FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.

**(A COMPONENT UNIT OF
FLORIDA POLYTECHNIC UNIVERSITY)**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

YEAR ENDED JUNE 30, 2017

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
(A COMPONENT UNIT OF FLORIDA POLYTECHNICAL UNIVERSITY)
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YEAR ENDED JUNE 30, 2017

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Florida Polytechnic University Foundation, Inc.
Lakeland, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Florida Polytechnic University Foundation, Inc. (a non-profit organization), which comprises the statement of financial positon as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, 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.

Board of Directors
Florida Polytechnic University Foundation, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Florida Polytechnic University Foundation, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2018, on our consideration of Florida Polytechnic University Foundation, Inc.‘s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of Florida Polytechnic University Foundation, Inc.’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Florida Polytechnic University Foundation, Inc.’s internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
February 14, 2018

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
(A COMPONENT UNIT OF FLORIDA POLYTECHNICAL UNIVERSITY)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

ASSETS

		2017
CURRENT ASSETS		
Cash	$	402,511
Contributions Receivable, Net of Allowances and Discounts		1,205,043
Investments		1,220,851
Total Current Assets		2,828,405
LONG-TERM ASSETS		
Investments - Endowment		886,292
Investments restricted for other long-term purposes		4,257,261
Contributions Receivable, Net of Allowances and Discounts		135,096
Total Assets	$	8,107,054

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	$	32,474
Due to Florida Polytechnic University		1,207,763
Accrued Liabilites		170,825
Other Liability		2,750,000
Total Current Liabilities		4,161,062
LONG-TERM LIABILITIES		
Other Long-Term Liability		4,698,053
Total Liabilities		8,859,115
NET ASSETS		
Unrestricted, Undesgnated		(2,432,221)
Temporarily Restricted		840,397
Permanently Restricted		839,763
Total Net Assets		(752,061)
TOTAL LIABILITIES AND NET ASSETS	$	8,107,054

See accompanying Notes to Financial Statements.

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
(A COMPONENT UNIT OF FLORIDA POLYTECHNICAL UNIVERSITY)
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017
REVENUES				
Contributions, Net of Allowances and Discounts	$ 741,544	$ 416,248	$ 164,927	$ 1,322,719
Interest Income	49,020	45,629	-	94,649
In-Kind Salaries	199,351	-	-	199,351
Net Assets Released from Restrictions	737,466	(737,466)	-	-
Total Revenues	1,727,381	(275,589)	164,927	1,616,719
EXPENSES				
Program Services	4,935,740	-	-	4,935,740
Management and General	663,223	-	-	663,223
Fundraising	256,933	-	-	256,933
Total Expenses	5,855,896	-	-	5,855,896
CHANGES IN NET ASSETS	(4,128,515)	(275,589)	164,927	(4,239,177)
NET ASSETS - BEGINNING OF YEAR	1,696,294	1,115,986	674,836	3,487,116
NET ASSETS - END OF YEAR	$ (2,432,221)	$ 840,397	$ 839,763	$ (752,061)

See accompanying Notes to Financial Statements.

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
(A COMPONENT UNIT OF FLORIDA POLYTECHNICAL UNIVERSITY)
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017

	Program Services	Management and General	Fundraising	Total
Transfers to Florida Polytechnic University	$ 4,655,391	$ 434,801	$ -	$ 5,090,192
Consulting Services	279,128	-	-	279,128
Entertainment	-	-	127,597	127,597
In-kind Salaries	-	199,351	-	199,351
Food and Beverages	-	-	91,333	91,333
Accounting Services	-	16,374	-	16,374
Printing	-	-	9,847	9,847
Rental Expense	-	-	14,917	14,917
Community Engagement & Sponsorships	-	-	5,000	5,000
Postage	-	-	1,180	1,180
Lecturers	-	-	2,500	2,500
Bank Charges	-	4,020	-	4,020
Insurance	-	-	2,434	2,434
Travel	-	4,016	-	4,016
Advertising and Marketing	-	-	1,063	1,063
Other Services	1,221	-	-	1,221
Janitorial Supplies	-	-	357	357
Software	-	1,678	-	1,678
Uniforms	-	1,434	-	1,434
Other Supplies	-	434	-	434
Offices Supplies	-	655	-	655
Data Processing Services	-	460	-	460
Meeting/Program Expenses	-	-	705	705
	$ 4,935,740	$ 663,223	$ 256,933	$ 5,855,896

See accompanying Notes to Financial Statements.

FLORIDA POLYTECHNIC UNIVERSITY FOUNDATION, INC.
(A COMPONENT UNIT OF FLORIDA POLYTECHNICAL UNIVERSITY)
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$	(4,239,177)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
(Increase) in Assets:		
Contributions Receivable		1,279,355
Increase (Decrease) in Liabilities:		
Accounts Payable		31,672
Other Liabilities		4,543,267
Net Cash Flows Provided by Operating Activities		1,615,117
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments		(2,144,965)
Proceeds from Sale of Investments		501,274
Net Cash Used by Investing Activities		(1,643,691)
NET DECREASE IN CASH		(28,574)
Cash - Beginning of Year		431,085
CASH - END OF YEAR	$	402,511

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Florida Polytechnic University Foundation, Inc. (the Foundation) was incorporated on October 30, 2012. Foundation was formed as a direct-support organization in accordance with Section 1004.28, Florida Statutes, and operates exclusively for the benefit of Florida Polytechnic University (the University). The Foundation is considered a component unit of the University. The governing body of the Foundation is the Board of Directors (the Board). The Board is comprised of not less than three and not more than forty-five elected directors, subject to review by the Board Development Advisory and subject to confirmation by the University president and election by the Board. The Foundation's purpose is to receive, hold, invest and administer property and to make expenditures to or for the benefit of the University by encouraging alumni and friends to provide private funds and other resources for the University's benefit, to manage those assets, to provide volunteer leadership in support of the University's objectives and to perform all business matter to accomplish these purposes.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, prepaid expenses, and payables.

Basis of Presentation

In accordance with accounting guidance, the Foundation's net assets are classified into three categories: (1) unrestricted net assets, which include no donor-imposed restrictions; (2) temporarily restricted net assets, which include donor-imposed restrictions that will expire in the future; and (3) permanently restricted net assets, which include donor-imposed restrictions that the assets be maintained permanently. The unrestricted net assets consist of operating funds available for any purpose authorized by the board of directors.

Temporarily restricted net assets consist of funds arising from gifts in which the donor has stipulated, as a condition of the gift, restrictions on how or when the gift may be spent.

Permanently restricted net assets consist of funds arising from a gift or bequest in which the donor has stipulated, as a condition of the gift, that the principal be maintained in perpetuity and only the investment income from investment of the funds be expended.

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 certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash in demand accounts or time deposits in commercial banks. For the purpose of cash flows, the Foundation includes as cash equivalents all highly liquid investments with a maturity of three months or less when purchased.

Investments

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

Unconditional Promises to Give

Unconditional promises to give are recorded when the promises to contribute are made. Unconditional promises to give which are expected to be collected in more than one year are stated at the present value of estimated future receipts, using risk-free rates applicable to the years in which the promises are to be received. The Foundation provides an allowance for uncollectible pledges based on management's assessment of the collectability. The Foundation's policy is to record a three percent allowance for doubtful accounts for all promises to give.

Contributions and Donor-Imposed Restrictions

Contributions, including unconditional promises to give, are recorded when made. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as temporarily or permanently restricted support that increases those net asset classes.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted new assets and are reported in the statement of activities as net assets released from restrictions. If a temporarily restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as unrestricted.

In-Kind Contributions

Contributions of donated assets and services are recorded at their estimated fair value at the date of receipt and are reflected as contributions in the accompanying statement of activities. Contributions of services are recognized only if such services create or enhance nonfinancial assets, would have been purchased if not provided by donation, require specialized skills, and are provided by individuals possessing such specialized skills and would otherwise be purchased by the Foundation.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The costs of the providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Expenses are allocated based on management's estimate of the relative functional activity.

Income Tax Status

The Foundation is a not-for-profit organization that is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Unrelated business income, as defined by Section 509(a)(1) of the Code is subject to federal income tax. The Foundation currently has no unrelated business taxable income. Accordingly, no provision for income taxes has been recorded.

The Foundation adopted the income tax standard for uncertain tax positions on January 1, 2009. As a result of the implementation, the Foundation determined there were no uncertain tax position for which either recognition or disclosure is required in the Financial Statements.

Fair Value Measurement

The Foundation measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The objective of a fair value measurement is to determine 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 (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The Foundation may use valuation techniques consistent with the market, income and cost approaches to measure fair value.

The inputs used to measure fair value are categorized into the following three categories:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The Foundation has the ability to access quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the Foundation's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

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

Cash and Cash Equivalents – The carrying amounts reported in the statement of financial position approximate fair values due to relatively short maturities of these instruments.

Investments – Valued at the closing price reported on the active market on which the individual securities are traded.

NOTE 2 CASH AND CASH EQUIVALENTS

At June 30, 2017, the Foundation's book balance of cash is $402,511. The bank balance is $369,950. Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned to it. All deposits are insured with the FDIC up to $250,000.

NOTE 3 INVESTMENTS

The Foundation invests in the Florida State Treasury. The Florida State Treasury operates a special investment program for public entities other than the state. This program is authorized in Section 17.61(1), Florida Statutes, and is called the Special Purpose Investment Account (SPIA). Entities created by the Florida Constitution or Florida Statutes are eligible to invest in SPIA, including universities. The Foundation and University pool investments into one SPIA investment account. As a SPIA participant, the Foundation and University owns a share of the pool, not the underlying securities.

SPIA funds are combined with State funds and invested in six fixed income components. These components include a Certificates of Deposit and Securities Lending program as well as short-term liquidity, cash enhanced, conservative core and core strategies. SPIA seeks to maintain a $1.00 value. The value at June 30, 2017 was 0.9923.

An investment in SPIA is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although SPIA seeks to preserve principal, it is possible to lose money by depositing money into SPIA. Unlike individual debt securities, which typically pay principal at maturity, the value of an investment in the fund will fluctuate.

NOTE 3 INVESTMENTS (CONTINUED)

All investments carry a certain amount of risk. The following factors can significantly affect the fund's performance:

Interest Rate Changes

Interest rate increases can cause the price of a debt security to decrease. The effective duration of SPIA as of June 30, 2017 was 2.80 years.

Credit Risk

The Florida Treasury Investment Pool is rated by Standard and Poor's. The rating as of June 30, 2017 was A+f.

Foreign Exposure

State law and investment policy does not authorize the Treasury Investment Pool to purchase investments in foreign currencies. Therefore, the Treasury Investment Pool is not exposed to Foreign Currency Risk.

The Foundation's only significant investment is in SPIA. The total amount invested by the Foundation at June 30, 2017 is $6,364,404.

Disclosures for the State Treasury investment pool are included in the notes to the financial statement of the State's Comprehensive Annual Financial Report.

NOTE 4 CONTRIBUTION RECEIVABLES

Contribution receivables are due as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Contribution Receivables:				
In less than one year	$ 1,087,867	$ 141,085	$ 13,750	$1,242,702
In 1 to 5 years	5,000	83,104	51,000	139,104
	1,092,867	224,189	64,750	1,381,806
Less: Discounts on Long-term Receivables	(16,696)	(3,475)	(1,004)	(21,175)
Less: Allowance for Doubtful Accounts	(16,158)	(3,363)	(971)	(20,492)
Contributions Receivable, Net of Allowances and Discounts	$ 1,060,013	$ 217,351	$ 62,775	$1,340,139

Contributions receivable are recorded by the Foundation when all eligibility requirements are met and once the contribution receivable is verifiable and the resources are measurable and probable of collection. An allowance for uncollectible contributions receivable is recorded based on management's estimate of uncollectible contributions. Long-term pledges are discounted using a risk free rate of return adjustment plus one percent.

NOTE 5 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Foundation values all other assets and liabilities refer to Note 1 –Summary of Significant Accounting Policies.

The following tables present the fair value hierarchy for the balances of the investments of the Foundation measured at fair value on a recurring basis as of June 30, 2017:

	Quoted Active Markets Identified Inputs (Level One)	Prices in Significant Other Observable Inputs (Level Two)	Unrealized Significant Unobservable Inputs (Level Three)
Special Purpose Investment Account	$ 6,364,404	$ -	$ -
Total Investments	$ 6,364,404	$ -	$ -

NOTE 6 OTHER LIABILITY

The Foundation has $2,750,000 in other liabilities as of year ended June 30, 2017. During fiscal year 2014, an anonymous donor gave $5,000,000 to the foundation. According to the stipulations of the second amendment to the donation agreement, $250,000 was returned to the anonymous donor in fiscal year 2015. $2,000,000 of the donation was designated for unrestricted purposes. Funds were available in a dollar for dollar match as donations were received from additional donors. During fiscal year June 30, 2014, $447,200 was matched and recognized as revenue. During fiscal year end June 30, 2015, the remaining $1,552,800 was matched, collected and recognized as revenue. The remaining $2,750,000 cannot be used until the anonymous donor and Foundation enter an agreement as to how the funds will be released. The second amendment of the donation agreement states, if a written agreement is not reached on or before August 1, 2015, the anonymous donor may at any time thereafter, upon its written request remove the remainder of the donation. If this event occurs, the Foundation is required to return the $2,750,000 to the anonymous donor within 30 days of the anonymous donor's written request. As of the issuance of the June 30, 2017 financial statements, an agreement has not been reached with the anonymous donor, although on-going discussions have/are taking place between the University and the anonymous donor in regards to status of designated benchmarks. To date, the anonymous donor has not requested the funds be returned.

NOTE 7 OTHER LONG-TERM LIABILITY

The Foundation has pledged to fund certain scholarships and other expenses for the University. At June 30, 2017, the amounts outstanding pledged for the fiscal year ended June 30, 2016 is $1,170,000 and the outstanding amount pledged for the year ended June 30, 2017 is $4,735,816. The Board has agreed to pay the amounts relating to scholarships in equal installments over ten years bearing no interest. Payments for non-scholarship pledges are due in the fiscal year ending June 30, 2018.

Below is a summary of amounts to be paid to the University:

	Amount
2018	$ 1,207,763
2019	587,257
2020	587,257
2021	587,257
2022	587,257
Thereafter	2,349,025
Total	$ 5,905,816

NOTE 8 ENDOWMENT COMPOSITION

The Foundation's endowment consists primarily of funds established by donors and the board of directors in prior years through donations and the growth of those funds over the years.

As of June 30, 2017, the Foundation's endowment included funds established for the purposes of scholarships. These funds include donor restricted and board designated quasi-endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

Endowment funds by category from inception to date consist of the following as of June 30,2017:

	Permanently Restricted	Total
Endowments:		
Scholarship Program	$ 839,763	$ 839,763
Total Endowment	$ 839,763	$ 839,763

Interpretation of Uniform Prudent Management of Institutional Funds

During 2011, the state of Florida enacted Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Foundation enacted the enhanced disclosure for endowments required by accounting guidance which became effective July 1, 2012.

NOTE 8 ENDOWMENT COMPOSITION (CONTINUED)

As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Changes in endowment net assets consist of the following for the year ended June 30, 2017:

	Permanently Restricted	Total
Endowment at:		
Beginning of Year	$ 674,836	$ 674,836
New Gifts	164,927	164,927
Endowment at End of Year	$ 839,763	$ 839,763

The remaining portion of the endowment fund that is not classified in permanently restricted net assets is classified as unrestricted board designated until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by the board.

The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization

Strategies Employed for Achieving Objectives

The purpose of the Endowment Fund is to facilitate donors' desires to make substantial long-term gifts to the Foundation and to develop a new and significant source of revenue for the Foundation. In so doing, the Endowment Fund will provide a secure, long-term source of funds to: (a) fund special grants; (b) ensure long-term growth; (c) enhance our ability to meet changing University and Foundation needs in both the short and long-term; and, (d) support the administrative expenses of the Foundation as deemed appropriate.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has not yet adopted investment and spending policies for endowment assets.

NOTE 8 ENDOWMENT COMPOSITION (CONTINUED)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or Foundation policies requires to retain as a fund of perpetual duration. These deficiencies are the result of unfavorable market fluctuations that occurred after the investment of permanently restricted contributions. Deficiencies of this nature that are in excess of related temporarily restricted amounts would be reported in unrestricted net assets. The Foundation does not have any deficiencies as of June 30, 2017.

NOTE 9 CONCENTRATIONS

During fiscal year ended June 30, 2017, one donor accounted for approximately 20% of total contribution revenue.

NOTE 10 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of net assets restricted for scholarships totaling $(233,966), net assets restricted for a wellness center totaling $528,461, and net assets restricted for specifically identified programs totaling $500,273. The remaining $45,629 of temporarily restricted net assets is interest and earnings. The net assets restricted for scholarships holds a negative balance which is due to the liability owed to the University.

NOTE 10 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring scholarship expenses, satisfying the purpose specified by donors.

NOTE 11 PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of entirely of assets restricted for endowed scholarships.

NOTE 12 COMMITMENTS

The Foundation has committed to fund tuition, fees and other costs for the inaugural and second incoming cohorts of University students. In addition, the Foundation has committed to provide scholarships to cover tuition and fees for the third cohort of students. For the 2017/2018 school year, the Foundation Board approved total scholarship commitments not to exceed $1,000,000.

NOTE 13 RELATED PARTY TRANSACTIONS

The Foundation contributed $5,090,192 to the University for the year ended June 30, 2017. Of the Foundation's liabilities recorded as of June 30, 2017, approximately $6.0 million is owed to the University. At June 30, 2017, there was approximately $10,000 of gross contribution receivables due from Foundation Board of Directors and University Board of Trustees. For the year ended June 30, 2017, contribution revenue from the Foundation Board of Directors and University Board of Trustees totaled approximately $30,000.

CliftonLarsonAllen LLP
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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 Polytechnic University Foundation, Inc.
Lakeland, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Florida Polytechnic University Foundation, Inc., which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 14, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Florida Polytechnic University Foundation, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Florida Polytechnic University Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Florida Polytechnic University Foundation, Inc.'s internal control.

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

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

Board of Directors
Florida Polytechnic University Foundation, Inc.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
February 14, 2018