Gainesville, FL 32607-2063
Telephone: 352-378-1331

2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308-4386
Telephone: 850-386-6184

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Research Foundation as of June 30, 2021 and 2020, and the 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.

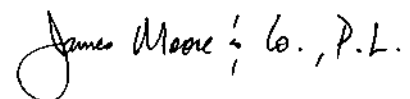
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as referenced in the table of contents 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 6, 2021, 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 6, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC.
(A DIRECT SUPPORT ORGANIZATION)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020

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, 2021, 2020 and 2019, 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 \$109,820 at June 30, 2021. This balance decreased by approximately \$18,000 or 14.1%, as compared to prior year, entirely resulting from a decrease in cash. Liabilities decreased by approximately \$1,000 or 13.0%, as compared to prior year. As a result, the Research Foundation's net position decreased by approximately \$17,000 or 14.2%, as compared to prior year, reaching a year-end balance of \$103,044.

The Research Foundation's operating revenues totaled \$1,039 for the June 30, 2021 fiscal year, representing an increase of approximately \$1,000 or 102.9%, as compared to prior year. Operating expenses totaled \$18,066 for the June 30, 2021 fiscal year, representing an increase of approximately \$10,600 or 142.1%, as compared to prior year. There were no transfers from Florida International University (FIU) for the 2021 and 2020 fiscal year, respectively.

OVERVIEW OF FINANCIAL STATEMENTS

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

The Statements of Net Position

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

FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC.
(A DIRECT SUPPORT ORGANIZATION)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(Continued)

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

Condensed Statements of Net Position

	June 30,		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Assets			
Current assets	\$ 109,820	\$ 127,854	\$ 135,624
Total assets	<u>109,820</u>	<u>127,854</u>	<u>135,624</u>
Liabilities			
Current liabilities	<u>6,776</u>	<u>7,783</u>	<u>8,102</u>
Total liabilities	<u>6,776</u>	<u>7,783</u>	<u>8,102</u>
Net position			
Unrestricted	<u>103,044</u>	<u>120,071</u>	<u>127,522</u>
Total net position	<u>\$ 103,044</u>	<u>\$ 120,071</u>	<u>\$ 127,522</u>

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 statements of net position as Due to Florida International University, which are part of current liabilities.

In summary, total assets decreased by approximately \$18,000 or 14.1% and total liabilities decreased by approximately \$1,000 or 13.0%, as compared to prior year. As a result, the net position balance at June 30, 2021, had a decrease of approximately \$17,000 or 14.2%, as compared to prior year.

For more detailed information, see the statements of net position on page 7 of the financial statements.

The Statements of Revenues, Expenses and Changes in Net Position

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

FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC.
(A DIRECT SUPPORT ORGANIZATION)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(Continued)

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

Condensed Statements of Revenues, Expenses and Changes in Net Position

	June 30,		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating revenues	\$ 1,039	\$ 10	\$ 10,005
Operating expenses	<u>18,066</u>	<u>7,461</u>	<u>26,306</u>
Operating loss	(17,027)	(7,451)	(16,301)
Transfers from Florida International University	<u>-</u>	<u>-</u>	<u>20,000</u>
Changes in net position	(17,027)	(7,451)	3,699
Net position - beginning of year	<u>120,071</u>	<u>127,522</u>	<u>123,823</u>
Net position - end of year	<u><u>\$ 103,044</u></u>	<u><u>\$ 120,071</u></u>	<u><u>\$ 127,522</u></u>

Operating Revenues

The Research Foundation categorizes revenues as operating. Operating revenues generally result from exchange transactions where each of the parties to the transaction either give up or receive something of equal or similar value. The Research Foundation has operating revenues of \$1,039 for the current year, related to private donations and final distribution of funds from the Tanzania bank account. This account was used to manage the USAID iWash Program that ended its operations in February 2016.

	June 30,		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating revenues	\$ 1,039	\$ 10	\$ 10,005
Total operating revenues	<u><u>\$ 1,039</u></u>	<u><u>\$ 10</u></u>	<u><u>\$ 10,005</u></u>

Operating Expenses

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

FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC.
(A DIRECT SUPPORT ORGANIZATION)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(Continued)

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

	Operating Expenses		
	June 30,		
	2021	2020	2019
Professional services	\$ 12,842	\$ -	\$ 7,694
Audit and tax fees	5,000	7,250	18,400
Other operating expenses	224	211	212
Total operating expenses	\$ 18,066	\$ 7,461	\$ 26,306

The increase in operating expenses is attributable to salary support provided to the University offset with a decrease in audit and tax fees, as a result of reduced grant activities in Tanzania and Burkina Faso.

TRANSFERS

There were no transfers received from Florida International University (FIU) for the fiscal year ended June 30, 2021 and 2020, respectively.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The FIU Research Foundation served as an agent with respect to the USAID Tanzania and Burkina Faso grants awarded to the University. This activity and the entire amount of the grants were recognized by FIU in the Sponsored Research Development Trust Fund. Both international locations have since closed, with the iWash program office in Tanzania being closed in February 2016, and the Wa/Wash program office in Burkina Faso being closed in December 2017. The iWash entity was dissolved in February 2021.

The FIU Research Foundation will be receiving royalty funds from agreements and these funds will be partially distributed to the FIU researchers and their respective departments, and to the Office of Research and Economic Development. The Research Foundation will reimburse the University for any payroll expenses incurred related to the receipt of the royalty funds. With time the Research Foundation expects an increase in agreements as the Office of Intellectual Property and Technology Management & Commercialization fosters collaboration with industry with the goal of promoting research growth.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC.
(A DIRECT SUPPORT ORGANIZATION)
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Current assets		
Cash	<u>\$ 109,820</u>	<u>\$ 127,854</u>
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable	\$ 1,000	\$ 2,250
Due to Florida International University	<u>5,776</u>	<u>5,533</u>
Total current liabilities	<u>\$ 6,776</u>	<u>\$ 7,783</u>
<u>NET POSITION</u>		
Net position		
Unrestricted	<u>\$ 103,044</u>	<u>\$ 120,071</u>

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

FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC.
(A DIRECT SUPPORT ORGANIZATION)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Operating revenues	<u>\$ 1,039</u>	<u>\$ 10</u>
Operating expenses		
Professional services	12,842	-
Audit and tax fees	5,000	7,250
Other operating expenses	224	211
Total operating expenses	<u>18,066</u>	<u>7,461</u>
Operating loss	<u>(17,027)</u>	<u>(7,451)</u>
Change in net position	<u>(17,027)</u>	<u>(7,451)</u>
Net position, beginning of year	120,071	127,522
Net position, end of year	<u><u>\$ 103,044</u></u>	<u><u>\$ 120,071</u></u>

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

FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC.
(A DIRECT SUPPORT ORGANIZATION)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Cash received from (paid to) Florida International University	\$ 243	\$ (569)
Cash used in program activities, net	<u>(18,277)</u>	<u>(7,201)</u>
Net cash used in operating activities	<u>(18,034)</u>	<u>(7,770)</u>
 Net decrease in cash	 (18,034)	 (7,770)
 Cash, beginning of year	 127,854	 135,624
 Cash, end of year	 <u><u>\$ 109,820</u></u>	 <u><u>\$ 127,854</u></u>
 Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (17,027)	\$ (7,451)
Change in assets and liabilities:		
Accounts payable	(1,250)	250
Due to Florida International University	<u>243</u>	<u>(569)</u>
Net cash used in operating activities	<u><u>\$ (18,034)</u></u>	<u><u>\$ (7,770)</u></u>

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

FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC.
(A DIRECT SUPPORT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(1) Summary of Significant Accounting Policies:

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

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

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

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

(b) **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 iWASH program ended in 2017 and the final financial statements of iWASH were completed for the year-ended December 31, 2016. The iWash entity was dissolved in February 2021.

(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.

FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC.
(A DIRECT SUPPORT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

(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 presents operating revenues and expenses. Operating revenue results from exchange transactions associated in matters pertaining to research, which is the Research Foundation’s principal activity. Operating expenses include all expenses incurred in matters pertaining to research, other than external financing costs.

(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 year ended June 30, 2021 and 2020.

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, 2021, 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 2018.

(h) **Transfers**—For the year ended June 30, 2021, and 2020, there were no transfers from the University to support the operating expenses of the Research Foundation.

(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.

FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC.
(A DIRECT SUPPORT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(2) **Deposits:** (Continued)

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 \$5,776 and \$5,575 as of June 30, 2021 and 2020, 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 \$5,776 and \$5,533 as of June 30, 2021 and 2020, 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.

REPORTING SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Florida International University Research Foundation, Inc. (the "Research Foundation"), as of and for the year ended June 30, 2021, 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 6, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control 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.

- 13 -

121 Executive Circle
Daytona Beach, FL 32114-1180
Telephone: 386-257-4100

133 East Indiana Avenue
DeLand, FL 32724-4329
Telephone: 386-738-3300

5931 NW 1st Place
Gainesville, FL 32607-2063
Telephone: 352-378-1331

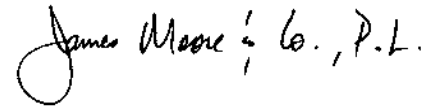
2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308-4386
Telephone: 850-386-6184

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive, flowing style.

Gainesville, Florida
October 6, 2021

This page intentionally left blank

**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES**

Finance and Facilities Committee

December 8, 2021

**Subject: Florida International University Athletics Finance Corporation Financial
Audit, 2020-21**

Proposed Committee Action:

Recommend acceptance by the Florida International University Board of Trustees of the Florida International University Athletics Finance Corporation Financial Audit for the 2020-21 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)(g), 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 2020-21 was approved by the Florida International University Athletics Finance Corp. Board of Directors on October 21, 2021, and the University President is recommending its acceptance.

Florida Board of Governors Regulation 9.011 (5) 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 for review. The audit report shall be submitted to the Board of Governors, and the Auditor General.

Supporting Documentation:

Florida International University Athletics Finance Corp.,
Financial Audit, 2020-21

Facilitator/Presenter:

Kenneth A. Jessell

This page intentionally left blank

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

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
TABLE OF CONTENTS
JUNE 30, 2021 AND 2020

	<u>Page Number(s)</u>
Independent Auditors' Report	1 – 2
Required Supplementary Information	
Management's Discussion and Analysis	3 – 11
Financial Statements	
Statements of Net Position	12
Statements of Revenues, Expenses and Changes in Net Position	13
Statements of Cash Flows	14
Notes to Financial Statements	15 – 24
Supplementary Information	
Supplemental Schedule	25 – 26
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 <i>Government Auditing Standards</i>	27 – 28

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 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, 2021 and 2020, 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, 2021 and 2020, 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 management's discussion and analysis as listed in the table of contents 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 standard 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.

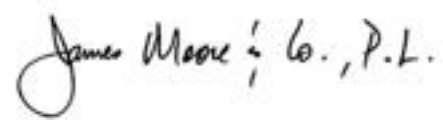
Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Foundation's basic financial statements. The supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the basic 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, 2021, 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.



Gainesville, Florida
October 21, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

**FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020**

Management's discussion and analysis (MD&A) provides an overview of the financial position and activities of FIU Athletics Finance Corporation (the "AFC") for the fiscal years ended June 30, 2021, 2020 and 2019, 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.

The AFC is presented as a discrete component unit of Florida International University (the "University" or "FIU") and is certified as a direct support organization ("DSO"). The AFC was organized to facilitate the financing of projects related to the FIU football stadium, as well as, manage and operate the facilities.

FINANCIAL HIGHLIGHTS

The AFC's assets totaled \$20,660,662 and \$22,046,760 at June 30, 2021 and 2020, respectively. The balance reflects a decrease of \$1,386,098, or 6.3%. This decrease is mainly attributable to a decrease in prepaid rent as rent expense was recognized for the current year.

The AFC's deferred outflow of resources totaled \$2,197,984 and \$3,243,249 at June 30, 2021 and 2020, respectively. The balance reflects a decrease of \$1,045,265, or 32.2%. This is attributable to a decrease in deferred outflow of resources due to lower interest rates.

The AFC's liabilities totaled \$28,570,897 and \$31,228,334 at June 30, 2021 and 2020, respectively. The balance reflects a decrease of \$2,657,437, or 8.5%. The decrease is mainly attributable to the payment of principal on the bonds payable coupled with a decrease in the derivative liability on the interest rate swap.

As a result, the AFC's net position increased by \$226,074, resulting in a year-end net deficit balance of \$5,712,251.

The AFC's operating revenues totaled \$4,139,793 for the 2020-21 fiscal year, representing a decrease of \$112,175, or 2.6%, as compared to prior year. Major components of operating revenues include athletic support, game guarantees, contributions and conference payments.

The AFC's operating expenses totaled \$1,893,857 for the 2020-21 fiscal year, representing a decrease of \$374,322, or 16.5%, as compared to prior year. Major components of operating expenses include amortization of prepaid rent, utilities, and custodial and janitorial.

OVERVIEW OF FINANCIAL STATEMENTS

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

FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(Continued)

THE STATEMENTS OF NET POSITION

The statements of net position reflect the assets, deferred outflows of resources, and liabilities of the AFC, using the accrual basis of accounting, and present the financial position of the AFC at a specified time. Assets together with deferred outflows, less liabilities, equals net position, which is one indicator of the AFC's current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the AFC's financial condition.

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

		June 30,	
	2021	2020	2019
Assets			
Current assets	\$ 3,638,632	\$ 3,699,026	\$ 3,105,071
Noncurrent assets	17,022,030	18,347,734	20,164,917
Total assets	20,660,662	22,046,760	23,269,988
Deferred outflow of resources	2,197,984	3,243,249	2,214,053
Liabilities			
Current liabilities	1,824,196	1,774,539	1,859,135
Noncurrent liabilities	26,746,701	29,453,795	30,011,427
Total liabilities	28,570,897	31,228,334	31,870,562
Total net position	<u>\$ (5,712,251)</u>	<u>\$ (5,938,325)</u>	<u>\$ (6,386,521)</u>

FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(Continued)

TOTAL ASSETS

The following summarizes the AFC's total assets for fiscal years ended:

		June 30,	
	2021	2020	2019
Cash	\$ 143,610	\$ 14,903	\$ 10,640
Investments	507,327	1,098,257	910,442
Suites and ticket sales receivable	49,320	160,000	225,000
Stadium naming rights receivable	-	700,000	525,000
Due from Florida International University	1,634,260	421,751	609,286
Due from FIU Foundation, Inc.	-	-	40,000
Prepaid rent and other	15,540,357	16,844,440	18,154,111
Restricted investments	2,782,138	2,781,859	2,748,059
Leasehold improvement, net	3,650	25,550	47,450
Total assets	\$ 20,660,662	\$ 22,046,760	\$ 23,269,988

Total assets as of June 30, 2021 decreased \$1,386,098 or 6.3%, as compared to prior year. This change is primarily a result of a reduction in prepaid rent due to the recognition of annual rent expense.

TOTAL DEFERRED OUTFLOW OF RESOURCES

The following summarizes the AFC's total deferred outflow of resources for fiscal years ended:

		June 30,	
	2021	2020	2019
Accumulated decrease in fair value of hedging derivatives	\$ 2,021,532	\$ 3,051,780	\$ 2,007,567
Deferred amount on debt refundings	176,452	191,469	206,486
Total deferred outflow of resources	\$ 2,197,984	\$ 3,243,249	\$ 2,214,053

Total deferred outflow of resources as of June 30, 2021 decreased \$1,045,265, or 32.2%, as compared to prior year. The change in the fair value of the interest rate swap is presented as a hedging derivative in deferred outflow of resources. The change represented a decrease in deferred outflow of resources due to lower interest rates.

FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(Continued)

TOTAL LIABILITIES

The following summarizes the AFC's total liabilities for fiscal years ended:

	June 30,		
	2021	2020	2019
Accounts payable	\$ 45,270	\$ 12,964	\$ 34,971
Accrued interest payable	89,487	93,723	99,962
Due to Florida International University	857,177	855,093	853,087
Bonds payable	24,315,000	25,820,000	27,265,000
Unearned revenue	104,503	160,000	278,356
Derivative liability	3,159,460	4,286,554	3,339,186
Total liabilities	<u>\$ 28,570,897</u>	<u>\$ 31,228,334</u>	<u>\$ 31,870,562</u>

Total liabilities as of June 30, 2021 decreased \$2,657,437, or 8.5%, as compared to prior year. The decrease in total liabilities is primarily attributable to a principal payment on the bonds payable made in the current year coupled with a decrease in the derivative liability on the interest rate swap. Under the terms of the swap agreement and on June 30, 2021, the AFC paid a fixed interest rate of 3.6% and received 63.7% of the three-month LIBOR.

NET POSITION

The following summarizes the AFC's total position for fiscal years ended:

	June 30,		
	2021	2020	2019
Net investment in capital assets	\$ 3,650	\$ 25,550	\$ 47,450
Unrestricted	(5,715,901)	(5,963,875)	(6,433,971)
Total net position	<u>\$ (5,712,251)</u>	<u>\$ (5,938,325)</u>	<u>\$ (6,386,521)</u>

Total net position as of June 30, 2021 increased by \$226,074, or 3.8%, as compared to prior year. Net position is reported in two classifications: net investment in capital assets and unrestricted. Net investment in capital assets reflects total capital assets, net of accumulated depreciation, less any capital-related borrowings.

For more detailed information, see the statements of net position on page 12 of the financial statements.

FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(Continued)

THE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The statements of revenues, expenses, and changes in net position present the AFC's revenue and expense activity, categorized as operating and non-operating revenues and expenses. Revenues and expenses are recognized when earned and incurred, regardless of when cash is received or paid.

The following summarizes the AFC's changes in net position for the fiscal years ended:

Statements of Revenues, Expenses, and Changes in Net Position

	June 30,		
	2021	2020	2019
Operating revenues	\$ 4,139,793	\$ 4,251,968	\$ 4,132,671
Operating expenses	<u>1,893,857</u>	<u>2,268,179</u>	<u>2,247,819</u>
Operating income	2,245,936	1,983,789	1,884,852
Net non-operating expenses	(1,019,862)	(1,035,593)	(1,075,447)
Transfers to Florida International University	<u>1,000,000</u>	<u>500,000</u>	<u>-</u>
Change in net position	226,074	448,196	809,405
Net position - beginning of year	<u>(5,938,325)</u>	<u>(6,386,521)</u>	<u>(7,195,926)</u>
Net position - end of year	<u><u>\$ (5,712,251)</u></u>	<u><u>\$ (5,938,325)</u></u>	<u><u>\$ (6,386,521)</u></u>

FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(Continued)

OPERATING REVENUES

The AFC was organized to facilitate the financing of projects related to the FIU football stadium, as well as, manage and operate the facilities. 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,		
	2021	2020	2019
Athletic support	\$ 1,246,223	\$ 1,275,059	\$1,060,214
Game guarantees	775,000	-	-
Contributions	680,005	268,005	570,010
NCAA conference payments	590,134	937,512	700,000
Suite revenues	283,080	349,940	364,587
Rental income	230,828	137,274	88,729
Event revenues	196,476	41,071	-
Other operating revenues	88,430	478,940	384,513
Ticket sales	49,617	589,167	709,618
Stadium naming rights	-	175,000	255,000
Total operating revenues	\$ 4,139,793	\$ 4,251,968	\$4,132,671

Total operating revenues decreased \$112,175, or 2.6%, as compared to prior year. Operating revenues are primarily made up of athletic support from student fees, game guarantees and conference payments.

Athletic support from student fees slightly decreased as a result of lower than anticipated student credit hour enrollment during the current year. Miami FC soccer event revenues, rental income, game guarantees and contributions revenues generated higher operating revenues in the current year. The decrease in other operating revenues was mainly attributable to lower sponsorship revenues received by the AFC in the current year. Ticket sales decreased due to lower attendance at home football games as a result stadium space usage limitation imposed because of the COVID-19 pandemic.

For more detailed information, see the supplemental schedules on page 25 and 26 of the financial statements.

FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(Continued)

OPERATING EXPENSES

The AFC categorizes expenses as operating or non-operating. Operating expenses represent expenses related to the ongoing activities of the AFC. The majority of the AFC's expenses are operating expenses as defined by GASB. GASB gives financial reporting entities the choice of reporting operating expenses in the functional or natural classifications. The AFC has chosen to report operating expenses by their natural classifications on the statements of revenues, expenses, and changes in net position.

The following summarizes the operating expenses for the fiscal years ended:

	June 30,		
	2021	2020	2019
Amortization of prepaid rent	\$ 1,304,083	\$ 1,304,083	\$ 1,304,083
General operations	362,583	362,889	371,826
Event operations	116,919	50,263	10,426
Football operations	110,272	550,944	561,484
Total operating expenses	\$ 1,893,857	\$ 2,268,179	\$ 2,247,819

Total operating expenses decreased \$374,322, or 16.5%, as compared to prior year. Operating expenses are comprised of amortization of prepaid rent and general, event, and football operations.

The largest component of operating expenses is the amortization of prepaid rent. Under the ground sublease agreement between the AFC and the University, the AFC prepaid the rental of the stadium to the University. The AFC amortizes the prepaid rent on a straight-line basis over the life of the sublease.

General operations include expenses related to the up-keep and maintenance of the stadium. Expenses in this category include utilities, materials and supplies, and repairs and maintenance. General operations expenses were fairly level when compared to prior year.

Event operations include all direct expenses related to any special events, which are defined as non-FIU home football games. These special events can include sporting events, meetings, or conferences. The increase in event operations is due to various home Miami FC soccer games held at the stadium in the current year. This increase was offset by higher rental income and event revenues in the statement of changes in net position.

Football operations include direct expenses related to home football games. Security services decreased due to fewer home games played in the current year. AFC had four home games in the current year as compared to six home games in the prior year of which two home games were cancelled. The decrease in professional services and rental of equipment is attributable to lower expenses related to fewer home games played in the current year.

For more detailed information, see the supplemental schedules on page 25 and 26 of the financial statements.

FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(Continued)

NON-OPERATING REVENUES AND EXPENSES

Non-operating revenues and expenses consist of interest income and interest expense. The following summarizes the AFC's non-operating revenues and expenses for the fiscal years ended:

	June 30,		
	2021	2020	2019
Interest income	\$ 458	\$ 47,899	\$ 78,205
Interest expense and fiscal charges	(1,020,320)	(1,083,492)	(1,153,652)
Net non-operating expenses	\$ (1,019,862)	\$ (1,035,593)	\$ (1,075,447)

Net non-operating expenses were fairly level when compared to prior year.

TRANSFERS TO FLORIDA INTERNATIONAL UNIVERSITY

During the fiscal year ended June 30, 2021 and 2020, transfers to Florida International University represented \$1,000,000 and \$500,000, respectively. There were no transfers to Florida International University for the fiscal year ended June 30, 2019. These transfers are reflected in the statements of revenues, expenses and changes in net position and represent surplus funds returned to the University.

DEBT ADMINISTRATION

As of June 30, 2021, the AFC had \$24,315,000 in outstanding bonds payable, representing a decrease of \$1,505,000, or 5.8% due to principal payments made in the current year.

Additional information about the AFC's bond payable is presented in notes 5 and 6 to the financial statements on pages 19-23.

**FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(Continued)**

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The University has pledged a significant portion of game guarantee revenues and Conference USA distribution revenues to the AFC.

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. In addition, due to conference realignment and the loss of certain television markets from the Conference, the new agreement is less favorable than the previous agreement. This will result in lower conference revenues for the Athletics Department and in turn, the AFC.

In 2020-2021, the Athletics Finance Corporation was materially impacted by the COVID 19 pandemic. Cancelled games, sponsorship reduction, and in-house fan support was limited. The Athletics Department continues to monitor the financial impact of the pandemic going into the new year, taking into account the guidance of our University and State, ensuring at all times that we work to mitigate risk and act in the best interest of the health and safety of our community.

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. 8th Street, MARC Building, 5th Floor, Miami, Florida 33199.

BASIC FINANCIAL STATEMENTS

FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Current assets		
Cash	\$ 143,610	\$ 14,903
Investments	507,327	1,098,257
Suites and ticket sales receivable	49,320	160,000
Stadium naming rights receivable	-	700,000
Due from Florida International University	1,634,260	421,751
Prepaid rent and other	1,304,115	1,304,115
Total current assets	<u>3,638,632</u>	<u>3,699,026</u>
Noncurrent assets		
Restricted investments	2,782,138	2,781,859
Prepaid rent	14,236,242	15,540,325
Leasehold improvement, net	3,650	25,550
Total noncurrent assets	<u>17,022,030</u>	<u>18,347,734</u>
Total assets	<u>20,660,662</u>	<u>22,046,760</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Accumulated decrease in fair value of hedging derivatives	2,021,532	3,051,780
Deferred amount on debt refundings	176,452	191,469
Total deferred outflows of resources	<u>2,197,984</u>	<u>3,243,249</u>
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable	45,270	12,964
Accrued interest payable	89,487	93,723
Due to Florida International University	4,936	2,852
Bonds payable	1,580,000	1,505,000
Unearned revenue	104,503	160,000
Total current liabilities	<u>1,824,196</u>	<u>1,774,539</u>
Noncurrent liabilities		
Due to Florida International University	852,241	852,241
Derivative liability	3,159,460	4,286,554
Bonds payable	22,735,000	24,315,000
Total noncurrent liabilities	<u>26,746,701</u>	<u>29,453,795</u>
Total liabilities	<u>28,570,897</u>	<u>31,228,334</u>
<u>NET POSITION</u>		
Net position		
Net investment in capital assets	3,650	25,550
Unrestricted	(5,715,901)	(5,963,875)
Total net position	<u>\$ (5,712,251)</u>	<u>\$ (5,938,325)</u>

The accompanying notes to the 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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Operating revenues		
Athletic support	\$ 1,246,223	\$ 1,275,059
Game guarantees	775,000	-
Contributions	680,005	268,005
NCAA conference payments	590,134	937,512
Suite revenues	283,080	349,940
Rental income	230,828	137,274
Event revenues	196,476	41,071
Sponsorship revenues	62,863	375,000
Ticket sales	49,617	589,167
Merchandise royalties	25,567	74,726
Stadium naming rights	-	175,000
General concessions and vending commissions	-	29,214
Total operating revenues	<u>4,139,793</u>	<u>4,251,968</u>
Operating expenses		
Amortization of prepaid rent	1,304,083	1,304,083
Utilities	132,464	137,455
Custodial and janitorial	110,552	73,314
Security services	90,708	196,338
Professional services	78,387	302,460
Repairs and maintenance	55,155	86,006
Materials and supplies	54,442	84,756
Audit and tax professional fees	24,300	24,500
Depreciation	21,900	21,900
Banking fees	14,784	15,539
Rental of equipment	7,021	21,767
Other operating expenses	61	61
Total operating expenses	<u>1,893,857</u>	<u>2,268,179</u>
Operating income	<u>2,245,936</u>	<u>1,983,789</u>
Nonoperating revenues (expenses)		
Interest income	458	47,899
Interest expense and fiscal charges	(1,020,320)	(1,083,492)
Total nonoperating expenses	<u>(1,019,862)</u>	<u>(1,035,593)</u>
Transfers to Florida International University	1,000,000	500,000
Increase in net position	<u>226,074</u>	<u>448,196</u>
Net position, beginning of year	(5,938,325)	(6,386,521)
Net position, end of year	<u><u>\$ (5,712,251)</u></u>	<u><u>\$ (5,938,325)</u></u>

The accompanying notes to the 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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows provided by operating activities		
Operating receipts	\$ 3,682,468	\$ 4,251,147
Payments to vendors	(533,485)	(955,075)
Net cash provided by operating activities	<u>3,148,983</u>	<u>3,296,072</u>
Cash flows used in capital and related financing activities		
Transfers to Florida International University	(1,000,000)	(500,000)
Principal payments on bonds	(1,505,000)	(1,445,000)
Interest paid	(1,106,383)	(1,171,557)
Net cash used in capital and related financing activities	<u>(3,611,383)</u>	<u>(3,116,557)</u>
Cash flows provided by (used in) investing activities		
Proceeds from sale and maturity of investments	7,270,676	6,486,483
Purchase of investments	(6,680,027)	(6,708,099)
Interest income received	458	46,364
Net cash provided by (used in) investing activities	<u>591,107</u>	<u>(175,252)</u>
Net decrease in cash and cash equivalents	<u>128,707</u>	<u>4,263</u>
Cash and cash equivalents, beginning of year	14,903	10,640
Cash and cash equivalents, end of year	<u><u>\$ 143,610</u></u>	<u><u>\$ 14,903</u></u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 2,245,936	\$ 1,983,789
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	21,900	21,900
Change in assets and liabilities:		
(Increase) decrease in:		
Suites and ticket sales receivable	110,680	65,000
Stadium naming rights receivable	700,000	(175,000)
Prepaid rent and other	1,304,083	1,311,205
Due from Florida International University	(1,212,509)	187,535
Due from FIU Foundation	-	40,000
Increase (decrease) in:		
Accounts payable	32,306	(22,007)
Unearned revenue	(55,497)	(118,356)
Due to Florida International University	2,084	2,006
Total adjustments	<u>903,047</u>	<u>1,312,283</u>
Net cash provided by operating activities	<u><u>\$ 3,148,983</u></u>	<u><u>\$ 3,296,072</u></u>
Non-cash investing and financing activities		
Change in fair value derivative liability	<u><u>\$ 1,030,248</u></u>	<u><u>\$ (1,044,213)</u></u>
Change in deferred amount on debt refunding	<u><u>\$ 15,017</u></u>	<u><u>\$ 15,017</u></u>
Amortization of derivative liability	<u><u>\$ 96,845</u></u>	<u><u>\$ 96,845</u></u>

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

FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(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) **Net position**—The Athletic Finance Corporation’s net position is classified as follows:

(i) **Net investment in capital assets**—Represents the Athletic Finance Corporation’s total investment in capital assets, net of accumulated depreciation. There is no debt obligation related to those capital assets.

(ii) **Unrestricted**—Represents assets that are not restricted for any purpose and are available for current operations.

(d) **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.

FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

(e) **Cash**—Amounts reported as cash consist of cash on hand.

(f) **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.

(g) **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 6 for additional information on the interest rate swap.

(h) **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, 2021 and 2020.

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, 2021, 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 2018.

(i) **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.

FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

(j) **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.

(k) **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.

(l) **Leasehold improvements**—These assets are capitalized and recorded at historical cost at the date of acquisition. Depreciation is computed on the straight-line basis over the estimated useful life (5 years).

(m) **Revenue recognition**—Revenues from sponsorship naming rights are recognized ratably over the term of the sponsorship agreement. Premium seating and commission revenues are recognized as revenue at the time the event takes place.

(n) **Pronouncements issued**—GASB issued Statement No. 93, *Replacement of Interbank Offices*, in May 2020. GASB No. 93 addresses the accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. Most notably, this will include the London Interbank Offered Rate (LIBOR) which is expected to cease to exist in its current form. The provisions of GASB No. 93 are effective for reporting periods ending after December 31, 2021. The Organization is currently evaluating the effect that implementation of the new standard will have on its financial statements.

GASB issued Statement No. 87, *Leases*, in June 2017. GASB No. 87 increases the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases, and recognized as inflows of resources, or outflows of resources based on the payment provisions of the contract. It established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in GASB No. 87 are effective for fiscal years beginning after June 15, 2021, as amended by GASB No. 95. The Organization is currently evaluating the effect that the implementation of the new standards will have on its financial statements.

(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 Depositary 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) are insured or collateralized.

FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(2) **Concentration of Credit Risk:** (Continued)

(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, 2021 and 2020, \$3,289,465 and \$3,880,116, 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 5. The investments were reported at amortized cost of \$3,289,465 and \$3,880,116 as of June 30, 2021 and 2020, respectively, 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, 2021 and 2020, the money market mutual fund investments were rated AAAM by Standard & Poor’s.

(b) **Concentration credit risk**—All of the investments at June 30, 2021 and 2020 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 and debt service payments.

(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, 2021 and 2020 was 28 and 43 days, respectively, while the weighted average life (WAL) was 66 and 104 days at June 30, 2021 and 2020, respectively.

FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(4) Leasehold Improvements:

Leasehold improvement activity for the years ended June 30, 2021 and 2020, is as follows:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>
Leasehold Improvements	\$ 109,500	\$ -	\$ -	\$ 109,500
Less: Accumulated Depreciation	(83,950)	(21,900)	-	(105,850)
	<u>\$ 25,550</u>	<u>\$ (21,900)</u>	<u>\$ -</u>	<u>\$ 3,650</u>

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
Leasehold Improvements	\$ 109,500	\$ -	\$ -	\$ 109,500
Less: Accumulated Depreciation	(62,050)	(21,900)	-	(83,950)
	<u>\$ 47,450</u>	<u>\$ (21,900)</u>	<u>\$ -</u>	<u>\$ 25,550</u>

Depreciation expense was \$21,900 for the years ended June 30, 2021 and 2020.

(5) Long-term Debt:

Debt activity for the years ended June 30, 2021 and 2020, is as follows:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Due Within</u> <u>One Year</u>
2009 Tax Exempt Capital Improvement Revenue Bonds (Series A)	<u>\$ 25,820,000</u>	<u>\$ -</u>	<u>\$ 1,505,000</u>	<u>\$ 24,315,000</u>	<u>\$ 1,580,000</u>
	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Due Within</u> <u>One Year</u>
2009 Tax Exempt Capital Improvement Revenue Bonds (Series A)	<u>\$ 27,265,000</u>	<u>\$ -</u>	<u>\$ 1,445,000</u>	<u>\$ 25,820,000</u>	<u>\$ 1,505,000</u>

FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(5) **Long-term Debt:** (Continued)

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.

On December 21, 2016, the Athletics Finance Corporation entered into four amendments to the trust indenture between Miami-Dade Authority and the Trustee which authorized the reissuance of the Series 2009A Bonds through the issuance of four separate series of bonds. The first amendment authorized the reissuance of \$9,000,000 Series 2009A-1 Bond. The interest rate on the Series 2009A-1 Bonds shall be at a rate equal to 2.8% per annum. The second, third and fourth amendments authorized the reissuance of separate series of the Series 2009A Bonds in a principal amount of \$8,400,000 (Series 2009A-2), \$8,400,000 (Series 2009A-3) and \$4,200,000 (Series 2009A-4), respectively. The interest rates on these Series 2009A bonds shall be at a rate equal to the sum of 63.7% of three-month LIBOR plus 1.40%.

The bonds are secured by operating and non-operating revenues as well as University athletic fees equal to 5% of the total athletic fees collected. Total principal due at June 30, 2021 and 2020, was \$24,315,000 and \$25,820,000, respectively.

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 \$2,782,138 and \$2,781,859 as of June 30, 2021 and 2020, respectively, and is presented in restricted investments.

Prior to the December 2016 reissuance, the Athletics Finance Corporation was required to maintain minimum deposits of \$1,000,000 with Regions Bank. As part of the amendment on December 21, 2016, the Athletics Finance Corporation agreed to use approximately \$1,000,000 currently on deposit with the Trustee to pay in full the outstanding balance of the Series 2009B Bonds.

The interest rate on these bonds is both fixed and variable and is subject to a hedge agreement (see Note 6) 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.

FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(5) **Long-term Debt:** (Continued)

The aggregate maturities of these bonds as of June 30, 2021 are as follows:

For the Year Ending			Total
June 30,	Principal	Interest	Principal and Interest
2022	\$ 1,580,000	\$ 1,066,013	\$ 2,646,013
2023	1,645,000	996,845	2,641,845
2024	1,730,000	927,363	2,657,363
2025	1,825,000	849,284	2,674,284
2026	1,900,000	769,704	2,669,704
Thereafter	15,635,000	2,743,296	18,378,296
Total	<u>\$ 24,315,000</u>	<u>\$ 7,352,505</u>	<u>\$ 31,667,505</u>

(6) **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 Series 2009A Bonds. This represents the fixed portion of the tax-exempt bonds payable mentioned in Note 5 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.

(c) **Fair value**—The Athletics Finance Corporation swap had a derivative liability of \$3,159,460 and \$4,286,554 at June 30, 2021 and 2020, 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, 2021 and 2020.

As of June 30, 2021 and 2020, the fair value of the Series 2007A ineffective interest rate swap was \$1,137,929 and \$1,234,774, respectively. This interest rate swap was not terminated when the bonds were refunded in December 2009 nor in December 2016. The interest rate on the refunded Series 2009A bonds reflects a higher rate due to not terminating this interest rate swap.

FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(6) **Derivative Financial Instruments:** (Continued)

Accordingly, the fair value of \$1,137,929 of the ineffective Series 2007A interest rate swap at June 30, 2021, 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 \$2,021,531 and \$3,051,780 at June 30, 2021 and 2020, respectively.

(d) **Credit risk**—As of June 30, 2021 and 2020, 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.

(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) "Baa2" as determined by Moody's; or b) "BBB" as determined by Standard and Poor's; or c) "BBB" as determined by Fitch. As of June 30, 2021 and 2020, the swap counterparty was rated in excess of the aforementioned requirements.

FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(6) **Derivative Financial Instruments** (Continued)

(g) **Swap payments and associated debt**—Using rates as of June 30, 2021, 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 June 30,	Variable-Rate Bond		Interest Rate Swap,	Total
	Principal	Interest	Net	
2022	\$ 1,090,000	\$ 1,883,991	\$ (1,030,043)	\$ 1,943,948
2023	1,135,000	1,762,083	(963,392)	1,933,691
2024	1,185,000	1,635,141	(891,958)	1,928,183
2025	1,245,000	1,502,607	(821,527)	1,926,080
2026	1,300,000	1,363,363	(745,398)	1,917,965
Thereafter	10,890,000	5,089,404	(2,870,731)	13,108,673
Total	\$ 16,845,000	\$ 13,236,589	\$ (7,323,049)	\$ 22,758,540

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

(7) **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, contributions, conference payments and 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, 2027:

For the Year Ending June 30,	Amount
2022	\$ 49,320
2023	49,320
2024	24,320
2025	12,160
2026	12,160
2027	12,160
Total	\$ 159,440

FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(8) 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, 2021 and 2020, the Athletics Finance Corporation received revenue for athletic support, game guarantees, NCAA conference payments, ticket sales, sponsorship revenues, suite revenue, contributions, rental income, and other operating revenues. The total of these revenues was \$4,139,793 and \$4,251,968 in 2021 and 2020, respectively. As of June 30, 2021 and 2020, the Athletics Finance Corporation had amounts due from Florida International University related to these revenues of approximately \$1,600,000 and \$422,000, respectively. As of June 30, 2021 and 2020, the Athletics Finance Corporation had no amount due from FIU Foundation.

(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:

For the Year Ending		
June 30,	Amount	
2022	\$ 1,304,083	
2023	1,304,083	
2024	1,304,083	
2025	1,304,083	
2026	1,304,083	
Thereafter	9,019,910	
Total	<u>\$ 15,540,325</u>	

Reconciliation of the Statement of Net Position to the Lease Commitment	2021	2020
Current prepaid rent	\$ 1,304,083	\$ 1,304,083
Noncurrent prepaid rent	14,236,242	15,540,325
Total prepaid rent	15,540,325	16,844,408
Other assets	32	32
Total prepaid rent and other	<u>\$ 15,540,357</u>	<u>\$ 16,844,440</u>

As of June 30, 2021 and 2020, 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.

SUPPLEMENTARY INFORMATION

FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
SUPPLEMENTAL SCHEDULE
FOR THE YEARS ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)

	General AFC	Football Operations	Event Operations	2021	2020
Operating revenues					
Athletic support	\$ 1,246,223	\$ -	\$ -	\$ 1,246,223	\$ 1,275,059
NCAA conference payments	590,134	-	-	590,134	937,512
Game guarantees	775,000	-	-	775,000	-
Contributions	680,005	-	-	680,005	268,005
Suite revenues	-	283,080	-	283,080	349,940
Rental income	-	-	230,828	230,828	137,274
Event revenues	-	-	196,476	196,476	41,071
Sponsorship revenues	62,863	-	-	62,863	375,000
Ticket sales	-	49,617	-	49,617	589,167
Merchandise royalties	25,567	-	-	25,567	74,726
Stadium naming rights	-	-	-	-	175,000
General concessions and vending commissions	-	-	-	-	29,214
Total operating revenues	<u>3,379,792</u>	<u>332,697</u>	<u>427,304</u>	<u>4,139,793</u>	<u>4,251,968</u>
Operating expenses					
Amortization of prepaid rent	1,304,083	-	-	1,304,083	1,304,083
Utilities	132,219	245	-	132,464	137,455
Custodial and janitorial	53,482	14,633	42,437	110,552	73,314
Security services	-	66,612	24,096	90,708	196,338
Professional services	3,979	26,272	48,136	78,387	302,460
Repairs and maintenance	55,155	-	-	55,155	86,006
Materials and supplies	52,722	1,720	-	54,442	84,756
Audit and tax professional fees	24,300	-	-	24,300	24,500
Depreciation	21,900	-	-	21,900	21,900
Banking fees	14,784	-	-	14,784	15,539
Rental of equipment	3,981	790	2,250	7,021	21,767
Other operating expenses	61	-	-	61	61
Total operating expenses	<u>1,666,666</u>	<u>110,272</u>	<u>116,919</u>	<u>1,893,857</u>	<u>2,268,179</u>
Operating income	<u>1,713,126</u>	<u>222,425</u>	<u>310,385</u>	<u>2,245,935</u>	<u>1,983,789</u>
Nonoperating revenues (expenses)					
Interest income	458	-	-	458	47,899
Interest expenses and fiscal charges	(1,020,320)	-	-	(1,020,320)	(1,083,492)
Total nonoperating expenses	<u>(1,019,862)</u>	<u>-</u>	<u>-</u>	<u>(1,019,862)</u>	<u>(1,035,593)</u>
Transfers to Florida International University	1,000,000	-	-	1,000,000	500,000
Increase (decrease) in net position	<u>\$ (306,736)</u>	<u>\$ 222,425</u>	<u>\$ 310,385</u>	<u>\$ 226,073</u>	<u>\$ 448,196</u>

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

FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
SUPPLEMENTAL SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020

	General AFC	Football Operations	Event Operations	2020
Operating revenues				
Athletic support	\$ 1,275,059	\$ -	\$ -	\$ 1,275,059
NCAA conference payments	937,512	-	-	937,512
Ticket sales	-	589,167	-	589,167
Sponsorship revenues	375,000	-	-	375,000
Suite revenues	-	349,940	-	349,940
Contributions	268,005	-	-	268,005
Stadium naming rights	175,000	-	-	175,000
Rental income	-	-	137,274	137,274
Merchandise royalties	74,726	-	-	74,726
Event revenues	-	-	41,071	41,071
General concessions and vending commissions	-	29,214	-	29,214
Total operating revenues	<u>3,105,302</u>	<u>968,321</u>	<u>178,345</u>	<u>4,251,968</u>
Operating expenses				
Amortization of prepaid rent	1,304,083	-	-	1,304,083
Professional services	2,640	271,783	28,037	302,460
Security services	-	196,025	313	196,338
Utilities	137,455	-	-	137,455
Repairs and maintenance	63,911	22,095	-	86,006
Materials and supplies	75,526	9,230	-	84,756
Custodial and janitorial	7,893	43,748	21,673	73,314
Audit and tax professional fees	24,500	-	-	24,500
Depreciation	21,900	-	-	21,900
Rental of equipment	13,464	8,063	240	21,767
Banking fees	15,539	-	-	15,539
Other operating expenses	61	-	-	61
Total operating expenses	<u>1,666,972</u>	<u>550,944</u>	<u>50,263</u>	<u>2,268,179</u>
Operating income	<u>1,438,330</u>	<u>417,377</u>	<u>128,082</u>	<u>1,983,789</u>
Nonoperating revenues (expenses)				
Interest income	47,899	-	-	47,899
Interest expenses and fiscal charges	(1,083,492)	-	-	(1,083,492)
Total nonoperating expenses	<u>(1,035,593)</u>	<u>-</u>	<u>-</u>	<u>(1,035,593)</u>
Transfers to Florida International University	500,000	-	-	500,000
Increase (decrease) in net position	<u>\$ (97,263)</u>	<u>\$ 417,377</u>	<u>\$ 128,082</u>	<u>\$ 448,196</u>

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

REPORTING SECTION

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

To the Board of Directors,
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 FIU Athletics Finance Corporation (the Corporation), a direct support organization and component unit of Florida International University, as of and for the year ended June 30, 2021, 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 21, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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.

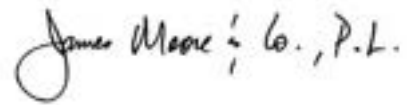
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control 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 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in dark ink that reads "James Moore & Co., P.L." The signature is written in a cursive, flowing style.

Gainesville, Florida
October 21, 2021

**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES**

Finance and Facilities Committee

December 8, 2021

**Subject: Florida International University Academic Health Center Health Care
Network Faculty Group Practice, Inc. Financial Audit, 2020-21**

Proposed Committee Action:

Recommend acceptance by the Florida International University Board of Trustees of the Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. Financial Audit for the 2020-21 Fiscal Year and authorize the President 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. Financial Audit for 2020-21 was approved by the Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. Board of Directors on October 27, 2021, 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.

Florida Board of Governors Regulation 9.011 (5) 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 for review. The audit report shall be submitted to the Board of Governors, and the Auditor General.

Supporting Documentation: Florida International University Academic Health Center
Health Care Network Faculty Group Practice, Inc.
Financial Audit, 2020-21

Facilitator/Presenter: Kenneth A. Jessell

This page intentionally left blank

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

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

**THE FLORIDA INTERNATIONAL UNIVERSITY ACADEMIC HEALTH
CENTER HEALTH CARE NETWORK FACULTY GROUP PRACTICE, INC.
TABLE OF CONTENTS
JUNE 30, 2021 AND 2020**

	<u>Page(s)</u>
Independent Auditors' Report	1 – 2
Management Discussion and Analysis	3 – 12
Basic Financial Statements	
Statements of Net Position	13
Statements of Revenues, Expenses and Changes in Net Position	14
Statements of Cash Flows	15
Notes to Financial Statements	16 – 21
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 <i>Government Auditing Standards</i>	22 – 23

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 years ended June 30, 2021 and 2020, 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 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 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.

- 1 -

121 Executive Circle
Daytona Beach, FL 32114-1180
Telephone: 386-257-4100

133 East Indiana Avenue
DeLand, FL 32724-4329
Telephone: 386-738-3300

5931 NW 1st Place
Gainesville, FL 32607-2063
Telephone: 352-378-1331

2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308-4386
Telephone: 850-386-6184

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, 2021 and 2020, 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.

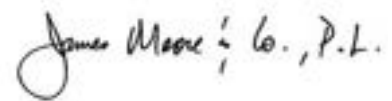
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, as listed in the table of contents, 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 October 27, 2021, 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.



Gainesville, Florida
October 27, 2021

**THE FLORIDA INTERNATIONAL UNIVERSITY ACADEMIC HEALTH CENTER
HEALTH CARE NETWORK FACULTY GROUP PRACTICE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020**

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 or HCN) for the fiscal years ended June 30, 2021 and 2020, 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.

BACKGROUND

In fiscal year 2015-2016 the financial model transitioned from a full risk clinical model to a Management Services Organization model (MSO) serving different stakeholders across FIU. At that time the FIU-HCN new leadership assumed a loan with a debt balance of \$8.6 million. As a result of the change in financial model, the patient revenues and respective AR for clinical services provided since July 2015 are no longer recorded under the books of HCN. Starting in July 2015, the patient revenues and respective AR from the Herbert Wertheim College of Medicine (HWCOC) clinics are recorded under the books of the HWCOC. In the MSO model, the revenues of FIU-HCN are based on management fees which derive from managing the HWCOC clinics, the HWCOC Office of International Affairs (HWCOC OIA), the FIU Student Health Clinics and Pharmacy, Embrace, CCF credentialing and the leases of the Ambulatory Care Surgery Center (ASC) to Miami Children's Hospital (currently Nicklaus Children's Hospital) and Gastro Health. The Embrace agreement ended in January 2020 and the Pharmacy closed in June 2021.

The revenues and expenses reported include the revenues and expenses of the HCN MSO line of business and HWCOC OIA and the expenses of the HWCOC Clinics. The revenues and expenses of the HWCOC OIA and expenses of the HWCOC clinics are passed through the books of HCN as part of the management service. Both are stakeholders of FIU-HCN as units it manages.

The payment from HWCOC for the expenses of the clinics is reported as part of "other revenue". The net patient revenue generated by the clinics is not reported under the FIU-HCN entity. The expenses of the clinics do not include the cost of the salary and benefits related to the clinical effort for the physician faculty time; this effort is recorded directly under the books of the HWCOC.

The change in net position of the HWCOC OIA program gets transferred to HWCOC. As a result, the reported change in net position of the FIU-HCN entity represents exclusively the change in net position of the HCN MSO line of business.

The management fees received from the HWCOC to manage the clinics are reported as part of the Management Fee revenue under the HCN MSO business.

FINANCIAL HIGHLIGHTS – CURRENT YEAR

The FIU-HCN assets in FY2021 totaled approximately \$11.6 million as of June 30, 2021; an increase of approximately \$2.2 million from June 30, 2020, resulting primarily from the cash and receivables from management fees under the MSO line of business and cash and receivables from the educational program under the HWCOC Office of International Affairs (OIA) line of business. Approximately \$2.3 million under total assets in fiscal year 2021 belong to the operations of the HWCOC OIA program. Total cash sent to HWCOC net of expenses from their OIA program during the fiscal year 2021 amounted to \$2.7 million.

**THE FLORIDA INTERNATIONAL UNIVERSITY ACADEMIC HEALTH CENTER
HEALTH CARE NETWORK FACULTY GROUP PRACTICE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020**

The liabilities represent the accounts payable due to vendors and the Florida International University, accruals for the operating expenses, the unearned revenue related to the pre-paid rotations under the HWCOT OIA program and the debt due to the Florida International University (FIU or FIU proper). Liabilities totaled approximately \$9 million as of June 30, 2021, an increase of approximately \$132 thousand over prior fiscal year driven by payables to HWCOT from the OIA program net income. Liabilities related to the HWCOT OIA program amounted to approximately \$1.8 million as of June 30, 2021.

The FIU-HCN's operating revenues totaled approximately \$11.2 million for the 2021 fiscal year, an approximate increase of \$942 thousand over prior fiscal year and exceeding budget by \$1.1 million. Most of this increase is driven by higher volumes in the OIA program resulting from the ability to open remote learning programs during the COVID-19 pandemic.

Included in the \$11.2 million operating revenues are: (a) Management fee service revenue of the MSO totaling approximately \$3.1 million. (2) The HWCOT OIA educational program revenue and other OIA revenues deriving from registration, change and cancellation fees totaling approximately \$6.0 million. (3) Revenues related to the HWCOT clinics (the payments from HWCOT to cover the cost of operating the HWCOT clinical sites) totaling approximately \$1.3 million reported as part of "other revenues". (4) The rental revenue which includes CAM revenue amounting to approximately \$0.68 million deriving from the Miami Children's Hospital (currently Nicklaus Children's Hospital) lease. The rental revenue from the lease is set aside to pay the principal and interest on the loan due to FIU.

Operating expenses totaled approximately \$5.7 million for the 2021 fiscal year, an increase of approximately \$285 thousand over the prior fiscal year. This is mainly driven by the increase in contracted services in the HWCOT OIA program deriving from the increase in student rotations due to the remote program offerings during the COVID-19 pandemic. Non-operating expenses include the net of SPIA (State Treasury Special Purpose Investment Account) investment earnings totaling \$5 thousand, the interest expense on the debt payments to FIU proper totaling approximately \$141 thousand and the total recorded transfers from the OIA program to HWCOT related to the fiscal year 2021 net income totaling approximately \$3.2 million.

FINANCIAL HIGHLIGHTS – PRIOR YEAR

In FY2020 the FIU-HCN assets totaled approximately \$9.4 million as of June 30, 2020; an approximate increase of \$750 thousand from June 30, 2019, resulting primarily from the increase in cash deriving from management fees under the MSO line of business and receivables related to the educational program revenue under the HWCOT OIA line of business. Approximately \$1.8 million under total assets in fiscal year 2020 belong to the operations of the HWCOT OIA program. Total cash sent to HWCOT during the fiscal year 2020 amounted to \$3.2 million as compared to \$1.8 million in fiscal year 2019.

The liabilities represent the accounts payable due to vendors and the Florida International University, accruals for the operating expenses, the unearned revenue related to the pre-paid rotations under the HWCOT OIA program and the debt due to the Florida International University (FIU or FIU proper). Liabilities totaled approximately \$8.8 million as of June 30, 2020, a decrease of approximately \$1.1 million over prior fiscal year. The decrease is driven by payments towards the debt due to FIU, the decrease in unearned revenues for the International Visiting Medical Student program (IVMS) under OIA deriving from lower pre-paid registration due to the impact of the COVID-19 pandemic. Also driving the decrease in liabilities is the payment of the transfers due to HWCOT from the OIA program net income. Liabilities related to the HWCOT OIA program amounted to approximately \$1.3 million as of June 30, 2020.

**THE FLORIDA INTERNATIONAL UNIVERSITY ACADEMIC HEALTH CENTER
HEALTH CARE NETWORK FACULTY GROUP PRACTICE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020**

The FIU-HCN's operating revenues totaled approximately \$10.2 million for the 2020 fiscal year, an approximate increase of \$250 thousand over prior fiscal year. While the OIA rotation volumes remained consistent, most of this increase is driven by higher revenues in the OIA program attributed to higher rates in a successfully negotiated ten-year AUA agreement which started in October 2018.

Included in the \$10.2 million operating revenues are: (a) Management fee service revenue of the MSO totaling approximately \$2.9 million. (2) The HWCOM OIA educational program revenue and other OIA revenues deriving from registration, change and cancellation fees totaling approximately \$5.2 million. (3) Revenues related to the HWCOM clinics (the payments from HWCOM to cover the cost of operating the HWCOM clinical sites) totaling approximately \$1.4 million reported as part of "other revenues". (4) The rental revenue which includes CAM revenue amounting to approximately \$0.67 million deriving from the Miami Children's Hospital (currently Nicklaus Children's Hospital) lease. The rental revenue from the lease is set aside to pay the principal and interest on the loan due to FIU.

Operating expenses totaled approximately \$5.5 million for the 2020 fiscal year, a decrease of approximately \$300 thousand over the prior fiscal year. This is mainly driven by the decrease in personnel services and related salary and benefits expense which derives from vacancies due to turnover during the fiscal year. Also driving the decrease in operating expenses is the decrease in contracted services in the HWCOM OIA preceptor rotations with the transition to remote learning during the fourth quarter due to the impact of the COVID-19 pandemic. Non-operating expenses include the interest expense on the debt payments to FIU proper totaling approximately \$148 thousand and the total recorded transfers for HWCOM related to the fiscal year 2020 net income of the HWCOM OIA program totaling approximately \$2.8 million.

FINANCIAL HIGHLIGHTS – FISCAL YEAR 2019

In fiscal year 2019 the FIU-HCN assets totaled approximately \$8.7 million as of June 30, 2019. This balance reflects an approximate increase of \$1.8 million from June 30, 2018, resulting primarily from the increase in cash deriving from management fees under the MSO line of business and the educational program revenue related to the HWCOM OIA line of business. Approximately \$2.6 million under total assets in fiscal year 2019 belong to the operations of the HWCOM OIA program.

The liabilities represent the accounts payable due to vendors and the Florida International University, accruals for the operating expenses, the unearned revenue related to the pre-paid rotations under the HWCOM OIA program and the debt due to the Florida International University (FIU or FIU proper). Liabilities totaled approximately \$10.0 million as of June 30, 2019, a decrease of approximately \$544 thousand over prior fiscal year resulting from payment towards the debt due to FIU and the reclassification of the common area maintenance (CAM) paid by Miami Children's Hospital (currently Nicklaus Children's Hospital) as part of their lease. Previously, the CAM had been recorded as liability for future CAM expenses and any CAM expenses were booked against this liability. The CAM balance related to prior fiscal years is accounted as a prior period adjustment to net position amounting to \$512 thousand. Effective June 30, 2019, the current CAM activity has been reclassified to align to revenues and expenses. Liabilities related to the HWCOM OIA program amounted to approximately \$2.0 million.

The FIU-HCN's operating revenues totaled approximately \$10 million for the 2019 fiscal year, an approximate increase of \$1.6 million over prior fiscal year. The increase derives mainly from the rate increase in the new agreement with the American University of Antigua effective October 1, 2018, and the increase in enrollment in the HWCOM OIA program. Included in the \$10 million are: (a) Management fee service revenue of the MSO totaling approximately \$2.9 million. (2) The HWCOM OIA educational program and other HWCOM OIA revenues deriving from registration, change and cancellation fees amounting to approximately \$5.0 million. (3) Revenues related to the HWCOM clinics

**THE FLORIDA INTERNATIONAL UNIVERSITY ACADEMIC HEALTH CENTER
HEALTH CARE NETWORK FACULTY GROUP PRACTICE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020**

(the payments from HWCOT to cover the cost of operating the HWCOT clinical sites) totaling approximately \$1.4 million reported under "other revenues". (4) The rental revenue, CAM revenue and other revenues amounting to approximately \$0.65 million. Fiscal year 2019 reflects CAM revenues received along with rental revenue from the Miami Children's Hospital (currently Nicklaus Children's Hospital) as part of the lease. The rental revenue from the lease is set aside to pay the principal and interest on the loan due to FIU.

Operating expenses totaled approximately \$5.8 million for the 2019 fiscal year, an increase of approximately \$0.3 million over the previous fiscal year. This results from the increase in salary and benefits deriving from two positions previously in medical leave during the prior fiscal year, vacant positions filled in the fiscal year 2019, the across-the-board FIU merit increases and the increase in contracted services deriving from the increase in the HWCOT OIA preceptor rotations. Non-operating expenses include the interest expense on the debt payments to FIU proper totaling approximately \$154 thousand and the transfers to HWCOT related to the net profits of the HWCOT OIA program for the fiscal year totaling approximately \$2.3 million.

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 as of June 30:

Condensed Statements of Net Position as of June 30 (In Thousands)

	2021	2020	2019
Assets			
Current assets	\$ 10,598	\$ 9,322	\$ 8,511
Noncurrent assets (1)	1,033	90	151
Total Assets	<u>\$ 11,631</u>	<u>\$ 9,412</u>	<u>\$ 8,662</u>
Liabilities			
Current liabilities (2)	\$ 8,969	\$ 2,140	\$ 2,916
Noncurrent liabilities (2)	-	6,697	7,048
Total Liabilities	<u>\$ 8,969</u>	<u>\$ 8,837</u>	<u>\$ 9,964</u>
Net Position			
Investment in capital assets	\$ 31	\$ 90	\$ 151
Unrestricted	2,631	485	(1,453)
Total Net Position (3)	<u>\$ 2,662</u>	<u>\$ 575</u>	<u>\$ (1,302)</u>

**THE FLORIDA INTERNATIONAL UNIVERSITY ACADEMIC HEALTH CENTER
HEALTH CARE NETWORK FACULTY GROUP PRACTICE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020**

- (1) Noncurrent assets include a balance in SPIA (State Treasury Special Purpose Investment Account) of approximately \$1.0 million as of June 30, 2021*
- (2) Increase in current liabilities is a result of the change in maturity for the loan due to FIU Proper which originated in 2015. During the FIU-HCN Board of Directors meeting on May 19, 2021, the HCN Board approved to pay off the loan balance on July 1, 2021. This resulted in the reclassification of the full amount of the loan from non-current liabilities to current liabilities.*
- (3) As of June 30, 2021, approximately \$522 thousand in net position is reserved for the operations of the Office of International Affairs program and \$872 thousand is reserved for future common area maintenance (CAM) expenses. Net position ended in a positive balance in fiscal year 2020 for the first time since the year following the FIU-HCN business inception.*

The Condensed Statements of Net Position reflect the FIU-HCN's realignment of operations and change in financial model that began in FY 2015-2016 when the HCN revenue source transitioned from a full risk clinical revenue model to a management fee service revenue model. In this model the assets and liabilities of the FIU-HCN include the assets and liabilities of the HWCOM OIA line of business. Current assets mainly depict cash and receivables of the MSO and the HWCOM OIA line of business.

In fiscal year 2021 assets increased by approximately \$2.2 million. This includes non-current capital assets net of depreciation. The increase derives primarily from the net increase in cash and receivables from management fees under the MSO line of business; \$1.7 million and the HWCOM Office of International Affairs (OIA) line of business; \$0.5 million. The increase was offset by a \$59 thousand reduction in net depreciable capital assets. Total liabilities increased by approximately \$132 thousand resulting from the increase in payables due to HWCOM from the OIA program net income.

Net Position ended at \$2.7 million, an increase of approximately \$2.1 million over prior fiscal year deriving primarily from the management fee revenues under the MSO line of business. Approximately \$522 thousand of the total net position is reserved for the operations of the HWCOM OIA program and \$872 thousand is reserved for future CAM expenses.

In fiscal year 2020, total assets increased by approximately \$750 thousand. This includes non-current capital assets net of depreciation which decreased in fiscal year 2020 by approximately \$61 thousand due to depreciation expense. Total liabilities decreased by approximately \$1.1million resulting from the decrease in accounts payable, the payment towards the debt due to FIU and the decrease in unearned revenue for the OIA program deriving from the pre-paid rotations. The decrease in pre-paid rotations is a result of the impact of the COVID-19 pandemic on international travel during the fourth quarter of the fiscal year 2020.

Fiscal year 2020 marked an important financial milestone for the FIU-HCN leadership. Since fiscal year 2015-2016, FIU-HCN has successfully ended profitable year after year. This culminated in a successful turnaround for the FIU-HCN where the net position transitioned from a negative (\$1.3) million net position to a positive net position totaling approximately \$576 thousand as of June 30, 2020, an increase of \$1.9 million over prior fiscal year. The increase derives mainly from the management fee revenues under the MSO line of business. Approximately \$522 thousand of the total net position in the fiscal year 2020 is reserved for the operations of the HWCOM OIA program and \$756 thousand is reserved for future CAM expenses.

**THE FLORIDA INTERNATIONAL UNIVERSITY ACADEMIC HEALTH CENTER
HEALTH CARE NETWORK FACULTY GROUP PRACTICE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020**

In fiscal year 2019, total assets increased by approximately \$1.8 million. This includes non-current capital assets net of depreciation that decreased in fiscal year 2019 by approximately \$63 thousand due to depreciation expense. Total liabilities decreased by approximately \$544 thousand driven by a prior fiscal year adjustment in Current Liabilities resulting from the reclassification of the CAM and the decrease in long term liabilities resulting from payments towards the debt due to FIU.

Fiscal year 2019 total net position negative balance of \$1.3 million is driven by the loan balance due to FIU Proper for the loan dating back to 2015.

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 fee service revenues, HWCOM OIA educational program revenue and rental income. The management fee service revenues derive from the management of the HWCOM clinics, the HWCOM Office of International Affairs (HWCOM OIA), the FIU Student Health Clinics and Pharmacy, Embrace, CCF credentialing and the leases of the Ambulatory Care Center (ACC) to Miami Children's Hospital (currently Nicklaus Children's Hospital) and to Gastro Health. The Embrace agreement ended in January 2020 and the Pharmacy closed in June 2021.

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 Statements of Revenues, Expenses, and Changes in Net Position
(In Thousands)**

	2021	2020	2019
Operating revenues	\$ 11,170	\$ 10,227	\$ 9,977
Operating expenses	5,736	5,451	5,750
Operating Gain	5,434	4,776	4,227
Non-operating revenue and expenses – net (1)	(136)	(148)	(154)
Transfers to the University	(3,211)	(2,751)	(2,254)
Change in Net Position	2,087	1,877	1,819
Net Position , beginning of year (2)	575	(1,302)	(3,121)
Net Position , end of year	\$ 2,662	\$ 575	\$ (1,302)

(1) *Non -operating revenue and expenses reflect the net of the interest expense on the loan from FIU and the net investment earnings from SPIA (State Treasury Special Purpose Investment Account) beginning in FY2021.*

(2) *The reclassification of the CAM during fiscal year 2019 resulted in an adjustment of the beginning net position during that fiscal year.*

**THE FLORIDA INTERNATIONAL UNIVERSITY ACADEMIC HEALTH CENTER
HEALTH CARE NETWORK FACULTY GROUP PRACTICE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020**

Operating Revenues

The FIU-HCN categorizes revenues as either operating or non-operating. Operating revenues are derived mainly from management fees, educational programs under the HWCOC Office of International Affairs (OIA), 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)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Management fees	\$ 3,067	\$ 2,944	\$ 2,892
Educational program	5,550	4,820	4,617
Rental revenue	507	505	496
Rental revenue – (Common Area	172	167	163
Other revenues	1,874	1,791	1,809
Total Operating Revenues	<u>\$ 11,170</u>	<u>\$ 10,227</u>	<u>\$ 9,977</u>

The management fees derive from the management of the HWCOC clinics where the faculty physicians of HWCOC provide services to patients of the local community, the HWCOC OIA educational program where FIU-HCN provides management services to the American University of Antigua (AUA) by administering its Certificate Program for the Clerkship Rotation to 3rd year medical students and its other programs, other OIA international programs with global affiliates, the management of the Student Health Clinics and pharmacy and Embrace. The Embrace agreement ended in January 2020 and the pharmacy closed in June 2021.

The clinical services are provided by the faculty physicians, and they consist of Family Medicine, Internal Medicine, Gynecology, Dermatology, clinical Oncology, Psychiatry and Behavioral Health. These providers operate in various clinical sites: the Ambulatory Care Center (ACC) in the Modesto A. Maidique Campus, Broward and in the three mobile health clinics. The Broward clinic closed in July 2021 and its operations were consolidated at the ACC clinic. Patient revenues are not reported above since they are recorded directly on the books of HWCOC along with respective patient accounts receivable. The revenue reported for the clinics under FIU-HCN is part of "other revenues" and it represents the payments for the clinics' operating expenses that are paid by HWCOC to the FIU-HCN.

The educational program revenue under HWCOC OIA is derived from the pre-clinical semester rotations (FM1/IM1), the graduate certificate program (core program) and the fourth-year electives program from the AUA and from fees from clinical electives in the International Visiting Medical Student (IVMS) program administered to international students through collaboration with various institutions around the world. The HWCOC OIA program also generates revenues from other fees related to registration, change and cancellation fees. These are included under Other Revenues.

Rental revenue is generated from the leases at the Ambulatory Care Center (ACC) to Gastro Health and to the Miami Children's Hospital (currently Nicklaus Children's Hospital) on the second floor operating as an Ambulatory Surgical Center which opened in April of 2015. Effective in fiscal year 2019, the CAM received with the rent payment from the Nicklaus Children's Hospital gets recognized as revenue whereas in prior periods it was recorded as a liability for future CAM expenses.

**THE FLORIDA INTERNATIONAL UNIVERSITY ACADEMIC HEALTH CENTER
HEALTH CARE NETWORK FACULTY GROUP PRACTICE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020**

Other Revenues derive from other fees in the OIA line of business which include change fees, application, and cancellation fees and from the payments from HWCOM to FIU-HCN to cover the operating expenses passed through FIU-HCN for their clinic. The increase is mostly driven by other revenue in the OIA line of business.

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)

	2021	2020	2019
Contractual personnel services (1)	\$ 2,285	\$ 2,270	\$ 2,337
Contracted professional and consulting services	2,626	2,295	2,496
Rentals and leases	77	120	119
Common area maintenance expenses	66	35	42
Other operating	397	404	420
Depreciation	59	61	63
Supplies - medical	128	140	119
Utilities	48	46	42
Repairs and maintenance	4	6	9
Advertising and promotion	25	26	41
Insurance (2)	-	29	23
Supplies - other	21	19	39
Total Operating Expenses	\$ 5,736	\$ 5,451	\$ 5,750

(1) Contractual personnel services represent salaries and benefits expenses.

(2) Insurance under prior fiscal years represented the content insurance at the Broward clinic and the additional coverage for the FIU-HCN Directors and Officers (D&O) insurance. The Broward clinic closed in July 2021. The D&O insurance for FIU-HCN continues to be covered under the University's policy and no additional limits are purchased by FIU HCN.

Fiscal year 2021 operating expenses totaled approximately \$5.7 million: an increase of approximately \$285 thousand from the previous fiscal year. The increase is mainly due to the increase in contracted professional and consulting services in the HWCOM OIA programs resulting from the increase in the preceptor rotations which increased commensurate with student rotation volumes deriving from the remote learning programs that began during the start of the COVID-19 pandemic.

Prior fiscal year 2020 operating expenses totaled approximately \$5.5 million; a decrease of approximately \$300 thousand from the previous fiscal year 2019 mainly due to: (a) Lower salary and benefits expense under contractual personnel services resulting from vacancies and the use of temporary personnel in place of regular full time positions (b) Lower HWCOM OIA contracted professional services expense for preceptor rotations brought by the transition to remote learning in the HWCOM OIA line of business as a

**THE FLORIDA INTERNATIONAL UNIVERSITY ACADEMIC HEALTH CENTER
HEALTH CARE NETWORK FACULTY GROUP PRACTICE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020**

result of the impact of the COVID-19 pandemic coupled with savings from the negotiated lower rates for preceptor remote teaching.

Fiscal year 2019 operating expenses totaled approximately \$5.8 million primarily deriving from personnel salary and benefits and the HWCOM OIA contracted services for preceptor rotations brought by the volume of rotations under the HWCOM OIA programs.

Non-Operating Revenue and Expenses

Non-operating expenses include interest expense on the loans owed to the University for previous years of operations as a full risk faculty group practice and the net earnings from the investments with SPIA (State Treasury Special Purpose Investment Account).

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

Non-Operating Revenues (Expenses) (In Thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Interest Expense	\$ (141)	\$ (148)	\$ (154)
Other Income (SPIA)	5	-	-
Non-Operating Revenue and Expenses	<u><u>\$ (136)</u></u>	<u><u>\$ (148)</u></u>	<u><u>\$ (154)</u></u>

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 2021-2022, FIU-HCN revenues will continue to derive from management fees related to HWCOM clinics, the AUA graduate certificate program, the AUA FM1/IM1 program, the AUA Electives program, the International Visiting Medical Student (IVMS) program, the Student Health clinics, credentialing services to CCF and the leases from Nicklaus Children's Hospital and Gastro Health.

In fiscal year 2022 the management service revenue from HWCOM to manage the clinics is projected to continue as a flat fee and reported as management revenue under the MSO line of business. The cost reimbursement from HWCOM for the clinic's operating expenses will continue to be reported as Other Revenue to offset the expenses under the Clinics line of business thus bringing it to a change in net position of zero representing the pass-through in the books of the FIU-HCN. The operating expenses of the HWCOM clinics will continue to include the cost of the clinical support staff and associated benefits and all operating cost to operate the clinical sites. All cash collections related to patient services provided since July 1, 2015, will continue to be the revenue and receivables of the HWCOM and it will continue to be reported under the books of the HWCOM outside of the HCN entity books.

In the new fiscal year 2022 the HCN MSO will continue as a self-sustained financial model absorbing the expenses aligned to the MSO. FIU-HCN begins FY 2022 free of debt having paid the loan to FIU assigned in 2015.

**THE FLORIDA INTERNATIONAL UNIVERSITY ACADEMIC HEALTH CENTER
HEALTH CARE NETWORK FACULTY GROUP PRACTICE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020**

The COVID-19 Pandemic has extended into FY 2022 caused by the delta variant that originated in April 2021. Both operations and delivery of services will continue to adapt to the changes originally caused by the Pandemic.

The COVID-19 Pandemic impacted international travel by banning travel for some of the global partners. Later in the FY 2021, limited travel began. However, with the delta variant wave, countries once again curtailed travel. In addition, vaccine mandates to travel made it challenging for students to attend rotations as planned. As the COVID Pandemic begins to subside globally, there is a potential of increased volumes of the International Visiting Medical Students (IVMS). In addition, other global partners may continue to accept remote rotations. The international program will remain profitable through FY 2022. FIU-HCN will increase revenue from increased volumes and out of contract rotations.

FIU-HCN proposes to re-introduce the revenue cycle plan to student health clinics in FY 2022. With the implementation of billing at Student Health Clinic, the clinics will increase utilization and its fee for service revenue. This may expand areas for FIU-HCN to manage beyond the clinic operations. The plan was presented to FIU leadership prior to the start of the COVID-19 Pandemic. However, due to pandemic, it was placed on hold.

Clinical services at the ACC will be assessed by HWCOC new leadership in collaboration with FIU-HCN to align to the vision of its new leadership. The goal may include different service lines that can help support growth. These new services may increase total net revenue for HWCOC. FIU-HCN may benefit by the management of greater volumes and potentially higher net revenue.

Other potential new revenue sources include new FIU stakeholders utilizing FIU-HCN MSO services and increase in lease revenues. In summary, FIU-HCN is projecting a good outlook for FIU-HCN in FY 2021-2022 through increase revenue and enhanced efficiencies.

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 8th Street, Miami, Florida 33199.

**THE FLORIDA INTERNATIONAL UNIVERSITY
ACADEMIC HEALTH CENTER HEALTH CARE NETWORK
FACULTY GROUP PRACTICE, INC.
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 9,683,127	\$ 8,323,814
Education program receivable	600,035	564,023
Management fee receivable	292,185	300,514
Rent receivable	19,806	121,144
Other receivables	2,369	-
Prepaid expenses	-	12,653
Total current assets	<u>10,597,522</u>	<u>9,322,148</u>
Noncurrent assets		
Depreciable capital assets, net	31,232	90,411
Investments	1,002,687	-
Total noncurrent assets	<u>1,033,919</u>	<u>90,411</u>
Total assets	<u><u>\$ 11,631,441</u></u>	<u><u>\$ 9,412,559</u></u>
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable	\$ 399,280	\$ 403,609
Due to Florida International University	1,386,645	892,078
Note Payable to Florida International University	6,697,216	351,033
Unearned revenue	485,475	493,089
Total current liabilities	<u>8,968,616</u>	<u>2,139,809</u>
Noncurrent liabilities		
Note Payable to Florida International University	-	6,697,216
Total liabilities	<u><u>\$ 8,968,616</u></u>	<u><u>\$ 8,837,025</u></u>
<u>NET POSITION</u>		
Net position		
Net investment in capital assets	\$ 31,232	\$ 90,411
Unrestricted (see note 8)	2,631,593	485,123
Total net position	<u><u>\$ 2,662,825</u></u>	<u><u>\$ 575,534</u></u>

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, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Operating revenues		
Management fee revenue	\$ 3,067,442	\$ 2,944,431
Educational program	5,550,270	4,820,309
Rental revenue	506,320	504,307
Rental revenue - common area maintenance	171,852	166,895
Other revenue	1,873,898	1,791,413
Total operating revenues	<u>11,169,782</u>	<u>10,227,355</u>
Operating expenses		
Contractual personnel services	2,284,797	2,270,499
Contracted professional consulting services	2,626,155	2,294,843
Rentals and leases	76,733	120,320
Common area maintenance expenses	66,108	34,551
Software licensing fees	343,570	329,998
Other operating	53,916	73,649
Depreciation	59,179	60,864
Supplies - medical	127,788	139,961
Utilities	47,728	45,556
Repairs and maintenance	4,058	6,424
Advertising and promotion	24,917	26,375
Insurance	-	28,490
Supplies - other	20,592	19,084
Total operating expenses	<u>5,735,541</u>	<u>5,450,614</u>
Operating income	<u>5,434,241</u>	<u>4,776,741</u>
Nonoperating income (expenses)		
Other income	5,056	-
Interest expense	(140,965)	(147,753)
Total nonoperating income (expenses)	<u>(135,909)</u>	<u>(147,753)</u>
Income before transfers	<u>5,298,332</u>	<u>4,628,988</u>
Transfers to Florida International University	(3,211,041)	(2,750,928)
Change in net position	<u>2,087,291</u>	<u>1,878,060</u>
Net position, beginning of year	575,534	(1,302,526)
Net position, end of year	<u><u>\$ 2,662,825</u></u>	<u><u>\$ 575,534</u></u>

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, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Receipts from management fee revenue	\$ 3,075,771	\$ 2,795,262
Receipts from educational program revenue	5,506,644	3,951,244
Receipts from rent and other revenue	2,653,408	2,343,728
Payments to suppliers for goods and services	(5,670,407)	(5,868,180)
Net cash and cash equivalents provided by operating activities	<u>5,565,416</u>	<u>3,222,054</u>
Cash flows from noncapital financing activities		
Transfer from Florida International University	494,567	-
Transfer to Florida International University	(3,562,074)	(3,090,302)
Interest paid to Florida International University	(140,965)	(147,753)
Net cash and cash equivalents used in noncapital financing activities	<u>(3,208,472)</u>	<u>(3,238,055)</u>
Cash flows from investing activities		
Purchase of investments	(1,021,377)	-
Interest income received	23,746	-
Net cash and cash equivalents used in investing activities	<u>(997,631)</u>	<u>-</u>
Net change in cash and cash equivalents	<u>1,359,313</u>	<u>(16,001)</u>
Cash and cash equivalents, beginning of year	8,323,814	8,339,815
Cash and cash equivalents, end of year	<u><u>\$ 9,683,127</u></u>	<u><u>\$ 8,323,814</u></u>
Reconciliation of operating income to net cash and cash equivalents provided by operating activities:		
Operating income	\$ 5,434,241	\$ 4,776,741
Depreciation	59,179	60,864
Adjustments to reconcile operating income to net cash and cash equivalents provided by operating activities:		
(Increase) decrease in rent receivable	101,338	(118,887)
(Increase) decrease in management fee receivable	8,329	(149,169)
Increase in education program receivable	(36,012)	(564,023)
Decrease in prepaid expenses	10,284	4,550
Decrease in accounts payable	(4,329)	(482,980)
Decrease in unearned revenue	(7,614)	(305,042)
Net cash and cash equivalents provided by operating activities	<u><u>\$ 5,565,416</u></u>	<u><u>\$ 3,222,054</u></u>

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.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

(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 FIU in the Herbert Wertheim College of Medicine (HWCOC), 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 (MSO) model in fiscal year 2016 where management services are provided to HWCOC, Office of International Affairs (OIA), the FIU Student Health Clinics, and CCF. 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 are insured or collateralized.

**THE FLORIDA INTERNATIONAL UNIVERSITY ACADEMIC HEALTH CENTER
HEALTH CARE NETWORK FACULTY GROUP PRACTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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

(e) **Investments and fair value measurements**— Funds are invested in the Special Purpose Investment Account (“SPIA”) within the Florida Treasury Investment Pool (“FTIP”). This is a pool of investments whereby FIU HCN owns a share of the pool, not the underlying securities.

Investments are recorded at fair value. Interest, dividends, and gains and losses on investments, both realized and unrealized, are included in net investment income on the statements of revenues, expenses and changes in net position.

FIU HCN 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 2).

(f) **Capital assets**—Capital assets are reported at historical cost less accumulated depreciation. Capital assets consist of fixed and moveable medical equipment. Depreciation is calculated using the straight line method over the estimated service lives of the assets, which consist of 5-15 years for moveable equipment and 5-7 years for fixed equipment.

(g) **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.

(h) **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 HWCOC, Student Health Clinics, 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), CCF credentialing services, and the subleases to Nicklaus Children’s Hospital and Gastro Health. Operating expenses include all expenses incurred to provide management services, other than external financing costs. Additionally, operating expenses also include programmatic services and other expenses that are passed through to stake holders.

(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. 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. As part of the MSO role for OIA, FIU HCN manages the operations and is custodial of programmatic profits until such time the HWCOC requests transfers of the profits.

(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 years ended June 30, 2021 and 2020. Management is not aware of any activities that would jeopardize the FIU HCN tax exempt status. The FIU HCN is not aware of any tax positions it has taken that are subject to a significant degree of uncertainty. Tax years for the past three years remain subject to examination by taxing authorities.

**THE FLORIDA INTERNATIONAL UNIVERSITY ACADEMIC HEALTH CENTER
HEALTH CARE NETWORK FACULTY GROUP PRACTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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

(k) **Pronouncements issued**—GASB issued Statement No. 87, *Leases*, in June 2017. GASB No. 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in GASB No. 87 are effective for years beginning after June 15, 2021.

(l) **Reclassifications**—Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. These reclassifications had no effect on net position.

(2) **Investments:**

Investments are comprised of funds invested in the SPIA within the FTIP. Funds within the FTIP are subject to various risks including credit risk and interest rate risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. This risk can be evaluated based on the rating assigned to an issuer or other counterparty by an independent rating agency. Interest rate risk is the risk that arises for holders of fixed income securities due to fluctuations in interest rates. This risk increases as the time to maturity or duration of these securities increase. The FTIP is not exposed to foreign currency risk as State law and investment policy do not authorize the FTIP to purchase investments in foreign currencies.

FIU HCN reported investments in SPIA at fair value totaling \$1,002,687 and \$0 at June 30, 2021 and 2020, respectively, representing ownership of a share of the pool, not the underlying securities. Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. As of June 30, 2021, the SPIA carried a credit rating of AA-f by Standard & Poor's, had an effective duration of 2.60 years and a fair value factor of 0.9840. As of June 30, 2020, the SPIA carried a credit rating of AA-f by Standard & Poor's, had an effective duration of 0.43 years and a fair value factor of 1.0291.

Participants contribute to the Treasury Pool on a dollar basis. These funds are commingled and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participant's total cash balances. The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance. FIU HCN relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to the financial statements of the State's Comprehensive Annual Financial Report.

The fair value of FIU HCN's investment in the SPIA is measured on a recurring basis, which is valued based on FIU HCN's share of the pool, using significant unobservable inputs (Level 3), as of June 30, 2021 and 2020.

**THE FLORIDA INTERNATIONAL UNIVERSITY ACADEMIC HEALTH CENTER
HEALTH CARE NETWORK FACULTY GROUP PRACTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

(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.

A new agreement with the AUA was executed by HWCOM, FIU HCN and the Florida International University effective October 1, 2018 through September 30, 2021, increasing rates and replacing the previous agreement. The agreement shall automatically renew for an additional seven consecutive one year terms until September 30, 2028 and it will generate management fee and education program revenues for the FIU HCN.

For the year ended June 30, 2021, total revenues earned under the terms of the agreements approximated \$7,169,000, composed of \$1,880,000 in management fee revenue and \$5,289,000 in educational program revenue. For the year ended June 30, 2020, total revenues earned under the terms of the agreements approximated \$5,605,000, composed of \$1,895,000 in management fee revenue and \$3,710,000 in educational program revenue.

(4) Depreciable Capital Assets:

A summary of depreciable capital assets is as follows:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2021</u>
Medical equipment	\$ 551,669	\$ -	\$ -	\$ 551,669
Accumulated depreciation	(461,258)	(59,179)	-	(520,437)
Depreciable capital assets, net	<u>\$ 90,411</u>	<u>\$ (59,179)</u>	<u>\$ -</u>	<u>\$ 31,232</u>

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2020</u>
Medical equipment	\$ 551,669	\$ -	\$ -	\$ 551,669
Accumulated depreciation	(400,394)	(60,864)	-	(461,258)
Depreciable capital assets, net	<u>\$ 151,275</u>	<u>\$ (60,864)</u>	<u>\$ -</u>	<u>\$ 90,411</u>

The above balance includes \$0 and \$21,277 of net depreciable capital assets that were idle during the year ended June 30, 2021 and 2020, respectively.

**THE FLORIDA INTERNATIONAL UNIVERSITY ACADEMIC HEALTH CENTER
HEALTH CARE NETWORK FACULTY GROUP PRACTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

(5) 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 \$3,015,652, and \$297,112 of accrued interest was added into the loan balance, bringing the total loan to a balance of \$8,633,962. Interest on the loan accrues at 2.00% simple interest and the loan was scheduled to mature in 2036. At the May 2021 Board of Directors meeting, the Board voted to retire the loan with FIU effective July 1, 2021. As a result, the remaining principal balance of \$6,697,216 was classified as a short-term liability by FIU HCN as of June 30, 2021.

In addition, at June 30, 2021 and 2020, \$1,386,645 and \$892,078, respectively, 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 are included in management fee receivable on the statements of net position at June 30, 2021 and 2020, totaled \$387,861 and \$139,509, respectively.

(6) Leases:

The University and the FIU HCN are parties to a space leasing agreement for the Ambulatory Care Center with a term of 40 years, expiring in October 2053. For the years ended June 30, 2021 and 2020, rent expense under this agreement amounted to \$1 per year.

Furthermore, certain space within this facility was subleased with rental income of \$506,320 and \$504,307 and common area maintenance income of \$171,852 and \$166,895 for the years ended June 30, 2021 and 2020, respectively. This sublease runs through 2035, and has an option to renew for an additional 10-year period. Future minimum rentals will be increased by the Bureau Labor Statistics Consumer Price Index ("CPI") on annual basis. Future minimum rentals to be received on the sublease are as follows:

Fiscal Year Ending June 30	Rent	Common Area Maintenance	Amount
2022	\$ 506,320	\$ 171,852	\$ 678,172
2023	506,320	171,852	678,172
2024	506,320	171,852	678,172
2025	506,320	171,852	678,172
2026	506,320	171,852	678,172
Thereafter	4,430,300	1,503,705	5,934,005
Total future minimum rentals	<u>\$ 6,961,900</u>	<u>\$ 2,362,965</u>	<u>\$ 9,324,865</u>

The FIU HCN leases equipment and building occupancy on a month-to-month basis. Total rental expense for the years ended June 30, 2021 and 2020 was \$76,733 and \$120,320, respectively. The FIU HCN lease agreement for the Broward clinic ended February 2021.

**THE FLORIDA INTERNATIONAL UNIVERSITY ACADEMIC HEALTH CENTER
HEALTH CARE NETWORK FACULTY GROUP PRACTICE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

(7) Commitments and Contingencies:

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 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.

(8) Unrestricted Net Position:

The FIU HCN has designated certain components of current and future unrestricted net position for certain purposes.

Unrestricted net position is classified as follows at June 30, 2021:

Designated	
Common area maintenance	\$ 871,883
Office of International Affairs	522,325
Total designated	<u>1,394,208</u>
Undesignated	
This component represents funds that have not been designated for any purpose by the Board of Directors and are readily available for expenditure, in accordance with the purpose and bylaws of the FIU HCN [see Note (1) (a)]	
	1,237,385
Total unrestricted net position	<u><u>\$ 2,631,593</u></u>

Unrestricted net position is classified as follows at June 30, 2020:

Designated	
Common area maintenance	\$ 766,139
Office of International Affairs	522,325
Total designated	<u>1,288,464</u>
Undesignated	
This component represents funds that have not been designated for any purpose by the Board of Directors and are readily available for expenditure, in accordance with the purpose and bylaws of the FIU HCN [see Note (1) (a)]	
	(803,341)
Total unrestricted net position	<u><u>\$ 485,123</u></u>

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, 2021, and the related notes to the financial statements, and have issued our report thereon dated October 27, 2021.

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) as a basis for designing 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.

- 22 -

121 Executive Circle
Daytona Beach, FL 32114-1180
Telephone: 386-257-4100

133 East Indiana Avenue
DeLand, FL 32724-4329
Telephone: 386-738-3300

5931 NW 1st Place
Gainesville, FL 32607-2063
Telephone: 352-378-1331

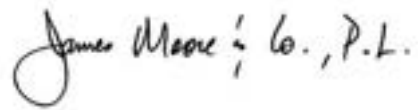
2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308-4386
Telephone: 850-386-6184

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive, flowing style.

Gainesville, Florida
October 27, 2021

**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES**

Finance and Facilities Committee

December 8, 2021

Subject: Authorization to Select a Construction Manager for the Trish and Dan Bell Chapel and East Loop Road Realignment

Proposed Committee Action:

Recommend to the Florida International University Board of Trustees authorization to select a Construction Manager for the Trish and Dan Bell Chapel and East Loop Road Realignment (“Project”) and delegate to the University President the authority to negotiate and enter into the contract on behalf of the University.

Background Information

On December 3, 2020, the FIU Board of Trustees (BOT) approved the naming of The Trish and Dan Bell Chapel (“Chapel”), the design of the Chapel, the design of the roadway improvements on the east side of the FIU Modesto A. Maidique Campus (MMC) to accommodate the construction of the Chapel and the future expansion of the Graham Center, and an amendment to the 2010-20 University MMC Campus Master Plan to include the Chapel and roadway improvements as contemplated in the proposed 2015-30 University MMC Campus Master Plan.

Total cost of the Project is \$15,444,286, as approved by the BOT and subsequently by the Board of Governors on November 4, 2021. Funding is provided by:

Private Funding:	\$9,000,000
Unrestricted Treasury Auxiliary Fund Balances:	\$3,444,286
CITF (Capital Improvement Trust Fund Appropriations:	\$3,000,000

Unrestricted Treasury Auxiliary Fund Balances and CITF Appropriations are currently available for use. Private Funding in the amount of \$1,293,300 has been received to date and is immediately available for use. As reflected in the December 3, 2020 BOT approval, the FIU Foundation will advance to the University the full amount of private funding for the Project from unrestricted Foundation Fund balances. On October 22, 2021, the FIU Foundation formally authorized and approved the advance of up to \$7,706,700, the difference between the \$9,000,000 and the \$1,293,300 received to date, from the Foundation’s General Reserve toward the construction of the Chapel.

The competitive selection for Architectural/Engineering (A/E) services has been completed and the contract with the selected design firm, Gurri Matute PA, is under negotiation with the University. Advertisement for the competitive selection of construction manager services has been placed and, conditional upon BOT approval, it is anticipated that the University will enter into a contract with the selected Construction Manager in early 2022.

Supporting Documentation: BOT Agenda, Trish and Dan Bell Chapel and East Road
Realignment—Naming and Approval of Design,
December 3, 2020

FIU Foundation Resolution, Advancement of Funding
Towards Construction of the Trish and Dan Bell Chapel,
October 22, 2021

Funding Certification Form

Facilitator/Presenter: Kenneth A. Jessell

**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES**

Finance and Facilities Committee

December 3, 2020

Subject: Trish and Dan Bell Chapel and East Loop Road Realignment—Naming and Approval of Design

Proposed Committee Action:

Recommend to the Florida International University Board of Trustees (BOT) approval of the naming of The Trish and Dan Bell Chapel (“Chapel”), the design of the Chapel, the design of roadway improvements on the east side of the FIU Modesto A. Maidique Campus (MMC) necessary to accommodate the construction of the Chapel and the future expansion of the Graham Center, and recommend to the Florida International University Board of Trustees an amendment to the 2010-20 University MMC Campus Master Plan to include the Chapel and roadway improvements as contemplated in the proposed 2015-2030 University MMC Campus Master Plan. Upon approval by the BOT, the Chapel and roadway improvements capital budget requests will be submitted to the Florida Board of Governors (BOG) for approval in accordance with BOG Regulation 14.003.

Background Information

Trish and Dan Bell, members of the FIU Foundation, Inc. Board of Directors, are among the community’s most active and deeply engaged supporters, both in terms of their widespread leadership and their generous philanthropy. On January 26, 2019, Mr. and Mrs. Bell announced a gift of \$5 million to the FIU Foundation toward the design and construction by the University of a non-denominational chapel to support the faith needs of students. As consideration for this gift, the Foundation and the University have agreed to name the chapel as “The Trish and Dan Bell Chapel” and the Chapel’s bell tower as the “Bell Tower” in accordance with the Foundation’s and the University’s donative naming policies. The Foundation Board of Directors approved the naming of the Chapel at their June 8, 2019 meeting. Subsequently, Mr. and Mrs. Bell notified the FIU Foundation on November 11, 2020, that they have increased their gift commitment up to another \$2 million in funding for the Chapel as part of a one-for-one challenge match program on new pledges of \$500,000 or more. With the original gift and the challenge gifts, \$9 million in private funding will be available. As reflected in the gift agreement, Mr. and Mrs. Bell have made the initial installment payment of \$500,000 to cover the estimated design fees; the remaining funds will be paid in nine annual installments, beginning with the commencement of construction. The FIU Foundation will advance to the University the full amount of the funding for the Chapel from unrestricted Foundation fund balances prior to construction.

The facility program for the Chapel was approved by the University President on December 6, 2019. As stated in the program, “The [Chapel] is intended to serve individual students, recognize multi-faith student groups/organizations, alumni and the University community.” The Chapel will contain 8,410 net assignable square feet (SF) consisting of a 250 person, 3000

SF sanctuary, a 150 person, 750 SF narthex/foyer, a 100 person, 1,200 SF multi-purpose room, and other ancillary spaces including audio-visual and IT space, changing room, prayer room, catering preparation room, multi-faith counseling rooms, and office and conference rooms. The Chapel also includes support and circulation areas for drop-off, mechanical, custodial, restrooms, electrical, and circulation, totaling 4,249 square feet. The total area of the Chapel is 12,659 gross square feet. The estimated cost of the Chapel is \$8,961,000, reflecting construction cost of \$6,334,514 and other project costs of \$2,626,486 for architectural design fees, movable furnishing and equipment, project contingency, and inspections, fees, construction services, and surveys.

To accommodate the Chapel at the proposed location as well as the future Graham Center expansion included in the University's CITF capital budget, the east loop road, SW 108 Avenue, will need to be realigned. The realignment enhances traffic flow and turning radii for large vehicles serving the Graham Center and creates a larger available site area east of the Graham Center Ballrooms to allow bus, pick-up, drop-off and valet parking for Graham Center events. Additionally, the realignment eliminates a hard right turn on SW 108 Avenue and the need to stop at a busy intersection near the Graham Center. Realignment of SW 108 Avenue was reflected in the 2005-15 vision Campus Master Plan. The facility program for the east road realignment was approved by the President on April 16, 2020. The projected cost of the east road realignment is \$6,483,286, reflecting construction cost of \$5,364,500 and other project costs of \$1,118,786 for architectural design fees, project contingency, and inspections, fees, construction services and surveys.

Total project cost of the Chapel and the East Loop Road Realignment is \$15,444,286 (Chapel, \$8,961,000; Road Realignment, \$6,483,286). While the Chapel and Road Realignment will be a single capital project with one Architect/Engineer and one Construction Manager, each component will have a separate guaranteed maximum price and identifiable budget. Combining the two components will ensure an integrated approach to the project, particularly utility access connections and egress, accelerate project delivery, and provide some project savings (site staging and general conditions).

Planned funding for the two components will be provided by:

Private Funding:	\$9,000,000
Unrestricted Treasury Auxiliary Fund Balances:	\$3,444,286
CITF (Capital Improvement Trust Fund) Appropriations:	\$3,000,000

At this time, approval is requested for design and survey services only. Total budget approval requested is \$875,000 (Chapel, \$470,000; Road Realignment, \$405,000). The Chapel design is funded by the Trish and Dan Bell payment of \$500,000 already received by the FIU Foundation. Design cost for the East Loop Road Realignment will be funded by unrestricted treasury auxiliary fund balances. The request for BOT approval of construction will be presented at a future meeting after all the private funds have been raised.



FINANCE COMMITTEE

OCTOBER 22, 2021

**SUBJECT: ADVANCEMENT OF FUNDING TOWARDS CONSTRUCTION OF THE TRISH
AND DAN BELL CHAPEL**

I. PROPOSED BOARD ACTION:

Authorize and approve the advancement by the FIU Foundation (the "Foundation"), to Florida International University (the "University"), of an amount up to \$7,706,700, payable from the Foundation's General Reserve, towards the construction of The Trish and Dan Bell Chapel.

II. BACKGROUND INFORMATION:

The Foundation Board of Directors and the University Board of Trustees have previously approved the construction and naming of the Trish and Dan Bell Chapel (the "Chapel"). Mr. and Mrs. Bell also previously announced (i) an initial gift of \$5 million to the FIU Foundation towards the design and construction by the University of the Chapel, and (ii) a subsequent gift of another \$2 million as part of a one-for-one challenge match program. With the original gift and the challenge gifts, it is anticipated that up to \$9 million in private funding will be ultimately available for the construction of the Chapel.

Currently, the Foundation has \$1,293,300 in immediately available funds to reimburse the University for construction costs (the "Paid Chapel Funds").

The University and the Foundation acknowledge that construction costs above and beyond the Paid Chapel Funds will be incurred prior to the receipt by the Foundation of the full amount of the original gift, the challenge gifts and any other

SUPPORTING DOCUMENTS:

- NONE

FACILITATOR/PRESENTER:

- MILLY GARCIA CHICA

private funding. The difference between the expected costs of construction and the Paid Chapel Funds equals \$7,706,700 (the "Chapel Construction Balance").

The Foundation will reimburse the University for construction costs as they are expended. Furthermore, the Foundation proposes to first utilize the Paid Chapel Funds for reimbursements to the University. Thereafter, following depletion of the Paid Chapel Funds, the Foundation proposes to advance, from its General Reserve Account, an amount equal to the Chapel Construction Balance, which, pursuant to Foundation policy, requires the approval of the Foundation's Board of Directors.

III. PROPOSED RESOLUTIONS:

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Board authorizes and approves, following the depletion of the Paid Chapel Funds, the advancement to the University of an amount not to exceed the Chapel Construction Balance, to be used by the University towards construction costs and fees actually expended by the University for the Chapel.

2. The Chapel Construction Balance shall be disbursed from time to time by the Foundation to the University, from the Foundation's General Reserve, as such costs are actually expended by, and upon request of, the University.

3. Following the disbursement of any amounts from the General Reserve as set forth above, all gift installments paid by Mr. and Mrs. Bell and/or other private funding sources to the Foundation towards the construction of the Chapel, shall be promptly allocated into the Foundation's General Reserve, on a dollar-for-dollar basis.

SUPPORTING DOCUMENTS:

- NONE

FACILITATOR/PRESENTER:

- MILLY GARCIA CHICA



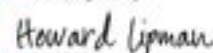
Funding Certification Form

This form is required by the FIU Board of Trustees ("BOT") and/or a committee of the BOT as a condition for approval of items, containing a funding component, that come for approval before the Board and/or a BOT committee pursuant to the Delegations of Authority from the BOT to the University President or otherwise.

Item name/description: Authorization to select a Construction Manager for the Trish and Dan Bell Chapel and East Loop Road Realignment

Funding Source(s): Private Funding, Unrestricted Treasury Auxiliary Funds and CITF

This is to certify that the above item has been reviewed and approved, and to the best of our professional judgment and knowledge, the type of funding for the item is authorized by state law and Board of Governors Regulations, and the Trustees may reasonably and in good faith rely on this certification.

DocuSigned by:

03C668F1702041F

Howard R. Lipman, Sr. Vice President
Advancement

11/16/2021

Date

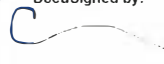
DocuSigned by:

178D526292AA4C1

Kenneth A. Jessell, Sr. Vice President and
Chief Financial Officer

11/16/2021

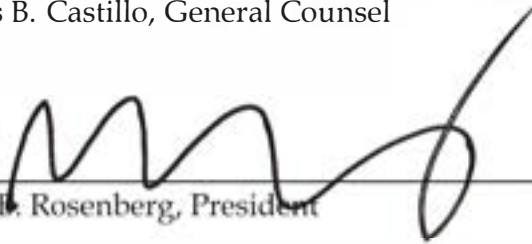
Date

DocuSigned by:

7E5CBEF9E1654F6

Carlos B. Castillo, General Counsel

11/16/2021

Date


Mark H. Rosenberg, President

11/19/2021

Date

This page intentionally left blank

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES

Finance and Facilities Committee

December 8, 2021

Subject: Engineering Building Phase I—Second Amendment to Prior Budget Approval

Proposed Committee Action:

Recommend to the Florida International University Board of Trustees (the BOT) approval of the request to expand the size and budget of Engineering Building Phase I from the currently approved budget of \$63.4 million to \$75.4 million, including \$15 million in subsequent build-out of shell space for research laboratories from Sponsored Research Overhead Funds, to accommodate updated programmatic and space needs and shell space for sponsored research.

Background Information

Engineering Building Phase I: The original program and construction budget for a new engineering building at FIU, as approved by the BOT and the Florida Board of Governors (BOG), was a single building to be constructed in two phases: Engineering I and II. The approved budget request was \$150 million, with \$105 million to be funded with State funds and \$45 million to be funded from university matching funds and philanthropy. As part of the 2020-21 legislative session, FIU received an additional \$8.27 million appropriation to begin the design and construction of Engineering Building Phase I, with a total budget of \$53.9 million, comprised of \$38.9 million in state appropriations and \$15 million in matching funds. Engineering Phase I, which will be located on the northeast corner of campus, is currently in design; the architect is Perkins + Will and DPR Construction is the construction manager. The groundbreaking ceremony for the Engineering Building Phase I was held on September 9, 2021.

The original building program contained approximately 88,000 gross square feet to accommodate classrooms, teaching labs, study space, research labs, offices, and computer and instructional media. On June 16, 2021, the BOT approved adding an additional \$9.5 million from unrestricted treasury auxiliary balances to add a 6th floor, increasing the gross square feet from 88,000 to 108,875 and increasing the total budget from \$53.9 million to \$63.4 million. Since June, design has continued but in order to meet the space needs of the building program, the building size has increased to 120,695 gross square feet and the budget has increased to \$75.4 million, including \$15 million in Sponsored Research Overhead Funds for shell space build-out, an increase of \$12 million. Approximately \$4 million of the budget increase is the result of higher construction costs in the marketplace.

To fund the \$12 million increase, \$6,697,216 in unrestricted auxiliary balances will be used. This amount is from the early payment on July 1, 2021 of a 2010 loan to the Health Care Network Faculty Group Practice Plan. The loan was originally scheduled to mature in 2036. The remaining amount of \$5,302,784 will come from unrestricted treasury auxiliary balances to be repaid by the College of Engineering and Computing from future fundraising associated with Engineering Building Phase I, including naming opportunities. There are sufficient unrestricted treasury balances to accommodate the \$5,302,784 in additional funding for Engineering Building Phase I. Currently,

\$66.6 million in unrestricted treasury auxiliary funds is available. Utilizing \$5,302,784 for Engineering Phase I will leave a remaining unrestricted fund balance of \$61.3 million, which can accommodate a 10 percent decline in the value of the portfolio without impacting our liquidity needs. Our Value at Risk simulation estimates a worst case decline of 5 percent considering the mix of assets in our portfolio.

Upon approval by the BOT, the Engineering Building budget will reflect:

PECO:	\$38,907,641
Unrestricted Treasury Auxiliary Funds (June 3, 2021):	\$ 9,500,000
Unrestricted Auxiliary Funds (HCN Loan Repayment):	\$ 6,697,216
Unrestricted Treasury Auxiliary Funds (December 8, 2021):	<u>\$ 5,302,784</u>
Total Design and Construction	\$60,407,641

Future Build-Out of Shell Space (Sponsored Research Overhead): \$15,000,000

Total Project Cost Including Research Lab Buildout: \$75,407,641

The additional \$12 million in funding was included in the FIU 2021-22 Fixed Capital Outlay Budget approved September 14, 2021, conditional upon subsequent approval of the \$12 million funding plan. The Fixed Capital Outlay Budget was approved by the Florida Board of Governors on November 4, 2021.

FIU is a top research university and is ranked as R1 highest research classification by the Carnegie Classification of Institutions of Higher Education. As reflected in FIU's 2021 Accountability Plan that was approved by the BOT in April 2021, FIU's total research expenditures have grown significantly the past few years. From 2015-16 to 2019-20, total research expenditures from increased from \$171 million to \$237 million, an increase of 38.6 percent, or 8.5 percent annually. Total research expenditures are projected to reach \$401 million through 2024-25. Similarly, research expenditures from external sources have increased from \$83 million to \$113 million during the same period, an increase of 36 percent or 8 percent annually. Research expenditures from external sources are projected to reach \$165 million through 2024-25.

Supporting Documentation: Engineering Building Phase I Budget
Funding Certification Form

Facilitator/Presenter: Kenneth A. Jessell

Engineering Building - PHASE 1			INTERNAL USE ONLY		11/15/2021
Facility/Space Type	Net Area (NASF)	Net to Gross Conversion	Gross Area (GSF)	12/31/2019 Unit Cost (Cost/GSF)	Construction Cost
Classroom/Seminar - Finished Space	6,375	1.60	10,200	\$334.58	\$3,412,716
Classroom/Seminar - Shell Space	0	1.60	0	\$275.00	\$0
Teaching Lab - Finished Space	0	1.60	0	\$365.46	\$0
Teaching Lab - Shell Space	15,200	1.60	24,320	\$275.00	\$6,688,000
Study - Finished Space	2,940	1.60	4,704	\$326.73	\$1,536,938
Study - Shell Space	3,840	1.60	6,144	\$275.00	\$1,689,600
Research Laboratories - Finished Space	0	1.60	0	\$429.66	\$0
Research Laboratories - Shell Space	9,808	1.60	15,693	\$275.00	\$4,315,520
Office/Computer - Finished Space	9,145	1.60	14,632	\$339.23	\$4,963,613
Office/Computer - Shell Space	5,464	1.60	8,742	\$275.00	\$2,404,160
Instructional Media - Finished	2,100	1.60	3,360	\$242.87	\$816,043
Instructional Media - Shell	0	1.60	0	\$275.00	\$0
			SubTotal-Original Program		\$25,826,590
2.5% Compounded Escalation From 12/2019 to 12/2022 - Original Budget					\$27,812,413
Add 6th Floor Shell -DPR-Estimate	13,175	1.60	21,080	\$346.74	\$7,309,300
Add Program & Area - Entry/Atrium/Bridges-DPR	6,872	1.72	11,820		\$9,186,663
Totals	74,919		120,695		\$44,308,376
Total Construction - New					\$44,308,376
SCHEDULE OF PROJECT COMPONENTS					ESTIMATED COSTS
Basic Construction Cost					
1. a. Construction Cost (from above)					\$44,308,376
Add'l/Extraordinary Const. Costs					
b. Environmental Impacts/Mitigation					\$0
c. Site Preparation***					\$255,000
d. Landscape/Irrigation					\$162,500
e. Plaza/Walks					\$162,500
f. Roadway and Parking Improvements					\$162,500
g. Parking Spaces					\$200,000
h. Site Telecommunication and Security System					\$320,000
i. Electrical Service					\$67,500
j. Water Service					\$80,000
k. Sanitary Sewer					\$150,000
l. Chilled Water System					\$180,000
m. Storm Water System					\$40,000
n. High-Rise Premium					\$0
Subtotal Additional/Extraordinary Costs					\$1,780,000
Total Construction Costs					\$46,088,376
2. Other Project Costs					
a. Land/existing facility acquisition					\$0.00
b1. Professional Fees - A/E, Landscape DMS Fee Curve "More Than Average Complexity" (B)					6.50% \$2,995,744
b2. Professional Fees - A/E Programming					\$200,000
b3. CM Fees -Pre-Construction					1.00% \$460,884
c. Fire Marshall Fees					0.25% \$115,221
d. Inspection Services - total					\$840,000
* On-site representation					\$420,000 -
* Code inspections					\$420,000 -
e. Surveys & Tests					\$200,000
f. Permit/Impact/Environmental Fees					\$10,000
g. BIM Consultant					0.15% \$69,133
h. Sustainability Rating / LEED					\$200,000
i. Art In Public Places					\$100,000
j. Moveable Furnishings & AV & Computer Equipment (+/- 5.8% ... Reduced for Shell Space)					\$2,676,066
k. Interior Telecom & Security Equipment					\$1,900,000
Subtotal - Other Project Costs					\$9,767,048
ALL COSTS 1+2					\$55,855,424
Project Contingency 5%					\$2,792,771
Construction Service Reimbursement					\$1,759,446
TOTAL PROJECT COST					\$60,407,641

This page intentionally left blank



Funding Certification Form

This form is required by the FIU Board of Trustees ("BOT") and/or a committee of the BOT as a condition for approval of items, containing a funding component, that come for approval before the Board and/or a BOT committee pursuant to the Delegations of Authority from the BOT to the University President or otherwise.

Item name/description: Engineering Building Phase I – Second Amendment to Prior Budget Approval.

Funding Source(s): PECO, Unrestricted Treasury Auxiliary and Sponsored Research Overhead

This is to certify that the above item has been reviewed and approved, and to the best of our professional judgment and knowledge, the type of funding for the item is authorized by state law and Board of Governors Regulations, and the Trustees may reasonably and in good faith rely on this certification.

DocuSigned by:

Benjamin Jarrell

DEF02F9F0AE427

Benjamin Jarrell, University Treasurer

11/9/2021

Date

DocuSigned by:

Andres Gil

AA257BFC8BF54F7

Andres G. Gil, Sr. Vice President for Research and Economic Development

11/16/2021

Date

DocuSigned by:

Kenneth A. Jessell

178D525792A8C1

Kenneth A. Jessell, Sr. Vice President and Chief Financial Officer

11/16/2021

Date

DocuSigned by:

Carlos B. Castillo

TESCBEP0E1654F8

Carlos B. Castillo, General Counsel

11/16/2021

Date

Mark B. Rosenberg
Mark B. Rosenberg, President

11/19/2021

Date

This page intentionally left blank

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee

December 8, 2021

Subject: Riccardo Silva Stadium Kitchen Project

Proposed Committee Action:

Approve a capital project to build a full-service kitchen at the south end of the stadium between Gates 2 and 3 and delegate to the University President the authority to negotiate and enter into the contract on behalf of the University.

Background Information

The 2018 food service agreement between Florida International University and Chartwells Corporation included a capital projects schedule with \$2M allocated for Athletic and Training Table dining to be disbursed in FY 2020-2021. The project planning began under Chartwells project management in early 2019 with a proposal for building a kitchen facility at the west end of the existing stadium club. Logistical, code and facilities issues associated with locating the kitchen under the stands and suites caused a change in location to the south of the stadium club as well as the need for a free-standing building, as reflected in the site plan and rendering in the supporting documentation section. The kitchen will support student athletes as well as the catering and concession needs of the stadium suites and the Stadium Club.

Architectural design began in the summer of 2019 and a Guaranteed Maximum Price (GMP) was provided by Stobs Bros. Construction in early 2020. The architectural design and coordination of contractor pricing was done under the project management of Compass Group, a division of Chartwells Food Service. Total project cost at the time was estimated to be approximately \$1.7M. In March 2020, the project was put on hold due to the COVID-19 pandemic and the uncertainty of the future. The project was re-addressed with the Department of Athletics in August 2021 with an agreement to move forward. As a result of the rising cost of construction materials and labor, the project was re-estimated and is now expected to cost approximately \$2.1M. This estimate was provided by Compass project management with cost estimate percentage increases provided by Stobs Bros. Construction. The project will be bid out again and a new GMP will be provided.

The Office of Business Services will take over this project and place the construction under the management of FIU Facilities. Previously completed architectural drawings will be provided by Compass and Stobs Bros. The Construction Manager for the project will be hired by FIU Facilities. Chartwells Food Service will transfer \$2M, less the already used budget for architectural and project management services, to FIU on a schedule mutually agreed to by the parties. The Office of Business Services will fund any overages with its Auxiliary fund balance since the kitchen will support athletics, stadium, and university wide catering services.

Upon approval from the FIU Board of Trustees, and review and approval from the State Fire Marshall, construction will begin with a projected completion date in August 2022 in time for the fall athletic training camp and the fall 2022 Football Season.

The kitchen is approximately over 1,600 sq. ft. with cooking and storage capability to handle dining services for athletes, game day operations of concessions, stadium club service, and stadium suites. The kitchen also has the capability of serving as a catering kitchen for food service events on the west side of campus, as a production site for baseball and other athletic concessions and can serve as a production site for athletic team dining services at training camp and in season meals served in the adjacent stadium club.

The kitchen will increase the quality and efficiency of food service at the above-mentioned current events and provides the ability to serve all athletic teams meals within walking distance of the weight room and other team facilities.

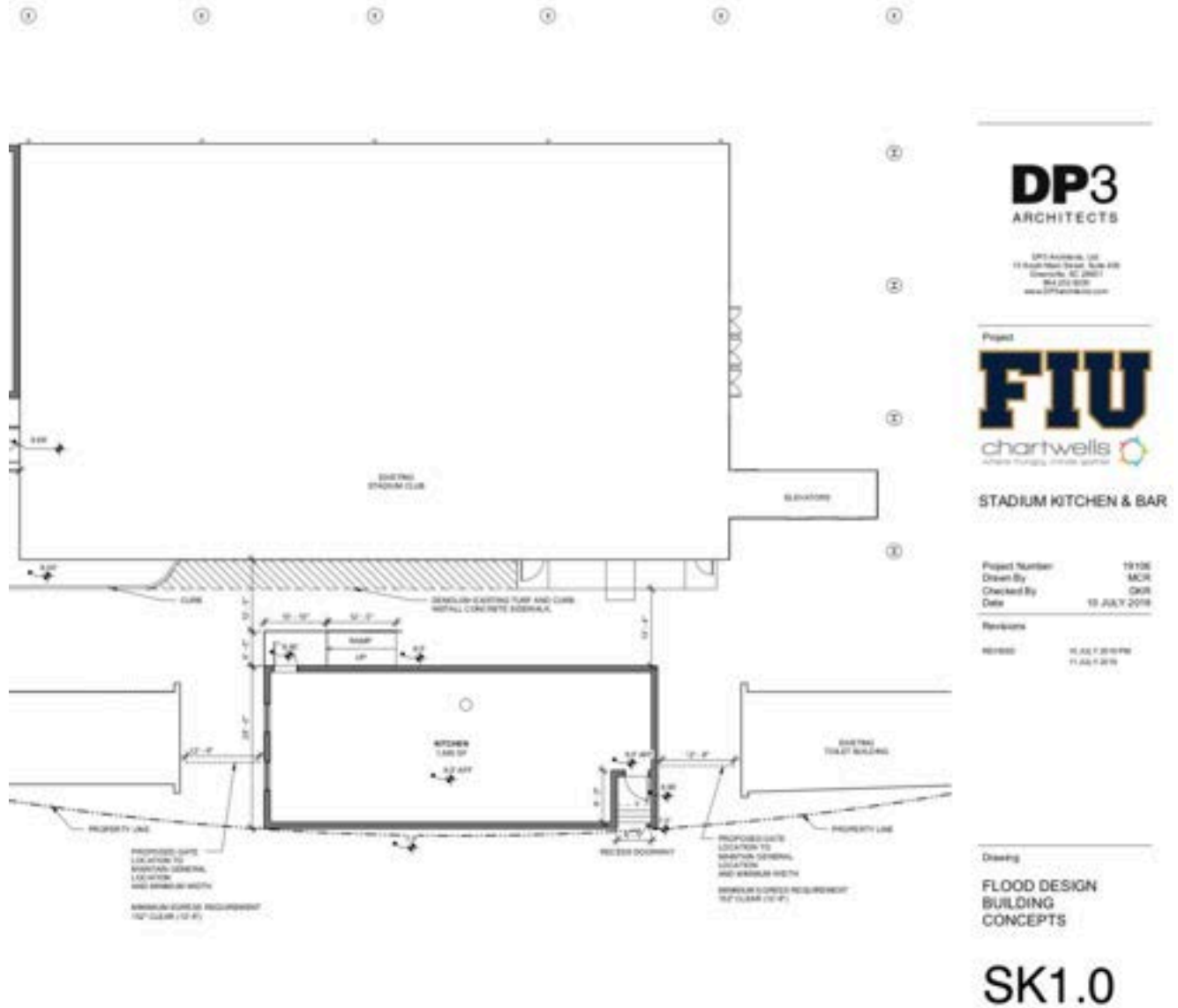
Supporting Documentation: Current Project Estimates
 Site Location
 Kitchen Concept Renderings
 Funding Certification Form

Facilitator/Presenter: Kenneth A. Jessell

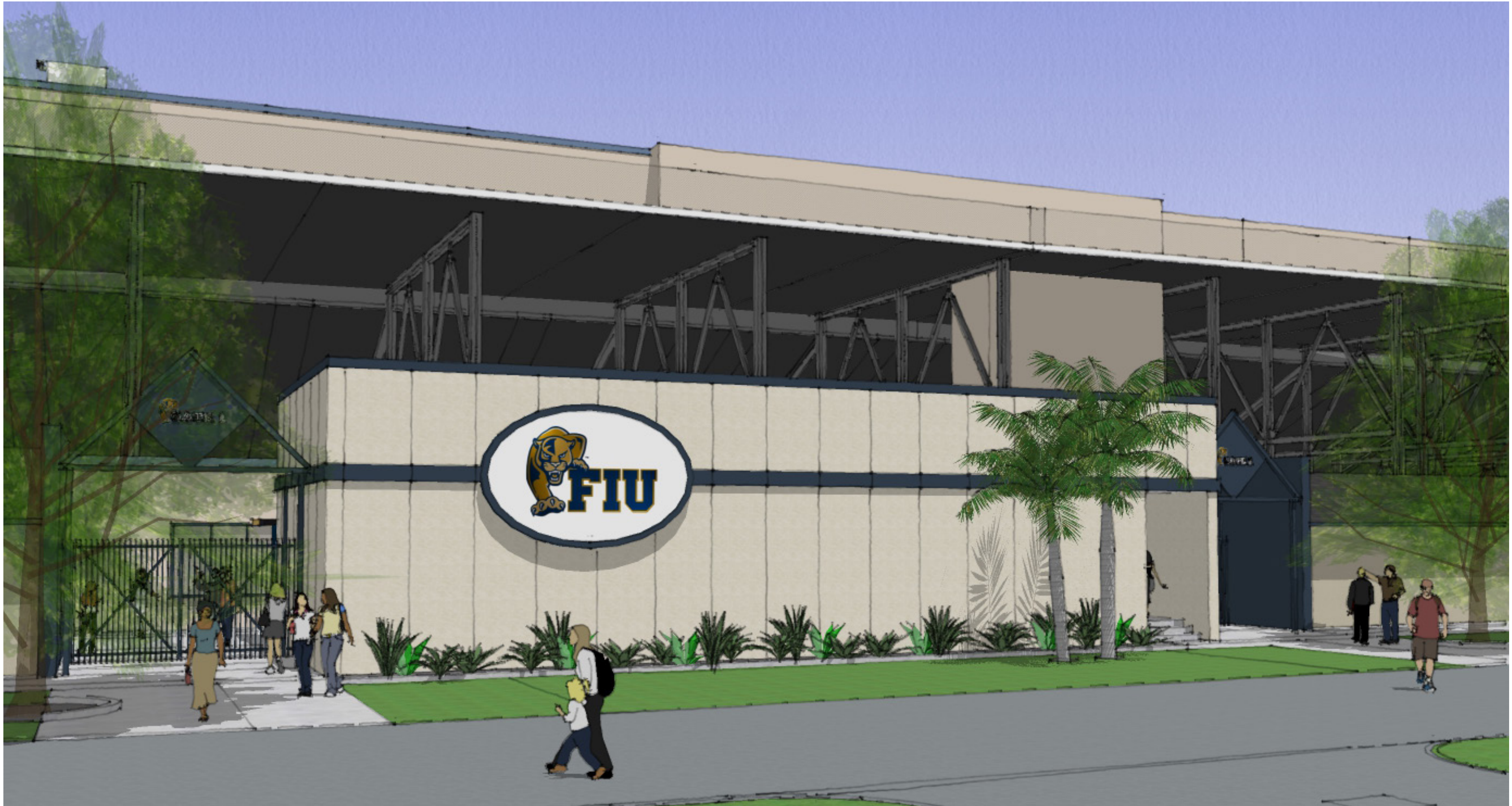
Current Project Estimates: Option 2 recommended by FIU Facilities and CM.

FIU Stadium Cost Options			
11/18/2021	Option 1	Option 2	Option 3
Item	Stadium Kitchen (Block and Curtain Façade)	Stadium Kitchen (Block and Stucco)	Stadium Kitchen (Prefab Structure)
Historic PM/Architecture and Engineering fees on Bar and Kitchen	163,003.00	163,003.00	163,003.00
Meeting Room Design and Engineering			
Revise CD Set to Reflect Steel Building and Resubmit		20,000.00	20,000.00
Additional Allowance For CA	25,000.00	25,000.00	25,000.00
Total estimated costs from Stobs	1,285,700.00	1,238,950.55	1,163,950.55
Food Service Equipment	305,000.00	305,000.00	305,000.00
Furniture (50 - 60 chairs)			
Stage (5' x 5')			
Audio Visual (TV Screen, speakers, Black out Screens)			
State Fire Marshall Review Fees which is 2.5% of construction cost.	32,142.50	30,973.76	29,098.76
Soil & Concrete Testing Allowance	8,000.00	8,000.00	8,000.00
Survey or Utilities Location (GPR) Allowance	5,000.00	5,000.00	5,000.00
HVAC Test and Balance Allowance	4,500.00	4,500.00	4,500.00
Building inspection fees Allowance	15,000.00	15,000.00	15,000.00
Telecommunications wiring/equipment	2,000.00	2,000.00	2,000.00
Key control access	key	key	key
Signage	none	none	none
Permit fees if required	none required	none required	none required
CAP Review	-	-	5,000.00
Small Wares	30,000.00	30,000.00	30,000.00
Contingency	184,534.55	181,742.73	174,555.23
PM (Fees Built/CSR)	113,293.40	111,604.35	107,255.91
	2,173,173.45	2,140,774.40	2,057,363.46
	compl 8/15	compl 8/15	compl 10/11

Site Location:

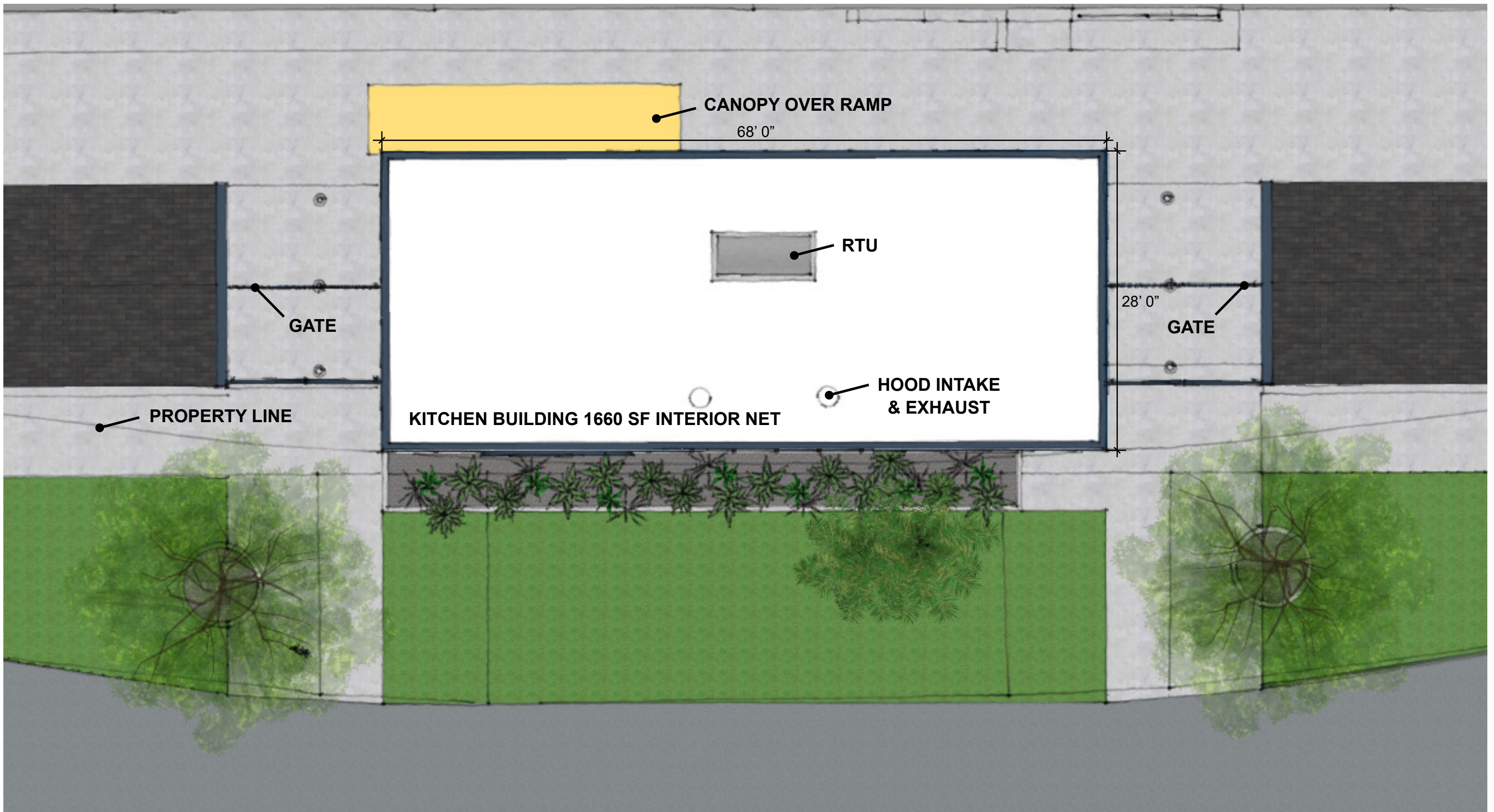












This page intentionally left blank



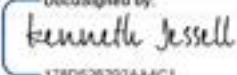
Funding Certification Form

This form is required by the FIU Board of Trustees ("BOT") and/or a committee of the BOT as a condition for approval of items, containing a funding component, that come for approval before the Board and/or a BOT committee pursuant to the Delegations of Authority from the BOT to the University President or otherwise.

Item name/description: Riccardo Silva Stadium Kitchen Project

Funding Source(s): Business Services auxiliary balances committed for capital projects and refreshes

This is to certify that the above item has been reviewed and approved, and to the best of our professional judgment and knowledge, the type of funding for the item is authorized by state law and Board of Governors Regulations, and the Trustees may reasonably and in good faith rely on this certification.

DocuSigned by:

 178D526292AAMC1

 Kenneth A. Jessell, Sr. Vice President and
 Chief Financial Officer
 11/24/2021

 Date

DocuSigned by:

 7E5C8EF9E1054FB

 Carlos B. Castillo, General Counsel
 11/29/2021

 Date



 Mark B. Rosenberg, President
 12/1/2021

 Date

This page intentionally left blank

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee

December 8, 2021

Subject: Approval to Issue Change Orders for Purchase Orders greater than or equal to \$1,000,000 and less than \$3,000,000:

- PO: 228023 Vendor: Google
- PO: 227828 Facebook/Instagram

Proposed Committee Action:

Pursuant to the Delegations of Authority from the Florida International University Board of Trustees to the University President, as reflected in the Resolution on the President's Powers and Duties approved by the Board of Trustees on March 4, 2019, (i) approve, as listed and described below, the University issuing change orders to the purchase orders and (ii) authorize the University President or his designee to execute, on behalf of the University, the aforementioned contracts.

Background Information:

PO: 228023 (Vendor: **Google**) and **PO: 227828** (Vendor: **Facebook/Instagram**) have been issued for the College of Business for advertising services. Change Orders are being requested not to exceed \$1.4M per PO for the remainder of the fiscal year ending June 30, 2022. The PO serves as the Contract for Google and Facebook/Instagram. The services are exempted under Florida Board of Governors Regulation 18.001(6)(d)(11) – Advertising, except for media placement services.

The College of Business manages in-house the marketing of its graduate program portfolio and has seen an increase in expenditures in advertising spend for three reasons: 1) the exiting of the Academic Partnership (AP) agreement for the Online MBA program, which resulted in additional revenue to the University but requires the marketing to be managed in-house; 2) the onboarding of new programs in recent years; and 3) in addition to operational efficiencies, new enrollments have grown with more effective in-house marketing activities.

The Board of Trustees approved the same request for the College on February 23, 2021, for the 2020-21 fiscal year.

- **Term:** Annually
- **Total PO Cost:** Not to exceed \$1.4 M annually per PO
- **FY 22 YTD PO Spend:** Facebook/Instagram: \$452,774.50 and Google: \$457,464.69
- **Funding source:** 335 – Auxiliary

Supporting Documentation: Memorandum from College of Business
Funding Certification Form

Facilitator / Presenter: Kenneth A. Jessell

This page intentionally left blank

MEMORANDUM

Date: November 23, 2021

To: Robert Rodriguez, DBA, Executive Director of Finance and Admin, College Business

From: William G. Hardin, Ph.D., Interim Dean, College of Business
Cristina Lopez-Yakimenko, Associate Director of Chapman Graduate School of Business

RE: Aggregate Chapman Social Media Advertising Expenditures above \$1,000,000

The Alvah H. Chapman, Jr. Graduate School of Business (“Chapman”) offers multiple graduate MBA and Specialized Master’s programs in business. Since nearly all the programs are a mix of market-rate and self-supporting, the marketing of these programs falls under the responsibility of the College of Business (“College”) and Chapman.

Since 2018-19, Chapman has experienced an increase in marketing expenditures on the book, driven primarily due to: 1) The exiting of the Academic Partnerships agreement (“AP”), which handled the marketing and recruitment process for the Professional MBA Online program (“PMBAO”); 2) Chapman’s expansion of its portfolio of Strategic Emphasis (“SE”) programs warranting additional marketing to meet enrollment and financial performance goal; and 3) New enrollments have grown with more effective in-house marketing activities.

FIU Business and Chapman offers, markets for, recruit to and enrolls students for all the graduate programs offered by the College. Each program has a separate operating budget with enrollment targets, reviewed by Academic Affairs annually. The marketing campaign buys, however, are aggregated under the control of Chapman, leading to annual spending through some outlets of more than the \$1,000,000 threshold needing Board of Trustee (“BOT”) approval. This figure is across all graduate programs in Chapman.

Concurrently, it is evident that continued support of existing, recent, and new market-rate and self-supporting Chapman graduate programs will exceed the \$1,000,000 expenditure level that requires BOT approval. To expedite the approval processes used by the FIU procurement team and to make sure to not negatively impact program-level marketing recruitment activities, and subsequent enrollment and financial performance, Chapman seeks BOT pre-approval of a total not to exceed \$2,800,000 per year for paid ads on Google and Facebook/Instagram with a maximum of \$1,400,000 for any one of these two platforms. This flexibility allows Chapman to make frequent assessments of ad performance with the ability to move funds between platforms as necessary.

Like last fiscal year, the College and Chapman are requesting BOT approval to issue change orders for the purchase orders related to Google and Facebook marketing campaigns for the remainder of the fiscal year, ending June 30, 2022.

	2017-18	2018-19	2019-20	2020-21
New Chapman Enrollments (all programs)	1,216	1,443	1,533	1,775
New PMBAO enrollments	254	299	308	447

This page intentionally left blank



Funding Certification Form

This form is required by the FIU Board of Trustees ("BOT") and/or a committee of the BOT as a condition for approval of items, containing a funding component, that come for approval before the Board and/or a BOT committee pursuant to the Delegations of Authority from the BOT to the University President or otherwise.

Item name/description: Approval for the College of Business to exceed \$1M in annual aggregated marketing spend across multiple vendors (Google, Facebook/Instagram) for the sole purpose of the marketing and recruitment of the College's Graduate Programs.

Funding Source(s):

Fund Code	Fund Code Description
335	Continuing Education

This is to certify that the above item has been reviewed and approved, and to the best of our professional judgment and knowledge, the type of funding for the item is authorized by state law and Board of Governors Regulations, and the Trustees may reasonably and in good faith rely on this certification.

<p>DocuSigned by:  <small>03EC5C2E0B4E4</small> Alexandra Mirabal, Interim Controller</p>	<p>11/24/2021 Date</p>
<p> Kenneth A. Jessell, Sr. Vice President and Chief Financial Officer</p>	<p>11-29-2021 Date</p>
<p>DocuSigned by:  <small>7E5C8F8E1054E8</small> Carlos B. Castillo, General Counsel</p>	<p>11/29/2021 Date</p>
<p> Mark B. Rosenberg, President</p>	<p>12/1/2021 Date</p>

This page intentionally left blank

**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES**

Finance and Facilities Committee

December 8, 2021

Subject: Ratification of the Independent Contractor Agreement with the vendor Logistics Management Group, and approval of the purchase orders that may be issued under this Agreement

Proposed Committee Action:

Pursuant to the Delegations of Authority from the Florida International University Board of Trustees to the University President, as reflected in the Resolution on the President's Powers and Duties approved by the Board of Trustees on March 4, 2019, (i) ratify the University entering into the contract as listed and described below, and (ii) authorize the University President or his designee to issue purchase orders pursuant to the executed contract up to the total amount listed below.

Background Information

Independent Contractor Agreement and purchase orders issued pursuant to the aforementioned Agreement (vendor: **Logistics Management Group**).

The Agreement is to provide a wide array of event management services and source necessary items for the various events organized by the Food Network & Cooking Channel South Beach Wine & Food Festival presented by Capital One, to take place February 24 – 27, 2022 and February 23 – 26, 2023, (together the “2022 and 2023 Festivals”). The total amount of expenses could not be outlined in the Agreement since the run of show for the 2022 and 2023 Festivals is subject to change, availability of equipment and staffing for the events is subject to price fluctuations, and most expenses are pass-through and reimbursed by the University once approved by festival staff, incurred, and invoiced by the vendor.

Term: Until the agreed upon services for the 2022 and 2023 Festivals are completed

Cost: Estimated \$2,400,000 in 2022 and 2023. This represents primarily pass-through expenses and the contractor fee is \$130,000, combined to be paid in four installments for both 2022 and 2023 Festivals.

Funding source: Ticket sales and sponsorship revenue (unrestricted auxiliary funds)

Supporting Documentation: Independent Contractor Agreement, Vendor: Logistics Management Group
Funding Certification Form

Facilitator/Presenter: Kenneth A. Jessell

This page intentionally left blank



Logistics Management Group
INDEPENDENT CONTRACTOR AGREEMENT – General

Contractor: Logistics Management Group

Address: 860 East Coco Plum Circle, Plantation, Florida 33324

This **Independent Contractor Agreement** (the “Agreement”) is entered into by and between Contractor and **The Florida International University Board of Trustees**, a charitable governmental unit qualifying for Federal tax exemption pursuant to Internal Revenue Code (“I.R.C.”) section 115(1) (“FIU”) as administrator and co-producer of the **Food Network & Cooking Channel South Beach Wine & Food Festival presented by Capital One** (collectively, the “Festival”).

WHEREAS, Contractor has offered to provide the Services (defined below) with respect to the 2022 and 2023 Festivals, to be held on February 24 – 27, 2022; February 23 – 26, 2023; and

WHEREAS, the parties hereto desire to reduce the terms of their agreement to writing.

NOW THEREFORE, for and in consideration of the mutual covenants contained herein, the parties hereby do mutually agree as follows:

1. **Recitals.** The above recitals are true and correct and are incorporated herein by this reference.
2. **Services.** Contractor agrees to perform and provide to the Festival the services described in the document attached hereto as **Exhibit A** (the “Services”), hereby incorporated into the Agreement by this reference.
3. **Key Personnel.** Contractor’s individual designated as key personnel for the purposes of this Agreement is **Randi Freedman** (“Key Personnel”). Contractor shall not substitute Key Personnel assigned to the performance of the Services without prior written approval by the Festival.
4. **Term.** The Agreement shall be effective as of the Effective Date (defined below) and shall continue unless otherwise terminated or provided pursuant to the terms hereof, through completion of the Services (the “Term”).
5. **In-Kind Contribution.** Contractor shall make the following In-Kind Contribution to the Festival: N/A which is valued at \$N/A.
6. **Fee for Services.** As full compensation for the Services to be provided by Contractor hereunder, the Festival agrees to pay Contractor a total fee as defined and as per the compensation structure outlined in Exhibit “B”, subject to the terms of paragraph 8 (Payment Terms) below.
7. **Reimbursement.** From time to time, the Festival may direct or require Contractor to undertake certain expenses not contemplated within the Fee set forth above. In such circumstances, the Festival shall reimburse Contractor for all business expenses pre-approved in writing by the Festival and actually paid or incurred by Contractor in the course of performing the Services. Contractor shall account for and submit reasonable supporting documentation (along with proof of the pre-approval) to the Festival in relation to any expense reimbursement hereunder and shall be reimbursed in accordance with the terms of this Agreement, specifically including paragraph 8 (Payment Terms).
8. **Payment Terms.** Contractor agrees to submit invoices made out to “Florida International University” in accordance with Minimum Invoice Requirements as posted on FIU’s [website](#), in detail sufficient for a proper pre-and post-audit and a Statement of Account showing billings to and payments from the Festival during the Term, resulting in an ending balance. Upon receipt of a proper invoice, the Festival will make payment in accordance with FIU Regulation FIU-2202, entitled “Prompt Payment.” If the Festival does not issue payment within forty (40) days of receipt of the proper invoice, the Festival may pay to Contractor an interest

penalty at the rate established pursuant to §55.03(1) Fla. Stat. if the interest exceeds one dollar (\$1.00). Contractor is responsible for any taxes due under this Agreement. Contractors experiencing payment problems may contact the Ombudsman at (305) 627-1266.

9. Termination. This Agreement may be terminated for any reason by either party at any time, upon ten (10) days written notice to the other party, however Contractor shall only be permitted to terminate provided such notice is received by the Festival prior to **Friday, December 10, 2021**. Notwithstanding anything else contained herein, this Agreement may immediately be terminated by either party for Cause. For purposes of this Agreement, "Cause" is defined as a material failure to perform the Services as specified herein or failure to adhere to any material terms of this Agreement. If this Agreement is terminated, the Festival shall only be liable for payment of goods received and services rendered and accepted by the Festival prior to the date of termination.

10. Event Changes; Force Majeure. The parties agree that if the Festival or any of its event(s) is postponed or canceled by the Festival due to public health and/or safety concerns or if either party is delayed, or is unable to fulfill or perform any of the terms or obligations under this Agreement due to force majeure events, as defined herein ("Force Majeure Events"), neither party shall be liable or responsible to the other, nor be deemed to have defaulted under or breached this Agreement for any such delays, suspensions, damages, or failure to fulfill or perform any of the terms or obligations under this Agreement. Force Majeure Events shall mean any circumstance or event beyond the reasonable control of the party unable to perform and which could not have been prevented or avoided by the exercise of due diligence, prudence, or the adoption of reasonable precautions, such as, including but not limited to: (a) acts of God; (b) flood, fire, earthquake or explosion; (c) war, invasion, hostilities (whether war is declared or not), terrorist threats or acts, riot or other civil unrest; (d) any federal, state or local government law, order, or regulation, order of any court or jurisdiction, (e) actions, embargoes or blockades in effect on or after the date of this Agreement; (f) action by any governmental authority; (g) national or regional emergency; (h) strikes, labor stoppages or slowdowns or other industrial disturbances; and (i) public health emergencies, including, but not limited to, as a result of epidemics and pandemics; and (j) other events beyond the reasonable control of the party impacted by the Force Majeure Event. The party affected by the events outlined in this Section (the "Impacted Party") shall give a written notice of such Force Majeure Event to the other party. The Impacted Party shall use diligent efforts to end the failure or delay and ensure the effects of such Force Majeure Event are minimized. The Impacted Party shall resume the performance of its obligations as soon as reasonably practicable after the removal of the cause. In the event that the Impacted Party's failure or delay remains uncured after Force Majeure Event or other event outlined herein has ended or cannot be cured for a period of thirty (30) days following written notice given by it under this Section 11, either party may thereafter terminate this Agreement upon written notice to the other party. If this Agreement is terminated by the Festival or the Services are cancelled by the Festival pursuant to this provision, the Festival shall reimburse Contractor for all pre-approved out of pocket expenses actually incurred by Contractor in preparation for performing the Services, if any.

11. Compliance with Laws. Contractor shall comply with all laws, ordinances, codes, rules, regulations, and licensing requirements that are applicable to the conduct of its business, including those of Federal, State, and local agencies having jurisdiction and/or authority over it. Contractor acknowledges and agrees that Contractor has and will at all times during the Term maintain all applicable governmental permits, licenses, consents, and approvals necessary to perform its obligations under this Agreement.

12. Ownership of Work Product. All right, title and interest in and to any invention, work product, idea or creation conceived, developed or produced during the performance of services under this Agreement (including but not limited to creative, copy, scripts, story boards, writing, copyrights, trademarks, art, music, software and documentation, business systems or ideas, and research projects) shall be property of the Festival whether created individually by the Contractor or jointly with the Festival.

13. Festival's Right to Inspect. The work contemplated herein must meet the Festival's standards and approval and shall be subject to the Festival's general right of inspection to secure the satisfactory completion thereof.

14. Insurance. Contractor shall provide and keep in full force and effect during the term of Contract, at the Contractor's own cost and expense, the following insurance policies for the joint benefit of the Contractor and the Festival: (i) Commercial General Liability which includes coverage for bodily injury, property damage, personal injury, and contractual liability in the minimum amount of \$1,000,000 per occurrence and \$2,000,000 in the aggregate. (ii) Workers Compensation – Coverage shall be maintained in an amount equal to or greater than the statutory limits required by the laws of the State of Florida. If applicable to the type of service being provided; (iii) Liquor Liability in the minimum amount of \$1,000,000 per occurrence. Contractor shall deliver to the Festival true and correct certificates of such insurance upon the Festival's request. The certificates shall indicate that the Commercial General Liability policy carries an endorsement (no more restrictive than CG 20 10) which names **The Florida International**

University Board of Trustees, Florida International University, the State of Florida, The Florida Board of Governors, and their respective trustees, directors, officers, employees and agents, as additional insureds. The Contractor may carry, at his own expense, such additional insurance, as Contractor deems necessary. All insurance coverages shall be written through a reputable and responsible company licensed to do business in the State of Florida and acceptable to the Festival. The Contractor's policy shall be primary and any insurance carried by the Festival shall be noncontributing with respect thereto. The Certificate of Insurance shall contain a statement that the policies will not be modified or canceled without thirty (30) days advance written notice to the Festival.

Contractor shall do nothing that will adversely affect the Festival, in any way, including increasing risks, insurance premiums or liability. In addition to the insurance required to be obtained and maintained by the Contractor, if the Contractor assigns any portion of the duties under the Contract in accordance with the terms thereof, each subcontractor or assignee is required to purchase and maintain insurance coverage that adequately covers each subcontractor's or assignee's exposure based on the type of services they are providing in connection with this Contract. The Festival reserves the right to terminate this Agreement if Contractor fails to supply and/or maintain the required coverage. Contractor's procuring of the required insurance shall not relieve the Contractor of any obligation or liability assumed under the Contract, including specifically the indemnity obligations. The Festival recommends that the Contractor obtain and maintain a policy of business interruption insurance. The Contractor shall assist and cooperate in every manner possible in connection with the adjustment of all claims arising out of Contractor's operations within the scope provided for under the Contract, and shall cooperate in all litigated claims and demands, arising from said operations, which its insurance carrier or carriers are requested to respond.

15. Relationship of the Parties. Contractor's relationship to the Festival shall be and at all times shall remain that of an independent contractor. The parties hereby agree and stipulate that no language or provision in this Agreement or course of conduct between the parties will be interpreted, construed, or given the effect of creating any relationship other than that of independent contractor. In accordance with Contractor's status as an independent contractor, Contractor will not be entitled to benefit from or participate in any of the Festival's employment benefits, insurance programs, fringe benefits, worker's compensation insurance, retirement plans, or any other employee benefit plan. Contractor shall be solely responsible for reporting or paying any employment taxes, income taxes, or other similar obligations as may be required by the U.S. Internal Revenue Service or any other similar state, local or federal agency. Contractor warrants and represents that it is not on the convicted vendor list (see Fla. Stat., 287.133(2)(a)).

16. Prohibitions. Unless expressly and specifically authorized in writing by the Festival in advance, Contractor shall be prohibited from engaging in any of the following:

- (a) Incurring any debt or obligation on behalf of the Festival;
- (b) Entering into any contract, arrangement, or transaction which binds the Festival to any extent or creates any obligation on the Festival; and/or
- (c) Utilizing the Festival's name, credit, reputation, goodwill, resources, and/or assets for any purpose without prior and explicit written approval of the Festival.

17. Indemnification. Contractor and its officers, employees and agents, jointly and severally agree to release, indemnify, defend and hold harmless the Festival, FIU, the FIU Board of Trustees, the Florida Board of Governors, the State of Florida and their respective trustees, officers, employees and agents of and from any and all liability, fines, royalties, fees, taxes, suits, claims, demands and actions, costs, attorney's fees and expenses of any kind or nature whatsoever for any loss of life, personal, bodily or economic injury or damage or loss to property which may be sustained by reason of, based upon, or in any way arising out of the negligent performance of the Services or any other obligations of Contractor set forth in this Agreement, and from and against any orders, judgments or decrees which may be entered pursuant thereto arising from Contractor's negligence or willful misconduct. Notwithstanding the foregoing and to the extent permitted by law, the parties agree that the Festival hereby releases Contractor from liability that may arise from Festival's students' use of Contractor's provided equipment during the Festival. This obligation shall survive the termination of this Agreement.

18. Confidentiality & Non-Compete. Contractor agrees that, during the term of this Agreement and thereafter, it shall not, directly or indirectly, disclose to anyone outside of the Festival any trade secrets, proprietary information of the Festival, or other data or information not generally known outside of the Festival, whether prepared or developed by or for the Festival or received by the Festival from any outside source, including but not limited to any existing and prospective sponsor files or information, customer lists, marketing/media plans, event/site layout and design plans, invoices and vendor contracts. Contractor shall not directly contract with or invoice any existing client, sponsor or vendor of the Festival for any Festival-related services without express written permission and full disclosure by and to the Festival.

19. Loss/Theft. Contractor is solely responsible for the security of all goods, property, equipment, materials, product or any other items that it or its contractors, agents, or other representatives bring to the Festival. The Festival shall have no obligation or liability whatsoever for any loss, misplacement or theft of Contractor's property.

20. Intellectual Property. If applicable, Contractor represents and warrants that any intellectual property furnished by Contractor to the Festival will not infringe upon or violate any patent, copyright, trademark, trade secret, or any other proprietary right of any third party. Contractor will, at its sole expense, defend any suit brought against the Festival and will indemnify the Festival pursuant to the terms of this Agreement against an award of damages and costs made against the Festival by settlement or final judgment of a court that is based on a claim that Contractor's product(s) and/or service(s), as applicable, infringe the intellectual property right of a third party. The Festival will provide reasonable cooperation in the defense of the suit at Contractor's expense. These defense and indemnity obligations shall survive the expiration or earlier termination of the Agreement.

21. Notices. Any notices to be made under this Agreement shall be in writing and sufficient if mailed or e-mailed to the address indicated below. Notice shall be effective upon receipt.

Florida International University c/o South Beach Wine & Food Festival HQ
2105 N. Miami Avenue
Miami, FL 33127
Attn: Ashley Shapiro, Interim Associate Director
E-Mail: ashapiro@sgws.com
Phone: 305-627-1617

Logistics Management Group
860 East Coco Plum Circle, Plantation, Florida 33324
Attn: Randi Freedman, President
E-Mail: lmgrandi@aol.com

23. E-Verify. All terms defined in §448.095, Fla. Stat., are adopted and incorporated into this provision. Pursuant to §448.095, Fla. Stat., Contractor certifies that it is registered with and uses the U.S. Department of Homeland Security's E-Verify system to verify the employment eligibility of all new employees hired by the Contractor during the term of this Agreement. If Contractor enters into a contract with a subcontractor to perform work or provide services pursuant to this Agreement, Contractor shall likewise require the subcontractor to comply with the requirements of §448.095, Fla. Stat., and the subcontractor shall provide to Contractor an affidavit stating that the subcontractor does not employ, contract with or subcontract with an unauthorized alien. Contractor shall maintain a copy of such affidavit for the duration of the Agreement. The Festival may terminate this Agreement immediately upon notice to Contractor for any violation of this provision.

24. Miscellaneous.

(a) Public Records. The Festival is subject to applicable public records laws as provided by Chapter 119 of the Florida Statutes, and the Festival will respond to such public records requests as required by the law. This provision shall survive the expiration or earlier termination of this Agreement.

(b) General. Nothing in the Agreement shall be construed as a waiver of sovereign immunity beyond that provided in § 768.28, Florida Statutes. Each party hereby assumes any and all risk of personal injury and property damage attributable to the negligent acts or omissions of that party and the officers, employees, and agents thereof. Contractor also assumes such risk with respect to the willful or negligent acts or omissions of Contractor's subcontractors or persons otherwise acting or engaged to act at the instance of Contractor in furtherance of Contractor fulfilling Contractor's obligations under the Agreement.

(c) Conflicts of Interest. Contractor represents that Contractor is not an employee of FIU or the State of Florida. Additionally, Contractor represents that no member of Contractor's immediate family are employees of FIU or the Festival.

(d) No Third Party Rights. This Agreement does not and is not intended to confer any rights or remedies to any party other than the parties to this Agreement. Contractor acknowledges that no branding or benefits relating to the Festival shall be made available to any entity other than Contractor, except upon the Festival's advance written approval.

(e) Travel. If applicable, and the Festival is specifically responsible for reimbursing Contractor for travel expenses, such expenses shall only be paid to the extent permitted by Florida Statutes §112.061 and FIU Policy 1110.060 – “Travel: University Travel Expense,” and then only when substantiated by receipts and submitted on the proper forms.

(f) Subcontracting. Contractor retains the right to subcontract specific tasks to outside parties. Should Contractor elect to subcontract specific tasks, subcontractors will be subject to the same contractual terms as Contractor and Contractor will be fully responsible for the quality of all work products.

(g) Drafting. No provision of this Agreement shall be interpreted for or against any party on the basis that such party was the draftsman of such provision, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

(h) Binding Effect/Amendments/Assignment/Waiver. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors and assigns and may be amended only by written amendments duly executed by the parties hereto. This Agreement may not be assigned (whether by operation of law or otherwise) by any party to any person without the prior written consent of the other party. The waiver by either party of a breach of a violation of any provision of this Agreement shall not operate as or be construed to be a waiver of any subsequent breach thereof.

(i) Severability. In the event that any provision contained in this Agreement or the application thereto to any circumstance is for any reason held to be invalid or unenforceable, such provision shall be ineffective to the minimum extent of such invalidity or unenforceability and the remainder of this Agreement will remain valid and enforceable according to its terms with respect to all other circumstances.

(j) Governing Law. This Agreement shall be construed, interpreted, enforced and governed by and under the laws of State of Florida. Exclusive jurisdiction and venue of any actions arising out of, or relating to or in any way connected with this Agreement shall be in Miami-Dade County, Florida.

(k) No Counterparts/Facsimile Signatures. This Agreement may not be executed in counterparts. The parties hereby acknowledge and agree that this Agreement may be signed electronically and that such electronic signatures shall be deemed an original for all purposes. The parties represent and warrant that any person signing this Agreement electronically or causing this Agreement to be signed electronically has the authority to do so and that such electronic signature shall be sufficient to bind the respective party under this Agreement. This Agreement shall be considered signed when a party's signature is delivered by facsimile or e-mail transmission of a ".pdf" format data file via DocuSign. Such signature via DocuSign shall be treated in all respects as having the same force and effect as an original signature.

(l) Authority. Contractor represents and warrants that the Agreement has been duly authorized, executed and delivered by and on behalf of the Contractor and constitutes the valid, binding and enforceable agreement in accordance with the terms hereof. If the Agreement is signed by the Contractor's representative or agent, such representative or agent represents and warrants that: (1) it is duly authorized to act for and on behalf of the Contractor, (2) that it is authorized to enter into the Agreement, and (3) that it shall be jointly and severally liable for any breach of the Agreement.

(m) Entire Agreement. This Agreement, along with any and all exhibits and appendices attached hereto, sets forth the entire understanding between the parties and supersedes all prior agreements, arrangements, and communications, whether oral or written, with respect to the subject matter hereof. No other agreements, representations, warranties or other matters, whether written or oral, shall be deemed to bind the parties hereto with respect to the subject matter hereof. Contractor acknowledges that it is entering into this Agreement solely on the basis of the agreements and representations contained herein.

IN WITNESS WHEREOF, the parties have signed this Independent Contractor Agreement as of the last date below written (the "Effective Date").

AGREED:

Logistics Management Group

Randi Freedman
President

Date: _____

AGREED:

The Florida International University Board of Trustees:

Mark B. Rosenberg
President

Date: _____

"Reviewed by the Office of the
General Counsel"

Exhibit A Services

I. Scope of Work – Grand Tasting Venue

A. The Grand Tasting Venue (“GTV”) site will be located at 10th – 13th Streets along Ocean Drive, West of the coral rock and East to the ocean, in the City of Miami Beach, unless otherwise agreed upon by both parties, and Contractor will apply for, facilitate and provide all necessary permits required to stage, build and operate the Grand Tasting Venue event location.

B. Contractor will cause for the following labor, materials, equipment and other units of work to be obtained for the Grand Tasting Venue event:

1. Barricades –hard fence for full site, including the Welcome Center and all BOH locations
2. Bathroom Trailers –ADA approved trailers
3. Bathroom Trailer Attendants – full schedule
4. Bathroom Trailers – Port-o-Potties – all service and supplies
5. Bathroom Trailers – Green Room – BOH for Talent, ALL Service and supplies
6. Bathroom Trailers – Water Tanks – required equipment for Bathroom Trailer operation
7. City of Miami Beach Special Event permits – reimbursable deposits
8. Counters – all locations
9. Dumpsters – Waste –containers on site, load-in to load-out, ALL service pulls as required/needed
10. Entrance Trusses— as required, all build & installations including all banner graphics and production
11. Entrance Trusses – Hole digging required for installation of Trusses
12. Fencing/Vision Block/Gates – Fencing, entire site, BOH, all gates, rolling gates, installation & strike
13. Fencing – Rolling Gates – as directed
14. Fencing –TensaBarrier, rope & stanchion, delineators and directional pylons
15. Fence Mesh – custom, as directed
16. Fire / Police / EMT – on-site services during Event as required by CMB Permits and law
17. Fire Extinguishers –for all site needs including BOH, Sponsor, Exhibitor and Restaurant needs
18. Flooring – All flooring full site per layouts and installations
19. Garbage Boxes – trash boxes, garbage bags, recycle bags, materials as required
20. Gas/Fuel – Fuel for all light/heavy equipment on-site, Gators, Bobcats, light towers, lifts, etc.
21. Gators / Bobcats – staff and vendor vehicles, all service, on-site technician with TBD schedule and needs
22. Generators – Full power detail, layout, build, distribution, operation including all air-conditioning, 24hr power – full site, welcome center and BOH. All service, load-in, strike, refueling, tech on-site.
23. Golf Carts – per schedule – staff & vendor vehicles, all-service + on-site tech with TBD schedule and needs
24. Hand-washing Stations – portable, distributed throughout site, all service
25. Heavy Equipment –scissors lifts, forklifts, light towers, all service, delivery/pickup, damage waivers
26. Ice – Ice & Freezer truck – all ice storage boxes, on-call deliveries/needs
27. Labor – Maintenance crew – on-site crew, load-in through load-out
28. Labor – Banner Cabling - Full site installation of overhead cables – restaurant/exhibitor/sponsor banners in GT North and South Tents
29. Lighting – Full GTV site, BOH, seminar stages, Welcome Center, install to strike, ALL service, technicians
30. Merchandise Carts – as required, spec'd
31. Misters – GT North and South Tents – for cooling – install to strike, technician
32. Office Supplies – miscellaneous
33. Parking – OPS crew, per schedule – garage spaces
34. Parking – Exhibitors/Restaurants/Sponsors – per schedule – garage spaces
35. Parking – Volunteer Associates/Overflow – per schedule – garage spaces
36. Parking – SWS VIP's and management – street meters
37. Parking – Suppliers/SWS – per schedule – garage spaces
38. Parking – Car Sponsor needs – garage spaces
39. Permits – Expeditors, Engineering, Inspectors – for City of Miami Beach permitting process. Trussing, Fencing, Structures, Electrical, Plumbing, Loads
40. Permits – CMB Permits required for event operations and not waived per CMB Festival contract/agreement
41. Phone Lines / Wireless Services / ISP – all needs as required including Box Office operations, sponsor needs, BOH and Programming

42. PODS – as required
43. Production Assistants – per approved schedule
44. Production Supplies – zip ties, tools, rope, ladders, cable, materials as needed/required
45. Project Managers – per approved schedule
46. Radios – radios – all equipment, delivery, pickup, including repeater system, installation, on-site tech.
47. Security – full site. All per designated zones and approved schedule.
48. Trailers – full site needs including possible Box Office, Operations, Logistics Management Group HQ, Security, Logistics, Radio installations
49. Signage – GTV operational signage, as required
50. Signage – TriTows – repair, pickup/delivery, storage
51. Signage – poles, installation, maintenance, service, rigging, tent top banner production, and operational signage production – full site needs as directed and approved.
52. Site plan – Drafting– CAD layouts / GTV overall site as well as internals of GT north and south tents and any isolated drawings as required.
53. Sinks & Washer for prep kitchens – dishwasher personnel & sinks
54. Sound and Staging – GTV overall including stages + all audio for programming, overhead PA, tech, on-site support. Full programming production and needs as directed and approved.
55. Tents – All structures throughout site including GT North & GT South –assorted production, sponsor installations, credentials, first aid, etc. - includes all install/strike, service, maintenance.
56. Tents – All structures throughout site including Programming and GTV – Various throughout village, entrance, Welcome Center, BOH, Inventory, all install/strike, service and maintenance.
57. Trees – Greenery – Décor - trees, bushes, plants for GTV, seminar tents, additional as needed
58. Truck – Driver/Labor – all.
59. Truck – Rental – all.
60. Truck – 24' Refrigerated truck rental –sponsor, exhibitor, restaurant usage – delivery, pickup, fuel
61. Truck – 45' Refrigerated trailer rentals as needed/required
62. Truck – Freezer trailer rentals as needed/required
63. Water – all needs as directed and approved.
64. Welcome Center – Full installation and operation including shade – umbrella posts
65. All other equipment, labor, personnel, staffing, subcontracted services required to successfully build and operate the Grand Tasting Venue – as directed by Festival Managing Director.

C. Contractor will source, negotiate fees and agreements for all of the above-referenced units of work (within budgets pre-approved by the Festival Managing Director), and further agrees to supervise and direct vendors in their respective areas of responsibility, in accordance with the overall site plan for the Grand Tasting Venue and with oversight by the Festival Managing Director. Vendors will be paid directly by the Contractor. The Festival will reimburse LMG in full for all City of Miami Beach permits and related permit expenses paid on behalf of The Festival.

D. Contractor will work directly with the City of Miami Beach, Miami-Dade County and any other governmental or regulatory agencies as needed to ensure all applicable governmental fire and safety codes, rules and regulations are strictly adhered to.

E. Any staffing required by Contractor for the Festival including but not limited to the main venue site manager (which is included within the Contractor's event management fees as outlined in Exhibit B), project managers, & production assistants (which are included in the event budgets), are provided at the sole discretion, selection and assignment of Contractor. Their roles and level of involvement will be directed by Contractor with oversight by Festival Managing Director.

F. Randi Freedman and the LMG team will be overall responsible for the satisfactory completion of deliverables outlined in this scope of work I. Randi Freedman will be on-site at her discretion for building and breakdown of the Grand Tasting, but will not be required to be on-site for the sponsor load in or actual events. She will be fully available on a 24-hour basis by phone to troubleshoot, problem solve, manage the LMG team and vendors and to liaise with The City of Miami Beach as needed.

II. Scope of Work – North Venue - same adjustments apply

A. The North Venue will include Thursday night event, Friday night event, Saturday night event and Sunday night event, events shared in the same venue footprint located at Lincoln Rd – 17th Streets on the hard-packed sand behind the hotels in the City of Miami Beach. Contractor will apply for, facilitate and provide all necessary permits.

B. Contractor will cause for the following labor, materials, equipment and other units of work to be obtained for the North Venue events:

1. Barricades – hard fence for full site, including for street closures and all BOH locations
2. Bathroom Trailers – ADA approved trailers including attendants, tanks and all service as required per schedule
3. Counters – as needed with backlit headers, all locations
4. Dumpsters – Waste – containers on site, load-in to load-out, ALL service pulls as required/needed
5. Entrance Trusses— as required, all build & installations including all banner graphics and production
6. Fencing/Vision Block/Gates – Fencing, entire site, BOH, all gates, rolling gates, installation & strike
7. Fencing –TensaBarrier, rope & stanchion, delineators and directional pylons
8. Fence Mesh – custom, as directed
9. Fire / Police / EMT – on-site services during Event as required by CMB Permits and law
10. Fire Extinguishers –for all site needs including BOH, Sponsor and Restaurant needs
11. Garbage Boxes – trash boxes, garbage bags, recycle bags, materials as required
12. Gas/Fuel – Fuel for all light/heavy equipment on-site, Gators, Bobcats, light towers, lifts, etc.
13. Gators / Bobcats – staff and vendor vehicles as required
14. Generators – Full power detail including stage/sound/lighting layout, build, distribution, operation – full site, all service, load-in, strike, refueling, tech on-site.
15. Golf Carts – per schedule
16. Heavy Equipment –scissors lifts, forklifts, light towers, all service, delivery/pickup, damage waivers
17. Ice – Ice & Freezer truck – all ice storage boxes, on-call deliveries/needs
18. Labor – Maintenance crew – on-site crew, overnight crew, load-in through load-out
19. Labor – site operations including equipment operation, trenching, etc., as required
20. Lighting – Full site including full tent truss, outside lighting, gobos, ceiling package, pin spots, truss sticks, BOH - install to strike, ALL service, technicians
21. Media walls / visual screens – LED walls, JumboTrons – as required/spec'd
22. Office Supplies – miscellaneous
23. Parking – OPS crew, Associates, vendors per schedule – garage spaces
24. Parking – Sponsor semi trailer needs – offsite
25. Performing Artists – technical riders, labor calls, BOH riders – as required and contracted
26. Permits – Expeditors – for City of Miami Beach permitting process. Engineered drawings, Trussing, Fencing, Structures, Electrical, Plumbing/Restrooms, Occupancy/Fire, Loads
27. Permits – CMB Permits required for event operations and not waived per CMB Festival contract/agreement
28. Phone Lines / Wireless Services / ISP – all needs as required including Box Office operations, sponsor needs, BOH and Programming
29. PODS – as required
30. Production Assistants – per approved schedule
31. Production Supplies – zip ties, tools, rope, ladders, cable, materials as needed/required
32. Project Managers – per approved schedule
33. Radios – radios – all equipment, delivery, pickup, including repeater system, installation, on-site tech.
34. Security – full site. All per designated zones and approved schedule.
35. Security – talent details, as required
36. Signage – NV operational signage, as required
37. Signage – poles, installation, maintenance, service, rigging, tent top banner production, and operational signage production – full site needs as directed and approved.
38. Signage Printing – print jobs for all pole banners, large format – as required
39. Site plan – Drafting– CAD layouts / NV overall site as well as internals and event specific layouts by day
40. Sound and Staging - NV overall including stage + all audio for event performances, overhead PA, tech, on-site support. Full programming production and needs as directed and approved.
41. Tents – All structures throughout site including main structure, assorted production, sponsor installations, credentials, BOH, etc. - includes all install/strike, service, maintenance
42. Trailers – full site needs including Operations, Event Managers
43. Trees – Greenery – Décor - trees, bushes, plants for NV, as needed
44. Truck – Freezer trailer rentals as needed/required
45. Water – all needs as directed and approved.

46. All other equipment, labor, personnel, staffing, subcontracted services required to successfully build and operate the North Venue – as directed by Festival Managing Director.

C. The Contractor will source, negotiate fees and agreements for all of the above-referenced units of work (within budgets pre-approved by the Festival Managing Director), and further agrees to supervise and direct vendors in their respective areas of responsibility, in accordance with the overall site plan for the North Venue events with oversight by the Festival Managing Director. Vendors will be paid directly by the Contractor. The Festival will reimburse LMG in full for all City of Miami Beach permits and related permit expenses paid on behalf of The Festival.

D. The Contractor will also work directly with the City of Miami Beach, Miami-Dade County and any other governmental or regulatory agencies as needed to ensure all applicable governmental fire and safety codes, rules and regulations are strictly adhered to.

E. Any staffing required by Contractor for the Festival including but not limited to the north venue site manager (which is included within the Contractor's event management fees as outlined in Exhibit B), project managers, sponsorship manager, production assistants (which are included in the event budgets), are provided at the sole discretion, selection and assignment of Contractor. Their roles and level of involvement will be directed by Contractor with oversight by Festival Managing Director.

F. Randi Freedman and the LMG team will be overall responsible for the satisfactory completion of deliverables outlined in this scope of work II. Randi Freedman will be on-site at her discretion for building and breakdown of the North Venue, but will not be required on-site for the sponsor load in and actual events. She will be fully available on a 24-hour basis by phone to troubleshoot, problem solve, manage the LMG team and vendors and to liaise with The City of Miami Beach as needed.

III. Scope of Work – Additional Services

- A. Contractor will provide the following additional services for four events:

1. Apply for, facilitate (including contracting for and submitting adequate architectural plans as may be required) and provide Special Event Permits for Festival Events as required by the City of Miami Beach and The City of Miami. The Festival will exercise its best efforts to provide site plans no later than Dec 1, 2021.

B. Festival may request for Contractor to provide proposals for Additional Services on an as-needed basis for event planning, production or vendor sourcing and procurement for additional Festival events or needs not contemplated by this Agreement.

C. Contractor will source, negotiate fees and agreements for the units of work required for Additional Services (following acceptance of quotes/proposed orders). All vendors will be paid directly by the Contractor.

D. From time to time Festival sponsors may request on an as-needed basis for Contractor to provide for Additional Services for elements of Sponsors' activations. Contractor agrees to notify Festival of such requests prior to implementation. Contractor acknowledges that such requests are solely between Contractor and any such Sponsor and that Festival has no financial obligation for the requests.

E. Additional Services for the 2022 Festival are subject to change and shall be subject to mutual agreement between the parties and accounted for in the annual Additional Services budget developed in accordance with this Agreement.

Exhibit “B”
Compensation Structure

I. **Fees.** As full payment for the Services provided under this Agreement, Contractor will be compensated as follows:

1. **Event Management Fees.**

- a. **2022 Event Management Fee.** Contractor will receive an event management fee for the 2022 Festival of EIGHTY THOUSAND DOLLARS (\$80,000.00) for the Grand Tasting Venue and FIFTY THOUSAND DOLLARS (\$50,000.00) for the North Venue, for a combined total of ONE HUNDRED THIRTY THOUSAND DOLLARS (\$130,000.00) (collectively, the “2022 Fee” or the “2022 Event Management Fee”), contingent upon acceptance of a detailed budget/breakdown of fees for the 2022 Festival and the performance of the Services as agreed upon for the 2022 Festival. The 2022 Event Management Fee will be payable according to the following schedule:

Payment No.	Payment as a percent of the 2022 Fee	Due Date
1	Fifty percent (50%)	December 17, 2021
2	Twenty five percent (25%)	February 4, 2022 (Load-In Date)
3	Twenty five percent (25%)	Ten (10) days following the conclusion of the 2022 Festival

- b. **2023 Event Management Fee.** Contractor will receive an event management fee for the 2023 Festival of EIGHTY THOUSAND DOLLARS (\$80,000.00) for the Grand Tasting Venue and FIFTY THOUSAND DOLLARS (\$50,000.00) for the North Venue, for a combined total of ONE HUNDRED THIRTY THOUSAND DOLLARS (\$130,000.00) (collectively, the “2023 Fee” or the “2023 Event Management Fee”), contingent upon acceptance of a detailed budget/breakdown of fees for the 2023 Festival and the performance of the Services as agreed upon for the 2023 Festival. The 2023 Event Management Fee will be payable according to the following schedule:

Payment No.	Payment as a percent of the 2023 Fee	Due Date
1	Fifty percent (50%)	December 16, 2022
3	Twenty five percent (25%)	February 3, 2023 (Load-In Date)
4	Twenty five percent (25%)	Ten (10) days following the conclusion of the 2023 Festival

2. **Operating Expenses.** In addition to the Event Management Fees detailed in Section I(1) of this Exhibit B, Contractor will be paid for Operating Expenses, as follows:

- a. **Grand Tasting Venue.** For the Grand Tasting Venue scope of work outlined in Exhibit A, Section I, Contractor will be paid for operating expenses (“GTV Operating Expenses”) based on the annual detailed GTV preliminary budget/breakdown of fees (the “GTV Budget”), which must be submitted and agreed to by Festival, the Festival Managing Director and Contractor, no later than November 15th of each respective year of this Agreement to be paid by the Festival.
- i. The annual GTV Budget may be amended from time to time by mutual agreement of the Festival and Contractor as necessary to reflect changes to the scope of work. Any such amended GTV Budget shall be controlling. Any approved increases to the GTV Budget shall be payable in accordance with this Section I(2)(a).
 - ii. Contractor agrees to regularly update the annual GTV Budget and obtain written approval of changes, additions and deletions to the annual GTV Budget on a real-time basis to the Festival Managing Director.
 - iii. Contractor agrees to exercise its best efforts to utilize any in-kind donations of services or products secured by Festival to replace cash budget line items, where possible; and other cost-saving measures to maximize net revenue for FIU’s Chaplin School of Hospitality & Tourism Management.

- iv. All GTV operating expenses will be based on the written acceptance of vendor invoices that specify the goods or services at the rates each vendor is charging Contractor. Festival will require copies of the vendor invoices paid by Contractor on behalf of Festival, along with all other supporting documentation (showing either services rendered, unit pricing and quantities or proof of delivery, as appropriate). Contractor's invoice will provide a summary description and be submitted along with individual invoices that sum to the total Contractor invoice.
 - b. North Venue. For the North Venue scope of work outlined in Exhibit A, Section II, Contractor will be paid for operating expenses ("North Venue Operating Expenses"), based on the detailed annual preliminary North Venue budget/breakdown to be agreed to by Festival, the Festival Managing Director, and Contractor ("North Venue Budget"). The North Venue Budget shall be signed by both parties and upon signature it shall be incorporated into this Agreement as Appendix 1. Any approved increases to the North Venue Budget shall be payable in accordance with this Section I(2)(b).
 - i. The North Venue Budget may be amended from time to time by mutual agreement of the Festival and Contractor as necessary to reflect changes to the scope of work. Any such amended North Venue Budget shall be controlling.
 - ii. Contractor agrees to regularly update the North Venue Budget and obtain written approval of changes, additions and deletions to the annual North Venue Budget on a real-time basis to the Festival Managing Director.
 - iii. Contractor agrees to exercise its best efforts to utilize any in-kind donations of services or products secured by Festival to replace cash budget line items, where possible; and other cost-saving measures to maximize net revenue for FIU's School of Hospitality & Tourism Management.
 - iv. All North Venue operating expenses will be based on the written acceptance of vendor invoices that specify the goods or services provided at the rates each vendor is charging Contractor. Festival will require copies of the vendor invoices paid by Contractor on behalf of Festival, along with all other supporting documentation (showing either services rendered, unit pricing and quantities or proof of delivery, as appropriate) Contractor's invoice will provide a summary description and be submitted along with individual invoices that sum to the total Contractor invoice.
 - c. Payment Terms – Operating Expenses. Actual costs of outright purchases made on behalf of the Festival shall be paid in full by the Festival to Contractor upon Contractor's submission of invoices and supporting documentation to the Festival in accordance with the terms of this Agreement. Twenty percent (20%) payment for GTV Operating Expenses and North Venue Operating Expenses shall be paid to Contractor on December 13, 2021. An additional Fifty percent (50%) payment for GTV Operating Expenses and North Venue Operating expenses shall be paid to Contractor on January 10, 2022. An additional payment of Twenty percent (20%) payment for GTV Operating Expenses and North Venue Operating Expenses shall be paid to Contractor on February 7, 2022, with the balance of the GTV Operating Expenses and North Venue Operating Expenses to be paid within fifteen (15) days of submitted reconciliation of budget expenses. Vendor invoices only as support documentation. All reconciliation documentation with vendor invoices is due from Contractor by May 1, 2022.
- 3. **Additional Services**. As to any Additional Services awarded pursuant to Exhibit A, Section III, Contractor will be paid a fee that is based on the detailed budget/breakdown of fees for Additional Services as may be agreed to by the Festival Managing Director and Contractor.
 - a. Contractor agrees to regularly update the budget for Additional Services and obtain written approval of changes, additions and deletions to the budget on a real-time basis to the Festival Managing Director. Any amended annual budget for Additional Services shall be controlling.
 - b. Contractor agrees to exercise its best efforts to utilize any in-kind donations of services or products secured by Festival to replace cash budget line items, where possible; and other cost-saving measures to maximize net revenue for FIU's School of Hospitality & Tourism Management.

- c. The final Additional Services fee will be based on the written acceptance of quotes/proposed orders that specify services at the rates each vendor is charging Contractor (per the established budgets). FIU will require copies of vendor invoices paid by Contractor on behalf of FIU. The Contractor's invoice will provide a summary description and be submitted along with individual invoices that sum to the total Contractor invoice.
- II. **Contingency Account.** Festival agrees to establish a Contingency Account in an amount of eight percent (8%) of the combined approved total of the GTV Operating expenses and North Venue Operating Expenses as referenced in Section I(2)(a) and (b) of this Exhibit B, above; to be used to pay for changes to the scope of the work that may be either unforeseeable or that have not yet been designed or developed at the time of execution of the Agreement. The Contingency Account shall solely be used to reimburse Contractor for the actual costs of any such changes to the work and costs approved in writing in advance. The Contingency Account shall not be chargeable as part of the total contract amount, and Contractor shall have no entitlement to any amounts therein, unless and until Contractor is directed to change the scope of work and the costs for such work are approved in writing in advance by the Festival Managing Director. Contractor shall account for and submit copies of individual invoices supporting the expenses incurred to Festival in relation to any expense reimbursement hereunder and shall be reimbursed in accordance with paragraph 7 (Reimbursement) of the Agreement. All unexpended amounts in the Contingency Account at the conclusion of the performance of the Services shall be retained by Festival.
- III. **Reimbursement.** Festival shall reimburse Contractor, either through the Contingency Account or otherwise, for any expenses not expressly contemplated within this Agreement but which may be ancillary or necessary for the execution of Festival events, provided that any such expenses are pre-approved in writing by Festival Managing Director and actually paid for or incurred by Contractor in the course of performing its obligations hereunder. Contractor shall account for and submit copies of individual vendor invoices supporting the expenses incurred to Festival in relation to any expense reimbursement hereunder and shall be reimbursed in accordance with paragraph 7 (Reimbursement) of the Agreement.
- IV. **Invoices.** Contractor invoices shall be submitted to the Festival with complete back up of vendor itemized invoices detailing quantity of products and pricing as provided by Contractor's accounting system.

This page intentionally left blank



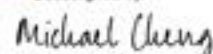
Funding Certification Form

This form is required by the FIU Board of Trustees ("BOT") and/or a committee of the BOT as a condition for approval of items, containing a funding component, that come for approval before the Board and/or a BOT committee pursuant to the Delegations of Authority from the BOT to the University President or otherwise.

Item name/description: Approval of Independent Contractor Agreement, vendor Logistics Management Group

Funding Source(s): Ticket sales and sponsorship revenue (unrestricted auxiliary funds).

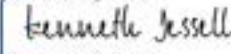
This is to certify that the above item has been reviewed and approved, and to the best of our professional judgment and knowledge, the type of funding for the item is authorized by state law and Board of Governors Regulations, and the Trustees may reasonably and in good faith rely on this certification.

DocuSigned by:

 F06E604B6F77417

11/24/2021

Michael Cheng, Dean for the Chaplin School of Hospitality and Tourism Management

Date

DocuSigned by:

 178D526292AA8C1

11/24/2021

Kenneth A. Jessell, Sr. Vice President and Chief Financial Officer

Date

DocuSigned by:

 7E5C8EF9E1954F8

11/24/2021

Carlos B. Castillo, General Counsel

Date


 Mark B. Rosenberg, President

12/1/2021
 Date

This page intentionally left blank

Financial Summary Overview ¹

FY 2021-22

	Year To Date September 2021						
	Budget	Current Year Actual	Variance				
			\$		%		
(\$ in millions)							
Revenue / Receipts							
University							
Educational and General (net) ²	\$	173.7	\$	172.2	(1.5)	-1%	
University		158.5		156.6	(1.9)	-1%	
College of Medicine		15.2		15.5	0.3	2%	
FIU Self-Insurance Program		-		-	-	0%	
Auxiliary Enterprises		79.5		78.6	(0.9)	-1%	
Intercollegiate Athletics		9.6		9.4	(0.2)	-2%	
Activities and Service		8.0		7.9	(0.1)	-1%	
Technology Fee		4.5		4.5	-	0%	
Board Approved Fees		0.2		0.1	(0.1)	-44%	
Contracts and Grants		62.5		57.7	(4.8)	-8%	
Student Financial Aid		113.1		105.2	(7.9)	-7%	
Concessions		0.1		0.1	-	0%	
Direct Support Organizations							
FIU Athletic Finance Corp.		0.8		0.9	0.1	18%	
FIU Foundation Inc.		5.8		10.5	4.7	81%	
Contributions for University Support		5.1		9.7	4.6	90%	
Contributions and Operating Revenues		0.7		0.8	0.1	14%	
FIU Health Care Network		2.4		2.8	0.5	20%	
FIU Research Foundation		-		-	-	0%	
Interfund Adjustments ³		(6.6)		(6.6)	-	0%	
Total Operating Revenues	\$	453.5	\$	443.4	(10.1)	-2%	
University: Treasury (net) & Contracts & Grants		3.3		3.3	-	0%	
FIU Foundation Inc.		5.5		2.3	(3.2)	-58%	
Total Investment Revenues	\$	8.8	\$	5.6	(3.2)	-36%	
Total Revenues / Receipts	\$	462.3	\$	449.0	(13.3)	-3%	
Expenses							
University							
Educational and General (net)	\$	127.5	\$	117.6	\$	9.9	8%
University		116.0		107.6		8.4	7%
College of Medicine		11.5		10.0		1.5	13%
FIU Self-Insurance Program		-		-		-	0%
Auxiliary Enterprises		51.2		45.6		5.6	11%
Intercollegiate Athletics		6.4		6.6		(0.2)	-3%
Activities and Service		4.5		3.4		1.1	24%
Technology Fee		3.2		2.2		1.0	31%
Board Approved Fees		-		0.1		(0.1)	0%
Contracts and Grants		58.7		57.1		1.6	3%
Student Financial Aid		128.8		117.4		11.4	9%
Concessions		0.2		0.1		0.1	50%
Direct Support Organizations							
FIU Athletic Finance Corp.		0.8		0.6		0.2	20%
FIU Foundation Inc.		13.0		11.6		1.4	10%
University Program Support		10.1		10.0		0.1	1%
Operating Expenses		2.9		1.6		1.3	43%
FIU Health Care Network		1.3		1.3		-	0%
FIU Research Foundation		-		(0.0)		0.0	0%
		-		-		-	0%
Interfund Adjustments ³		(6.6)		(6.6)		-	0%
Total Expenses		389.0		357.0		31.9	8%
Principal Payment of Debt ⁴		-		-		-	0%
Change in Net Assets (incl. Investments)	\$	73.4	\$	92.0	\$	18.6	25%
Change in Net Assets (excl. Investments)	\$	64.6	\$	86.4	\$	21.8	34%

Florida International University
Financial Summary Overview ¹
FY 2021-22 as of September 2021

Financial Highlights:

Real Timing

Operations - By Fund and Direct Support Organization

Educational and General Variance: Revenues \$-1.5M, Expenses \$9.9M

I. University (ex-College of Medicine) Variance: Revenues \$-1.9M, Expenses \$8.4M

Operating Revenues

State Appropriations:

- Higher pass-through distribution to cover increased risk management insurance premiums, \$0.5M

0.5 -

Tuition:

- Undergraduate base: student credit hour enrollment is 1,331 FTE or -9.7% below target; associated net tuition revenues are below plan mainly due to lower than anticipated student credit hour enrollment in transfer students.

(5.3) 0.3

- FIU Fully Online: higher net tuition revenues mainly due to better than planned enrollment, 489 FTE or 33.7%

2.3 -

- Dual Enrolled: student credit hour enrollment is lower than target by 170 FTE or 20.0%; positive revenue variance from unbudgeted revenues from in-state fee for on-campus dual enrolled students - tuition for off-campus, dual enrolled students is waived by statute

0.2 -

- Shorelight Enrollment (international students): 12.7% or 32 FTE higher than budgeted enrollment; lower net tuition revenue due to less than planned progressed students

(0.1) -

- Tuition differential: below target as lower student credit hour enrollment is somewhat offset by lower than anticipated prepaid contract exclusions

(0.9) -

- Graduate and Professional: student credit hour enrollment above target by 2.7% or 60 FTE; associated net tuition revenues above target mainly due to higher enrollment in all programs except Nursing

0.8 -

- Other: Lower disaster relief and regulatory waivers, \$1.5M, lower financial aid allocations, \$0.5M, and lower incidental fees, (\$0.2M); offset by timing of waivers and allocation of appropriation to cover Select STEM waiver (\$1.4M)

1.6 (1.4)

Total Revenues Variance

\$ (0.8) \$ (1.1)

Operating Expenses:

The favorable expense variance of \$8.4M is comprised of real savings of \$1.6M and timing of \$6.8M. Real savings of \$1.6M are mainly due to one-time personnel leave paid out of the fringe benefit pool, \$1.2M; other in-unit savings, \$0.9M; offset by higher risk management insurance premium, (\$0.5M). The timing variance of \$6.8M is driven by delays in spending on plant operations and maintenance and utilities, \$1.8M; and timing of other in-unit operating expenses such as library resources, scholarships, various services, and temporary personnel, \$5.0M.

\$ 1.6 \$ 6.8

II. College of Medicine Variance: Revenues \$0.3M, Expenses \$1.5M

Net tuition revenue is higher than target due to higher than anticipated enrollment.

\$ 0.3 \$ -

Savings mainly from vacant positions, \$1.3M, and timing of other expenses,\$0.2M.

\$ 1.3 \$ 0.2

FIU Self-Insurance Program Variance: Revenues \$0M, Expenses \$0M

Revenues are above target by \$2K due to earlier than anticipated investment returns.

\$ - \$ 0.0

Unfavorable operating expense variance of \$10K due to earlier than anticipated program administration charges.

\$ - \$ (0.0)

Auxiliary Enterprises Variance: Revenues \$-0.9M, Expenses \$5.6M

Revenues are below plan due to timing, (\$0.9M), of receipt of tuition from the Chaplin School of Hospitality and Tourism Management Marriott Tianjin China program, (\$0.7M), delays in construction services reimbursement and shared services fee revenue, (\$1.1M), offset by earlier than anticipated revenues for Division of Information Technology services associated with the Tamiami Hall Housing project, \$0.9M. Higher enrollments in self supporting and online programs, \$1.1M, along with higher occupancy in Housing, \$0.8M, are offset by lower sales at the PantherTECH computer store, (\$1.2M), lower parking and student health fees due to lower student headcount enrollment, (\$0.5M), and less space rental income at the Graham Center, (\$0.2M).

\$ 0.0 \$ (0.9)

Expenditures are below budget primarily due to real savings of \$3.2M and timing of expenditures of \$2.4M.

The real expense savings of \$3.2M are due to vacant positions across all auxiliaries. The timing variance of \$2.4M is mainly due to delays in invoicing and later than planned marketing and advertising campaigns for FIU Online, \$1.5M, and postponement of minor repair and renovation projects and other operating expenses in Housing and Parking and Transportation, \$0.9M.

\$ 3.2 \$ 2.4

Florida International University
Financial Summary Overview ¹
FY 2021-22 as of September 2021

Financial Highlights:

Real Timing

Intercollegiate Athletics Variance: Revenues \$-0.2M, Expenses \$-0.2M

Revenues are below target by \$0.2M as lower student credit hour and headcount enrollment has resulted in lower athletic fee revenues. \$ (0.2) \$ -

Expenditures are higher than budget mainly due to timing, (\$0.3M), offset by real savings, \$0.1M. The timing variance is due to earlier than planned scholarship expenses, (\$0.7M), offset by bonuses to be paid later than budgeted, \$0.2M, and pending Conference USA membership payment, \$0.2M. Real savings of \$0.1M are from vacant positions. \$ 0.1 \$ (0.3)

Student Activity and Service Variance: Revenues \$-0.1M, Expenses \$1.1M

Operating revenues are \$0.1M below plan mainly due to lower Student Activity and Service Fee revenues from lower student credit hour enrollment. \$ (0.1) \$ -

Expenses are below target primarily due to savings related to vacant positions and less temporary personnel mainly in student centers and buildings, \$0.8M; and less other expenses mainly in student centers and buildings and student groups and clubs, \$1.1M. \$ 1.1 \$ -

Technology Fee: Revenues \$0M, Expenses \$1M

Technology fee revenues are on target. \$ 0.0 \$ 0.0

Expenses are below target due to delays in projects which are being caused by nationwide delays in shipping of equipment. \$ (0.0) \$ 1.0

Board Approved Fees: Revenues \$-0.1M, Expenses \$-0.1M

Revenues are below plan by \$145K or 82%, due to less than anticipated students reaching the new, minimum, eligibility threshold of seventy credit hours to be assessed the Bar Test Prep Fee. The prior minimum threshold was sixty credit hours. \$ (0.1) \$ -

Expenses are above budget by \$71K due to unbudgeted payments related to the prior fiscal year. The fund has sufficient beginning fund balance to cover the payment. \$ (0.1) \$ -

Contracts and Grants Variance: Revenues \$-4.8M, Expenses \$1.6M

Sponsored Research:

The favorable variance in revenues of \$0.1M is due to unbudgeted reimbursements from the National Forensic Science Technology Center (NSFTC), \$0.7M, and timing variances of (\$0.6M) associated with higher other (private) sponsored projects, \$0.8M, offset by lower revenues from Federal sponsored projects, (\$1.4M). The Federal sponsored project deficit is driven by the timing of Higher Education Emergency Relief (HEERF) reimbursements which total \$10.8M and were projected at \$14.4M for the first quarter. \$ 0.7 \$ (0.6)

Expenditures are above budget by \$2.1M mainly due to higher than expected commitments against Facilities and Administrative (F&A) returns spent by the colleges, units, centers, and researchers, (\$4.6M), and timing variances of \$2.5M associated with lower expenses on federal sponsored projects, \$3.4M, offset by higher expenses on other (private) sponsored research projects, (\$0.9M). The federal sponsored project variance is driven by the timing of HEERF expenses which total \$8.6M and were projected at \$13.4M for the first quarter. \$ (4.6) \$ 2.5

External Contracts:

Revenues are under plan by \$4.8M. The timing variance, (\$4.6M), is primarily due to delays in receiving DSO reimbursements due to timing of expenses, (\$3.3M), lower revenues from College of Medicine Clinical Affairs and Humanities programs, (\$1.1M), and other areas, (\$0.3M). The real variance, (\$0.2M), is driven by lower DSO reimbursements commensurate with savings in DSO reimbursement expenses from vacant positions, mainly in University Advancement. \$ (0.2) \$ (4.6)

Expenses are below budget by \$3.7M, of which \$0.2M are savings as a result of vacant positions and \$3.5M is due to timing. The timing variance is mainly due to delays in expenses to be reimbursed by DSO's and later than budgeted scholarships and other operating expenses by the Herbert Wertheim College of Medicine Clinical Activities. \$ 0.2 \$ 3.5

Florida International University
Financial Summary Overview ¹
FY 2021-22 as of September 2021

Financial Highlights:

Real Timing

Student Financial Aid Variance: Revenues \$-7.9M, Expenses \$11.4M

Student financial aid revenue is below target by \$7.9M or 7%. The majority of the variance is due to timing of revenues, (\$9.4M), mainly later than anticipated disbursements and resulting lower reimbursements from the Higher Education Emergency Relief Funds (HEERF) grant program, (\$11.3M); along with delayed reimbursements of donor-related scholarships, (\$0.5M); offset by Bright Futures awards reimbursements received earlier than anticipated, \$2.4M. The real variance of \$1.5M is mainly due to higher Pell Grant awards due to more eligible students, \$1.0M; higher Federal Work Study (FWS) revenues due to prior year revenues and more students on campus, \$0.7M; and higher Federal Supplemental Education Opportunity Grant (FSEOG) revenues, \$0.1M; offset by lower institutional aid revenues from lower enrollment and resulting lower tuition differential and base revenues, (\$0.3M).

\$ 1.5 \$ (9.4)

Student financial aid expense is below target by \$11.4M or 9%. This variance is mostly due to timing, \$12.4M, of later than anticipated disbursements from the Higher Education Emergency Relief Funds (HEERF) grant program, \$10.8M; Florida Student Assistance Grant (FSAG), \$0.6M; donor-related scholarships, \$0.5M; and institutional aid, \$0.5M. The real unfavorable variance of \$1.0M is driven by higher Pell Grant awards due to more eligible students, (\$0.6M); higher than anticipated donor-related scholarships, (\$0.4M); greater Federal Supplemental Education Opportunity Grant (FSEOG) awards, (\$0.4M); higher Federal Work Study due to more students on campus, (\$0.3M); and higher financial aid administration expenses, (\$0.1M); offset by lower Bright Futures due to less eligible students, \$0.5M, and less institutional aid due to lower tuition revenues, \$0.3M.

\$ (1.0) \$ 12.4

The negative change in net position of \$12.2M is \$3.5M above target and is mainly due to earlier than anticipated reimbursement of Bright Futures awards.

Concessions Variance: Revenues \$0M, Expenses \$0.1M

Operating revenues are on target. The real revenue variance of \$7K is comprised of higher than anticipated vending commissions, \$18K, offset by lower Housing laundry vending commissions as laundry rooms were closed for repairs, (\$11K). The timing variance of (\$7K) is due to a pending reimbursement from the FIU Foundation Inc.

\$ 0.0 \$ (0.0)

Most of the favorable expense variance is due to timing of various university events, \$137K. The real expense variance is \$13K higher than planned mainly due to additional student-related events in Housing offset by savings due to lower vending operations overhead charges.

\$ (0.0) \$ 0.1

FIU Athletic Finance Corp. Variance: Revenues \$0.1M, Expenses \$0.2M

Operating revenues are above plan by \$0.2M or 21% due to timing as the FIU Athletic Finance Corp. received sky suite and other revenues earlier than planned.

\$ - \$ 0.1

The favorable variance in operating expenses is mainly due to timing of debt service interest payments which will be paid in full by the end of the fiscal year.

\$ - \$ 0.2

FIU Foundation Inc. Variance: Revenues \$4.7M, Expenses \$1.4M

The favorable revenue variance is driven by timing of cash contributions.

\$ - \$ 4.7

The favorable expense variance of \$1.4M is due to timing of Foundation operating expenses, \$1.0M, along with delays in capital projects in support of the university, \$0.4M. Higher than planned scholarship and program expenses in support of the university, (\$0.3M), are offset by salary savings in Foundation operations, \$0.3M.

\$ (0.0) \$ 1.4

FIU Health Care Network Variance: Revenues \$0.5M, Expenses \$0M

Operating revenues are \$0.5M higher than plan due to higher enrolled students in the Office of International Affairs (OIA) and International Visiting Medical Student (IVMS) programs.

\$ 0.5 \$ -

Expenses are on plan.

\$ - \$ -

FIU Research Foundation Variance: Revenues \$0M, Expenses \$0M

Operating revenues are on target.

\$ - \$ -

Operating expenses are on budget.

\$ 0.0 \$ -

Florida International University
Financial Summary Overview ¹
FY 2021-22 as of September 2021

Financial Highlights:

Real **Timing**

Net Investment Returns: \$-3.2M

University Treasury investments fiscal year-to-date returns are 0.7% or \$3.6M. Net investment revenues of \$3.3M are on plan and are comprised of \$2.1M of investment earnings, \$1.5M of unrealized gains, and Treasury operating expenses of \$0.3M.

Foundation investments fiscal year-to-date gains are at 0.5% or \$2.3M, generating an unfavorable variance of \$3.2M. Investment returns for the full fiscal year were budgeted at 6.0%, or \$22.1M.

Principal Payments of Debt: \$0M

Principal payments of debt are on target.

\$ - \$ -

Notes:

¹ *The financials presented above reflect the state budgeting methodology which differs from full accrual financial statements. The following have the most significant impact:*

- *Depreciation of Assets: For budgeting purposes equipment purchases are fully expensed in their acquisition year, therefore depreciation is not included in the budget.*
- *Unrealized gains and losses: The investment gains / losses are recognized as revenues in the budget however GASB accounting principles require that it be recorded as a non-operating revenue / expense.*

² *E&G revenues include State Funding and Tuition and are net of waivers, uncollectible amounts and 30% Financial Aid need-based amounts per Florida Board of Governors (BOG) regulation. Any differences between E&G Revenues and Expenses will be funded from prior year balances carried forward.*

³ *Interfund transfers have been included resulting in higher revenues and expenses by fund allowing for an individual fund performance analysis. The interfund adjustments eliminate this double counting. However, interfund transactions such as tuition funded by scholarships and auxiliary services provided to other units have not been eliminated. Since revenues and expenses are equal, the interfund adjustments are the same for both.*

⁴ *Principal payment of debt reflected above per Florida Board of Governors (BOG) requirement that debt service payments be shown on a cash basis.*

This page intentionally left blank



THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
December 8, 2021

Reports *(For Information Only – no action required)*

Fundraising Report

FIU Foundation, Inc. Unaudited Preliminary Recap Through the Period Ended September 30, 2021 (in thousands)			
	Budget	Actual	Variance
Revenues	\$273	\$471	\$198

- Favorable variance YTD due to unbudgeted donations for Tennis Center Renovation.

Athletics Finance Corporation

FIU Athletics Finance Corporation Unaudited Preliminary Recap Through the Period Ended September 30, 2021 (in thousands)			
	Budget	Actual	Variance
Revenues	\$776	\$942	\$166
Expenses	\$362	\$333	\$(29)

- Year-to-date Net Income excluding debt service interest and principal was \$612k.
 - Primary drivers include:
 - Favorable revenues due to suite sales for FIU Home Football games and rental and operating revenue due to Miami FC higher than originally budgeted.
 - Expenses slightly lower than budget thus far, but are expected to even out by Q2 with the conclusion of Football season.
 - We do not foresee any issues with meeting debt coverage covenant requirement for June 30, 2022.

This page intentionally left blank



BUSINESS SERVICES REPORT AS OF SEPTEMBER 30, 2021
THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES
Finance and Facilities Committee
September 30, 2021

HIGHLIGHTS AND NEW SERVICES

In Fall 2021 there is a continued positive shift in the on-campus population. Nevertheless, in-person enrollment and overall foot traffic across the retail and food venues falls short when compared to pre-pandemic levels.

Food venue capacity has been at approximately 80% as the physical presence on campus shifted from Summer B to Fall 2021 based on dining ticket counts. The Office of Business Services (OBS) continues to compare traffic counts to pre-pandemic times and continues opening additional venues and services and expanding hours of operation. In this first quarter, additional venues in opened in time for the start of the Fall term.

Repopulation Taskforce

Compliance of the COVID-19 guidelines for all our business partners continues to be an OBS priority. OBS continues to manage the re-opening of numerous FIU business partner venues as there are nationwide labor shortage and supply-chain challenges. Service hours are being expanded with a targeted opening of all venues as soon as the labor force is fully restored. In-location job fairs, hosted by Panther dining, are slated for Chili's and Panera. ShopFIU has also lent its support to our business partners via social media channels to promote jobs on the shop.fiu.edu/jobs page. Communication mediums include email, social media, and the shopFIU campus digital advertising network.

COVID-19 Vaccination Initiative and Rewards Program (VAX Bucks)

OBS collaborated with FIU Health Services with the launch of the *One Card* incentive vaccinations and rewards program. All students, faculty and staff are eligible to receive a \$150 FIU *One Card* incentive payment if they get vaccinated. Willing participants demonstrated vaccination proof of first dosage (either Pfizer or Moderna) between August 25 and September 10 to be eligible. Those who already had a first dose, must have completed the second dose no later than the end of September based on their second appointment. Those who elected the Johnson & Johnson vaccine, must have received their dose between August 25 and September 10.

To address participants who submitted their vaccination records dated before August 25, a \$150 VAX Bucks rewards program was created based on a random selection process of eligible participants. Once awarded the \$150 incentive payment, eligible students, faculty and staff may use their funds anywhere FIU Cash is accepted, such as dining vendors, retail and service locations.

Office of Business Services

11200 SW 8th Street * DC 121 * Miami, FL 33199 * Tel: (305) 348-2187 * Fax: (305) 348-2832 * Web: obs.fiu.edu

BUSINESS SERVICES REPORT AS OF SEPTEMBER 30, 2021

OBS Marketing

OBS Marketing continues updating its webpage for all ShopFIU in-person and remote services (<https://shop.fiu.edu>). This one-stop-shop has information for business partner venue hours, obtaining PPE on campus; course materials and more. Additionally, the OBS Marketing team continues to plan for increased activations for the Fall term including orientations, football season, and the re-opening of additional venues. Successful social media campaigns exceeded 30% engagement rates. Moreover, shopFIU in collaboration with Barnes & Noble, Chartwells, College Optical, Pepsi, Golden Touch and University Credit Union provided face-to-face engagement opportunities during football home-game tailgates to enhance the in-stadium brand experience.

This Fall, in collaboration with the FIU *One Card*, ShopFIU has revamped its student rewards program. The focus has shifted from a points-based system to a targeted promotion-based approach. These targeted promotions to students with FIU *One Card* funds have improved insight-driven marketing strategies informed by monthly sales metrics.

Construction Update

At the Modesto A. Maidique Campus (MMC), the Fall greeted the University community with enhanced Jamba Juice, Pollo Tropical, Subway, Café Bustelo, the new Pincho Factory, and the Chili's outside patio renovation with a walkway to SASC. The renovated Sergio's features an expanded menu. Cabana, a unique Caribbean concept developed for FIU is expected to open in late Fall 2021.



Fall 2021 unveiled the new Vicky Café in AHC1 and new Chick-Fil-A venue which includes a cashier, contact-less concept. The Biscayne Bay Campus (BBC) community has provided very favorable feedback on these venues.

The dedicated residential dining venue and the Riccardo Silva Stadium kitchen projects are in the planning phases.



Office of Business Services

11200 SW 8th Street * DC 121 * Miami, FL 33199 * Tel: (305) 348-2187 * Fax: (305) 348-2832 * Web: obs.fiu.edu

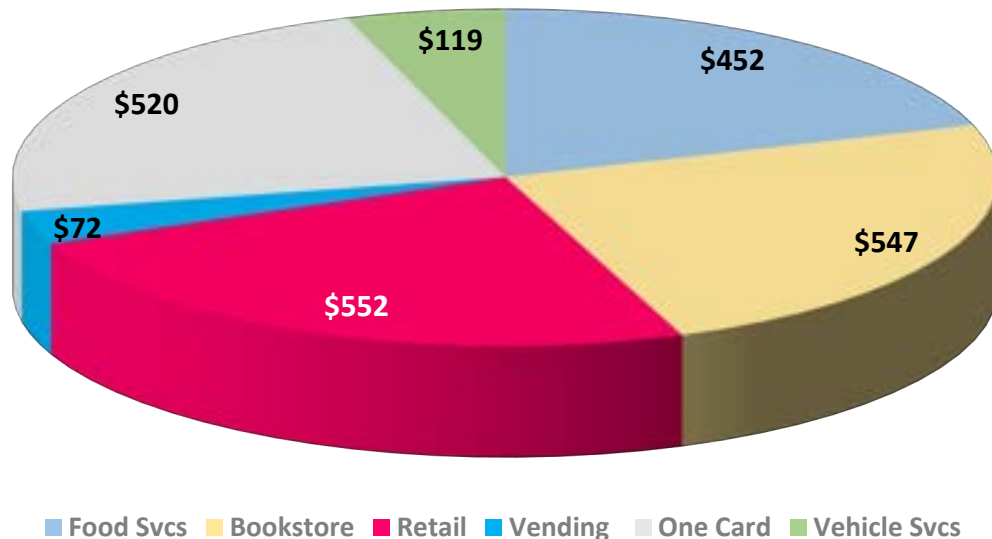
BUSINESS SERVICES REPORT AS OF SEPTEMBER 30, 2021

QUICK FACTS



OBS oversees 60 food and retail venues, beverage, and snack vending, FIU One Card program, fleet services, multi-use facilities, property management and advertising. Detailed information for all services, including hours of operation, may be found at shop.fiu.edu and on the FIU Mobile App under the “Places” link.

Operating Revenues by Business Segment (\$2.3M)
For the period ended Sept. 30, 2021 (in \$000s)



Revenue: Through the first quarter ended September 30, 2021, OBS managed sales operations of \$9.0M, representing \$2.3M in revenue and support to FIU.

BUSINESS SERVICES REPORT AS OF SEPTEMBER 30, 2021

FOOD SERVICES

Chartwells continues to provide an excellent and safe food operation for the on-campus population. Venues that have remained open are 8th Street Kitchen, Breezeway, BBC Roary's Bay Café, and local venues such as Crepe King, Almazar, Tropical Smoothie, and Miro's. Additional dining favorites reopened including Chick Fil A in PG-5, Pollo Tropical in the Graham Center, Panda Express in M.A.N.G.O. and Vicky Café in the Frost Art Museum.

Food Services sales of \$3.6M generated revenue to FIU of \$3.0M, comprised of \$0.45M in commissions. Before the recovery allocation, the commissions shortfall was -\$1.6M from plan and -\$1.3M from prior year. This volume-driven variance is mainly due to the temporary closure of food venues impacted by the shortage of labor and reduction in on-campus foot traffic to retail and food venues. OBS worked with Chartwells to re-open additional venues in time for Fall 2021 in order to maximize food offerings and generate revenue this quarter.

Budget -v- Actual		Variance	Prior Year -v- Actual		Variance	Variance Drivers	
						Price	Volume
\$3.1M	\$3.6M	\$0.5M				-\$0.9M	\$4.0M
			\$0.7M	\$3.6M	\$2.9M	-\$0.3M	\$1.5M

BOOKSTORE

Bookstore sales of \$3.66M generated revenue to FIU comprised of \$547K in commissions and support. Full services offered at MMC included online sales and curbside pick-ups to ensure customer safety and convenience. BBC bookstore re-opened at the start of summer A.



As part of the Textbook Affordability initiative, Barnes & Noble and FIU implemented the first-day opt-out program, known as the FIU Panther Book Pack. Our strong partnership and alignment in these initiatives helped FIU launch the largest and most affordable innovative access program in the nation, driving access, achievement, and affordability for undergraduate students. FIU is now the first in the State University System of Florida to have launched this immense affordability measure for its undergraduate population.

For more information visit <https://shop.fiu.edu/bookpack-2>.

Office of Business Services

11200 SW 8th Street * DC 121 * Miami, FL 33199 * Tel: (305) 348-2187 * Fax: (305) 348-2832 * Web: obs.fiu.edu



BUSINESS SERVICES REPORT AS OF SEPTEMBER 30, 2021

VENDING

Vending sales of \$216K generated revenue and support to FIU of \$72K in commissions and support. The vending sales shortfall will also affect FIU's concession fund which is used for initiatives such as student-sponsored and University-wide events. FIU will be funding this year's commitments from the accumulated fund balance in the concession fund.

Pepsi Co.

Beverage vending sales commissions of \$132K ahead of plan and prior year by 39% and 673%, respectively. There are 137 machines across MMC, BBC, and the Engineering Center (EC). Annual case volume contractual thresholds were not met last year thereby reducing annual pouring rights by -85% and OBS is monitoring case volume sales this year.

Right Choice

Snack vending sales commissions of \$29K ahead of plan and prior year by 26% and 373%, respectively. There are 101 snack vending machines across MMC, BBC, and EC.

RETAIL OPERATIONS

Retail operations sales of \$378K generated commissions of \$13K, while license fees, sale of services, and support revenue were \$1.1M. This combined retail revenue of \$552K was ahead of plan by 5% and the prior year by 8%.

Rental income of \$531K is 3% ahead of plan and 7% from prior year, mainly from contract renewals. OBS manages 18 internal and external users across MMC and BBC and continues exploring opportunities in PG-6 for expansion.

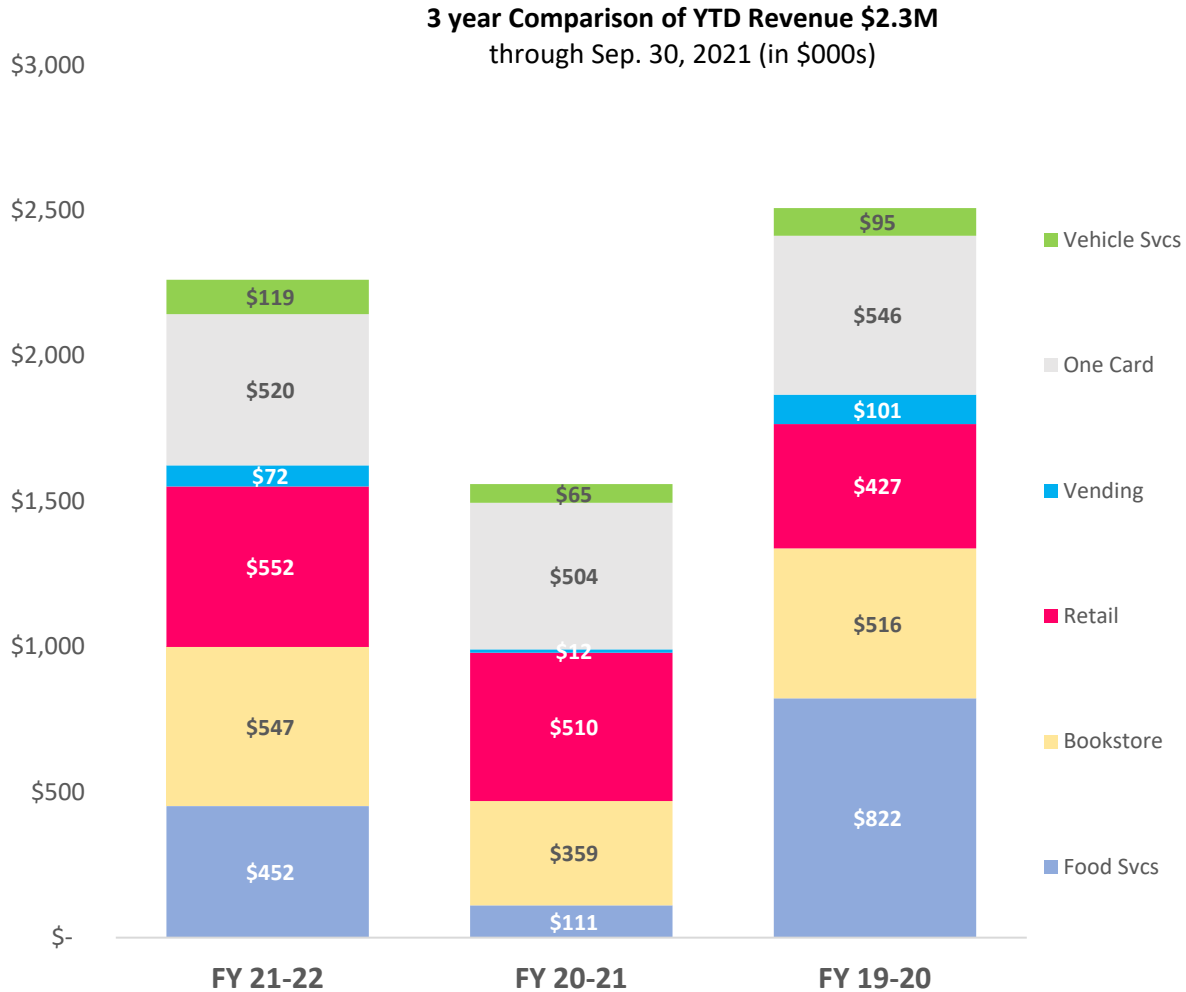
Commissions and support from retailers of \$20K ahead of plan and prior year by 48% and 133%, respectively, as campus foot traffic continues to increase since the pandemic-driven transition to remote learning and work environments in the past.

Office of Business Services

11200 SW 8th Street * DC 121 * Miami, FL 33199 * Tel: (305) 348-2187 * Fax: (305) 348-2832 * Web: obs.fiu.edu

BUSINESS SERVICES REPORT AS OF SEPTEMBER 30, 2021

3-YEAR COMPARISON OF YEAR-TO-DATE FIU REVENUE



Through the first quarter ended September 30, 2021, \$9.0M in sales generated revenue and support to FIU of \$2.3M.

Office of Business Services

11200 SW 8th Street * DC 121 * Miami, FL 33199 * Tel: (305) 348-2187 * Fax: (305) 348-2832 * Web: obs.fiu.edu



**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
December 8, 2021**

EMERGENCY MANAGEMENT STATUS REPORT AS OF NOVEMBER 8, 2021

Report *(For Information Only – no action required)*

FIU Alert Emergency Notification System Test

The fall test of FIU Alert was conducted September 9, 2021. Attached is a summary report.



Emergency Notification System

September 9, 2021

University-Wide Emergency Notification Test

Department of Emergency Management

Test Overview

On September 9, 2021 at approximately 1:00 p.m., the FIU Police Department initiated a university-wide test of FIU Alert, the University's emergency notification system. Voice calls, text messages, voice over internet protocol phones, callboxes, outdoor speakers, FIU email, social media in the form of Facebook and Twitter, electronic message boards, and the main webpage for FIU were utilized to send the FIU Alert. The FIU Alert message that was sent read as follows:

FIU ALERT! This is a test of the FIU emergency notification system. This is only a test.

Immediately following the test, an email containing a survey was sent to the FIU community to gauge the effectiveness of the FIU Alert emergency notification system. The results are below.

FIU Alert Performance Evaluation Data

FIU Alert Results

System Performance	Attempted	Delivered
Voice calls to cell phones	55,333	55,333
Text messages to cell phones	55,354	53,354
Voice over internet protocol phones, outdoor speakers, callboxes	7,860	7,854
FIU email		Successful
Facebook		Successful
Twitter		Successful
Electronic message boards (EMB)		Successful
FIU main webpage		Successful

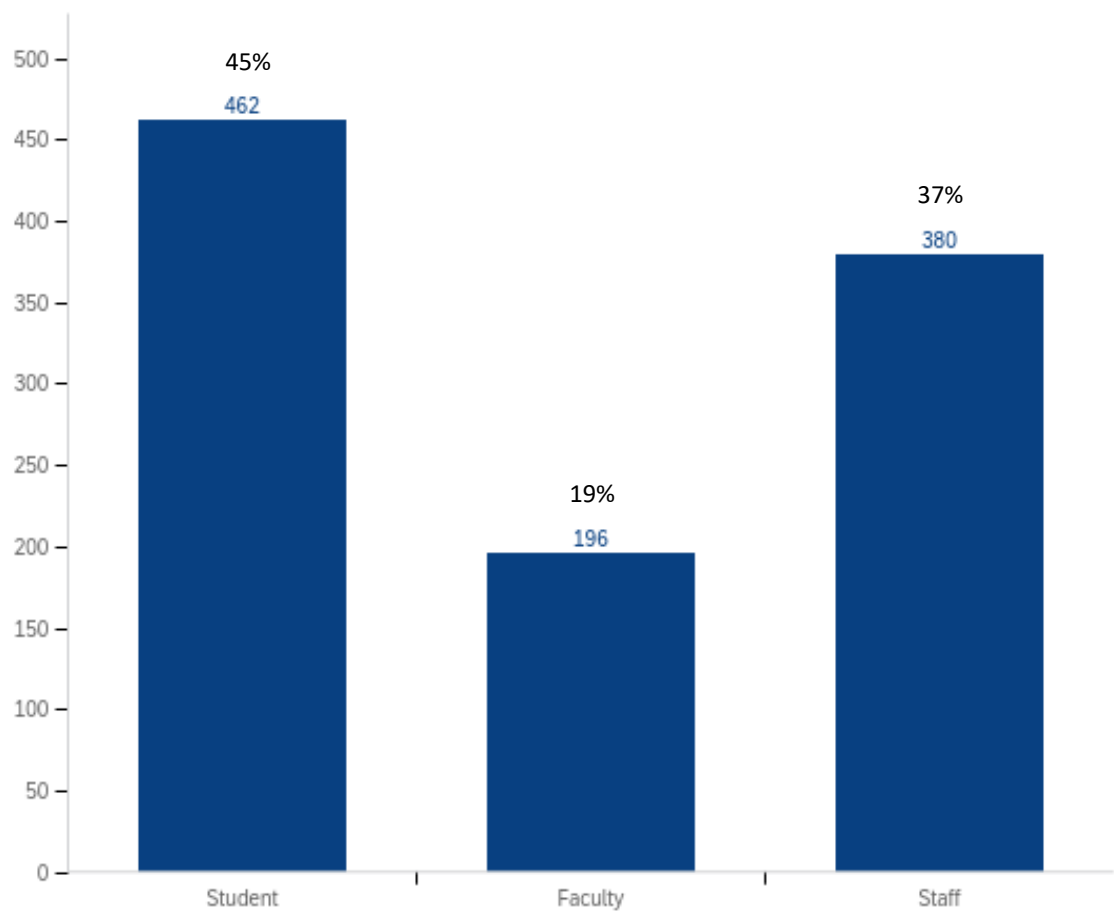
Issues and Solutions

- The audio playback for outdoor speakers and callboxes did not function in all locations.
 - The Division of Information Technology's Voice Services Team is working to repair or replace the appropriate speakers and callboxes.
- Some faculty and staff did not receive alerts because they were not signed up for FIU Alert.
 - Continue to encourage FIU faculty and staff to sign up for the FIU Alert following the "Sign Up" instructions via <https://dem.fiu.edu/fiu-alert/sign-up/index.html>.

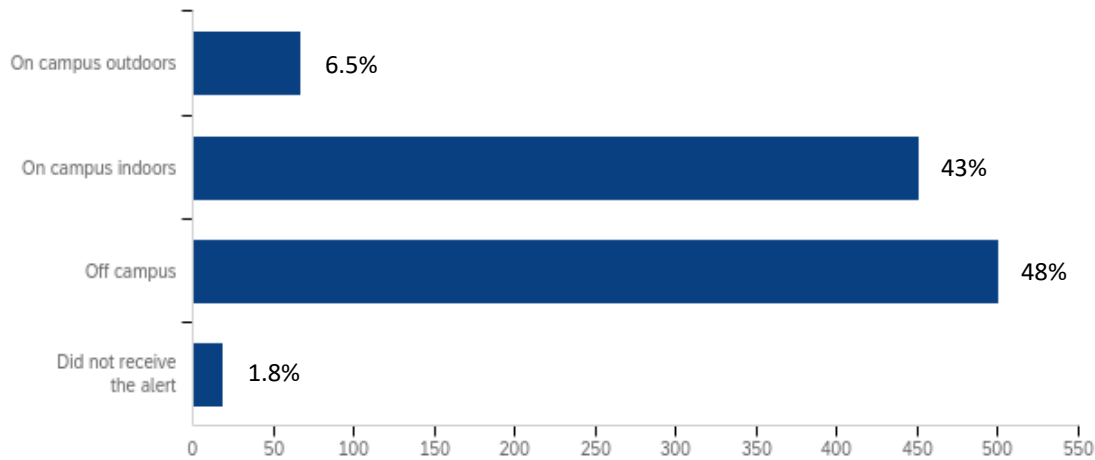
Survey Results

Total respondents to survey: 1,038

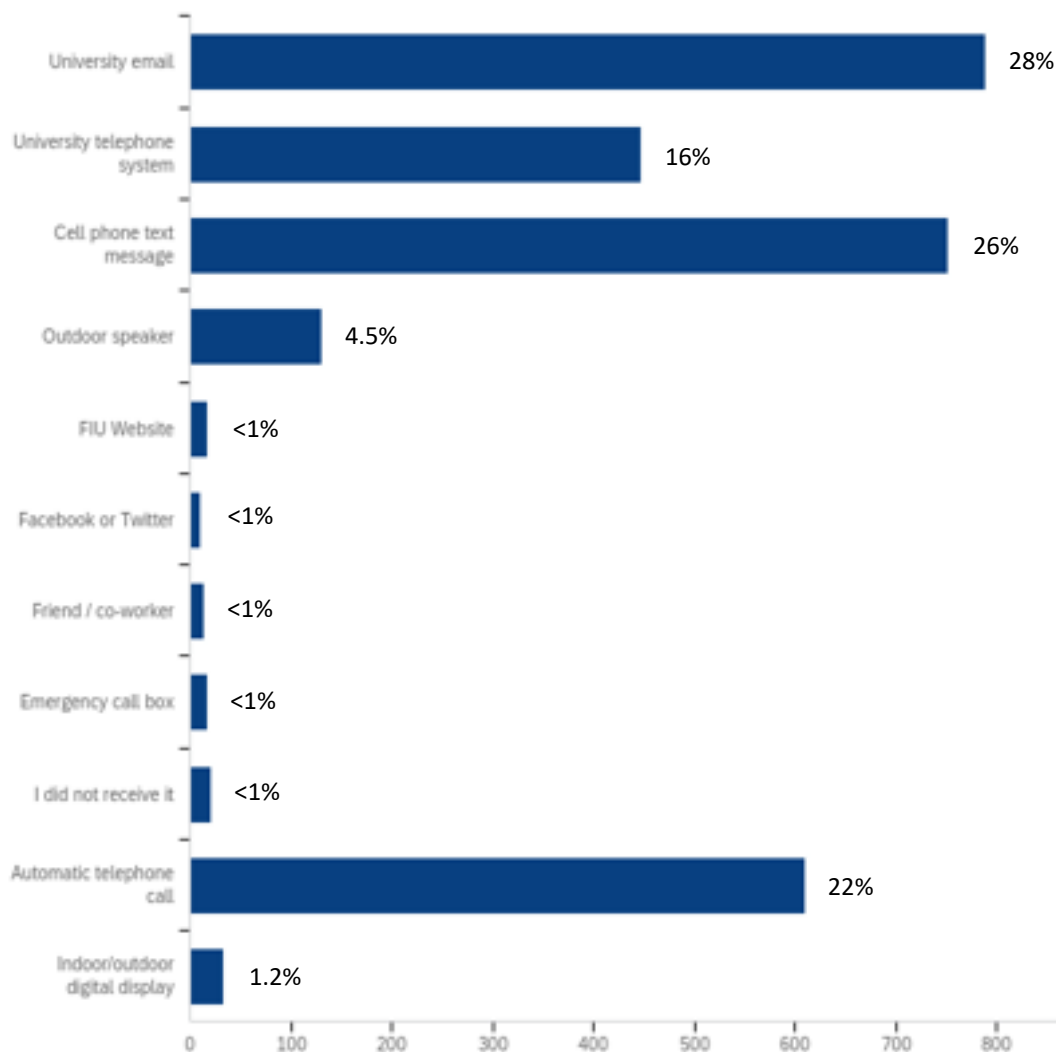
1 - What best describes your affiliation to Florida International University?



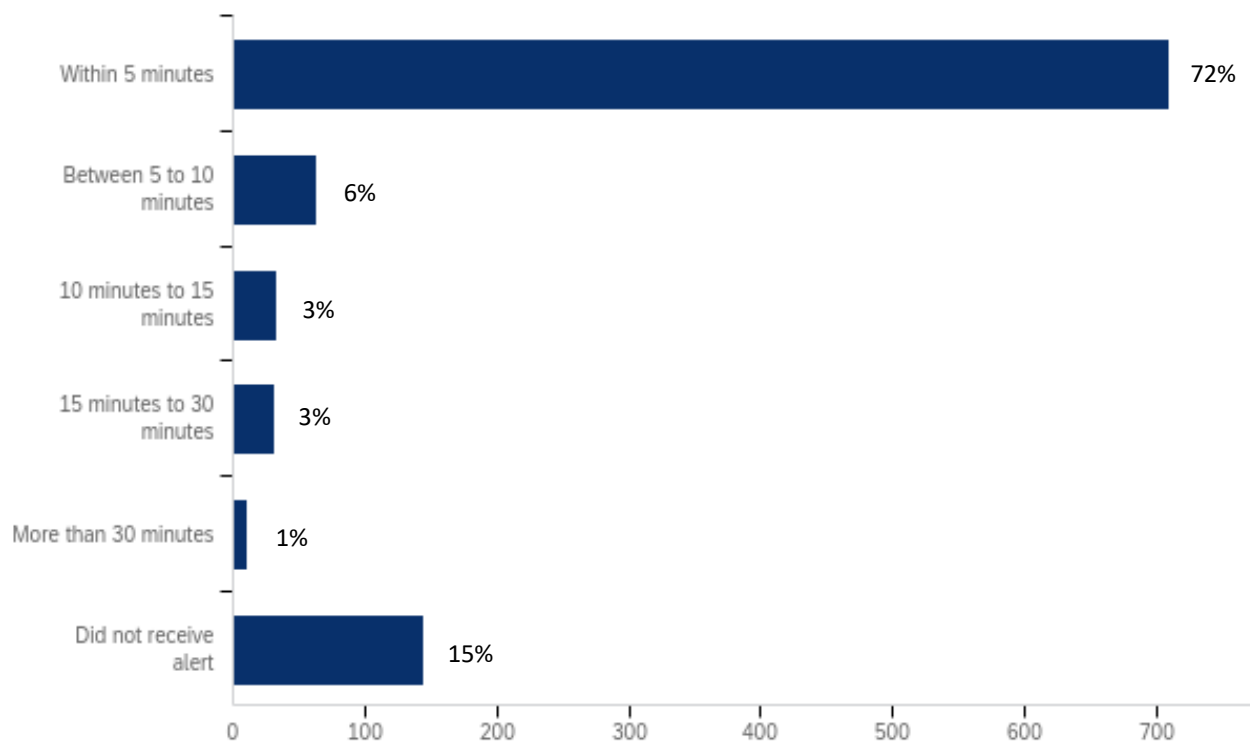
2 - On September 9, 2021 at 1:00 p.m., the University conducted a University-wide test of the FIU Alert emergency notification system. Where were you located when the test alert was sent out?



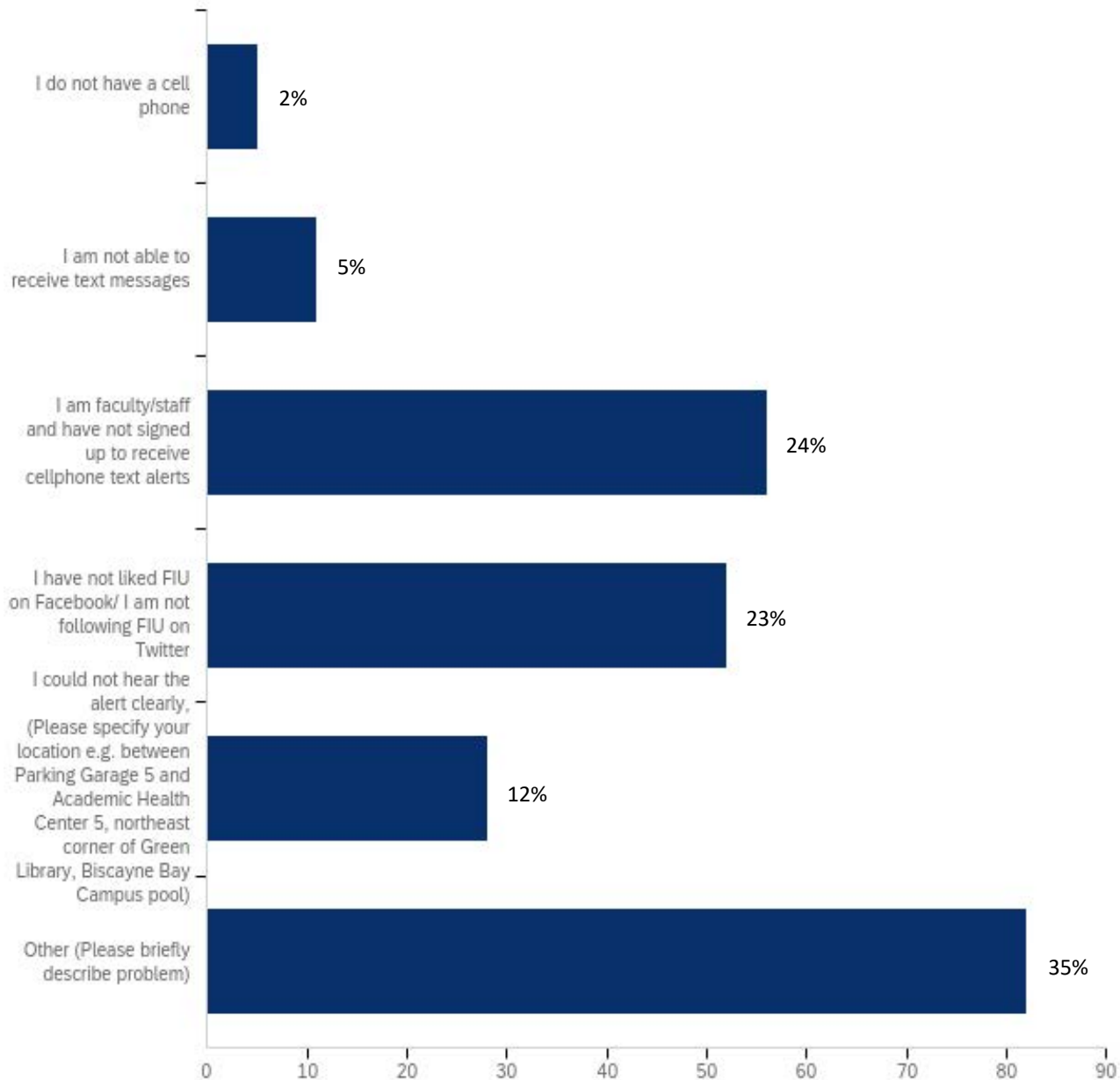
3 - How did you receive the test message? (Mark all that apply)



4 - If you did receive the cell phone text message, how long after 1:00 p.m. did you receive the message?



5 - If you had difficulties receiving the alert, which best describes why? (Mark all that apply)



Sample responses for “Other (Please briefly describe the problem)”

“Graham Center - could hear the message, but could not understand what the message was saying as it was not loud enough due to others talking around me. Would suggest increasing the volume in the GC.”

“Room 175 of Paul Cejas, the volume of the speaker is very low. Two of us heard a very low sound and could not pinpoint what it was, the emergency alert system. It cannot be heard over the sound of the room.”

“I did not hear the alert in Salad Creations, I only heard it when outside closer to the sidewalk heading towards the parking garage.”

“I have changed my number recently.”

“No cellphone service in SIPA.”

“Indoor alert system in Primera Casa was not audible from inside room 212. Only noticed because left to bathroom during alert.”

“Paul Cejas building room 175 does not receive signal at all. Emergency alerts through texts aren't received because of this. It would be great if the alert could be sent over the FIU app. Anyone connected to the school wifi would receive the alert regardless if they had cell service or not.”

“I received the text message right at 1:00pm, then the cell phone call, and the call to my office phone came at 1:02pm. I didn't notice the email until later. I think getting the text first is helpful in the event someone is close to the threat and has to remain quiet. Getting the text message first may give people the opportunity to silence the cell phone and focus on getting out of wherever they are.”

“The Speaker on the east side of CASE worked but the volume was much lower than that of the speakers in the CASE courtyard or CASE North side.”

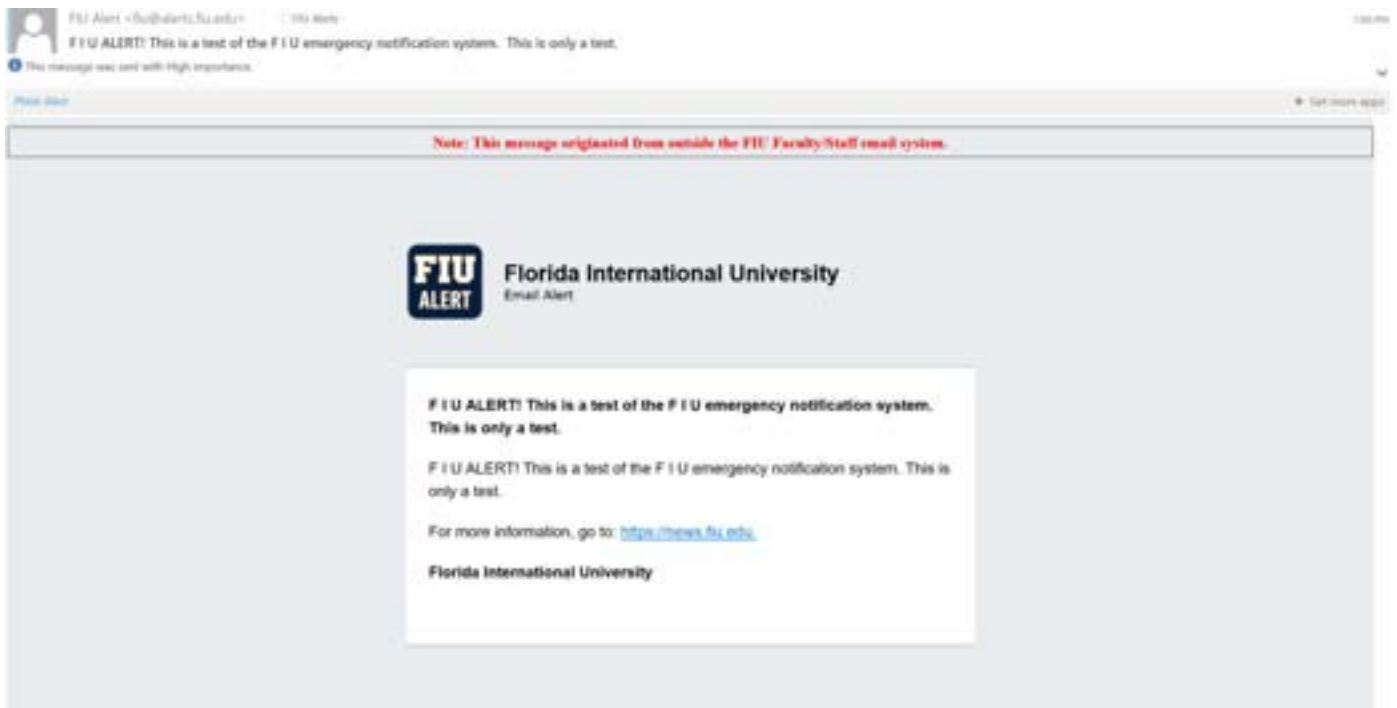
“Does not go off in the residence halls emergency call boxes when it should, also takes very long and is not wide reaching. Text and calls were quite delayed.”

6 - Please briefly describe any other problems or suggestions regarding the FIU Alert emergency notification system:

“I am a new faculty, and I didn't know I had to sign up to receive alerts, and I don't know how to do that.”

FIU Alert Notifications







THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
December 8, 2021

FACILITIES AND CONSTRUCTION UPDATE AS OF NOVEMBER 15, 2021

Report *(For Information Only – no action required)*

Projects Completed

None during this reporting period.

Projects under Construction

- **PG-5 Emergency Operations Center Expansion (BT-923)** - \$8.6M E&G-CF, Auxiliary, and Treasury funded project budget. A/E – PGAL; CM – Biltmore. The expansion has added 10,669 square feet of occupied space and renovated 2,140 square feet on the second floor of PG-5 adjacent to the existing space utilized by FIU Police and Emergency Management. It now provides a large emergency operations center, food storage, service operation areas, equipment storage, offices, conference rooms, and meeting breakout rooms. The renovated space is reconfigured to provide a locker room, showers, laundry service space, and offices that are needed during emergency events. All work is complete. A Temporary Certificate of Occupancy (TCO) was issued on October 21, 2021 and occupants have moved in. The Certificate of Occupancy is contingent upon passing a final inspection, to be scheduled when all punch list work is completed. Delivery date: December 2021.
- **Tamiami Hall (formerly Parkview II Housing) (BT-892)** - \$98.5M project consisting of \$91.6M bond proceed and Housing Auxiliary funding for the building, \$3.9M Auxiliary Shared Services Fee for road and utility relocation, and \$3.0M in FY21-22 CITF funding allocated to the Promenade. A/E – Perkins+Will (P+W); CM – Moss & Associates. The project includes construction of a new 697 private bedroom style residence hall (299,530 gsf) on the Modesto A. Maidique campus (MMC). Permanent power to the building was achieved on September 16, 2021 and the HVAC system is providing conditioned air throughout the building. Roof work is complete and building glazing is roughly 90% complete. Two out of the four building elevators are in service. Interior finish work in the hallways and units continues in various stages of completion per floor. Final grading on the south side of the building was completed

while grading on the north side started in early November. \$3.0M in FY21-22 CITF funding has been allocated for the Tamiami Hall Promenade. The A/E provided 100% construction documents for the promenade on November 10, 2021 and the CM will provide the GMP on November 24, 2021. Construction documents for the second phase of the promenade, including an improved stadium connection, sidewalk north of the lakes, and Founders Plaza is scheduled to be submitted on November 19, 2021 and the GMP on December 3, 2021. The GMP proposals will be reviewed and value engineering options will be explored to bring both phases under the \$3M budget. Delivery date for the building: April 2022. Delivery date for the sidewalk north of the lakes and stadium connection portions of the promenade: October 2022.

- **School of International and Public Affairs (SIPA) Phase II (BT-887) - \$41.51M** project consisting of \$12,701,439 PECO funding, \$15,000,000 private donation, \$5,534,299 FIU Online contribution, \$2M portion of Ferré gift, and \$2,298,561 E&G CF, \$250,000 SIPA contribution, and \$147,795 E-Sport contribution (current shortfall: \$3,580,294 to be raised with additional private donations.) A/E – Harvard Jolly; CM – Thornton Construction. The project includes classrooms, conference facilities, offices, language and technology labs, negotiation and mediation facilities, experimental teaching space for SIPA, and offices, student technical support spaces, and E-SPORT Gaming for FIU Online. PECO funding for the project was received in June 2017 with the condition that all private funds be expended before any PECO monies. The Green Family Foundation accelerated its \$15M donation, completing the full amount in December 2018. In February 2021, the Ferré Family Foundation committed to a \$5,500,000 donation to establish the Maurice A. Ferré Institute for Civic Leadership which would include the Maurice A. Ferré Reading Room. \$2.0M of the \$5.5M donation is earmarked for construction. The final program was approved July 24, 2018, for an 84,858 gsf building, encompassing 48,445 gsf of built-out space (57%), including 14,563 gsf for FIU Online, leaving 36,413 gsf of shell space (43%) for future build-out when an additional \$4.95M in private funding was raised. \$1,651,752 in project contingency funding will be used to build out the fifth floor, leaving only 18,207 gsf of shelled space (22%) and a budget shortfall of \$1,857,977 to build out the remaining shelled spaces. Chilled water, fire protection piping, and HVAC ductwork installation is in progress. Precast concrete panel installation began the last week of October and is progressing. Delivery date: June 2022.
- **International Center for Tropical Botany (ICTB) (BT-914) at The Kampong - \$6.76M** project consisting of \$5.96M in private donations and \$800k in CASE Auxiliary funds. CASE Auxiliary Funds will front \$1.8M in donations including the \$1.0M Millard gift. A/E – MC Harry; CM – Thornton Construction. The project will construct a new 16,553 gsf facility on a site immediately adjacent to the National Tropical Botanical Garden (NTBG) property in Coconut Grove to house educational, lab, and office spaces. The project was delayed for four (4) years as FIU negotiated with the City of Miami and neighbors on the terms of the warrant application and restrictive covenant

agreement. One of the concerns with a four (4) year delay is the cost increase to the project. The final GMP from Thornton was incorporated into the contract via amendment on January 22, 2021 for \$5,490,354. This is approximately \$800K over the original \$4,769,084 construction budget established in April 2017. Second floor structural steel columns and beams to support the roof trusses have been installed. Roof trusses are scheduled to arrive in mid-November. Permanent power to the building is scheduled for end of December 2021. The next \$350K Millard gift installment will be released in mid-December when the building shell is complete. Delivery date: March 2022.

Projects in Design

- **CasaCuba (BT-925)** - \$34.3M project (increasing to \$48.8M after including the \$14.5M required maintenance endowment) based on private donations, and other philanthropic sources such as a \$750K National Endowment for the Humanities grant, and a \$2M Knight Foundation grant (\$800K received to date); \$5,708,692 raised to date. A/E - Rene Gonzalez & Associates (RGA); CM - TBD. The approved building program consists of a 57,876 gsf facility at the SW 16th Street entrance to MMC, including 40,400 gsf of auditorium and exhibition space; 5,500 gsf of classrooms; and 12,000 gsf of office, computer, and campus support space. The project will create a dynamic center hosting open lectures, academic conferences, digital exhibits and research presentations, engaging museums, historical societies, and other academic and cultural institutions through meaningful partnerships. CasaCuba will help preserve and showcase FIU's wealth of Cuba-related intellectual and cultural resources for the benefit of the community, with a special emphasis on sharing and expanding its notable Cuba Collections. RGA continues to refine their conceptual schematic design to bring the concept within program scope and budget. FIU has authorized RGA to contract with a cost consultant to determine whether the current scheme is within budget and to quantify market escalation costs. The BOT has also authorized contracting with a construction manager to provide additional construction pricing support. The CM advertisement was posted on September 27, 2021 and the short-list meeting was held November 12, 2021. Interviews are scheduled on December 13, 2021. Delivery date for 100% Design Development drawings: TBD.
- **Engineering Building (Phase I) (BT-919)** - \$63,407,641 project consisting of \$38,907,641 in PECO funding, \$9.5M in unrestricted Treasury Auxiliary funds, and \$15M in sponsored research funds for future build-out. Total program space of 109,531 gsf with current design at 120,695 gsf (10% difference) A/E - Perkins+Will; CM - DPR Construction. The project is interdisciplinary focused on biomedical engineering covering the nexus of engineering, academic health sciences, computer science and robotics. It will construct a new 120,695 gsf engineering building at MMC

that includes classrooms, teaching labs, study space, research labs, offices, and computer and instructional media spaces. The building will have 70% shell space intended to be built-out with private fundraising and sponsored research grant funding. The revised conceptual schematic design incorporating a sixth floor dedicated to sponsored research is still under review. Meetings with the users are in progress to revisit the program and consolidate program scope where possible. Building completion and occupancy TBD.

- **University City Prosperity Project (UCPP) (BT-904)** - \$14.9M TIGER Grant project budget; multiple funding sources. A/E – BCC Engineering; Builder – TBD. FIU has received \$9.5M from builder’s risk and surety insurance companies as part of the settlement agreement, and \$3,288,582 of expired 2013 TIGER funds have been restored for use through 2024 by the Further Consolidated Appropriations Act, 2020. The project budget also includes \$2.2M from FDOT Equity Bonus, Transportation Alternatives & Enhancement Funds. On May 5, 2020, FDOT formally notified FHWA that it accepted FIU’s request that FDOT manage the design and construction of a new FIU pedestrian bridge. In that letter, FDOT confirmed that Governor DeSantis lifted the hold on the use of TIGER grant funds for use on the new bridge project. MCM is waiting for a final inspection from MDWASD for the sewer permit closure after receiving an approval letter from the City of Sweetwater on May 13, 2021 to close the permit. The water line as-built drawings omitted elevations required for MDWASD to close the open water permit. The water line will need to be uncovered so the as-built drawings can be completed. MCM will provide a site plan showing the exact location where the line will need to be uncovered. Asphalt restoration work is on hold pending the FDOT decision to defer the work as part of the new bridge project. Regrading and installation of riprap along the canal bank was completed on May 7, 2021 and a new as-built survey of the canal was submitted to SFWMD on July 1, 2021. A C-4 Canal bulkhead wall certification letter from the original engineer of record is pending from MCM to close out the SFWMD permit. BCC was released to start design of the new bridge on April 7, 2021 and the 30% design submittal was submitted on August 26, 2021 for review. All comments were addressed on September 21, 2021. Per the agreement with FDOT, BCC provided construction documents on June 18, 2021 for demolition of the existing plaza structures. Demolition work is scheduled to complete by November 12, 2021. Along with the canal improvements, this will allow for closure of the SFWMD and USACE permits. Construction of the new bridge is scheduled to start in July 2023 and complete in July 2025.

Projects in Planning Stage

- **Hotel, Conference and Alumni Center** – Public-Private Partnership (P3) project. Developer/Operator – Concord Benchmark, LLC; Architect – Rabun Architects; CM – Moss Construction. With the successful finalization of Development,

Operating and Sublease agreements and BTITF approval, FIU executed the contractual documents on August 12, 2021 beginning the developer's due diligence period. On October 21, 2021, FIU approved the developer's request to extend the due diligence period until January 10, 2022. The financing period will start January 11, 2022 and end on the original scheduled date of February 9, 2022, to be followed by the design phase. Construction remains projected to begin August 2022. Delivery date: August 2024.

- **Primera Casa Hardening Project (FM 18-0351)** - \$3,618,929 project consisting of a \$2,714,197 FEMA Hazard Mitigation Grant (HMGP) award and \$904,732 BOT Carryforward Reserve funding as cost share. A/E - TBD; CM - TBD. The project will replace 17,350 SF of windows and 200 SF of doors and louvers at PC with current code-compliant, impact resistant assemblies. The project will also harden the existing roof by replacing 2,450 LF of edge nailers and flashing, 2,689 SF of roofing, doors, and skylights on 4 stairwell roof enclosures, and replace 2,800 LF of lightning protection on the roof parapet. Existing rooftop HVAC equipment will also be reinforced with new tie-down cables. FIU has been awarded the grant and has signed the Federally Funded Subaward and Grant Agreement from the Florida Division of Emergency Management (FDEM). The agreement was sent to FDEM on January 8, 2021 for execution and the final, fully executed copy was received on April 29, 2021. A/E firms were short-listed on June 29, 2021 and interviews were conducted on September 1, 2021. Discussions with the selected firm, Saltz Michelson have concluded and the agreement is under review, pending signature. Requirements of the grant agreement allow for a qualifications-based competitive selection of the architect but require a low-bid competitive selection of the builder. However, federal procurement regulations allow for state-entities to use their own procurement processes. After a subsequent review of these regulations and contract terms, FIU's General Counsel has determined FIU is free to follow its qualifications-based competitive selection process for Construction Managers. A proposal for preconstruction services from one of FIU's continuing service construction managers, Stobs Brothers Construction, is pending. Delivery date: Per the FDEM agreement, the project must achieve final completion when the period of performance ends September 30, 2023.
- **Graham Center Expansion (BT-921)** - \$35.9M CITF funded project. A/E - TBD; CM - TBD. The project initially envisioned a 69,400 gsf expansion, increasing the current ballroom footprint and adding breakout rooms, green rooms, lounges, and storage space. The highlight was to be a new and larger grand ballroom facility to meet current and projected needs. To date, \$23,804,196 in CITF funding has been received, including the entire FY20-21 CITF funding allocation of \$7,002,807 and \$500K of the FY21-22 CITF. The coronavirus pandemic, however, triggered a reconsideration of the program and a reassessment of the most effective use of CITF funds. Delivery date: TBD.

- **PG-6 Classroom and Retail Expansion (BT-924)** - \$3.7M Auxiliary funded preliminary project budget. A/E - MCHarry; CM - TBD. The project will convert 15,425 gsf of parking garage space in PG-6 to weather-tight conditioned space for 6,635 sf of circulation area, 1,435 sf of unfinished retail space to support the future Miami-Dade County bus terminal, 935 sf of restrooms and 930 sf of storage, with 5,490 sf of space to be assigned. 100% construction documents were completed through a previous minor project. The project has been re-scoped to focus on the immediate known requirements for the future Miami-Dade County bus terminal: the rest rooms and the central access corridor. Future needs for research space and retail will be addressed separately once requirements are better defined. Progress on development of the construction project is contingent on successful negotiation of the agreement with Miami-Dade County. Negotiations continue with a recent draft submitted by the county now under FIU review. Delivery date: TBD. *(No change from previous report).*

- **Trish and Dan Bell Chapel (BT-927) / East Loop Road Realignment (BT-929)** - \$15.44M combined preliminary project budget consisting of \$9.0M in private funds dedicated to the chapel; \$1,293,300 in private funds received to date. FIU Foundation has backed the remaining private funding balance of \$7,706,700; \$3.44M in unrestricted Treasury Auxiliary Fund balances and \$3.0M in CITF funds for roadway realignment. A/E - TBD; CM - TBD. The project will build a multi-faith chapel on MMC on S.W. 14th Street, northwest of the Ronald W. Reagan Presidential House. The chapel will accommodate the plurality of faiths and perspectives at FIU and serve as a multi-faith gathering place for worship, contemplation, spiritual strengthening, and mutual understanding. Initial program requirements are for the chapel to hold up to 250 people and include meeting space for students and leaders in FIU's multi-faith community as well as those teaching spiritual/religious subjects. The program committee was finalized on June 4, 2019 and the final program was completed and signed on December 6, 2019. The first installment of \$500K from the \$5M Bell family gift was received at the end of February. Proceeding to the design phase is dependent upon a fully funded and executed East Loop Realignment (BT-929) project to create the required space at the site for the chapel, which necessitated combining both projects. The road portion of the new, combined project will realign part of the loop road to enhance traffic flow and improve turning radii for large vehicles servicing the Graham Center. This project will create a larger available site area east of the Graham Center Ballrooms for expansion of the Graham Center as well as bus and VIP pick up and drop off access during Graham Center events. Architect submissions were received on April 8, 2021 and candidates were shortlisted on June 15, 2021. Architect interviews were conducted on August 25, 2021. Discussions with the selected firm, Gurri Matute, have concluded and the agreement is under review, pending execution. The advertisement for construction manager was posted on September 27, 2021 and qualifications were received on October 27, 2021. The CM shortlist meeting is

scheduled for November 18, 2021 and presentations are pending coordination. Delivery date: TBD.

- **College of Arts, Sciences & Education (CASE) Renovation (BT-931) - \$7.15M PECO** funded project budget. A/E – TBD; CM – TBD. The 30-year-old 61,783 square foot Computing, Arts, Science and Education (CASE) building consists of 7 classrooms, 7 teaching labs, 61 research labs and 144 offices. Recent assessment reports indicate that repair and replacement of deteriorated building enclosure components, windows, doors, and louvers are critically needed. Replacement of the deteriorating central air conditioning system is crucial in order maintain a healthy indoor environment and control energy costs. Replacement of the building's emergency generator system is required so that telecommunications equipment housed in the CASE building and feeding the nearby University Police and Emergency Operation Center can be maintained during and after a hurricane. The advertisement for the architect was posted August 26, 2021 and the short-list meeting was held on October 14, 2021. A/E interviews of the short-listed firms are scheduled for November 16, 2021. Delivery date: TBD.

*Encls: New Minor Projects established 8/1/2021 – 10/31/2021
New Project Change Orders established 8/1/2021 – 10/31/2021*

This page intentionally left blank



FM New Minor Projects over \$500,000 established 8/1/21 through 10/31/21 (a)

Purpose: Information to BOT

	FM#	Project	Requester	Date Established	A/E	Construction	Total Budget	Funding Source
1	171116	WC Greenhouse North Repairs	CASE	11/15/2018	Perkins & Will	Stobs Bros Construction	\$ 950,877.35	E&G CF
2	190116	EC Restrooms Renovations Phase 2	FMD	9/14/2021	Alleguez	Stobs Bros Construction	\$ 1,704,791.55	E&G CF
3	191018	CP HVAC Controls Conversion	FMD	8/16/2021	SGM	Stobs Bros Construction	\$ 4,500,749.88	E&G CF
4	180404	GC Game Room Renovations	GC/Student Affairs	9/22/2021	VIA Design Group	TBD	\$ 657,772.50	Auxiliary
5	210520	FIU DC Project	Government Relations	7/6/2021	Hyperquake	n/a	\$ 1,950,000.00	E&G CF & Auxiliary
							\$ 9,764,191.28	

(a) "Established" is defined as funded or contracted for design and/or construction during the reporting period.



FM Change Orders over \$50K 8/1/21 through 10/31/21 (a)

Purpose: Information to BOT

	BT/FM#	Project	Vendor	Contract No.	Original Amount	Current Amount	CO#	Date Approved	Amount	Description	Funding Source
1	210520	FIU DC Project	Hyperquake	466	\$ 40,460.00	\$ 164,220.00	1	8/9/2021	\$ 123,760.00	CO#1 to award Phase 2 of the agreement for schematic and detail design services.	E&G CF
2	200816	BBC AC2 Passenger Elevators (2) Modernization	ThyssenKrupp	432	\$ 215,194.60	\$ 280,935.40	3	8/20/2021	\$ 65,740.80	CO#3 for the full replacement of the existing hydraulic jacks in both passenger elevators.	E&G CF
3	201107	CTS 3rd Floor Lab Renovations	DPR Construction	460	\$ 1,263,371.36	\$ 1,431,946.86	2	9/17/2021	\$ 168,575.50	CO#2 to replace carpeting in the offices, install new epoxy countertops, and install MONDO rubber flooring in lab ilo NORA.	Auxiliary
4	191112	GC South Entrance Stone Wall Replacement	Synergy General Contracting	456	\$ 202,164.00	\$ 276,627.59	2	9/21/2021	\$ 74,463.59	CO#2 to demo the existing & reconstruct a new metal structure and its support CMU walls, provide new electrical boxes & conduits for sconces & archway lighting, and construct archway structure.	Auxiliary
5	201107	CTS 3rd Floor Lab Renovations	DPR Construction	460	\$ 1,431,946.86	\$ 1,510,038.27	3	9/27/2021	\$ 78,091.41	CO#3 for revisions to the Lab's vacuum pump piping power, privacy film installation on storefronts, door frame modifications, repair of unforeseen holes in fire wall, replacement of unexpected moldy drywall, removal of unrequired exhaust duct, and materials cost escalations.	Auxiliary
									\$ 510,631.30		

(a) Change orders over \$50,000 on minor projects and change orders over 5% of authorized budget for major projects.



THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
DECEMBER 2021

SAFETY AND ENVIRONMENTAL COMPLIANCE REPORT AS OF NOVEMBER 5, 2021

Report *(For Information Only – no action required)*

Issue #1 Above Ground Storage Tanks by Motor Pool– Modesto A. Maidique Campus

Agency: Department of Regulatory and Economic Resources (RER)

On July 9, 2021, the Miami-Dade RER performed an inspection of the FIU storage tanks at motor pool based on the registered tanks in that area. The focus of the inspection was on the east tank, the split tank (middle), and the west tank.

Findings: Minor concerns were observed, and a notice of violation was issued by RER. EH&S worked with the responsible units to ensure all concerns were addressed in the required time frame. EH&S is pending the final report from RER.

Issue #2 Grease Traps – Modesto A. Maidique Campus

Agency: Department of Regulatory and Economic Resources (RER)

On August 3 - 10, 2021, the Miami-Dade RER performed an inspection of the FIU food serving facilities throughout FIU Modesto A. Maidique, Biscayne Bay Campus, Engineering Center, and Wolfsonian-FIU.

Findings: Major violations were observed and documented by RER. The violations were communicated to the assigned FIU departmental units for corrective action by EH&S. EH&S is currently pending the final report from RER to determine what additional actions are needed. EH&S will continue to work with the departmental units to ensure all violations are addressed in the required time frame.

This page intentionally left blank



THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
December 8, 2021

TREASURY REPORT (For quarter ending September 30, 2021)

Report (For Information Only – no action required)

OVERVIEW

The University's total liquidity position of \$580.5 million was 3.1 times the University's debt position of \$187.5 million at the end of FY 2022 1Q. Including direct support organization ("DSO") debt, the liquidity to total debt ratio was 2.7 times. These results are lower compared to the end of FY 2021 1Q, where the liquidity to University debt and the liquidity to total debt ratios were 3.7 times and 3.1 times, respectively. The ratio was lower mostly due to the addition of the 2020A Housing Bonds for Tamiami Hall.

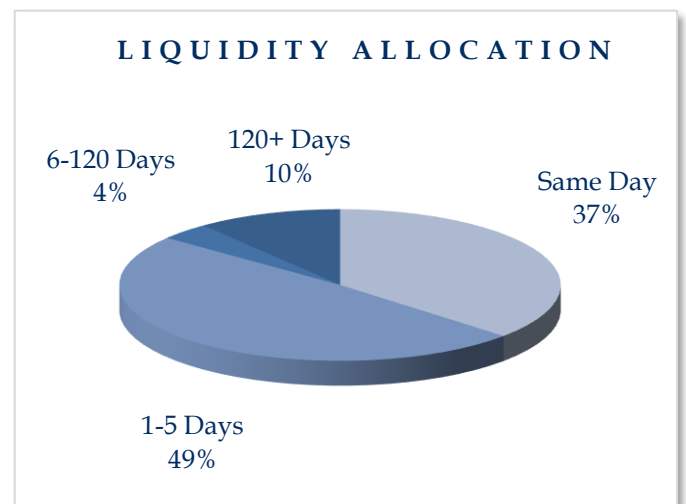
LIQUIDITY

Real Days Payable

At the end of FY 2022 1Q, \$497.3 million, or 85.7 percent, of the liquidity position was accessible within 5 business days (see *Liquidity Allocation* chart for detail). At the end of FYTD 2022 1Q, the University had 86 real days payable¹ ("RDP") versus 87 RDP at the end of FYTD 2021 1Q. The decrease in RDP was largely due to the increase in the rate of cash outflows over the previous year.

Sources

The University started the fiscal year with \$217.9 million in cash balances². Total FYTD 2022 1Q inflows (state and operational) were \$437.5 million as compared to \$356.4 Million for FYTD 2021 1Q. On average, \$6.6 million flowed into the University each business day in FYTD 2022 1Q and \$5.4 million in FYTD 2021 1Q.



¹ Real Days Payable represents the available balance of liquid funds divided by the average cash outflows of the University. The calculation uses the available balance in the University's bank accounts plus the market value of investments that are accessible within 5 business days as its balance of liquid funds.

² Cash includes Working Capital Pool assets and cash balances in the concentration bank account.

Uses

FYTD 2022 1Q, the University used \$379.9 million as compared to \$314.6 million in the same period last fiscal year. The FYTD 2022 1Q velocity cash outflow was \$5.8 million per day and \$4.8 million in FYTD 2021 1Q. The University ended FY 2022 1Q with \$275.5 million in cash balances.

Stress Tests/Performance Simulations

The University Office of the Treasurer (“Treasury”) analyzes the effect of negative market performance on its liquidity position through both value-at-risk (VAR) analysis and Monte Carlo simulation analyses.

VAR analysis, completed quarterly, estimates the maximum potential loss during a specific time period at a given level of confidence. VAR uses the historical behavior of each asset class over various time horizons (five years, ten years, full history). Our VAR analysis predicts that there is a five percent probability that the portfolio (as of the FYTD 2022 1Q ending balance) could have unrealized losses of up to \$17.8 million and one percent probability of up to \$31.2 million of unrealized losses within a twelve-month period.

The University conducts monthly performance simulations of the portfolio under various market scenarios. At the end of FY 2022 1Q, a 100 bps rise in the 10 year Treasury Bond rate would result in a \$5.1 million (0.9 percent) unrealized gain. Liquidity, as measured by 5-day accessibility, would drop to 76.2 percent, or \$450.0 million, of the total current available cash and investment balances. RDP would fall to 78 days based on current fiscal year outflows.

A 25 percent decline in the equity markets would result in a -\$11.6 million (-2.1 percent) unrealized loss. Liquidity, as measured by 5-days accessibility, would decrease slightly to \$495.4 million or 88.9 percent of the total current available cash and investment balances. RDP would remain steady at 86 days based on fiscal year outflows in this stress scenario.

Bottom decile of overall portfolio performance would result in a -\$10.5 million (-1.9 percent) unrealized loss. Liquidity, as measured by 5-day accessibility would drop to \$438.5 million or 78.4 percent of the total current available balances. Furthermore, RDP would drop to 76 days.

Forecast and Budget

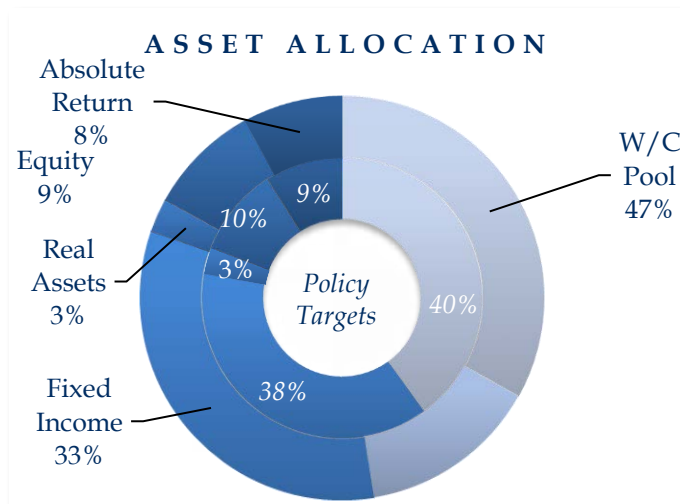
Actual balances at the end of FY 2022 1Q were 0.2 percent higher than the rolling forecast, 16.2 percent higher than the budget, and 21.0 percent higher than prior year. For the next quarter, the University should experience a decrease in the cash and investment balances lasting through the end of the second quarter of FY 2022.

INVESTMENTS

Composition

Asset allocations at the end of FY 2022 1Q remained within policy guidelines (See *Asset Allocation* chart for quarter end detail).

At the end of FY 2022 1Q, the market value of the University’s operating funds portfolio and cash was \$580.5 million. This balance reflects an increase of \$97.9 million or 20.3 percent, from the previous quarter. The increase reflects the quarter-to-quarter seasonal increase in net cash flows (including CARES ACT funds) in addition to the quarterly investment returns. The total

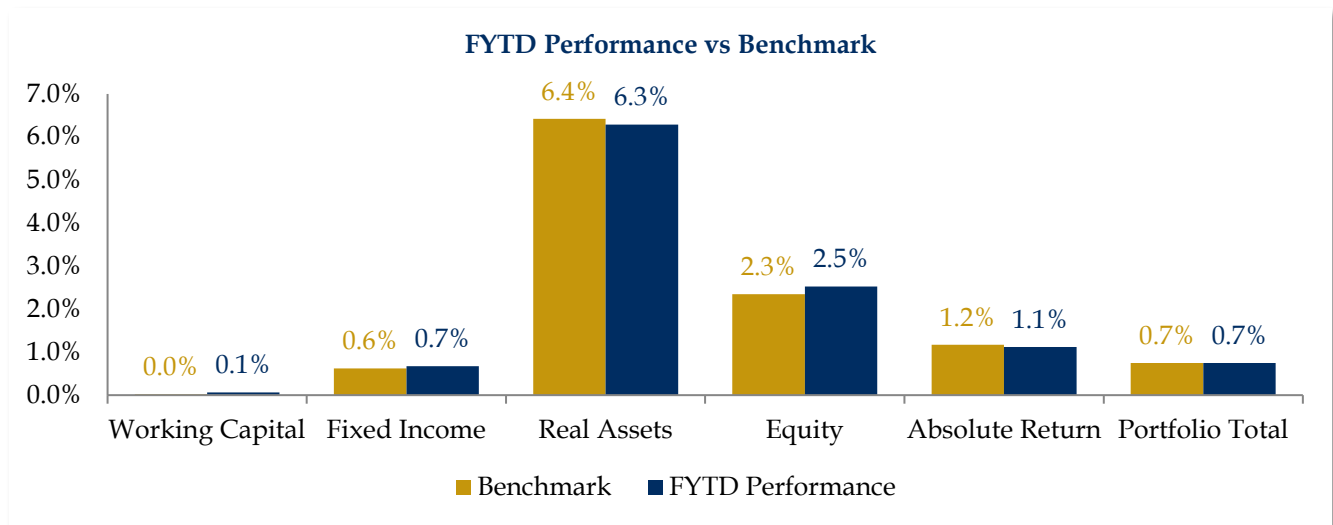


portfolio market value was \$100.7 million higher than the market value at the end of FY 2021 1Q. The increase was largely due to higher net cash flows and a solid investment performance for the trailing one year period.

Performance

FIU's operating portfolio continues to outperform the State Treasury investment pool ("SPIA"), returning 4.3 percent since inception versus the SPIA's 2.5 percent for the same period. At the end of FY 2022 1Q, the portfolio returned 0.75 percent. This compares unfavorably to a 1.97 percent return at the end of FY 2021 1Q. The Strategic Capital and Reserve Pools returned 1.3 percent while the Working Capital Pool gained 0.1 percent. Returns from the SPIA totaled 0.3 percent at the end of FY 2022 1Q (see *FY Performance vs. Benchmarks* chart for additional performance detail by asset class).

The overall Portfolio, the Working Capital Pool and the Strategic and Reserve Pools were each in line with their respective benchmarks. All Asset classes were, also, in line with their benchmarks.



DEBT

Total Outstanding

The University and DSOs ended FY 2022 1Q with \$212.7M million in outstanding debt versus \$157.6M million at the end of FY 2021 1Q. The higher year over year outstanding debt was due to the issuance of housing bonds for the Tamiami Hall project. The weighted average interest rate for the University and DSO issuances was 3.7 percent versus 4.2 percent in the same period in the prior year.

Bond Refunding

The University and the Athletics Finance Corporation (AFC), has refunded/modified all eligible outstanding bond series. The refundings/modification are projected to save the University and AFC \$27.5 million in interest expense over the term of the issuances. As of September 30, 2021, \$6.5 million of interest savings have been realized from the refunding/modification activities. The University and AFC are expected to save \$1.0 million in interest expense in Fiscal Year 2022 and \$7.7 million over the next 5 years.

Period Ending September 30, 2021

(000's)

OVERVIEW

Liquidity/University Debt	3.10
Liquidity/Total Debt	2.73

Liquidity Position

Cash + W/C Pool	\$	275,494
Strategic + Reserve Pools		305,008
Total	\$	580,502

Debt Position

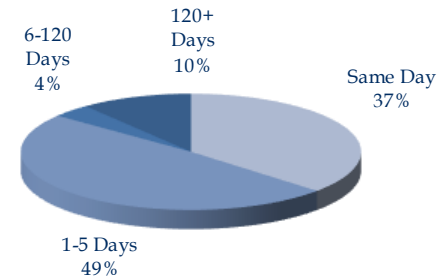
University Debt	\$	187,545
DSO Debt		25,138
Total	\$	212,683

LIQUIDITY
Availability

Same Day	\$	213,262
1-5 Days		284,030
6-120 Days		21,575
120+ Days		61,635
Total	\$	580,502

Real Days Payable (<5 Days)

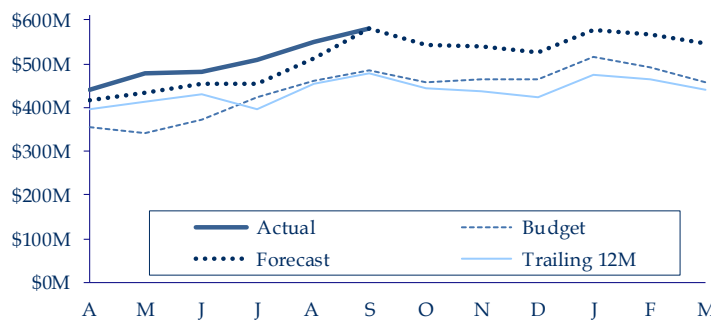
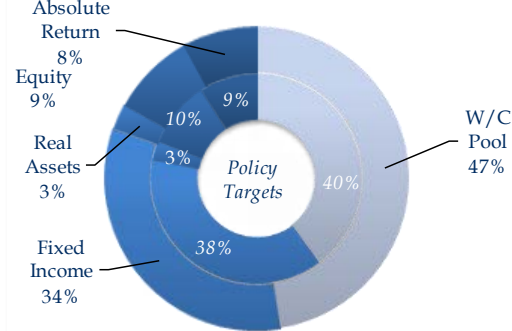
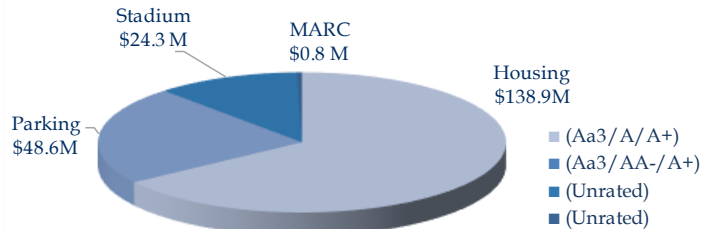
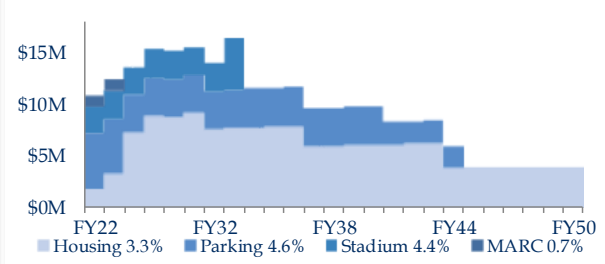
MTD Outflows	78
QTD Outflows	86
YTD Outflows	86

LIQUIDITY ALLOCATION

LIQUIDITY SOURCES AND USES

Sources	MTD	QTD	YTD
Opening W/C Pool Balance	\$ 155,489	\$ 150,855	\$ 150,855
Opening Cash Balance	\$ 83,540	\$ 66,999	66,999
From State	42,856	95,783	95,783
From Operations	134,751	341,748	341,748
Uses			
To Payroll	(55,295)	(188,265)	(188,265)
To Operations	(35,105)	(92,035)	(92,035)
To Students	(50,741)	(99,591)	(99,591)
Cash + W/C Pool	\$ 275,494	\$ 275,494	\$ 275,494

INVESTMENTS

Cash + W/C Pool	Balance	FYTD	Last1Y
W/C Pool	\$ 192,270	0.1%	0.3%
Cash	83,224	0.0%	0.0%
Strategic + Reserve Pools			
Fixed Income	190,804	0.7%	2.3%
Real Assets	15,763	6.3%	40.5%
Equity	52,397	2.5%	43.9%
Absolute Return	46,044	1.1%	12.8%
Total	\$ 580,502	1.3%	11.8%

CASH + INVESTMENTS FORECAST

ASSET ALLOCATION

DEBT
OUTSTANDING DEBT

ANNUAL DEBT SERVICE


<u>OPERATING FUNDS</u>	<u>MARKET VALUE¹</u>	<u>BOOK VALUE</u>	<u>INCOME EARNED²</u>
<u>Working Capital³</u>	\$275.5M	\$275.9M	\$0.2M
Fixed Income	\$190.8M	\$175.9M	\$0.6M
Equity	\$52.4M	\$34.4M	\$0.1M
Real Assets	\$15.8M	\$18.7M	\$0.0M
Absolute Return	\$46.0M	\$30.2M	\$0.0M
<u>Total Strategic/Reserve</u>	\$305.0M	\$259.2M	\$0.7M
<u>Total Operating Funds</u>	\$580.5M	\$535.1M	\$0.9M

¹ Includes Dividend/Interest Receivable

² Investment Income Earnings - Dividends and Interest

³ Includes Bank Cash

This page intentionally left blank



BOARD OF TRUSTEES
Finance and Facilities Committee
December 8, 2021

Subject: Quarterly report of the purchasing transactions greater than or equal to \$500,000 and less than \$1,000,000 from July 29, 2021 through October 26, 2021.

Report *(for informational purposes only – no Committee action is needed)*

Purchase Order No.	Competitive Solicitation Number or Exemption	Competitive Solicitation Title or Agreement Type	Vendor	Department / PO Description	Current Expiration Date	PO Amount FY 22 (YTD)
0000229999	E&I Contract CNR01354	Residence Life/Student Apartment Furnishings with Removal/Installation Contract Number # CNR01354	LELAND M THOMPSON INC	Facilities Construction / Misc. bedroom furniture under the expense category for Parkview Housing PH II (Tamiami Hall). BT 892	2/28/2024	997,538.00
0000228165	ITN-2020-00030	Chiller Plant Services PUR # 03744	CARRIER CORPORATION	Heating AC and Vent Energy Mgmt / Ctr for Translational Science/ BPO for Maintenance Services and Repairs for University Chillers equipment for BBC, MMC, EC and Torrey Pines Campus	3/31/2024	986,070.00
0000228987	Exception under BOG Regulation 18.001(6)(d)(5) - Legal services, including attorney, paralegal, expert witness, appraisal, arbitrator or mediator services.	PO # 0000228987	SALIWANCHIK, LLOYD AND EISENSCHENK PA	Office of Rsch and Eco Develop / BPO for Legal Fees for the period of 07/28/2021 to 06/30/2022	6/30/2022	950,000.00
0000232882	Sponsored Research Purchase Exemption – Noncompetitive purchase specifically approved by sponsor.	PO # 0000232882	MSAB INCORPORATED	Global Forensic & Justice Ctr / Computer - MSAB-ENPC	N/A	931,000.00

Purchase Order No.	Competitive Solicitation Number or Exemption	Competitive Solicitation Title or Agreement Type	Vendor	Department / PO Description	Current Expiration Date	PO Amount FY 22 (YTD)
0000228329	E-ITN67-004	Student Transportation Services PUR # 00707a	ACADEMY BUS LLC	Parking and Transportation / BUS SERVICES FOR GPE for the period of 07/01/2021 to 06/30/2022	6/30/2028	800,000.00
0000231017	T717-21L University of Cincinnati	Aircraft and Transportation Charter Services Piggyback Agreement PUR # 03390	AIR PLANNING LLC	Athletics Department / Blanket PO - Football 2021 Air Charter & Fuel	6/30/2022	753,275.00
0000228235	Exception under BOG Regulation 18.001(6)(d)(10) - Training and education services	Teaching Services Agreement	A M RYWLIN MD AND ASSOCIATES PA	COM Pathology / Administrative and Clinical Pathology services for FY 21-22	6/30/2024	750,000.00
0000213765	Exception under BOG Regulation 18.001(6)(d)(17) - Purchases from an Annual Certification List developed by each University. This acquisition is made in accordance with the conditions detailed in Annual Certification for sole source purchases. Category 5	PUR # 03185	MYTHICS INC	IT Panthersoft / Multiple line of Oracle PaaS and IaaS Universal Credits B88206	7/14/2021	687,232.50
0000229366	Owner Direct Purchase	STATE OF FLORIDA CONTRACT# 56120000- 19-ACS	EMPIRE OFFICE INC	Facilities Construction/ Multiple PO line for Misc. furniture under the expense category for Parkview Housing PH II (Tamiami Hall)	N/A	667,672.62
0000233224	E&I Contract CNR01439	Computer Equipment and Related Hardware, Software, Services and Support PUR # 02645	COMPUTER DISCOUNT WAREHOUSE - CDW	IT Business Services Office // Multiple PO line Cisco Catalyst 9300 Network Advantage switch 48 ports managed rac	7/31/2022	600,728.10

Purchase Order No.	Competitive Solicitation Number or Exemption	Competitive Solicitation Title or Agreement Type	Vendor	Department / PO Description	Current Expiration Date	PO Amount FY 22 (YTD)
0000225054	Sponsored Projects (Direct) POs are exempt from prior BOT approval. Report to the BOT Finance Committee after the fact once the PO is equal to or greater than \$500,000	Subaward No: 000300 PTE Federal Award No: DE-NA0003981	FLORIDA AGRICULTURAL AND MECHANICAL UNIV	Elec and Computer Eng / Multiple PO lines for Subaward No. 000300 Advanced Sensors Technologies for Applications in Electrical Engineering - Research and Innovation eXcellence Consortium (ASTERIX) Amendment #1	9/30/2022	575,361.74
0000229467	Exception under BOG Regulation 18.001(6)(d)(17) - Purchases from an Annual Certification List developed by each University. This acquisition is made in accordance with the conditions detailed in Annual Certification for sole source purchases. category 8	PO # 0000229467	AGILENT TECHNOLOGIES INC	Ctr for Translational Science / 6495 Triple Quadrupole LC/MS System	N/A	545,317.38
0000229068	Exception under BOG Regulation (6)(d)(6) - Health services involving examination, diagnosis, treatment, prevention, medical consultation or administration. Prescriptive assistive devices for medical, developmental or vocational rehabilitation including, but not limited to prosthetics, orthotics, wheelchairs and other related equipment and supplies, provided they are purchased on the basis of an established fee schedule or by a method that ensures the best price, taking into consideration the needs of the client.	PUR # 02227	CITRUS HEALTH NETWORK INC	FIU Embrace / Blanket Purchase Order for Primary Care & Behavioral Health Services for participants in the FIU Embrace Initiative for the period of 07/01/2021 to 06/30/2022	6/30/2023	507,534.00

Purchase Order No.	Competitive Solicitation Number or Exemption	Competitive Solicitation Title or Agreement Type	Vendor	Department / PO Description	Current Expiration Date	PO Amount FY 22 (YTD)
0000228615	ITN 45-004	Fleet Maintenance PUR #03771	FIRST VEHICLE SERVICES INC	Business Services / FVS BPO 21-21, services and maintains all FIU fleet	9/15/2022	500,000.00



THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
December 8, 2021

Subject: Quarterly report of the purchasing transactions greater than \$1,000,000 from July 29, 2021 through October 26, 2021

Report *(for informational purposes only – no Committee action is needed)*

Purchase Order No.	Competitive Solicitation Number or Exemption	Competitive Solicitation Title or Agreement Type	Vendor	Department / PO Description	Current Expiration Date	PO Amount FY 22 (YTD)
0000231503	ITN-2019-00015	Grounds Maintenance; PUR # 04000 Approved by BOT on June 2021	ARAMARK MANAGEMENT SERVICES LP	Groundskeeping / Office of Aux and Entrprse Dev / FACILITIES for MMC, EC & BBC Campuses - per Item S1.1 and S1.2	6/30/2026	2,638,187.28
0000227607	Exception under BOG Regulation 18.001(6)(d)(18) - Purchases for Resale	Apple reseller contracts # C00001625 Reseller Agreement (Personal/Institutional) C00001625 Addendum State of Florida 43211500-WSCA-15- ACS Approved by BOT on September 2021	APPLE INC	IT Business Services Office/ Blanket Purchase Order for (Apple) for the Computer Store.	7/31/2022	2,100,000.00
0000222196	Exception under BOG Regulation 18.001(6)(d)(13) - Purchases for programs, conferences, workshops,	Independent Contract Agreement Approved by BOT on April 2021	LOGISTICS MANAGEMENT GROUP INC	South Beach Wine and Food Fest / LMG for NV & GTV Site Management fee and rentals needed for	6/30/2022	2,084,708.62

Purchase Order No.	Competitive Solicitation Number or Exemption	Competitive Solicitation Title or Agreement Type	Vendor	Department / PO Description	Current Expiration Date	PO Amount FY 22 (YTD)
	continuing education events or university programs that are offered to the general public for which fees are collected to pay all expenses associated with the event or program			both event sites for the 2021 SOBEWFF and increase original PO per BOT approval		
0000201754	Sponsored Projects (Direct) POs are exempt from prior BOT approval. Report to the BOT Finance Committee after the fact once the PO is equal to or greater than \$500,000	Subaward No # 800010268-01 PTE Federal Award No # 1R01MH119299-01	YALE UNIVERSITY	Center for Children and Fam / /Subaward No. 800010268-01/000034 Target Attention Orienting to Social Threat to Reduce Social Anxiety in Youth Amendment #2	3/31/2022	1,844,631.00
0000224124 & 0000230668	Exception under BOG Regulation 18.001(6)(d)(17) - Purchases from an Annual Certification List developed by each University. This acquisition is made in accordance with the conditions detailed in Annual Certification for sole source purchases. Category 5	PUR # 04065 This purchase is for electronic locks for the doors and is part of the construction project for Parkview II that was approved by the BOT on December 2019 and the PO is being issued from the construction account.	CBORD GROUP INC	Facilities Construction / All necessary hardware/software per quote Q93150 for Parkview Housing PH II/ All necessary hardware/software per quote Q108162 for Parkview Housing PH II	12/31/2023	1,708,167.10 (1,171,153.00 & 537,014.10)
0000231821	Exception under BOG Regulation 18.001(6)(d)(7) - Services provided to persons with mental or physical disabilities by not-for-profit corporations organized under the provisions of s. 501(c)(3) of	PO # 0000231821	NEUROSCIENCE CENTERS OF FLORIDA	COM Neurology/ Consulting and Education Services by NSCFF FY 21-22	6/30/2022	1,500,000.00

Purchase Order No.	Competitive Solicitation Number or Exemption	Competitive Solicitation Title or Agreement Type	Vendor	Department / PO Description	Current Expiration Date	PO Amount FY 22 (YTD)
	the Internal Revenue Code or services governed by the provisions of the Office of Management and Budget Circular A-122.					
0000229985	Exception under BOG Regulation 18.001(6)(d)(17) - Purchases from an Annual Certification List developed by each University. This acquisition is made in accordance with the conditions detailed in Annual Certification for sole source purchases. Category 5	PUR # 04099 Approved by BOT on June 2021	ORACLE AMERICA INC	IT Panthersoft / Oracle Application Support SR# 6593102	8/31/2021	1,266,710.42
0000232428	Approved by BOT on September 2021	Piggyback Agreement No. # 40374 LACCD MASTER AGREEMENT	STEINWAY INC	Music / Multiple line POs for Piano	12/31/2021	1,252,261.00
0000232463	Sponsored Projects (Direct) POs are exempt from prior BOT approval. Report to the BOT Finance Committee after the fact once the PO is equal to or greater than \$500,000	Sub Award No # 000352 PTE Federal Award No # 2029278	ANGOLA CABLES SA	IT CIARA / Subaward No: 000352 IRNC: Core Improvement: AtlanticWave-SDX: A Distributed Intercontinental Experimental	12/14/2024	1,000,000.00

This page intentionally left blank



THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
December 8, 2021

CASACUBA BUILDING UPDATE AS OF NOVEMBER 12, 2021

FUNDRAISING FOR NEW CASACUBA FACILITY

DONOR	PLEDGES	CASH
National Endowment for the Humanities*	\$ 750,000	\$ 750,000
Knight Foundation	\$ 2,000,000	\$ 800,000
Other Donors	\$ 8,943,211	\$ 4,151,492
Planned Gifts	\$ 1,068,000	\$ 7,200
TOTAL	\$ 12,761,211	\$ 5,708,692

**As a Federal agency award, this is a cost-reimbursement grant; the full amount has been obligated.*

Highlights since last report: Additional verbal commitments for gifts totaling \$1,660,000 were made since the last report; the related gift agreements are in process. These additional contributions are not reflected in the totals above.

FACILITIES UPDATE

- Facility Program Document approved June 14, 2019
- Architect/Engineer Selection Committee approved July 30, 2019
- Advertisement for Architect/Engineer was posted December 17, 2019
- Eligible Architect/Engineer Qualifications Submittals (15) received January 31, 2020
- Architect/Engineer Selection Committee conducted shortlist meeting April 13, 2020
- Architect/Engineer interviews/presentations with shortlisted firms (5) were conducted June 1, 2020 and the architectural firm René González Architects (RGA) was recommended to the President
- The agreement with René González & Associates was executed on October 5, 2020 and program verification was completed on November 5, 2020
- Conceptual schemes were presented by the architect to the project team on December 17, 2020 and revised concept was approved by the President on April 2, 2021
- Notice to Construction Managers was posted on September 27, 2021
- Construction Managers Qualifications Submittals from two firms were received on October 28, 2021

This page intentionally left blank

FIU FOUNDATION, INC.

**SUMMARY OF REVENUES AND EXPENSES
& INVESTMENTS**

September 30, 2021

FIU FOUNDATION, INC.
Summary of Revenues and Expenses *
For the Month Period Ended September 30, 2021

	Actuals				
	University (Donor Designated)	Foundation (Unrestricted)	Total	Budget	Fav (Unfav) Variance
REVENUES:					
Cash Contributions	\$ 9,725	\$ -	\$ 9,725	\$ 5,112	\$ 4,613 [1]
Investment Returns, net of fees	1,467	856	2,323	5,525	(3,202) [2]
MARC Building	-	484	484	435	49
Foundation Subsidiaries	-	60	60	55	5
Annual Revenues & Fees	-	279	279	243	36
TOTAL REVENUES	11,192	1,679	12,871	11,370	1,501
EXPENSES:					
Support to University:					
Scholarships & Programs	5,797	-	5,797	5,499	(298)
Building Funds	3,899	-	3,899	4,305	406
Operational Support	-	291	291	282	(9)
Total Support to University	9,696	291	9,987	10,086	99
Operational:					
MARC Building	-	113	113	119	6
Foundation Subsidiaries	-	65	65	143	78
Administrative Operating Expenses	-	1,461	1,461	2,675	1,214 [3]
Other Expenses	-	32	32	73	41
Total Operational	-	1,671	1,671	3,010	1,339
TOTAL EXPENSES	9,696	1,962	11,658	13,096	1,438
EXCESS REVENUES OVER EXPENSES	\$ 1,496	\$ (283)	\$ 1,213	\$ (1,726)	\$ 2,939

*Summary of Revenues and Expenses reflects revenues on a cash basis and expenses on an accrual basis.

- [1] The favorable variance of \$4.6 million in cash contributions were gifts mainly from the Chaplin School of Hospitality & Tourism Management, College of Communication, Architecture + The Arts, University Wide, and College of Business.
- [2] The unfavorable variance of \$3.2 million in investment returns is based on an actual return for the fiscal year to date of 0.54% versus a budgeted rate of return for the fiscal year to date of 1.5% (yielding a 6.0% annual budgeted rate of return).
- [3] The favorable variance of \$1.2 million in Administrative Operating Expenses is a result of salary savings due to delays in hiring, timing of professional services contracts, and donor events.

As of September 30, 2021							
Asset Class	Market Value	Current Allocation (%)	Current Month	Calendar YTD	Fiscal YTD	Annualized S.I.	Inception Date
Total Assets (Net of Fees)	\$440,317,432	-	-3.2%	10.8%	-1.3%	5.4%	6/30/2000
Main Investment Portfolio (Net of Fees)	\$427,871,457	100.0%	-3.2%	11.4%	-1.3%	5.8%	6/30/2000
Public & Private Equity	\$361,142,868	84.4%	-3.7%	13.2%	-1.3%	6.1%	6/30/2000
Public Equity	\$302,729,603	70.8%	-4.3%	11.2%	-1.5%	5.2%	6/30/2000
Private Equity	\$58,413,266	13.7%	-0.8%	22.3%	-2.0%	12.6%	11/15/2005
Real Assets	\$21,919,375	5.1%	-1.4%	13.4%	-0.7%	1.5%	1/31/2008
Hedge Funds & Other Diversifying Investments	\$13,966,048	3.3%	0.0%	10.0%	1.2%	5.1%	3/31/2002
High Quality Bonds and Cash	\$30,843,165	7.2%	-0.5%	0.1%	0.6%	5.0%	6/30/2000
Total	\$427,871,456	100.0%					

Please note the market values and performance information above reflects the most updated valuations for private investments and may not agree with the Summary of Revenues and Expenses for the same period.

This page intentionally left blank