



FLORIDA INTERNATIONAL UNIVERSITY

BOARD OF TRUSTEES

FINANCE AND FACILITIES COMMITTEE

FIU, Modesto A. Maidique Campus, Graham Center Ballrooms

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

Thursday, December 7, 2023
9:45 AM

or

Upon Adjournment of Previous Meeting

Chair: Carlos A. Duarte

Vice Chair: Marc D. Sarnoff

Members: Cesar L. Alvarez, Dean C. Colson, Natasha Lowell, Roger Tovar

AGENDA

- | | |
|---|------------------|
| 1. Call to Order and Chair's Remarks | Carlos A. Duarte |
| 2. Approval of Minutes | Carlos A. Duarte |
| 3. Action Items | |
| FF1. FIU Direct Support Organizations Financial Audits FY 2022-2023 | Aime Martinez |
| 1. FIU Foundation, Inc. | |
| 2. FIU Research Foundation, Inc. | |
| 3. FIU Athletics Finance Corporation | |
| 4. FIU Health Care Network, Inc. | |
| FF2. Proposed Amendment to Regulation FIU-2201 Purchasing | Aime Martinez |
| FF3. Approval of Negotiation of Amendment for Contract #PUR-04000
for Grounds Maintenance Vendor: Aramark Management
Services Limited Partnership | Aime Martinez |
| 3. Action Item (<i>Committee Action; Full Board Information Only</i>) | |
| FF4. Approval of Contracts greater than or equal to \$1,000,000 and less
than \$3,000,000: | Aime Martinez |
| 1. Contract PUR-05204 Amendment #1 with CTEK Security Inc. | |
| 2. Contract PUR-07596 with Triumvirate Environmental Services Inc. | |

4. Discussion Item *(No Action Required)*

4.1 Financial Performance Review, First Quarter FY 2023-24

Aime Martinez

4.2 Student Housing

Aime Martinez

5. Reports *(For Information Only)*

5.1 Athletics

J. Scott Carr

5.2 Business Services

Roger Clegg

5.3 Emergency Management

Amy B. Aiken

5.4 Facilities and Construction

John Cal

5.5 Safety and Environmental Compliance

Amy B. Aiken

5.6 Treasury

Benjamin Jarrell

5.7 Procurement

Crystal Herrera

5.8 CasaCuba Building

**Lydia Betancourt
Space**

5.9 Foundation

Marcel L. Navarro

6. New Business *(If Any)*

Carlos A. Duarte

7. Concluding Remarks and Adjournment

Carlos A. Duarte

Meeting Book - 12-07-2023 - FIU Board of Trustees Finance and Facilities Committee Meeting

1. Call to Order and Chair's Remarks

Carlos A. Duarte

2. Approval of Minutes

Carlos A. Duarte

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FF1. FIU Direct Support Organizations Financial Audits FY 2022-2023

Aime Martinez

1. FIU Foundation, Inc.

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2. FIU Research Foundation, Inc.

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3. FIU Athletics Finance Corporation

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4. FIU Health Care Network, Inc.

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FF2. Proposed Amendment to Regulation FIU-2201 Purchasing

Aime Martinez

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FF3. Approval of Negotiation of Amendment for Contract #PUR-04000 for Grounds Maintenance; Vendor: Aramark Management Services Limited Partnership
Aime Martinez

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December 7, 2023

Subject: Approval of Minutes of Meeting held September 14, 2023

Proposed Committee Action:

Approval of Minutes of the Finance and Facilities Committee meeting held on September 14, 2023.

Background Information:

Committee members will review and approve the Minutes of the Finance and Facilities Committee meeting held on September 14, 2023.

Supporting Documentation:

Minutes: Finance and Facilities Committee meeting, September 14, 2023

Facilitator/Presenter:

Carlos A. Duarte, *Chair, Finance and Facilities Committee*



Finance and Facilities Committee

September 14, 2023

FIU, Modesto A. Maidique Campus, Tamiami Hall, Multipurpose Room

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 Chair Carlos A. Duarte at 8:33 AM on Thursday, September 14, 2023.

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

Trustees Cesar L. Alvarez and Natasha Lowell were excused.

The following Board members were also in attendance: Noël C. Barengo, Alan Gonzalez, Francis A. Hondal, Chanel T. Rowe (*Zoom*), and Alexander P. Sutton.

Committee Chair Duarte welcomed all Trustees and members of the University administration. He also welcomed the University community and general public accessing the meeting via the University's webcast.

2. Approval of Minutes

Committee Chair Duarte asked if there were any additions or corrections to the minutes of the Finance and Facilities Committee meeting held on June 15, 2023. Hearing none, a motion was made and unanimously passed to approve the minutes of the Finance and Facilities Committee meeting held on June 15, 2023.

3. Action Items

FF1. Approval of 2023-24 Education and General Carryforward Spending Plan, Fixed Capital Outlay Budget, and Related Certification

Senior Vice President for Finance and Administration and Chief Financial Officer Aime Martinez presented the 2023-24 Education and General Carryforward Spending Plan and Fixed Capital Outlay Budget for Committee review. She explained that the University is required to obtain Board of Trustees approval for Education and General (E&G) carryforward expenditures in accordance with Florida Board of Governors (BOG) Regulation. She added that once the Board of Trustees has approved the Carryforward Spending Plan, it is submitted to the BOG for review and approval. Sr. VP and CFO Martinez noted that carryforward fund balances in excess of the statutory seven

percent (7%) minimum may be used for expenditures that support the University's mission and for certain fixed capital expenditures, repairs, maintenance, and remodeling projects. She indicated that the University's carryforward beginning balance, as of July 1, 2023, net of accounts receivables, accounts payables, and deferred student fees, totaled \$82.8M. She commented that the \$36.39M Carryforward Spending Plan amount reflects a reduction of \$2.02M in encumbrances and the 7% statutory reserve reduction of \$44.39M. She noted that the reserve is calculated based on the University's base budget, which includes appropriations and tuition revenues. Sr. VP and CFO Martinez indicated that of the \$36.39M, \$14.5M is committed with prior year, multi-year expenses, previously approved by the Board of Trustees and BOG, or a roll-over from prior years that has not been spent. She stated that of the \$36.39M, \$21.89M are new carryforward funds. She commented that the allocations of said \$36.39M, include: \$21M or 58% for fixed capital outlay/maintenance, repair, and renovation projects; \$2.81M restricted by appropriations, primarily Linking Industry to Nursing Education (LINE) funds; \$2.76M for faculty research support, start-up, and the Adam Smith Center for Economic Freedom; \$2.56M for information technology system maintenance and support; \$2.25M for student financial aid; \$.80M for contingency for a state of emergency; and \$3.84M for other operating requirements, such as employee bonuses.

Sr. VP and CFO Martinez pointed out that the Herbert Wertheim College of Medicine (HWCOM) carryforward beginning balance totaled \$24.07M and that the Carryforward Spending Plan amount is \$19.93M, which reflects a reduction of \$.52M in encumbrances and the 7% statutory reserve reduction of \$3.62M. She noted that of said \$19.93M, the largest allocation of \$6.03M is directed toward student financial aid. She commented that other allocations include: \$3.69M or 19% for fixed capital outlay/maintenance, repair, and renovation projects; \$3.76M for primary care residency programs; \$2.33M for start-up funding for research faculty; \$1.88M for media equipment, furniture and fittings, and professional services; and \$1.46M for employee bonuses.

Sr. VP and CFO Martinez explained that the Fixed Capital Outlay (FCO) budget includes Board of Trustees and BOG previously approved and authorized Public Education Capital Outlay (PECO) projects, Capital Improvement Trust Fund (CITF) projects, projects from E&G carryforward, and projects authorized pursuant to BOG Debt Management and Public-Private Partnership Guidelines that have not yet been completed and will have planned expenditures for the 2023-24 fiscal year, and new construction projects and maintenance, repair, remodeling, and renovation projects with planned expenditures for 2023-24. She presented an overview of new FCO projects, which include one carryforward project, the Biscayne Bay Campus STAR Center expansion and renovation funded from Linking Industry to Nursing Education (LINE) funds; and the following state appropriated projects: Honors College (PECO), Modesto A. Maidique Campus aquatic center (CITF), HWCOM Academic Health Sciences Clinical Facility (PECO), and soccer and track stadium (CITF). Sr. VP and CFO Martinez indicated that said new FCO projects have \$5.14M of funding in-place, \$22.7M in current funding, and \$53.68M in outstanding funding needs. She noted that \$5M is allocated for the architect and design of the future HWCOM Academic Health Sciences Clinical Facility. She added that the estimated project budget for the facility will be obtained once the architect and design phase is underway.

Board Chair Roger Tovar requested that the Board of Trustees have greater participation on the vision of the utilization of carryforward expenditures. In response to Board Chair Tovar, University

President Kenneth A. Jessell commented that an estimate of the University's and HWCOT's carryforward balances are presented as part of the University's operating budget at the Board of Trustees June meeting. He remarked on working closely with FIU units throughout the year analyzing expenditures for each quarter based upon projections. He added that a request can be made of the units to submit their respective priorities for review at the June Board of Trustees meeting. President Jessell stated that carryforward balances, in many instances, are the only source of operating funds that the units have for refresh, improvements, and modifications to their facilities. In response to Trustee Dean C. Colson, Sr. VP and CFO Martinez and President Jessell commented on the allowable uses of carryforward funds and stated that said funds could supplement PECO projects up to the limits set, but carryforward could not be used to cover cost overruns related to a non-PECO project. Sr. VP and CFO Martinez also explained that due to two (2) years of budget reductions in E&G funds to the units, lower carryforward funds were received at Central. She added that key elements of the 2022-23 new \$11.1M Carryforward Spending Plan included student financial aid, classrooms, furniture and fittings, employee bonuses, startups, advising support, technology, and fixed capital outlay repairs, renovation, and maintenance.

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 2023-24 Florida International University Education 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; 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, 2023 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 BOG any amendments to the spending plans in a format prescribed by the Chancellor of the BOG.

FF2. Approval of Self-supporting and Market Tuition Rate College-Credit Programs Annual Reports for 2021-22 and 2022-23

Provost and Executive Vice President Elizabeth M. Bejar presented the Self-supporting and Market Tuition Rate College-Credit Programs Annual Reports for 2021-22 and 2022-23 for Committee review. She referred to updated materials provided to the Trustees. She explained that on November 10, 2022, the BOG amended Regulation 8.002 and now requires Board of Trustees approval prior to submission of the annual report. Provost Bejar indicated that market rate programs are designed to broaden access to working professionals as a way to advance skills and meet business and professional development needs. She noted that instructional modality has evolved throughout the years to include market rate programs occurring at FIU's Downtown on Brickell, FIU at I-75, hybrid offerings, and other professional development offerings. She added that the deployment of said programs is strictly governed by BOG Regulation. Provost Bejar commented that the annual report must include, at a minimum, the following information: Classification of Instructional Programs (CIP) code, including program majors and comparable E&G program; approval dates for each program's tuition from the university board of trustees and BOG, and the start date for market rate

programs; tuition and fees, including costs per credit hour and any additional fees associated and pre-approved with the program; program length, type, mode of delivery, enrollment, and degree/program completions; and revenues and expenditures for each degree.

Provost Bejar pointed out that the University's market rate programs are competitively aligned with comparable public and private programs located throughout the country. She added that from the years 2011 to 2015, FIU received Board of Trustees and BOG approval for 20 graduate degree programs operating under 31 modalities. She noted that self-supporting programs are created under the guidance of continuing education and require full cost recovery of all direct and indirect costs and the tuition cannot exceed the approved tuition and out-of-state fees. Provost Bejar presented a summary of the 2021-22 annual report. She remarked that in 2021-22, there were 75 degree offerings with a total positive net income of approximately \$5.9M and revenues of \$81.7M include \$4.7M of one-time Higher Education Emergency Relief Fund (HEERF) and net income excluding HEERF is realized at \$1.2M. Provost Bejar mentioned that the College of Business has the largest portfolio of market rate and self-supporting programs. She indicated that in 2022-23, the number of programs increased from 75 to 77 due to the addition of two (2) self-supporting programs. She commented that the net loss of \$4.2M in 2022-23 was mainly due to lower enrollment in market rate programs. She referred to prior discussions with the Board of Trustees regarding enrollment fluctuations. She indicated that said programs are designed through their allocations to have accumulated enough fund balances to cover operational costs in years where enrollment fluctuations happen and/or expenditures increased.

In response to Board Chair Tovar's inquiry pertaining to programs operating at a loss, Provost Bejar explained that the annual report is a snapshot in time. She added that departments cover operating losses with accumulated fund balances but as a longer-term strategy may address by increasing enrollments or reducing expenses. Committee Chair Duart requested that future annual reports also contain each program's accumulated fund balance.

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 approval of the Florida International University Self-supporting and Market Tuition Rate College-Credit Programs Annual Report for 2021-22 and 2022-23 in accordance with State University System of Florida Board of Governors Regulation 8.002(4)(c) *Self-supporting and Market Tuition Rate Program and Course Offerings*.

FF3. Approval of a Fourth Lease Amendment (the "Amendment") with BP Land Holdings, LLC to negotiate a change to the overall terms of the original lease for the National Forensic Science Technology Center ("NFSTC"), located at 8285 Bryan Dairy Road, Suite 125 Largo, Florida

Sr. VP and CFO Martinez presented for Committee review the fourth lease amendment (Amendment) with BP Land Holdings, LLC to negotiate a change to the overall terms of the original lease for the National Forensic Science Technology Center (NFSTC), located at 8285 Bryan Dairy Road, Suite 125 Largo, Florida. She noted that in December 2017, FIU acquired the NFSTC, which is a facility where scientists and specialists provide training support and technology evaluation

for law enforcement agencies and labs across the country and services to Department of Defense customers, private labs, and corporations. She indicated that since 2017, NFSTC has submitted \$116.7M in sponsored research proposals and is projected to have \$15.2M in sponsored research activity in fiscal year 2023-24. Sr. VP and CFO Martinez commented that NFSTC's primary functions include, providing digital forensics and mobile forensics training to Department of Defense personnel, supporting FIU academic programs, providing gear commissioning support to the logistics section, performing image testing, and providing reach back support for deployed military personnel. She added that the facility has the capabilities to provide digital forensics and mobile forensics training of industry standards, forensic tools, drone forensic tool training, and additional academic support to FIU. Sr. VP and CFO Martinez noted that said operations are a component unit of a preeminent program that has secured over \$50M in research awards since December 2017 with indirect revenue that averages \$3.6M annually. In response to Committee Chair Duarte, she stated that the proposed amendment will still cover the 10-year period, but will be modified to include a two (2) year term extension instead of a five (5) year renewal with no additional associated costs. She added that the landlord has the right to exercise an option to relocate the NFSTC to a larger space during the renewal term and if elected, said relocation would include an additional 37,662 sq. ft. of space at no additional cost, a moving allowance of \$250,000, and a blended cost of \$12.42 per sq. ft.

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 the delegation of authority to the University President, or his designee, to (1) negotiate the Amendment; and (2) execute the Amendment on behalf of the University, and such other documents that may be necessary to effectuate the transactions contemplated therein for NFSTC.

Committee Chair Duarte requested to take the agenda out of order. There were no objections.

FF5. Finance and Facilities Committee Charter

General Counsel Castillo presented the proposed amendment to the Finance and Facilities Committee Charter for Committee review. He indicated that the only change being proposed to the Charter is that the review of the Charter be at least every three (3) years as opposed to every two (2) years, consistent with charter review period of the Audit and Compliance Committee Charter.

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 approval of the proposed revisions to the Finance and Facilities Committee charter.

FF6. Approval of Contract greater than \$3,000,000: *Renewal of Contract PUR-03304 with KFORCE Inc for Application Support Specialist ITN-2019-00020*

Sr. VP and CFO Martinez presented the renewal contract with KFORCE INC for Committee review. She noted that master contract with the vendor, KFORCE INC, was awarded as a result of competitive solicitation in 2020 for application support specialist positions for the Division of IT and other FIU departments. She added that the contract is coming up for its first renewal. She indicated that the University has already spent \$2.8M in the first term and expects to spend an additional \$3.7M over the next three (3) years.

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 (1) approve, as listed and described in the Board materials, the University entering into the contracts and purchase orders and/or change orders to the purchase orders and (2) authorize the University President or his designee to execute, on behalf of the University, the aforementioned contracts and/or purchase orders.

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

FF7. Approval of Contracts greater than or equal to \$1,000,000 and less than \$3,000,000:

- 1) *Approval of Change Orders for PO 261177 with Google and PO 261174 with Meta (parent company of Facebook and Instagram)*
- 2) *Approval of Contract PUR-07120 with HighPoint Technology Solutions, LLC*
- 3) *Ratification of the Independent Contractor Agreement with vendor Logistics Management Group, Inc., and approval of the purchase orders that may be issued under this Agreement*

Sr. VP and CFO Martinez presented for Committee review and approval the contracts greater than or equal to \$1M and less than \$3M. She indicated that the change orders with Google and Meta for the College of Business for advertising services are being requested not to exceed \$1.4M annually and will be funded by auxiliary/continuing education funds. She stated that a five-year contract with HighPoint Technology Solutions, Inc is being requested by FIU's Division of IT to procure bolt on software modules for the PantherSoft Student Information System. She added that by consolidating three (3) existing systems, Civitas, Edunav, and EAB to HighPoint Technology Solutions, Inc, the University anticipates saving approximately \$166,000. Sr. VP and CFO Martinez indicated that the total cost is \$2.8M and is already budgeted. She mentioned that the agreement with Logistics Management Group, Inc. is to provide a wide array of event management services and source necessary items for the various events organized by the Food Network South Beach Wine & Food Festival presented by Capital One and will cover the 2024 and 2025 Festivals. She pointed out that the estimated cost for the 2024 Festival is \$1.8M and \$2M for 2025 Festival and will be funded by ticket sales and sponsorship revenue.

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

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 (1) approve, as listed and described in the Board materials, the University entering into the contracts and purchase orders and/or change orders to the purchase orders and (2) authorize the University President or his designee to execute, on behalf of the University, the aforementioned contracts and/or purchase orders.

3. Action Items *(Continued...)*

FF4. Authorization to Increase Total Project Budget for the Trish and Dan Bell Chapel (“Chapel”) and East Loop Road Realignment from \$28.5M to \$35.9M and approval of an FIU bridge loan from unrestricted Treasury fund balances to the FIU Foundation, Inc. (“Foundation”) and, as determined by the Foundation and the Foundation Board of Directors (the “Foundation BOD”), either (i) a short-term commercial loan taken by the Foundation or (ii) funding from the Foundation General Reserve for construction of the Chapel

Sr. VP and CFO Martinez indicated that FIU now has a Guaranteed Maximum Price (GMP) proposal for the Trish and Dan Bell Chapel project. She stated that Chapel will be a nondenominational gathering place for worship, contemplation, and spiritual strengthening and will be a pivotal welcoming place on campus for all faiths that enhances the spiritual component of the student experience. She commented that FIU embraces a multidimensional experience for students, both in and out of the classroom to support their development into lifelong learning. Sr. VP and CFO Martinez pointed out that the project has two components, which consists of the East Loop Road, which starts at the entrance of campus and the Student Academic Success Center parking lot and continues to the University apartments and Academic Health Center building. She noted that the lake has been filled and now the University is ready to begin the second component of the project, the construction of the Chapel. She pointed out that in August, the GMP from Moss Construction for \$25.9M was received, bringing the total project cost to \$35.9M. She mentioned that the Board of Trustees previously approved a total project budget of \$28.5M, requiring the University to request an additional budget authority of \$7.3M to complete the project. She further stated that the East Loop Road component is fully funded and on budget.

Sr. VP and CFO Martinez indicated that the Chapel costs increased by \$7.3M as design progressed from advanced schematic design back in September 2022 to 100% construction documents in August 2023. She noted that the main drivers are cost escalations, such as cast-in-place concrete, drywall and acoustical ceiling and panels, electrical work, stucco and exterior framing of a simulated wood exterior finish, glazing/storefronts, mechanical/plumbing and increase in soft costs. She added that the Chapel also increased in size by a little over 1,000 square feet. Sr. VP and CFO Martinez mentioned that rising construction costs are still being experienced in south Florida. She commented that there is a lot of demand and long lead times for supplies, such as a 65-week delay in electrical components for instance switch gears for this building. She indicated that inflation for the 12 months ending August 2023 accelerated to 3.7%, with major drivers being rising energy costs and related services.

Sr. VP and CFO Martinez pointed out that to-date the Foundation has received cash gifts of \$5M and an additional \$12.3M in secured pledges. She noted that the Foundation is pursuing three (3) bridge funding sources due to the timing of pledges with the goal of beginning construction in 2023, including a commercial loan up to \$10.1M either secured by the pledged gifts or unsecured with a term not to exceed five (5) years, inter-company loan from unrestricted FIU Treasury funds of up to \$6.5M, and remainder from the Foundation’s general reserve previously approved by the Foundation Board of Directors. She added that the general reserve pool is funded from the interest earnings that are received from the unrestricted and spendable donations received by the Foundation. She noted that if a commercial loan is not secured by the Foundation, the remainder

would be funded by the Foundation's general reserve as they continue to grow the balance. She provided an overview of the Chapel's naming opportunities and revenue generating spaces once activated.

Sr. VP and CFO Martinez pointed out that the Board of Trustees is being asked to increase the total project budget to \$35.9M, authorization for the University to bridge a loan from unrestricted Treasury funds to the FIU Foundation up to \$6.5M, and to approve the FIU Foundation to enter into a short-term commercial loan secured with pledges/gifts or unsecured with a term not to exceed five (5) years if needed.

Committee Chair Duarte commended Trish and Dan Bell for increasing their commitment to the Chapel. He shared his concerns with the increased project costs and the use of Treasury funds to fund the budget shortfall. In response to Trustee Francis A. Hondal, Sr. VP and CFO Martinez explained that the planning process is formula driven in which the University utilizes BOG cost factors for new construction based on their experience with past construction projects. Board Chair Tovar also commended the Bells for their commitment. In response to Board Chair Tovar, Interim Senior Vice President for University Advancement Pablo G. Ortiz described the terms related to the Bell's gifts. He noted that the original gift of \$5M was issued on February 2020 and included a \$500,000 upfront payment from the Bells and an additional \$1M that would be paid upon the commencement of the construction project. He added that the remainder of the installments would be paid through the fifth anniversary of construction. He noted that a subsequent letter was received on November 2020 with an additional \$2M gift that superseded the original gift, according to the wishes of the Bells and in agreement with the University, to be paid concurrently with the original gift but extending the final payment through the eighth anniversary of construction. He commented that a third letter was received in July 2022 which increased the gift by another \$7M and supersedes the first two (2) gifts, to be paid concurrently but extends the final payment through the ninth anniversary of construction. He indicated that the final installment is to be paid in the 2031-32 fiscal year. Board Chair Tovar stated that raising funds for a project becomes more challenging once construction on said project has begun. In response to Board Chair Tovar, Interim Sr. VP Ortiz recognized that the Foundation is in agreement that planning must be different moving forward and fundraising efforts must be aligned with the expectation of the construction timeline. Further responding to Board Chair Tovar, Interim Sr. VP Ortiz stated that the FIU Foundation will be able to pay the construction costs when payments are expected. He added that the Foundation has an aggressive and ambitious fundraising plan with a new development officer hired and fully committed to the Chapel project.

Foundation Board of Directors, Inc. Treasurer Marcel L. Navarro commented on the Foundation Board's focus on funding and building the Chapel and reiterated a commitment to ensuring that steps are taken moving forward to handle project planning and funding differently. Trustee Colson commented that while the project's budgetary estimate projections were overly optimistic, he supports the project. He added that fundraising efforts have not progressed given the transitions occurring within the Foundation. Trustee Marc D. Sarnoff commented that there is little incentive for future donors once the Chapel has been built. In response to Trustee Sarnoff, Sr. VP and CFO Martinez commented that the financing assumed the worst case scenario with no additional funds raised to bridge the budgetary gap and that over time the repayment of the \$6.5M will be funded

from the general reserve of the Foundation, which is the interest earnings made on the spendable pool. Committee Vice Chair Duarte commented on opportunity costs associated with funding the Chapel upfront. President Jessell remarked that while the University has a history of delivering projects on time and on budget, the Chapel's funding gap is largely due to increased construction costs that could not have been anticipated two (2) years ago. Board Chair Tovar concurred with Trustee Sarnoff's concerns, but stated that it would be the most prudent approach to move forward with the construction of the Chapel.

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 (BOT) authorize the increase in Total Project Budget for the Chapel and East Loop Road Realignment from \$28,545,645 to \$35,861,689 and the delegation of authority to the University President, or his designee, to (1) negotiate and approve on behalf of the BOT an inter-company loan between FIU and the Foundation; and (2) approve on behalf of the BOT, subject to terms and conditions to be agreed upon by the Foundation and the Foundation BOD, a short-term commercial loan to be taken by the Foundation, either unsecured or secured by irrevocable gifts/pledges made towards construction of the Chapel, with a term not to exceed five (5) years.

President Jessell indicated that the University will not sign the GMP contract until the financing plan is completely resolved. Board Chair Tovar urged the University to proceed diligently in the process.

4. Discussion Item

4.1 Financial Performance Review, FY 2022-23

Sr. VP and CFO Martinez presented the University's financial performance review for the fourth quarter of FY 2022-23. She indicated that operating revenues are above estimates by \$23.3M or 1.6% and that operating expenses are below estimates by \$21.5M or 1.5% with an overall net favorable variance of \$44.8M. She pointed out that the largest driver of the favorable variance is related to federal projects and incidental revenues, which exceeded the budget by \$31.8M. Sr. VP and CFO Martinez indicated that expenses reflect savings of \$21.5M. She mentioned that some areas fell below expectations such as higher research expenditures of \$15.6M and higher clinical expenses of \$1.9M in sponsored research and Direct Support Organization reimbursement funds. She stated that areas that exceeded expectations were mainly in vacant positions in E&G. She noted that the University had 263 vacant positions as of June 30, 2023 resulting in a savings of \$30.6M.

5. Reports

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

6. New Business

No new business was raised.

7. Concluding Remarks and Adjournment

With no other business, Finance and Facilities Committee Chair Carlos A. Duarte adjourned the meeting of the Florida International University Board of Trustees Finance and Facilities Committee on Thursday, September 14, 2023 at 9:49 AM.



THE FLORIDA INTERNATIONAL UNIVERSITY

BOARD OF TRUSTEES

Finance and Facilities Committee

December 7, 2023

FIU DIRECT SUPPORT ORGANIZATIONS AUDITED FINANCIAL STATEMENTS

FISCAL YEAR 2022-2023 EXECUTIVE SUMMARY

FIU has four Component Units, *FIU Foundation, Inc.*, *FIU Research Foundation, Inc.*, *FIU Athletics Finance Corporation* and *Florida International University Health Care Network, 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 (GASB) requirements.

FIU Board of Trustees approval of the audits is required for the State Auditor to include the audits as Component Units of the University.

The audits were completed by James Moore & Co. CPA Tax Accountants and Auditors and were presented to and approved by the respective Boards in October 2022.

All of the audits received an "Unmodified Opinion" meaning the financial statements presented fairly, in all material respects, the financial positions of the entities as of June 30, 2023.

The Auditors did not identify any weaknesses in internal controls that they considered material weaknesses. In addition, there were no instances of non-compliance or other matters identified that are required to be reported under Government Auditing Standards.

HIGHLIGHTS OF FINANCIAL RESULTS

ENDING JUNE 30, 2023 WITH JUNE 30, 2022 COMPARISONS

FIU FOUNDATION. INC.

- **Total Assets \$445.4M**, an increase of \$23.2M or 5.5%, primarily due to investment gains and increases in net pledges receivable. Cash and investments increased by \$18.3M due to the improved market performance resulting in a 9.5% gain versus investment losses in the prior year. Net pledge receivables increased by \$4.9M.
- It is important to note that pledges do not include endowment pledges, as they are not recognized under GASB accounting and are not included in the statement of net position. Only upon the receipt of cash are additions to permanent endowments recognized. As of June 30, 2023, endowment pledge receivables totaled \$21.8M. Not included in this amount is \$42M related to matching funds due from the State of Florida from the Trust Fund for Major Gifts. This matching program has been temporarily suspended by the Florida Legislature for donations received on or after June 30, 2011. The program may be restarted after \$200 million of the statewide backlog for programs has been matched.
- **Total Liabilities \$7.5M**, decreased by \$1.6M or 18.0%, primarily in accounts payable and accrued expenses for the remediation of the Doral property of \$1.3M, amounts due to the University of \$193,000 for reimbursement of expenses and \$120,000 of unearned revenues related to a Casa Cuba project conditional gift.
- **Deferred Inflows of Resources \$281,823**, driven by rental income. The decrease of \$36,062 or 11.3%, was a result of the implementation of GASB Statement No.87, *Leases*. The decrease is due to the recognition of rental income and interest revenue over the term of the lease.
- **Total Net Position \$437.5M**, an increase of \$24.8M or 6.0%, in the current year change in net position. The net position represents the residual interest in Foundation's assets after deducting liabilities and deferred inflows of resources. The increase was mainly attributable to the higher investment performance and an increase in contributions in the current year. This increase was offset by an outflow of expendable restricted resources for the benefit of programs, scholarships and building support provided to the University.

- **Total Net Operating Revenues \$71.3M**, an increase of \$67.9M or 1974.7%, primarily from strong investment performance (net of fees) of 9.5% returns resulting in a net positive change of \$57.3M. There was also a positive change in the contributions of \$12.5M. These increases were reduced by less rental income received of \$1.9M due to the transfer of the Management and Research Center (MARC) building to the University.
- **Total Operating Expenses \$59.9M, including \$41.1M in program, scholarship, building and general support to FIU**, a decrease of \$3.9M or 6.1%, is due primarily to \$4.0M in less support to the University toward programs, scholarships and building funds. General and administrative expenses for the business office, utilities, maintenance, insurance decreased by \$573,059. Due to the transfer of the MARC building to the University, depreciation expense also decreased by \$529,150. The decreases in expenses were offset by increases of \$1.2M for fundraising expenses, which is the second largest component of the variance.
- **Total Non-operating revenues (expenses) \$6.9M**, increased by \$11.2M or 260.9%. This increase is attributable to the transfer of the MARC Building and corresponding improvements and furniture and fixtures of \$9.7M plus building reserves of \$2.5M to the University in the prior fiscal year. The increase is offset by the change in value of annuity obligations of \$56,855 and less support from FIU of \$221,911. The University provides support to the Foundation operations which includes the salaries and benefits related to personnel who perform administrative and fundraising functions for the Foundation which totaled \$7.7M this fiscal year.

Under GASB reporting, endowment contributions are reflected as non-operating revenues and totaled \$6.5M, a decrease of \$559,478 when compared to the prior year.

- **Change in net position \$24.8M**

RESEARCH FOUNDATION. INC.

- **Total Assets (Cash) \$416,319**, an increase of \$50,936 or 13.9%, over the prior year due to greater royalty revenues transferred from the University.
- **Total Liabilities \$1,000**, related to accounts payable payments due for audit and tax services.
- **Net Position \$415,319**, an increase of \$50,936 or 14% over the prior year.
- **Operating revenues \$34** related to the Amazon Smile program, an increase of \$7 or 25.9% over the prior year.
- **Operating Expenses \$98,098**, an increase of \$74,437 or 314.6% from the prior year, primarily driven by salary support to the university, participation in the Academy of Science Engineering Medicine of Florida event and payment for the audit on internal controls performed by Crowe, a public accounting firm at the request of the Board of Governors for all State University System Direct Support Organizations.
- **Operating Loss \$98,064**, an increase of \$74,430 or 314.9% over the prior year loss of \$23,635 as expenses are greater than revenues and are being funded from transfers from FIU from royalty revenues.
- **Transfers from FIU \$149,000, a decrease of \$135,973 or 47.7%**, are sent from FIU commercialization of intellectual property.
- **Change in net position \$50,936.**

ATHLETICS FINANCE CORPORATION

- **Total Assets \$19.7M**, a decrease of \$1.1M, or 5.2%, driven primarily from decreases investments from the transfer of surplus funds to FIU and reduction in prepaid rent of \$1.9M. The decrease was offset by an increase in Due from Florida International University in the current year of \$778,000.
- **Deferred Outflow of Resources \$146,418**, a decrease of \$504,000 or 77.5%, represents the change in fair value of the interest rate swap that is presented as a hedging derivative. The increases in interest rates in the current year drove the improved results.
- **Total Liabilities \$24.1M**, a decrease of \$1.4M, or 5.4%, due primarily from decreases in the bonds payable of \$1.6M, derivative liability on the interest rate swap of \$766,000, and current payables of \$86,000, offset by increases in amounts due to FIU of \$1.0M and unearned revenue of \$71,000.
- **The Net Position (\$4.4M)**, an unfavorable change of \$397,366 over the prior year. The primary reason for the deficit balance in net position is the life to date impact of the derivative liability on the interest rate swap, reflected as nonoperating expenses.
- **Operating Revenues \$5.6M**, an increase of \$44,717 or 0.8%, due primarily to increases in NCAA conference payments of \$374,923, sponsorship revenues of \$153,464, higher stadium rentals of \$127,039, ticket sales of \$86,641 and concessions of \$64,506. The increases were offset by less athletic fee support impacted by lower student credit hour enrollment of \$27,224, event revenues of \$42,738, suite revenues of \$109,720 and merchandise royalties of \$12,756. Since the game guarantees were also lower this year by \$1,400,000, AFC was required to transfer contributions from the FIU Foundation totaling \$830,582 to meet the debt service coverage.
- **Operating expenses \$2.9M**, an increase of \$87,651 or 3.1%, due primarily to six home football games and an increased number of events this year. There were also increased repair and maintenance expenses incurred to increase game day experiences.
- **Change in net position (\$397,366)**

FLORIDA INTERNATIONAL UNIVERSITY HEALTH CARE NETWORK, INC.

- **Total Assets \$12.3M**, a decrease of \$361,880 or 2.9%, primarily due to a decrease in non-current assets related to the long-term portion of the lease receivables reduction in the remaining life of the lease agreement with Nicklaus Children's Hospital.
- **Total Liabilities \$2.2M**, a decrease of \$313,472 or 14.1%, primarily from the decrease in accounts payable and unearned revenue due to the transition of the international programs to the College of Medicine in October 2022. This was offset by an increase in due to College of Medicine for the clinic provider support in alignment with the memorandum of understanding between FIU Health Care Network and the College of Medicine.
- **Deferred Inflows of Resources \$4.7M**, a decrease of \$398,852 or 8.5%, driven by the recognition of rental income from the lease with Nicklaus Children's Hospital. This is in alignment with the new accounting standards related to "GASB 87 Leases".
- **Net position \$5.4M**, an improvement of \$350,444 or 6.9% over the prior fiscal year resulting from the international programs net income of \$104,392, investment and interest income of \$109,214, and the common area maintenance (CAM) proceeds of \$136,840 pertaining to the lease with Nicklaus Children's Hospital. The CAM funds are set aside as reserves.
- **Total Operating Revenues \$4.7M**, a decrease of \$6.9M or 59.4%, related to the transition of the international educational programs (OIA) management and operations to the College of Medicine and a reduction of management services for the Student Health Clinics under the agreement with the Division of Academic Student Affairs (DASA). These decreases were partially offset by the management fee revenue from the College of Medicine for clinical services and by the increase in rental revenue.
- **Total Operating Expenses \$4.5M**, a decrease of \$1.4M or 32.1%, due primarily to the transition of the international programs to the College of Medicine. The decrease is made up of \$2.0M in contracted professional consulting services related to OIA offset by savings in contractual personnel of \$525,465 related to vacant positions and savings from other combined operating expenses of \$44,408.
- **Total Non-operating income (expenses) \$109,214**, an increase of \$3.4M or 103.3% compared to (\$3.3M) in prior fiscal year which included transfers out of the international

programs' net income to College of Medicine now being recorded in the College of Medicine auxiliary effective Oct 1, 2022.

- **Change in net position \$350,444**, a decrease of \$ 2.1M or 85.5% compared to \$2.4M in prior fiscal year. The decrease is driven by the transition of the management of the international program (OIA) to the College of Medicine and the reduced services for the Student Health clinics under the agreement with the Division of Academic Student Affairs (DASA).



December 7, 2023

Subject: Florida International University Foundation Inc., Financial Audit, 2022-23

Proposed Action:

The Florida International University Board of Trustees to (1) accept the Florida International University Foundation, Inc. Financial Audit for the 2022-23 Fiscal Year and (2) 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), Direct Support Organizations, 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 2022-23 was approved by the Florida International University Foundation, Inc. Board of Directors on October 20, 2023, 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:

James Moore & Co., October 20, 2023 letter to the Audit Subcommittee of the Florida International University Foundation, Inc. Board of Directors

Florida International University Foundation, Inc.
Financial Audit, 2022-23

Facilitator/Presenter:

Aime Martinez

October 20, 2023

To the Audit Subcommittee of the Board of Directors,
Florida International University Foundation, Inc.:

We have audited the financial statements of the Florida International University Foundation, Inc. (the Foundation), a direct-support organization and discrete component unit of Florida International University, as of and for the year ended June 30, 2023, and have issued our report thereon dated October 20, 2023. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated October 13, 2020, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Foundation solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team and our firm have complied with all relevant ethical requirements regarding independence.

Significant Risks

Professional standards require that we, as auditors, identify during the planning stage of the audit significant risks that impact the audit based upon the nature of the organization and design our audit procedures to adequately address those risks. As part of the planning stage of the audit process, we identified the following significant risks that could potentially impact the Foundation:

- Override of internal controls by management
- Improper revenue recognition
- Improper use of restricted resources
- Improper valuation of alternative investments

We designed our audit procedures to address these risks. If during the course of the audit we had any findings related to these other risks, we would communicate those findings to you. We have no findings associated with any of these risks that our audit was designed to consider, and no issues were noted that impacted our ability to render an opinion on the financial statements.

Qualitative Aspects of the Foundation's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Foundation is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2023. No additional matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive accounting estimates affecting the financial statements are:

Investments – 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. We evaluated the key factors and assumptions used to develop the valuation methods and assumptions used in determining the fair value of the alternative investments and determined that they are reasonable in relation to the financial statements taken as a whole.

Land Held for Investment – 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. We reviewed the most recent appraisal performed and evaluated the professional qualifications of the outside appraiser and determined that the appraisal was properly prepared and the estimated fair value of the land is reasonable.

Allowance for Doubtful Accounts – Management’s estimate of the allowance for doubtful accounts is based on management’s evaluation of the collectability of the Foundation’s contributions receivable. The receivable and related allowance for doubtful accounts are discussed in Note 1 (f) to the financial statements. We evaluated the key factors and assumptions used to develop the collectability of receivables and development of the allowance for doubtful accounts, and have determined that they are reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

Significant Unusual Transactions

There were no significant unusual transactions identified as a result of our audit procedures that were brought to the attention of management and required to be communicated to you.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. There were no uncorrected misstatements for the year ended June 30, 2023.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. No adjustments were proposed as a result of our auditing procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Foundation’s financial statements or the auditors’ report. No such disagreements arose during the course of the audit.

To the Audit Subcommittee of the Board of Directors
Florida International University Foundation, Inc.
October 20, 2023
Page 4

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter dated October 20, 2023.

Management's Consultations with Other Accountants

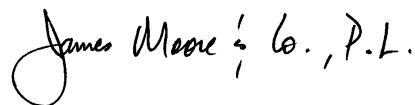
In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Foundation, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Foundation's auditors.

This report is intended solely for the information and use of the Audit Subcommittee of the Board of Directors and management of the Foundation, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

JAMES MOORE & CO., P.L.

**FLORIDA INTERNATIONAL UNIVERSITY
FOUNDATION, INC.**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
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YEARS ENDED JUNE 30, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities and aggregate remaining fund information 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, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the business-type activities and the aggregate remaining fund information of the Foundation as of June 30, 2023 and 2022, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

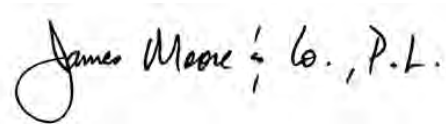
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on the following pages 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 20, 2023, 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 black ink that reads "James Moore & Co., P.L." The signature is written in a cursive, flowing style.

Gainesville, Florida
October 20, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022

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

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 increased by 5.5% as compared to the prior year primarily due to an increase in investment earnings and an increase in pledges receivable. The Foundation's liabilities decreased by 18.0% as compared to the prior year primarily due to lower accounts payable and accrued expenses. During fiscal year 2023, the Foundation's net position, which represents the excess of total assets over liabilities and deferred inflows of resources, increased by \$24.8 million.

The Foundation's operating revenues increased 1974.7% as compared to the prior year primarily driven by higher investment earnings and higher contributions offset with lower rental income in the current year. The Foundation expects that contribution revenue may fluctuate from year to year and that large contributions are the result of cultivation efforts spanning various years. Investment performance is dependent on the financial markets and the Foundation manages the portfolio with a long-term philosophy of capital appreciation. The Foundation's operating expenses decreased 6.1% as compared to the prior year.

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")
- Foundation Enterprise Holdings VI, LLC ("FEH VI")

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022
(Continued)

THE STATEMENTS OF NET POSITION

The statements of net position reflect the assets, liabilities, and deferred inflows of resources of the Foundation, using the accrual basis of accounting, and present the financial position of the Foundation at a specified time. Assets less liabilities and deferred inflows of resources 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,		
	2023	2022	2021
Assets			
Current assets	\$ 31,608,480	\$ 30,842,039	\$ 38,782,329
Noncurrent assets	413,744,712	391,359,534	439,417,411
Total assets	<u>445,353,192</u>	<u>422,201,573</u>	<u>478,199,740</u>
Liabilities			
Current liabilities	7,021,054	8,671,776	4,892,404
Noncurrent liabilities	493,832	495,549	547,692
Total liabilities	<u>7,514,886</u>	<u>9,167,325</u>	<u>5,440,096</u>
Deferred inflows of resources			
Deferred inflows related to rental income	281,823	317,885	2,451,674
Total deferred inflows of resources	<u>281,823</u>	<u>317,885</u>	<u>2,451,674</u>
Net position			
Net investment in capital assets	7,225,742	7,345,972	13,171,584
Restricted:			
Nonexpendable endowments	205,118,328	198,540,065	191,376,258
Expendable	167,324,876	145,013,261	183,178,127
Unrestricted	57,887,537	61,817,065	82,582,001
Total net position	<u>\$ 437,556,483</u>	<u>\$ 412,716,363</u>	<u>\$ 470,307,970</u>

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022
(Continued)

TOTAL ASSETS

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

		June 30,	
	2023	2022	2021
Cash and cash equivalents	\$ 17,923,567	\$ 17,636,774	\$ 21,398,096
Pledges receivable, net	25,651,766	20,715,897	25,974,582
Lease receivable	281,824	317,885	2,451,674
Other current assets	583,812	571,510	678,306
Due from Florida International University	100,593	87,891	166,639
Investments	393,099,833	375,039,589	412,740,949
Depreciable capital assets, net	4,156,239	4,361,943	14,767,494
Nondepreciable capital assets	3,555,558	3,470,084	22,000
Total assets	\$ 445,353,192	\$ 422,201,573	\$ 478,199,740

Total assets as of June 30, 2023, increased by \$23,151,619, or 5.5%, as compared to the prior year. Investments increased in the current year due to stronger investment performance in the current year. Pledges receivable increased due to new contributions mainly for scholarships and other university program support as compared to the prior year.

Endowment pledges are not recognized under the GASB accounting framework and are not reflected as 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, 2023, 2022 and 2021, endowment pledges receivable totaled \$21,783,782, \$15,826,541 and \$9,703,958, respectively. Not included in these amounts is \$41,967,040 of match funds, which have been approved but are still pending to be received from the State of Florida 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, 2023 AND 2022
(Continued)

TOTAL LIABILITIES

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

		June 30,	
	2023	2022	2021
Accounts payable and accrued expenses	\$ 552,629	\$ 1,890,465	\$ 578,797
Due to Florida International University	6,378,440	6,571,326	3,148,622
Notes payable	-	-	1,075,000
Unearned revenue	-	120,000	-
Annuity obligations	583,817	585,534	637,677
Total liabilities	\$ 7,514,886	\$ 9,167,325	\$ 5,440,096

Total liabilities as of June 30, 2023, decreased by \$1,652,439, or 18.0%, as compared to the prior year. The decrease is mainly due to lower amounts in accounts payable and accrued expenses due to timing.

DEFERRED INFLOWS OF RESOURCES

The Foundation implemented GASB Statement No. 87, *Leases*, in the fiscal year ended June 30, 2022, with retrospective application beginning July 1, 2020. As part of the implementation of GASB Statement No. 87, the Foundation recognized a lease receivable for future amounts to be received under lease agreements, and a related deferred inflow of resources. The deferred inflow of resources will be recognized to income over the period of time associated with the respective leases.

The following summarizes the Foundation's total deferred inflows of resources for the fiscal years ended:

		June 30,	
	2023	2022	2021
Deferred inflows related to rental income	\$ 281,823	\$ 317,885	\$ 2,451,674
Total deferred inflows of resources	\$ 281,823	\$ 317,885	\$ 2,451,674

Total deferred inflows of resources as of June 30, 2023, decreased by \$36,062, or 11.3%, as compared to the prior year. The decrease is due to the recognition of rental income and interest revenue over the term of the lease.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022
(Continued)

NET POSITION

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

	<u>2023</u>	<u>June 30, 2022</u>	<u>2021</u>
Net investment in capital assets	\$ 7,225,742	\$ 7,345,972	\$ 13,171,584
Restricted:			
Nonexpendable endowments	205,118,328	198,540,065	191,376,258
Expendable	167,324,876	145,013,261	183,178,127
Unrestricted	57,887,537	61,817,065	82,582,001
Total net position	<u>\$ 437,556,483</u>	<u>\$ 412,716,363</u>	<u>\$ 470,307,970</u>

Net position represents the residual interest in the Foundation's assets after deducting liabilities and deferred inflows of resources. Total net position as of June 30, 2023, increased by \$24,840,120, or 6.0%, as compared to the prior year. The increase in net position is mainly attributable to the higher investment performance and an increase in contributions in the current year. This increase was offset by an outflow of expendable restricted resources for the benefit of programs, scholarships and building support provided to the University.

Net position is reported in three classifications: net investment in capital assets, restricted net position, and unrestricted net position. Net investment in capital assets reflects total capital assets, net of accumulated depreciation, less any capital-related borrowing. 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.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022
(Continued)

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 the fiscal years ended:

	June 30,		
	2023	2022	2021
Contributions, net	\$ 38,478,148	\$ 26,010,190	\$ 78,984,929
Investment earnings (losses)	31,936,344	(25,423,340)	87,296,896
Rental income	261,202	2,134,753	2,070,566
Other operating revenues	637,165	715,655	494,277
Total operating revenues, net	71,312,859	3,437,258	168,846,668
Programs, scholarships and building support to Florida International University	39,682,684	43,946,464	25,921,906
Fundraising	12,787,114	11,592,942	9,528,255
General and administrative	5,746,339	6,319,398	6,543,940
General support to Florida International University	1,456,190	1,187,684	1,182,987
Depreciation	205,704	734,854	744,623
Total operating expenses	59,878,031	63,781,342	43,921,711
Operating income (loss)	11,434,828	(60,344,084)	124,924,957
Nonoperating revenues (expenses)			
Transfers to Florida International University	(679,637)	(12,170,696)	-
Change in value of annuity obligations	(84,000)	(27,145)	(84,000)
Support from Florida International University	7,677,910	7,899,821	9,700,747
Total nonoperating revenues (expenses)	6,914,273	(4,298,020)	9,616,747
Gain (loss) before endowment contributions	18,349,101	(64,642,104)	134,541,704
Endowment contributions	6,491,019	7,050,497	6,254,386
Change in net position	24,840,120	(57,591,607)	140,796,090
Net position - beginning of year	412,716,363	470,307,970	329,511,880
Net position - end of year	\$ 437,556,483	\$ 412,716,363	\$ 470,307,970

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022
(Continued)

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 the 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,		
	2023	2022	2021
Contributions, net	\$ 38,478,148	\$ 26,010,190	\$ 78,984,929
Investment earnings (losses)	31,936,344	(25,423,340)	87,296,896
Rental income	261,202	2,134,753	2,070,566
Other operating revenues	637,165	715,655	494,277
Total operating revenues, net	\$ 71,312,859	\$ 3,437,258	\$ 168,846,668

Total operating revenues increased by \$67,875,601, or 1974.7%, as compared to the 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 investment earnings and an increase in contributions in the current year. Investment earnings in the current year were 9.5% versus -11.5% in the prior year. The increase in contribution revenue is directly related to higher pledges receivable in the current year.

Rental income decreased \$1,873,551, or 87.8%, as compared to the prior year. The MARC Building was transferred to the University on June 30, 2022; therefore, there was no rental income generated from MARC Building in the current year. Other operating revenues was level when compared to the prior year. Other operating revenues are comprised of revenues related to events, museum store sales, royalties and membership dues.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022
(Continued)

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,		
	2023	2022	2021
Programs, scholarships and building support to			
Florida International University	\$ 39,682,684	\$ 43,946,464	\$ 25,921,906
Fundraising	12,787,114	11,592,942	9,528,255
General and administrative	5,746,339	6,319,398	6,543,940
General support to Florida International University	1,456,190	1,187,684	1,182,987
Depreciation	205,704	734,854	744,623
Total operating expenses	\$ 59,878,031	\$ 63,781,342	\$ 43,921,711

Total operating expenses decreased by \$3,903,311, or 6.1%, as compared to the 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 \$39,682,684 and other general support to the University totaling \$1,456,190. Operating expenses in support of the University totaled \$41,138,874 for the 2022-23 fiscal year, representing a decrease of \$3,995,274, or 8.9%, as compared to the prior year. This decrease is mainly due to lower programs, scholarships and building support in the current year due to timing.

The next largest component of operating expenses is fundraising. Fundraising expenses totaled \$12,787,114 for the 2022-23 fiscal year, representing an increase of \$1,194,172, or 10.3%, as compared to the prior year. This increase is mainly due to higher professional services, which supported the University by increasing fundraising, alumni engagement and participation in the current year. There were various in-state and out-of-state donor events which promoted the University and assisted in generating philanthropic support.

General and administrative expenses include business office expenses, utilities, maintenance and insurance. General and administrative expenses totaled \$5,746,339 for the 2022-23 fiscal year, representing a decrease of \$573,059, or 9.1%, as compared to 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, 2023 AND 2022
(Continued)

NONOPERATING REVENUES AND EXPENSES

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,		
	2023	2022	2021
Transfers to Florida International University	\$ (679,637)	\$ (12,170,696)	\$ -
Change in value of annuity obligations	(84,000)	(27,145)	(84,000)
Support from Florida International University	7,677,910	7,899,821	9,700,747
Total nonoperating revenues (expenses)	\$ 6,914,273	\$ (4,298,020)	\$ 9,616,747

Total nonoperating revenues increased by \$11,212,293, or 260.9%, as compared to the prior year. This increase is primarily attributable to the transfer of the MARC Building at carrying value and its corresponding improvements and furniture and fixtures of \$9,670,696 and MARC Building reserves of \$2,500,000 to the University in the prior year.

ENDOWMENT CONTRIBUTIONS

Endowment contributions decreased by \$559,478, or 7.9%, 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.

	June 30,		
	2023	2022	2021
Endowment contributions	\$ 6,491,019	\$ 7,050,497	\$ 6,254,386
Total endowment contributions	\$ 6,491,019	\$ 7,050,497	\$ 6,254,386

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022
(Continued)

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,		
	2023	2022	2021
Cash flows provided by (used in)			
Operating activities	\$ (20,256,054)	\$ (20,690,311)	\$ 39,026,764
Capital and related financing activities	175,729	(2,399,528)	1,042,397
Investing activities	13,876,099	12,278,020	(53,227,959)
Noncapital financing activities	6,491,019	7,050,497	6,254,386
Change in cash and cash equivalents	286,793	(3,761,322)	(6,904,412)
Cash and cash equivalents			
Beginning of year	17,636,774	21,398,096	28,302,508
End of year	<u>\$ 17,923,567</u>	<u>\$ 17,636,774</u>	<u>\$ 21,398,096</u>

Cash and cash equivalents increased by \$286,793, or 1.6%, as compared to the prior year. Net cash flows from operating activities increased by \$434,257. Net cash from capital and related financing activities increased by \$2,575,257, mainly attributable to the outflow of cash to purchase the FEH VI property in the prior year. The cash flows from investing activities increased by \$1,598,079. Net cash flows from noncapital financing activities decreased by \$559,478, attributable to a decrease in endowment contributions as compared to the prior year.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022
(Continued)

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

At June 30, 2023, the Foundation had \$9,958,532 in capital assets, less accumulated depreciation of \$2,246,735 totaling net capital assets of \$7,711,797. Depreciation charges for the current fiscal year totaled \$205,704. The MARC Building and its improvements and furniture and fixtures were transferred, at carrying value, to the University on June 30, 2022. The carrying value of the MARC Building and its improvements and furniture and fixtures was \$9,670,696.

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

	June 30,		
	2023	2022	2021
Building and improvements, net	\$ 4,046,667	\$ 4,187,814	\$ 14,374,908
Furniture and equipment, net	109,572	174,129	392,586
Total depreciable capital assets, net	4,156,239	4,361,943	14,767,494
Artwork	22,000	22,000	22,000
Land	3,533,558	3,448,084	-
Total nondepreciable capital assets	3,555,558	3,470,084	22,000
Total capital assets, net	\$ 7,711,797	\$ 7,832,027	\$ 14,789,494

The largest component of capital assets is building and improvements, net totaling \$4,046,667, or 52.5%, of the total balance. Land, furniture and equipment, net, and artwork, totaling \$3,533,558, \$109,572 and \$22,000, respectively, account for the remaining balance in capital assets.

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

	June 30,		
	2023	2022	2021
Notes payable	\$ -	\$ -	\$ 1,075,000
Annuity obligations	583,817	585,534	637,677
Total outstanding debt	\$ 583,817	\$ 585,534	\$ 1,712,677

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

	June 30,		
	2023	2022	2021
Capital assets, net	\$ 7,711,797	\$ 7,832,027	\$ 14,789,494
Notes payable	-	-	(1,075,000)
Annuity obligations	(486,055)	(486,055)	(542,910)
Net investment in capital assets	\$ 7,225,742	\$ 7,345,972	\$ 13,171,584

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

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022
(Continued)

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 remains with the University.

OUTLOOK FOR THE FUTURE

In the fiscal year ended June 30, 2023, FIU closed its Next Horizon campaign, exceeding the University's \$750 million fundraising goal by nearly \$100 million, raising \$849.5 million for FIU. This comprehensive campaign raised \$319 million for student success, \$135 million for research excellence, and the remainder for programs and community initiatives since the fiscal year 2009-10. Private philanthropic investments enabled FIU to advance big ideas, build new programs and facilities, fuel student and faculty excellence, and positively impact the community.

Through the campaign, FIU raised over \$120 million for scholarships, including over \$41 million for first-generation scholarships. These investments help elevate FIU among the top ten universities nationally for graduates' economic return on a college degree (Degree Choices). In 2023, FIU earned the highest score in the State University System in the Florida Board of Governors performance-based funding metrics, continuing a three-year streak ranking among the top three universities in the state.

Beyond its role as an engine of opportunity for students of all backgrounds, FIU is Miami's public research university. And campaign investments in FIU's research and programs were instrumental in advancing the global good. In 2023, the Times Higher Education Impact Rankings measuring global performance on the United Nations Sustainable Development Goals placed FIU No. 2 in the world for impact on Life Below Water, No. 7 for impact on Clean Water and Sanitation, and No. 12 for impact on Life on Land.

Overall, FIU is on the rise. In 2023, the University achieved its highest ranking ever by U.S. News & World Report—No. 64 in the nation among public universities. FIU was also ranked No. 4 among public universities and No. 29 overall in the 2024 Best Colleges in America ranking published by The Wall Street Journal.

The Next Horizon campaign supported innovative community programs, improving our residents' health, well-being, and prosperity. Donors also invested over \$78 million in FIU's three public-facing museums and provided visionary support to build CasaCuba, a new Cuban cultural heritage center on FIU's Modesto A. Maidique Campus. Importantly, the campaign provided opportunities for the University to deepen relationships with its nearly 300,000 alumni, many of whom live and work in Miami, and promote a culture of engagement and philanthropy. During the campaign, FIU Alumni gave more than \$83 million back to their alma mater.

The Foundation's post-campaign fundraising program will continue in the 2023-24 fiscal year, focusing on presidential strategic initiatives and major construction projects. The Foundation will also prioritize initiatives that strengthen alumni engagement and giving. These efforts will further accelerate the University's rise and impact in the region, the nation, and the world.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022
(Continued)

REQUESTS FOR INFORMATION

These financial statements are designed to provide a general overview of the Foundation's finances. Questions concerning the 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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 17,923,567	\$ 17,636,774
Pledges receivable, net	12,774,818	12,281,965
Lease receivable	225,690	263,899
Other current assets	583,812	571,510
Due from Florida International University	100,593	87,891
Total current assets	<u>31,608,480</u>	<u>30,842,039</u>
Noncurrent assets		
Investments	393,099,833	375,039,589
Pledges receivable, net	12,876,948	8,433,932
Lease receivable	56,134	53,986
Depreciable capital assets, net	4,156,239	4,361,943
Nondepreciable capital assets	3,555,558	3,470,084
Total noncurrent assets	<u>413,744,712</u>	<u>391,359,534</u>
Total assets	<u>445,353,192</u>	<u>422,201,573</u>
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable and accrued expenses	552,629	1,890,465
Due to Florida International University	6,378,440	6,571,326
Long-term liabilities - current portion:		
Unearned revenue	-	120,000
Annuity obligations	89,985	89,985
Total current liabilities	<u>7,021,054</u>	<u>8,671,776</u>
Noncurrent liabilities		
Annuity obligations	493,832	495,549
Total noncurrent liabilities	<u>493,832</u>	<u>495,549</u>
Total liabilities	<u>7,514,886</u>	<u>9,167,325</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred inflows related to rental income	281,823	317,885
Total deferred inflows of resources	<u>281,823</u>	<u>317,885</u>
<u>NET POSITION</u>		
Net investment in capital assets	7,225,742	7,345,972
Restricted:		
Nonexpendable endowments	205,118,328	198,540,065
Expendable	167,324,876	145,013,261
Unrestricted	57,887,537	61,817,065
Total net position	<u>\$ 437,556,483</u>	<u>\$ 412,716,363</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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Operating revenues		
Contributions, net	\$ 38,478,148	\$ 26,010,190
Investment earnings (losses)	31,936,344	(25,423,340)
Dues	393,604	357,676
Rental income	261,202	2,134,753
Other miscellaneous	242,257	243,612
Royalties	1,304	114,367
Total operating revenues, net	<u>71,312,859</u>	<u>3,437,258</u>
Operating expenses		
Programs, scholarships and building support to Florida International University	39,682,684	43,946,464
Fundraising	12,787,114	11,592,942
General and administrative	5,746,339	6,319,398
General support to Florida International University	1,456,190	1,187,684
Depreciation	205,704	734,854
Total operating expenses	<u>59,878,031</u>	<u>63,781,342</u>
Operating income (loss)	<u>11,434,828</u>	<u>(60,344,084)</u>
Nonoperating revenues (expenses)		
Transfers to Florida International University	(679,637)	(12,170,696)
Change in value of annuity obligations	(84,000)	(27,145)
Support from Florida International University	7,677,910	7,899,821
Total nonoperating revenues (expenses)	<u>6,914,273</u>	<u>(4,298,020)</u>
Gain (loss) before endowment contributions	<u>18,349,101</u>	<u>(64,642,104)</u>
Endowment contributions	6,491,019	7,050,497
Change in net position	<u>24,840,120</u>	<u>(57,591,607)</u>
Net position - beginning of year	412,716,363	470,307,970
Net position - end of year	<u><u>\$ 437,556,483</u></u>	<u><u>\$ 412,716,363</u></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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Receipts from contributions	\$ 33,409,576	\$ 31,467,623
Other receipts	623,146	827,160
Net payments on annuity obligations	(84,000)	(84,000)
Payments made to suppliers	(38,638,591)	(29,891,158)
Payments made to Florida International University	(15,566,185)	(23,009,936)
Net cash used in operating activities	<u>(20,256,054)</u>	<u>(20,690,311)</u>
Cash flows from capital and related financing activities		
Receipts from rental income	261,203	2,134,754
Principal paid on capital debt	-	(1,075,000)
Capitalization of expenses related to land	(85,474)	(3,448,084)
Interest paid on capital debt	-	(11,198)
Net cash provided by (used in) capital and related financing activities	<u>175,729</u>	<u>(2,399,528)</u>
Cash flows from investing activities		
Proceeds from sale and maturity of investments	153,806,687	17,666,225
Purchase of investments	(143,595,249)	(13,209,393)
Receipts from interest, net of fees	3,664,661	7,821,188
Net cash provided by investing activities	<u>13,876,099</u>	<u>12,278,020</u>
Cash flows from noncapital financing activities		
Private gifts for permanent endowments	6,491,019	7,050,497
Net cash flows provided by noncapital financing activities	<u>6,491,019</u>	<u>7,050,497</u>
Net change in cash and cash equivalents	<u>286,793</u>	<u>(3,761,322)</u>
Cash and cash equivalents - beginning of year	17,636,774	21,398,096
Cash and cash equivalents - end of year	<u>\$ 17,923,567</u>	<u>\$ 17,636,774</u>
Reconciliation of operating income (loss) to net cash used in operating activities:		
Operating income (loss)	\$ 11,434,828	\$ (60,344,084)
Adjustments to reconcile operating income to net cash used in operating activities:		
Rental income	(261,202)	(2,134,753)
Depreciation expense	205,704	734,854
Noncash support from Florida International University	7,677,910	7,899,821
Transfers to Florida International University	(679,637)	(2,500,000)
Investment (earnings) losses	(31,936,344)	25,423,340
Interest expense	-	11,198
Change in value of annuity obligations	(84,000)	(27,145)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Receivables from related parties	(12,702)	78,748
Lease receivable	36,061	2,133,789
Pledges receivable	(4,935,869)	5,258,685
Other assets	(12,302)	106,796
Increase (decrease) in:		
Accounts payable and other liabilities	(1,337,836)	1,311,668
Annuity obligations	(1,717)	(52,143)
Payables to related parties	(192,886)	3,422,704
Unearned revenue	(120,000)	120,000
Deferred inflows related to rental income	(36,062)	(2,133,789)
Total adjustments	<u>(31,690,882)</u>	<u>39,653,773</u>
Net cash used in operating activities	<u>\$ (20,256,054)</u>	<u>\$ (20,690,311)</u>
Non-cash investing, financing and capital activities		
Transfer of the MARC Building to Florida International University	\$ -	\$ 9,670,696

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

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2023 AND 2022

	Custodial Funds	
	2023	2022
<u>ASSETS</u>		
Assets		
Investments	\$ 12,142,681	\$ 11,215,537
Total assets	12,142,681	11,215,537
<u>NET POSITION</u>		
Restricted:		
Nonexpendable endowments	9,500,000	9,500,000
Expendable	2,642,681	1,715,537
Total fiduciary net position	\$ 12,142,681	\$ 11,215,537

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, 2023 AND 2022

	Custodial Funds	
	2023	2022
Additions		
Investment earnings (losses)	\$ 1,381,291	\$ (1,141,702)
Total additions (deductions)	<u>1,381,291</u>	<u>(1,141,702)</u>
Deductions		
Spending distribution	454,147	401,769
Total deductions	<u>454,147</u>	<u>401,769</u>
Change in fiduciary net position	<u>927,144</u>	<u>(1,543,471)</u>
Net position - beginning of year	11,215,537	12,759,008
Net position - end of year	<u><u>\$ 12,142,681</u></u>	<u><u>\$ 11,215,537</u></u>

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

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(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 five 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”), Foundation Enterprise Holdings V, LLC (“FEH V”), and Foundation Enterprise Holdings VI, LLC (“FEH VI”).

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 19th to the mid-20th 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., and 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, 2023 AND 2022

(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 \$15,251,822.

FEH VI is a Florida limited liability company of which the sole member is the FIU Foundation, Inc. On April 26, 2022, FEH VI became the owner of 30,312 square feet (0.70 acres) of real property located at 144 SW 109th Avenue, Miami, Florida (“Sweetwater Property”). The Sweetwater Property was purchased for \$3,403,517.

FEH I, FEH II, FEH V and FEH VI 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, FEH V and FEH VI 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 creditors, grantors, contributors, or law. 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, 2023 AND 2022

(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 fiscal year ended June 30, 2021.

(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 changes in the 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) **Lease receivable**—The Foundation records a lease receivable at the present value of lease payments anticipated to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivable is assessed annually for changes in the terms of the lease, interest rate, impairment of underlying leased asset, and other factors that may impact the expected

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

lease payments. Rental income is reported systematically over the term of the lease, corresponding with the reduction of deferred inflows of resources. The Foundation calculates the amortization of the discount on each lease receivable in subsequent financial reporting periods, and that amount is reported as interest revenue. The future lease payments to be received should be discounted using the interest rate the Foundation charges the lessee. The interest rate used for valuation purposes for the FEH I Properties is the current 30-year mortgage rate and for the MARC Building is the rate the University would pay based on (a) AA Rating, (b) Tax-Exempt Status, and (c) one-year term lease.

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

(i) **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 (j) 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.

(j) **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 a classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best available information.

See Note 5 for a summary of the inputs used as of June 30, 2023 and 2022, in determining the fair value of the Foundation's investments.

(k) **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. Artwork owned by the Foundation is reflected as nondepreciable capital assets. 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.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

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 is 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.

(l) **Unearned revenue**—Unearned revenue is comprised of unearned contributions. The Foundation has received various contributions that are contingent on the construction of CasaCuba. If such evolution prevents the completion of the construction of CasaCuba, the Foundation will need to notify the donor and the donor can either (a) allocate the contribution to another program or (b) donate the funds to another 501(c)(3) charitable organization designated by the donor. The Foundation has no unearned revenue for the fiscal year ended June 30, 2023, and \$120,000 for the fiscal year ended June 30, 2022.

(m) **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.

(n) **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, 2023 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.

(o) **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 DSOs. These expenses include programs, scholarships, building support and other program related expenses.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

(p) **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 \$7,677,910 and \$7,899,821 for University employees who perform functions for the benefit of the Foundation for the fiscal years ended June 30, 2023 and 2022, respectively. This amount is included in Support from Florida International University on the statements of revenues, expenses, and changes in net position.

(q) **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, 2023 and 2022, 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.

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

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

The Foundation maintains certain investment accounts with financial institutions that 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, 2023 and 2022, approximately \$402,987,000 and \$382,771,000, 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.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(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 10 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, 2023 AND 2022

(3) Pledges Receivable:

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

	June 30,	
	2023	2022
Pledges receivable	\$ 32,813,856	\$ 24,932,106
Less:		
Allowance for doubtful accounts	(3,949,996)	(2,554,373)
Discount on future payments	(3,212,094)	(1,661,836)
Total pledges receivable, net	<u>\$ 25,651,766</u>	<u>\$ 20,715,897</u>
 Current pledges receivable, net	 \$ 12,774,818	 \$ 12,281,965
Noncurrent pledges receivable, net	12,876,948	8,433,932
Total pledges receivable, net	<u>\$ 25,651,766</u>	<u>\$ 20,715,897</u>

Contributions to be received after one year are discounted using U.S. Treasury yields. The discount on future payments totaled \$3,212,094 and \$1,661,836 at June 30, 2023 and 2022, respectively. Amortization of the discount on future payments is recorded as an adjustment to contribution revenue. The discount rate on June 30, 2023 and 2022 was 4.13% and 3.01%, respectively.

Effective July 1, 2011, the State of Florida match under the Trust Fund for Major Gifts is 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) Lease Receivable:

The Foundation evaluated all lease contracts applicable to GASB Statement No. 87, *Leases*, and identified several leases, in which the Foundation is the lessor, that have future minimum lease cash inflows. The Foundation has \$281,824 and \$317,885 in lease receivable for the fiscal years ended June 30, 2023 and 2022, respectively. The Foundation recognized \$214,710 and \$2,129,326 in lease revenue and \$1,310 and \$19,070 in interest revenue for the fiscal years ended June 30, 2023 and 2022, respectively, related to these leases. Present-value calculations of the lease payments were made utilizing a discount rate of 7.12% for the FEH I leases.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
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JUNE 30, 2023 AND 2022

(4) **Lease Receivable:** (Continued)

	Lease Term		Present Value of Future Lease Payments	
	Start	End	7/1/2022	6/30/2023
Zerga Shoes, LLC	5/1/2021	9/30/2024	\$ 93,412	\$ 81,527
Bettant Bakery and Café, Inc.	10/1/2013	9/30/2024	130,225	96,069
Safron, LLC	1/1/2016	9/30/2024	94,248	104,228
			<u>\$ 317,885</u>	<u>\$ 281,824</u>

	Lease Term		Present Value of Future Lease Payments	
	Start	End	7/1/2021	6/30/2022
MARC Building	12/1/1999	6/30/2022	\$ 1,917,081	\$ -
Zerga Shoes, LLC	5/1/2021	9/30/2023	166,352	93,412
Bettant Bakery and Café, Inc.	10/1/2013	9/30/2023	199,693	130,225
Safron, LLC	1/1/2016	9/30/2023	168,548	94,248
			<u>\$ 2,451,674</u>	<u>\$ 317,885</u>

Future minimum rents under leases to be received as of June 30, 2023, are as follows:

For the Year Ending June 30,	Principal	Interest	Total Payment
2024	\$ 225,690	\$ 865	\$ 226,555
2025	56,134	160	56,294
Total Receipts	<u>\$ 281,824</u>	<u>\$ 1,025</u>	<u>\$ 282,849</u>

(5) **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 15 for additional information on these requirements.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(5) **Investments:** (Continued)

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

	June 30,	
	2023	2022
Domestic equities	\$ 155,564,251	\$ 150,209,610
Global equities	92,566,823	98,864,397
Real assets	4,891,033	12,475,993
Fixed income	45,098,925	19,144,886
Hedge funds	3,043,291	10,973,854
Private investments	88,826,369	79,246,236
Land held for investments	15,251,822	15,340,150
Total investments	<u>\$ 405,242,514</u>	<u>\$ 386,255,126</u>
Less: fiduciary fund equity interest	12,142,681	11,215,537
Total investments of the Foundation	<u><u>\$ 393,099,833</u></u>	<u><u>\$ 375,039,589</u></u>

Total investment earnings (losses) for the fiscal years ended June 30, 2023 and 2022, totaled \$31,936,344 and (\$25,423,340), of which \$29,140,468 and (\$24,121,505) 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, 2023 and 2022, totaled \$2,733,719 and \$3,302,934, respectively. Investment consultant fees totaled \$657,976 and \$705,776 for the fiscal years ended June 30, 2023 and 2022, respectively.

The Foundation's investments reported on the statement of financial position are reduced by the equity interest of fiduciary funds managed by the Foundation. The Foundation measures amounts held in a fiduciary capacity at fair value on a quarterly basis. The fair value of these underlying assets are presented in the total investments in the above table for the fiscal years ended June 30, 2023 and 2022. See fiduciary fund statement of net position for additional information.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(5) **Investments:** (Continued)

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, 2023 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	\$ 45,097,725	\$ 20,183	\$ -	\$ 45,077,542
Total	<u>\$ 45,097,725</u>	<u>\$ 20,183</u>	<u>\$ -</u>	<u>\$ 45,077,542</u>

The future maturities of the securities held in domestic fixed income at June 30, 2022 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	\$ 19,143,686	\$ -	\$ 19,143,686	\$ -
Total	<u>\$ 19,143,686</u>	<u>\$ -</u>	<u>\$ 19,143,686</u>	<u>\$ -</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, 2023, 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>AA-</u>
Domestic Fixed Income	\$ 45,097,725	\$ 20,183	\$ 45,077,542
Total	<u>\$ 45,097,725</u>	<u>\$ 20,183</u>	<u>\$ 45,077,542</u>

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(5) **Investments:** (Continued)

At June 30, 2022, 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	\$ 19,143,686	\$ 19,143,686	\$ -
Total	<u>\$ 19,143,686</u>	<u>\$ 19,143,686</u>	<u>\$ -</u>

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 that have been valued using this approach generally include investments in investee funds that have lock-ups that are greater than 12 months.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(5) **Investments:** (Continued)

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 that 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.

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.

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, 2023:

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	\$ 155,564,251	\$ 155,564,251	\$ -	\$ -
Global equities	92,566,823	92,566,823	-	-
Real assets	4,891,033	4,891,033	-	-
Fixed income	45,097,725	45,097,725	-	-
Land held for investments	15,251,822	-	-	15,251,822
Total investments by fair value level	\$ 313,371,654	\$ 298,119,832	\$ -	\$ 15,251,822

Investments measured at the net asset value (NAV)¹

Fixed income	1,200
Hedge funds	3,043,291
Private investments	88,826,369
Total investments measured at NAV¹	91,870,860
Fiduciary fund equity interest	(12,142,681)
Total investments measured at fair value	\$ 393,099,833

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(5) **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, 2022:

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	\$ 150,209,610	\$ 150,209,610	\$ -	\$ -
Global equities	98,864,397	98,864,397	-	-
Real assets	12,475,993	12,475,993	-	-
Fixed income	19,143,686	19,143,686	-	-
Land held for investments	15,340,150	-	-	15,340,150
Total investments by fair value level	\$ 296,033,836	\$ 280,693,686	\$ -	\$ 15,340,150

Investments measured at the net asset value (NAV)¹

Fixed income	1,200
Hedge funds	10,973,854
Private investments	79,246,236
Total investments measured at NAV¹	90,221,290
Fiduciary fund equity interest	(11,215,537)
Total investments measured at fair value	\$ 375,039,589

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(5) **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, 2023:

Investments measured at NAV1	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Fixed income:				
Global bonds (b)	\$ 1,200	\$ -	Monthly	10 days
Hedge funds:				
Long/short equity (c)	2,875,215	-	Annually - Every 3 Years ²	60 - 90 days
Event driven/open mandate (d)	168,076	-	Quarterly ²	90 days
Private investments:				
Private equity (e)	66,062,931	76,257,788	Illiquid	N/A
Venture capital (f)	22,763,438	1,285,000	Illiquid	N/A
Total investments measured at NAV1	\$ 91,870,860	\$ 77,542,788		

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, 2022:

Investments measured at NAV¹	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Fixed income:				
Global bonds (b)	\$ 1,200	\$ -	Monthly	10 days
Hedge funds:				
Long/short equity (c)	10,798,100	-	Monthly - Every 3 Years ²	60 - 90 days
Event driven/open mandate (d)	175,754	-	Quarterly ²	90 days
Private investments:				
Private equity (e)	52,286,682	80,458,832	Illiquid	N/A
Venture capital (f)	26,959,554	1,305,000	Illiquid	N/A
Total investments measured at NAV¹	\$ 90,221,290	\$ 81,763,832		

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

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

(c) **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 an absolute return. Management of hedge funds may opportunistically shift investments across sectors, geographies, and net market exposures.

(d) **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.

(e) **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.

(f) **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, 2023 AND 2022

(6) Capital Assets:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Buildings and improvements	\$ 5,558,312	\$ -	\$ -	\$ 5,558,312
Less: accumulated depreciation	(1,370,498)	(141,147)	-	(1,511,645)
Net buildings and improvements	<u>4,187,814</u>	<u>(141,147)</u>	<u>-</u>	<u>4,046,667</u>
Furniture and equipment	862,875	-	(18,213)	844,662
Less: accumulated depreciation	(688,746)	(64,557)	18,213	(735,090)
Net furniture and equipment	<u>174,129</u>	<u>(64,557)</u>	<u>-</u>	<u>109,572</u>
Nondepreciable capital assets	3,470,084	85,474	-	3,555,558
Total capital assets, net	<u>\$ 7,832,027</u>	<u>\$ (120,230)</u>	<u>\$ -</u>	<u>\$ 7,711,797</u>

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Buildings and improvements	\$ 22,710,073	\$ -	\$ (17,151,761)	\$ 5,558,312
Less: accumulated depreciation	(8,335,165)	(634,084)	7,598,751	(1,370,498)
Net buildings and improvements	<u>14,374,908</u>	<u>(634,084)</u>	<u>(9,553,010)</u>	<u>4,187,814</u>
Furniture and equipment	1,115,599	-	(252,724)	862,875
Less: accumulated depreciation	(723,013)	(100,770)	135,037	(688,746)
Net furniture and equipment	<u>392,586</u>	<u>(100,770)</u>	<u>(117,687)</u>	<u>174,129</u>
Nondepreciable capital assets	22,000	3,448,084	-	3,470,084
Total capital assets, net	<u>\$ 14,789,494</u>	<u>\$ 2,713,230</u>	<u>\$ (9,670,697)</u>	<u>\$ 7,832,027</u>

Depreciation expense was \$205,704 and \$734,854 for the fiscal years ended June 30, 2023 and 2022, respectively.

(7) Other Current Assets:

Other current assets include the cash surrender value of life insurance policies in the amount of \$473,049 and \$399,999 at June 30, 2023 and 2022, respectively. The net benefit value of the underlying life insurance in force was \$9,991,343 and \$9,991,343 at June 30, 2023 and 2022. 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, 2023 AND 2022

(8) 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 financed the payments to the Authority under the loan agreement with lease payments received from the University under an operating lease (see Note 14). The \$13,000,000 original principal amount was issued under a variable rate structure with a final maturity date of May 1, 2022. The variable rate on 50% of the original issue, \$6,500,000, was synthetically fixed at 4.63% 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. The Foundation paid off the outstanding principal balance of \$1,075,000 as of June 30, 2022. There was no interest incurred and paid for fiscal year ended June 30, 2023. For the fiscal year ended June 30, 2022, total interest incurred and paid was \$11,198.

The debt activity for the fiscal years ended June 30, 2023 and 2022 is as follows:

	Beginning Balance 7/1/2022	Additions	Reductions	Ending Balance 6/30/2023	Due Within One Year
Notes payable	\$ -	\$ -	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	Beginning Balance 7/1/2021	Additions	Reductions	Ending Balance 6/30/2022	Due Within One Year
Notes payable	\$ 1,075,000	\$ -	\$ (1,075,000)	\$ -	\$ -
	<u>\$ 1,075,000</u>	<u>\$ -</u>	<u>\$ (1,075,000)</u>	<u>\$ -</u>	<u>\$ -</u>

(9) 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.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(9) **Annuity Obligations:** (Continued)

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 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; pay the 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% were used in calculating the present value of the anticipated distributions to be made to the donor.

Annuity obligations for the fiscal years ended June 30, 2023 and 2022 are as follows:

	Beginning Balance 7/1/2022	Additions	Reductions	Ending Balance 6/30/2023	Due Within One Year
Annuity obligations	\$ 585,534	\$ 84,000	\$ (85,717)	\$ 583,817	\$ 89,985
	<u>\$ 585,534</u>	<u>\$ 84,000</u>	<u>\$ (85,717)</u>	<u>\$ 583,817</u>	<u>\$ 89,985</u>

	Beginning Balance 7/1/2021	Additions	Reductions	Ending Balance 6/30/2022	Due Within One Year
Annuity obligations	\$ 637,677	\$ 31,857	\$ (84,000)	\$ 585,534	\$ 89,985
	<u>\$ 637,677</u>	<u>\$ 31,857</u>	<u>\$ (84,000)</u>	<u>\$ 585,534</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>\$ 486,055</u>	<u>\$ 1,613,945</u>

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(9) **Annuity Obligations:** (Continued)

The Foundation has received, as of June 30, 2023 and 2022, \$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 \$97,762 and \$99,478 at June 30, 2023 and 2022, respectively.

(10) **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,	
	2023	2022
MARC Building		
Furniture and equipment, net	109,572	174,129
Artwork	22,000	22,000
FEH I		
Building, net	1,456,876	1,509,375
Annuity obligation	(486,055)	(486,055)
FEH II		
Building, net	2,589,791	2,678,439
FEH VI		
Land	3,533,558	3,448,084
Net investment in capital assets	\$ 7,225,742	\$ 7,345,972

(11) **Restricted Net Position:**

At June 30, 2023 and 2022, the restricted nonexpendable endowments net position of \$205,118,328 and \$198,540,065, 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 years ending June 30, 2023 and 2022 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, 2023 and 2022, the restricted expendable net position of \$167,324,876 and \$145,013,261 includes \$101,513,022 and \$85,752,345, 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.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(12) Contributions to University Building Programs:

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

During the fiscal years ended June 30, 2023 and 2022, the Foundation received \$8,893,168 and \$5,191,054, respectively, from donors to support numerous construction projects, as follows:

	<u>2023</u>	<u>2022</u>
The Trish and Dan Bell Chapel	\$ 2,162,500	\$ 2,282,800
Alumni Center Building	1,890,876	22,107
Athletics Facility Enhancement Fund	1,666,666	-
CasaCuba Building Fund	899,599	1,095,375
World Center for Tropical Botany	650,059	-
ROTC Enhancement Fund	366,725	-
Wolfsonian Capital Projects	260,157	56,300
Tennis Center	252,189	138,005
Maurice A. Ferré Institute for Civic Leadership	250,000	625,000
The Herbert and Nicole Wertheim School of Music and Performing Arts Atrium	250,000	500,000
FIU Athletics Women's Facility Campaign	187,587	347,847
ICTB Research and Education Center at the Kampong	55,000	30,000
Stocker Astrophysics Center Building	1,180	333
The Ruth K. and Shepard Broad Auditorium	200	208
Founders Park	180	135
SIPA Phase II Building	150	-
SIPA Bricks and Mortar Building	100	530
Engineering Building	-	45,000
Soccer Field Renovation	-	22,000
Josh Richardson Memorial Groundbreaking Plaza at FIU	-	20,000
Law Student Lounge Renovation	-	5,300
CBA Building Complex	-	114
Total contributions received in support of University building programs	<u>\$ 8,893,168</u>	<u>\$ 5,191,054</u>

(13) 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, 2023 and 2022 was \$0 and \$37,990, respectively. As of June 30, 2023 and 2022, there have been one and six loan defaults totaling \$107 and \$9,092, respectively.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

Doral Property

In October of 2017, FEH V purchased the Doral Property, which required environmental remediation. FEH V received 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 on December 3, 2020 with conditions to conduct groundwater and surface water monitoring for at least one year. In order to comply with the monitoring requirements, the environmental consultant was further engaged to collect the water quality data and submit reports to DERM on a quarterly basis.

In November of 2021, after two consecutive sampling events, the results reflected unfavorable water quality data. On January 6, 2022, DERM required that the stockpiles of screened soil be removed from the site and properly disposed. A construction firm was selected and hired through a competitive bid solicitation process to complete the work. On October 18, 2022, the environmental consultant was again further engaged to provide construction oversight, monitoring, and reporting to DERM. The screened soil was removed on November 30, 2022, totaling a cost of \$1,111,846.

On January 6, 2023, DERM approved the environmental consultant's timeline to reinstall wells that were destroyed during the soil removal process and conduct an additional two consecutive sampling events to demonstrate favorable water quality data. The seventh water quality report is expected to be submitted to DERM in October of 2023, with an estimated project completion date of December of 2023.

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 guarantee the worker's compensation obligations. As of June 30, 2023, the Foundation has not used any of the available balance in the letter of credit.

(14) **Related Party Transactions:**

On December 1, 1999, the Foundation entered into a ground lease agreement with the Board of Regents of the State University System of the State of Florida for and on behalf of the University. Under this agreement, the Foundation, as lessee, has leased the grounds on which the MARC Building was built, as described in Note 8. The consideration required to be paid by the Foundation is \$10 annually. The lease was set to expire on the latter of December 31, 2024, or the final payment date under the letter of credit agreement, as described in Note 8. The final payment on the letter of credit agreement was made in May 2022 for \$1,935,233.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(14) Related Party Transactions: (Continued)

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 Building to the University. The financing of the payments under the letter of credit agreement and the loan agreement, as described in Note 8, were secured by the pledged lease payments from the University. The University 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 included any costs of operating and maintaining the MARC Building, in addition to amounts necessary to pay any unanticipated and extraordinary costs. The lease commenced during August 2002 when the MARC Building became operational.

On May 1, 2022, the Foundation made the final payment on the letter of credit. As per the terms of the ground lease, the Foundation completed the transfer of the MARC Building to the University, at carrying value, on June 30, 2022. The carrying value of the building, improvements, and furniture and fixtures is reflected as \$9,670,696 of nonoperating expenses in the prior year.

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 \$7,677,910 and \$7,899,821 for University employees that perform functions for the benefit of the Foundation for the fiscal years ended June 30, 2023 and 2022, respectively. This amount is included in Support from Florida International University on the statements of revenues, expenses, and changes in net position.

(15) 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 have 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.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

Included within the disclosures of restricted expendable net position below are amounts totaling \$927,144 and (\$1,543,471) for the fiscal years ended June 30, 2023 and 2022, respectively, which are related to the market appreciation/(depreciation) of the term endowment held on behalf of the University. The balance of the corpus and the appreciation/(depreciation) is reflected within the Statements of Revenues, Expenses, and Changes in Fiduciary Net Position.

As of June 30, 2023, restricted net position consisted of the following:

	Restricted Expendable*	Restricted: Nonexpendable Endowments	Total
Restricted net position, beginning of year 7/1/2022	\$ 85,752,345	\$ 198,540,065	\$ 284,292,410
Endowment investment earnings:			
Interest, dividends and realized gains	(4,640,472)	-	(4,640,472)
Unrealized losses	33,780,940	-	33,780,940
Total endowment investment earnings	29,140,468	-	29,140,468
Contributions and other revenues	11,674	6,491,462	6,503,136
Appropriation of endowment assets for expenditure	(10,062,166)	-	(10,062,166)
Appropriation for administrative fee 2%	(3,329,506)	-	(3,329,506)
Donor directed changes in restriction	207	86,801	87,008
Restricted net position, end of year 6/30/2023	<u>\$ 101,513,022</u>	<u>\$ 205,118,328</u>	<u>\$ 306,631,350</u>

As of June 30, 2022, restricted net position consisted of the following:

	Restricted Expendable*	Restricted: Nonexpendable Endowments	Total
Restricted net position, beginning of year 7/1/2021	\$ 85,033,786	\$ 191,376,258	\$ 276,410,044
Endowment investment earnings (losses):			
Interest, dividends and realized gains	16,491,113	-	16,491,113
Unrealized losses	(40,612,618)	-	(40,612,618)
Total endowment investment earnings (losses)	(24,121,505)	-	(24,121,505)
Contributions and other revenues	9,563	7,050,497	7,060,060
Appropriation of endowment assets for expenditure	(9,883,301)	-	(9,883,301)
Appropriation for administrative fee 2%	(3,286,198)	-	(3,286,198)
Donor directed release of restriction	-	113,310	113,310
Board designated quasi-endowment	38,000,000	-	38,000,000
Restricted net position, end of year 6/30/2022	<u>\$ 85,752,345</u>	<u>\$ 198,540,065</u>	<u>\$ 284,292,410</u>

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

- * 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.

As a result of market declines, the fair value of certain donor-restricted endowments was less than the historical costs value (corpus), and, therefore, the endowments are considered to be underwater. The fair value deficiencies of underwater endowments were \$321,672 and \$5,326,817 at June 30, 2023 and 2022.

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.

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 inception) over 12 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 objectives to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term and to provide additional real growth through new gifts and investment return. As of June 30, 2023 and 2022, the amount included in the endowment's temporarily restricted balance and approved for future spending on program support was \$10,062,166 and \$9,883,301, 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 the business-type activity and aggregate remaining fund information 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 year ended June 30, 2023, 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 20, 2023.

Report on 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.

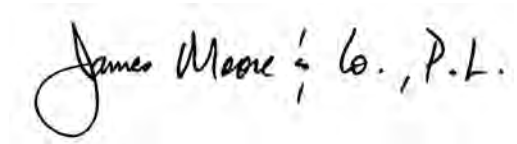
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 style with a large initial "J" and a stylized "M".

Gainesville, Florida
October 20, 2023



December 7, 2023

Subject: Florida International University Research Foundation Inc., Financial Audit, 2022-23

Proposed Action:

The Florida International University Board of Trustees to (1) accept the Florida International University Research Foundation, Inc. Financial Audit for the 2022-23 Fiscal Year and (2) 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), Direct Support Organizations, the Florida International University Research 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 Research Foundation, Inc. Financial Audit for 2022-23 was approved by the Florida International University Research Foundation, Inc. Board of Directors on October 13, 2023, 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:

James Moore & Co., October 13, 2023 letter to the Audit Committee of the Florida International University Research Foundation, Inc.

Florida International University Research Foundation, Inc. Financial Audit, 2022-23

Facilitator/Presenter:

Aime Martinez

October 13, 2023

To the Audit Committee,
Florida International University Research Foundation, Inc.:

We have audited the financial statements of the Florida International University Research Foundation, Inc. (the Research Foundation), a direct-support organization and component unit of Florida International University as of and for the year ended June 30, 2023, and have issued our report thereon dated October 13, 2023. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated April 14, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Research Foundation solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, other individuals in our firm, and our firm have complied with all relevant ethical requirements regarding independence.

Significant Risks

Professional standards require that we, as auditors, identify during the planning stage of the audit significant risks that impact the audit based upon the nature of the organization and design our audit procedures to adequately address those risks. As part of the planning stage of the audit process, we identified the following significant risks that could potentially impact the Research Foundation:

- Override of internal controls by management
- Improper revenue recognition

We designed our audit procedures to address these risks. If during the course of the audit we had any findings related to these other risks, we would communicate those findings to you. We have no findings associated with any of these risks that our audit was designed to consider, and no issues were noted that impacted our ability to render an opinion on the financial statements.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Research Foundation is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. There are no significant accounting estimates affecting the financial statements.

Financial Statement Disclosures

The notes to the financial statements are neutral, consistent and clear.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. We encountered no significant unusual transactions during our audit.

Identified or Suspected Fraud

We have not identified or have obtained information that indicates that the following fraud may have occurred.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected misstatements for the year ended June 30, 2023.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. No adjustments were proposed as a result of our auditing procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Research Foundation's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which were included in the management representation letter provided to us dated October 13, 2023.

Management's Consultations with Other Accountants

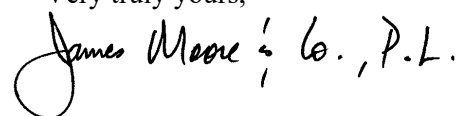
In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Research Foundation, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Research Foundation's auditors.

This report is intended solely for the information and use of the Audit Committee and management of the Research Foundation and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

JAMES MOORE & CO., P.L.

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

FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

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

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

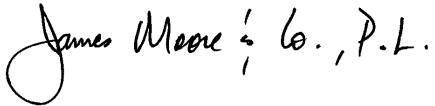
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2023, on our consideration of the Research Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Research Foundation's internal control over financial reporting and compliance.

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

Gainesville, Florida
October 13, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

FINANCIAL HIGHLIGHTS

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

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

OVERVIEW OF FINANCIAL STATEMENTS

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

The Statements of Net Position

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

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

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

Condensed Statements of Net Position

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

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

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

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

The Statements of Revenues, Expenses and Changes in Net Position

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

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

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

Condensed Statements of Revenues, Expenses and Changes in Net Position

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

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

Operating Expenses

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

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

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

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

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

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

TRANSFERS

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

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

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

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

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

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Current assets		
Cash	<u>\$ 416,319</u>	<u>\$ 365,383</u>
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable	<u>\$ 1,000</u>	<u>\$ 1,000</u>
<u>NET POSITION</u>		
Net position		
Unrestricted	<u>\$ 415,319</u>	<u>\$ 364,383</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
JUNE 30, 2023 AND 2022

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

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

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

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

(1) Summary of Significant Accounting Policies:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) Deposits:

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

REPORTING SECTION

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

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

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

Report on Internal Control Over Financial Reporting

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

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

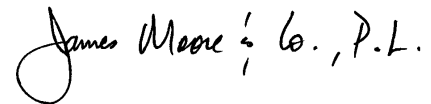
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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 13, 2023



December 7, 2023

Subject: Florida International University Athletics Finance Corporation Financial Audit, 2022-23

Proposed Action:

The Florida International University Board of Trustees to (1) accept the Florida International University Athletics Finance Corporation Financial Audit for the 2022-23 Fiscal Year and (2) 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), Direct Support Organizations, 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 2022-23 was approved by the Florida International University Athletics Finance Corp. Board of Directors on October 16, 2023, 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:

James Moore & Co., October 16, 2023 letter to the FIU Athletics Finance Corporation Board of Directors

Florida International University Athletics Finance Corp.,
Financial Audit, 2022-23

Facilitator/Presenter:

Aime Martinez

October 16, 2023

To the Board of Directors
FIU Athletics Finance Corporation:

We have audited 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, 2023, and have issued our report thereon dated October 16, 2023. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated November 6, 2020, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Corporation solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, other individuals in our firm, and our firm have complied with all relevant ethical requirements regarding independence.

Significant Risks

Professional standards require that we, as auditors, identify during the planning stage of the audit significant risks that impact the audit based upon the nature of the organization and design our audit procedures to adequately address those risks. As part of the planning stage of the audit process, we identified the following significant risks that could potentially impact the Corporation:

- Override of internal controls by management
- Improper revenue recognition
- Misappropriation of assets
- Improper valuation of interest rate swap

We designed our audit procedures to address these risks. If during the course of the audit we had any findings related to these other risks, we would communicate those findings to you. We have no findings associated with any of these risks that our audit was designed to consider, and no issues were noted that impacted our ability to render an opinion on the financial statements.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Corporation is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2023. No additional matters have come to our attention that would require us, under professional standards, to inform the audit committee about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. There are no significant accounting estimates affecting the financial statements.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Corporation's financial statements relate to:

The disclosure in Note 3 to the financial statements regarding investments discloses the composition of the Corporation's investments and the risks associated with those investments.

The disclosure in Note 5 to the financial statements regarding long term obligations discloses the composition of the Corporation's long term obligations, the interest rates associated with long term debt, and the future maturities of long term debt.

The disclosure of derivative instrument activity in Note 6 to the financial statements describes the terms and valuation information pertaining to the Corporation's interest rate swap in connection with its variable-rate revenue bond issuance.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. We encountered no significant unusual transactions during our audit.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected misstatements for the year ended June 30, 2023.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. No adjustments were proposed as a result of our auditing procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Corporation's financial statements or the auditors' report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. We have not identified any circumstances that affect the form and content of our auditor's report.

To the Board of Directors
FIU Athletics Finance Corporation
October 16, 2023
Page 4

Representations Requested from Management

We have requested certain written representations from management, which are included in the Management Representation Letter dated October 16, 2023.

Management's Consultations with Other Accountants

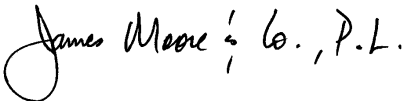
In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Corporation, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Corporation's auditors.

This report is intended solely for the information and use of the Board of Directors and management of FIU Athletics Finance Corporation and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

JAMES MOORE & CO., P.L.

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

FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
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JUNE 30, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
FIU Athletics Finance Corporation:

Report on the Audit of the Financial Statements

Opinion

We have audited 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 years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

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, 2023 and 2022, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing 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.

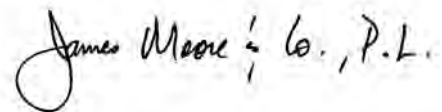
Supplementary Information

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 16, 2023, 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 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 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.

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

Gainesville, Florida
October 16, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

**FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023 and 2022**

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

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 \$19,718,517 and \$20,799,263 at June 30, 2023 and 2022, respectively. The balance reflects a decrease of \$1,080,746, or 5.2%. This change is mainly attributable to a decrease in investments and prepaid rent offset by an increase in Due from Florida International University in the current year.

The AFC's deferred outflows of resources totaled \$146,418 and \$650,475 at June 30, 2023 and 2022, respectively. The balance reflects a decrease of \$504,057, or 77.5%. The AFC's deferred inflows of resources totaled \$179,954 at June 30, 2023. There was no deferred inflows of resources at June 30, 2022. The change in the fair value of the interest rate swap is directly attributable to changes in interest rates.

The AFC's liabilities totaled \$24,079,011 and \$25,446,402 at June 30, 2023 and 2022, respectively. The balance reflects a decrease of \$1,367,391, or 5.4%. This change 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, offset by an increase in due to Florida International University in the current year.

As a result, the AFC's net position decreased by \$397,366, resulting in a year-end net deficit balance of \$4,394,030.

The AFC's operating revenues totaled \$5,552,506 for the 2022-23 fiscal year, representing an increase of \$44,717, or 0.8%, as compared to prior year. Major components of operating revenues include athletic support, conference payments and contributions.

The AFC's operating expenses totaled \$2,907,800 for the 2022-23 fiscal year, representing an increase of \$87,651, or 3.1%, as compared to prior year. Major components of operating expenses include amortization of prepaid rent, professional services, and security services.

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, 2023 and 2022
(Continued)

THE STATEMENTS OF NET POSITION

The statements of net position reflect the assets, deferred outflows of resources, liabilities and deferred inflows of resources 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,		
	2023	2022	2021
Assets			
Current assets	\$ 5,221,612	\$ 5,084,038	\$ 3,638,632
Noncurrent assets	14,496,905	15,715,225	17,022,030
Total assets	19,718,517	20,799,263	20,660,662
Deferred outflows of resources	146,418	650,475	2,197,984
Liabilities			
Current liabilities	3,102,486	1,974,037	1,824,196
Noncurrent liabilities	20,976,525	23,472,365	26,746,701
Total liabilities	24,079,011	25,446,402	28,570,897
Deferred inflows of resources	179,954	-	-
Total net position	<u>\$ (4,394,030)</u>	<u>\$ (3,996,664)</u>	<u>\$ (5,712,251)</u>

FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023 and 2022
(Continued)

TOTAL ASSETS

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

	June 30,		
	2023	2022	2021
Cash	\$ 919,354	\$ 1,019,902	\$ 143,610
Investments	448,420	1,043,638	507,327
Suites and ticket sales receivable	144,320	101,820	49,320
Due from Florida International University	2,389,742	1,612,010	1,634,260
Prepaid rent and other	12,947,851	14,238,826	15,540,357
Restricted investments	2,868,830	2,783,067	2,782,138
Leasehold improvement, net	-	-	3,650
Total assets	<u>\$ 19,718,517</u>	<u>\$ 20,799,263</u>	<u>\$ 20,660,662</u>

Total assets as of June 30, 2023 decreased \$1,080,746 or 5.2%, as compared to prior year. This change is primarily a result of a decrease in prepaid rent due to the recognition of annual rent expense offset by an increase in due from Florida International University in the current year.

TOTAL DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

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

	June 30,		
	2023	2022	2021
DEFERRED OUTFLOWS OF RESOURCES			
Accumulated decrease in fair value of hedging derivatives	\$ -	\$ 489,040	\$ 2,021,532
Deferred amount on debt refundings	146,418	161,435	176,452
Total deferred outflows of resources	<u>\$ 146,418</u>	<u>\$ 650,475</u>	<u>\$ 2,197,984</u>
DEFERRED INFLOWS OF RESOURCES			
Accumulated increase in fair value of hedging derivatives	\$ 179,954	\$ -	\$ -
Total deferred inflows of resources	<u>\$ 179,954</u>	<u>\$ -</u>	<u>\$ -</u>

FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023 and 2022
(Continued)

TOTAL DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES (CONTINUED)

AFC utilizes interest rate swap contracts to mitigate interest rate risk. The change in the fair value of the interest rate swap is directly attributable to changes in interest rates. The deferred outflows and inflows of resources reflect the corresponding increase/decrease in the fair value of hedging derivatives, in alignment with the hedge accounting guidelines stipulated in GASB Statement No. 53. As of June 30, 2023 and 2022, there were \$146,418 and \$650,475 of deferred outflows of resources, respectively. As of June 30, 2023, deferred inflows of resources totaled \$179,954. There were no deferred inflows of resources in the prior year.

TOTAL LIABILITIES

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

	June 30,		
	2023	2022	2021
Accounts payable	\$ 35,233	\$ 62,407	\$ 45,270
Accrued interest payable	27,367	86,301	89,487
Due to Florida International University	1,952,257	893,782	857,177
Bonds payable	21,090,000	22,735,000	24,315,000
Unearned revenue	209,870	138,788	104,503
Derivative liability - interest rate swap	764,284	1,530,124	3,159,460
Total liabilities	\$ 24,079,011	\$ 25,446,402	\$ 28,570,897

Total liabilities as of June 30, 2023 decreased \$1,367,391, or 5.4%, as compared to prior year. This change 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 and offset by an increase in due to Florida International University in the current year.

The Miami-Dade County Industrial Development Authority, as the Conduit Issuer, amended the 2009A Trust Indenture to reflect the termination of the London Interbank Offered Rate (LIBOR) and the adoption of the Secured Overnight Financing Rate (SOFR) as the loan's reference rate. The SOFR rate index was adopted by the Alternative Reference Rates Committee (ARRC) as the replacement rate index to the LIBOR. The ARRC is under the oversight of the Federal Reserve Board. Regions Bank modified the swap agreement to reflect the change in the Trust Indenture. The variable component of the loan is synthetically fixed at 5.0 percent.

FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023 and 2022
(Continued)

NET POSITION

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

	June 30,		
	2023	2022	2021
Net investment in capital assets	\$ -	\$ -	\$ 3,650
Unrestricted	(4,394,030)	(3,996,664)	(5,715,901)
Total net position	<u>\$ (4,394,030)</u>	<u>\$ (3,996,664)</u>	<u>\$ (5,712,251)</u>

Total net position as of June 30, 2023 decreased by \$397,366, or 9.9%, 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.

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 nonoperating 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:

	June 30,		
	2023	2022	2021
Operating revenues	\$ 5,552,506	\$ 5,507,789	\$ 4,139,793
Operating expenses	<u>2,907,800</u>	<u>2,820,149</u>	<u>1,893,857</u>
Operating income	2,644,706	2,687,640	2,245,936
Net nonoperating expenses	(654,062)	(972,053)	(1,019,862)
Transfers to Florida International University	<u>2,388,010</u>	<u>-</u>	<u>1,000,000</u>
Change in net position	(397,366)	1,715,587	226,074
Net position - beginning of year	<u>(3,996,664)</u>	<u>(5,712,251)</u>	<u>(5,938,325)</u>
Net position - end of year	<u>\$ (4,394,030)</u>	<u>\$ (3,996,664)</u>	<u>\$ (5,712,251)</u>

FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023 and 2022
(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,		
	2023	2022	2021
Athletic support	\$ 1,176,607	\$ 1,203,831	\$ 1,246,223
NCAA conference payments	1,088,010	713,087	590,134
Contributions	830,582	-	680,005
Event revenues	464,660	507,398	196,476
Sponsorship revenues	450,000	296,536	62,863
Rental income	423,912	296,873	230,828
Game guarantees	350,000	1,750,000	775,000
Suite revenues	318,920	428,640	283,080
Ticket sales	315,824	229,183	49,617
Merchandise royalties	69,485	82,241	25,567
General concessions and vending commissions	64,506	-	-
Total operating revenues	\$ 5,552,506	\$ 5,507,789	\$ 4,139,793

Operating revenues were fairly level when compared to prior year. Operating revenues are primarily made up of athletic support from student fees, NCAA conference payments and contributions.

The slight increase in operating revenues of \$44,717, or 0.8%, as compared to prior year, is attributable to an increase in NCAA Conference USA football related distributions, contributions, sponsorship revenues and rental income offset by lower game guarantees received during the current year.

Athletic support from student fees slightly decreased as a result of lower than anticipated student credit hour enrollment during the current year. NCAA Conference payments and contributions generated higher operating revenues in the current year. The increase in NCAA conference payments is attributable to higher than anticipated NCAA Conference USA football related distributions. The increase in contributions helped offset the decrease in game guarantee revenues due to a \$1,400,000 game guarantee received in the prior 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, 2023 and 2022
(Continued)

OPERATING EXPENSES

The AFC categorizes expenses as operating or nonoperating. 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,		
	2023	2022	2021
Amortization of prepaid rent	\$ 1,304,083	\$ 1,304,083	\$ 1,304,083
General operations	797,276	720,179	362,583
Event operations	260,362	409,681	116,919
Football operations	546,079	386,206	110,272
Total operating expenses	\$ 2,907,800	\$ 2,820,149	\$ 1,893,857

Total operating expenses increased \$87,651, or 3.1%, as compared to prior year. Operating expenses are comprised of amortization of prepaid rent, 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, professional services, and repairs and maintenance. General operations expenses were higher when compared to prior year due to increased events held at the stadium.

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 decrease in event operations is due to lower home Miami FC soccer games held at the stadium in the current year.

Football operations include direct expenses related to home football games. Security services increased due to the AFC's six home games played in the current year coupled with an increase in game attendance. The increase in professional services, security services, and materials and supplies is attributable to higher expenses related to 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, 2023 and 2022
(Continued)

NONOPERATING REVENUES AND EXPENSES

Nonoperating revenues and expenses consist of interest income and interest expense. The following summarizes the AFC's nonoperating revenues and expenses for the fiscal years ended:

	<u>2023</u>	<u>June 30, 2022</u>	<u>2021</u>
Interest income	\$ 169,288	\$ 4,223	\$ 458
Interest expense and fiscal charges	<u>(823,350)</u>	<u>(976,276)</u>	<u>(1,020,320)</u>
Net nonoperating expenses	<u><u>\$ (654,062)</u></u>	<u><u>\$ (972,053)</u></u>	<u><u>\$ (1,019,862)</u></u>

Total net nonoperating expenses decreased \$317,991, or 32.7%, as compared to prior year. The decrease is attributable to higher interest income received due to higher interest rates in the current year.

TRANSFERS TO FLORIDA INTERNATIONAL UNIVERSITY

Transfers to Florida International University of \$2,388,010 in the statement of revenues, expenses and changes in net position for fiscal year ended June 30, 2023 represent surplus funds returned to the University. During year ended June 30, 2022 there were no transfers to Florida International University.

DEBT ADMINISTRATION

As of June 30, 2023, the AFC had \$21,090,000 in outstanding bonds payable, representing a decrease of \$1,645,000, or 7.2% 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.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The University has pledged a significant portion of football game guarantee revenues, Conference USA distribution revenues, and a percentage of student athletic fees to the Athletic Finance Corporation. Such pledges are dependent on conference re-alignment, television agreements in place, student enrollment, and the ability to obtain high dollar football guarantees which are generally scheduled many years in advance.

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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Current assets		
Cash	\$ 919,354	\$ 1,019,902
Investments	448,420	1,043,638
Suites and ticket sales receivable	144,320	101,820
Due from Florida International University	2,389,742	1,612,010
Prepaid rent and other	1,319,776	1,306,668
Total current assets	<u>5,221,612</u>	<u>5,084,038</u>
Noncurrent assets		
Restricted investments	2,868,830	2,783,067
Prepaid rent	11,628,075	12,932,158
Total noncurrent assets	<u>14,496,905</u>	<u>15,715,225</u>
Total assets	<u>19,718,517</u>	<u>20,799,263</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Accumulated decrease in fair value of hedging derivatives	-	489,040
Deferred amount on debt refundings	146,418	161,435
Total deferred outflows of resources	<u>146,418</u>	<u>650,475</u>
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable	35,233	62,407
Accrued interest payable	27,367	86,301
Due to Florida International University	1,100,016	41,541
Bonds payable	1,730,000	1,645,000
Unearned revenue	209,870	138,788
Total current liabilities	<u>3,102,486</u>	<u>1,974,037</u>
Noncurrent liabilities		
Due to Florida International University	852,241	852,241
Derivative liability - interest rate swap	764,284	1,530,124
Bonds payable	19,360,000	21,090,000
Total noncurrent liabilities	<u>20,976,525</u>	<u>23,472,365</u>
Total liabilities	<u>24,079,011</u>	<u>25,446,402</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Accumulated increase in fair value of hedging derivative	179,954	-
Total deferred inflows of resources	<u>179,954</u>	<u>-</u>
<u>NET POSITION</u>		
Net position		
Unrestricted	(4,394,030)	(3,996,664)
Total net position	<u>\$ (4,394,030)</u>	<u>\$ (3,996,664)</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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Operating revenues		
Athletic support	\$ 1,176,607	\$ 1,203,831
NCAA conference payments	1,088,010	713,087
Contributions	830,582	-
Event revenues	464,660	507,398
Sponsorship revenues	450,000	296,536
Rental income	423,912	296,873
Game guarantees	350,000	1,750,000
Suite revenues	318,920	428,640
Ticket sales	315,824	229,183
Merchandise royalties	69,485	82,241
General concessions and vending commissions	64,506	-
Total operating revenues	<u>5,552,506</u>	<u>5,507,789</u>
Operating expenses		
Amortization of prepaid rent	1,304,083	1,304,083
Professional services	486,325	454,287
Security services	310,119	301,747
Custodial and janitorial	238,030	270,825
Materials and supplies	218,900	200,631
Utilities	211,730	194,077
Repairs and maintenance	101,738	54,601
Rental of equipment	23,578	22,164
Banking fees	13,236	14,023
Other operating expenses	61	61
Depreciation	-	3,650
Total operating expenses	<u>2,907,800</u>	<u>2,820,149</u>
Operating income	<u>2,644,706</u>	<u>2,687,640</u>
Nonoperating revenues (expenses)		
Interest income	169,288	4,223
Interest expense and fiscal charges	(823,350)	(976,276)
Total nonoperating expenses	<u>(654,062)</u>	<u>(972,053)</u>
Transfers to Florida International University	2,388,010	-
Change in net position	<u>(397,366)</u>	<u>1,715,587</u>
Net position, beginning of year	(3,996,664)	(5,712,251)
Net position, end of year	<u><u>\$ (4,394,030)</u></u>	<u><u>\$ (3,996,664)</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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash flows provided by operating activities		
Operating receipts	\$ 4,803,355	\$ 5,511,823
Payments to vendors	(572,415)	(1,458,673)
Net cash provided by operating activities	<u>4,230,940</u>	<u>4,053,150</u>
Cash flows used in capital and related financing activities		
Transfers to Florida International University	(2,388,010)	-
Principal payments on bonds	(1,645,000)	(1,580,000)
Interest paid	(964,110)	(1,061,289)
Net cash used in capital and related financing activities	<u>(4,997,120)</u>	<u>(2,641,289)</u>
Cash flows provided by (used in) investing activities		
Proceeds from sale and maturity of investments	10,330,927	8,657,638
Purchase of investments	(9,821,475)	(9,194,877)
Interest income received	156,180	1,670
Net cash provided by (used in) investing activities	<u>665,632</u>	<u>(535,569)</u>
Net increase (decrease) in cash and cash equivalents	<u>(100,548)</u>	<u>876,292</u>
Cash and cash equivalents, beginning of year	1,019,902	143,610
Cash and cash equivalents, end of year	<u><u>\$ 919,354</u></u>	<u><u>\$ 1,019,902</u></u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 2,644,706	\$ 2,687,640
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	-	3,650
Change in assets and liabilities:		
(Increase) decrease in:		
Suites and ticket sales receivable	(42,500)	(52,500)
Prepaid rent and other	1,304,083	1,304,083
Due from Florida International University	(777,732)	22,250
Increase (decrease) in:		
Accounts payable	(27,174)	17,137
Unearned revenue	71,082	34,285
Due to Florida International University	1,058,475	36,605
Total adjustments	<u>1,586,234</u>	<u>1,365,510</u>
Net cash provided by operating activities	<u><u>\$ 4,230,940</u></u>	<u><u>\$ 4,053,150</u></u>
Non-cash investing and financing activities		
Change in fair value derivative asset/liability	<u>\$ 309,086</u>	<u>\$ 1,532,492</u>
Change in deferred amount on debt refunding	<u>\$ 15,017</u>	<u>\$ 15,017</u>
Amortization of derivative liability	<u>\$ 96,845</u>	<u>\$ 96,845</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, 2023 AND 2022

(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
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(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 and deferred inflows 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, 2023 and 2022.

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, 2023, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. If the Organization were to incur an income tax liability in the future, interest and penalties would be reported as income taxes. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Athletics Finance Corporation's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

(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
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(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 nonoperating 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 nonoperating 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. On June 1, 2023, the Miami-Dade County Industrial Development Authority, as the Conduit Issuer amended the 2009A Trust Indenture to reflect the termination of the LIBOR and the adoption of the Secured Overnight Financing Rate (SOFR) as the loan's reference rate. The organization has updated the financial statements for fiscal year ended June 30, 2023 to reflect the SOFR rate adoption.

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

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

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

FIU ATHLETICS FINANCE CORPORATION
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(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, 2023 and 2022, \$3,317,250 and \$3,826,705, 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 \$3,317,250 and \$3,826,705 as of June 30, 2023 and 2022, 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, 2023 and 2022, the money market mutual fund investments were rated AAAM by Standard & Poor’s.

(b) **Concentration credit risk**—All of the investments at June 30, 2023 and 2022 are held with Regions Trust 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, 2023 and 2022 was 20 and 22 days, respectively, while the weighted average life (WAL) was 56 and 47 days at June 30, 2023 and 2022, respectively.

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(4) Leasehold Improvements:

Leasehold improvement activity for the years ended June 30, 2023 and 2022, is as follows:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2023</u>
Leasehold Improvements	\$ 109,500	\$ -	\$ -	\$ 109,500
Less: Accumulated Depreciation	(109,500)	-	-	(109,500)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2022</u>
Leasehold Improvements	\$ 109,500	\$ -	\$ -	\$ 109,500
Less: Accumulated Depreciation	(105,850)	(3,650)	-	(109,500)
	<u>\$ 3,650</u>	<u>\$ (3,650)</u>	<u>\$ -</u>	<u>\$ -</u>

There was no depreciation expense as of June 30, 2023. Depreciation expense was \$3,650 for the year ended June 30, 2022.

(5) Long-term Debt:

Debt activity for the years ended June 30, 2023 and 2022, is as follows:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due Within</u> <u>One Year</u>
2009 Tax Exempt Capital Improvement Revenue Bonds (Series A)	<u>\$ 22,735,000</u>	<u>\$ -</u>	<u>\$ 1,645,000</u>	<u>\$ 21,090,000</u>	<u>\$ 1,730,000</u>

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Due Within</u> <u>One Year</u>
2009 Tax Exempt Capital Improvement Revenue Bonds (Series A)	<u>\$ 24,315,000</u>	<u>\$ -</u>	<u>\$ 1,580,000</u>	<u>\$ 22,735,000</u>	<u>\$ 1,645,000</u>

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.

FIU ATHLETICS FINANCE CORPORATION
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(5) Long-term Debt: (Continued)

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 nonoperating 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 (fixed component) shall be at a rate equal to 2.8% per annum. The second, third and fourth amendments (variable component) 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 SOFR plus 1.52% (1.40% plus 0.12% term SOFR adjustment). The term SOFR adjustment is based on the difference between the LIBOR rate and the SOFR rate at the time of the conversion and is used to ensure that the variable component of the loan continues to be synthetically fixed at the agreed upon rate.

On June 1, 2023, the Miami-Dade County Industrial Development Authority, as the Conduit Issuer, amended the 2009A Trust Indenture to reflect the termination of the LIBOR and the adoption of the SOFR as the loan's reference rate. The SOFR rate index was adopted by the Alternative Reference Rates Committee (ARRC) as the replacement rate index to the LIBOR. The ARRC is under the oversight of the Federal Reserve Board. Regions Bank modified the swap agreement to reflect the change in the Trust Indenture. The variable component of the loan is synthetically fixed at 5.0 percent.

The bonds are secured by operating and nonoperating revenues as well as University athletic fees equal to 5% of the total athletic fees collected. Total principal due at June 30, 2023 and 2022, was \$21,090,000 and \$22,735,000, 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 \$2,868,830 and \$2,783,067 as of June 30, 2023 and 2022, 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
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(5) **Long-term Debt:** (Continued)

The aggregate maturities of these bonds as of June 30, 2023 are as follows:

For the Year Ending			Total
June 30,	Principal	Interest	Principal and Interest
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
2027	1,985,000	686,768	2,671,768
2028	2,080,000	601,836	2,681,836
2029-2032	11,570,000	1,454,692	13,024,692
Total	<u>\$ 21,090,000</u>	<u>\$ 5,289,647</u>	<u>\$ 26,379,647</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 synthetically fix the interest rate on the bonds to 5.0%.

(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 3.48% and receive a variable rate equal to 63.7% of three-month SOFR. The swap agreement has a maturity date of March 1, 2033.

(c) **Fair value**—The Athletics Finance Corporation swap had a derivative liability of \$764,284 and \$1,530,124 at June 30, 2023 and 2022, 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, 2023 and 2022.

As of June 30, 2023 and 2022, the fair value of the Series 2007A ineffective interest rate swap was \$944,239 and \$1,041,084, 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.

Accordingly, the fair value of \$944,239 of the ineffective Series 2007A interest rate swap at June 30, 2023, is being amortized over the remaining life of the refunded Series 2009A bond.

FIU ATHLETICS FINANCE CORPORATION
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JUNE 30, 2023 AND 2022

(6) Derivative Financial Instruments: (Continued)

The synthetic instrument method evaluates the effectiveness by quantitative approach 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 inflows of resources in the amount of \$179,954 as of June 30, 2023. As of June 30, 2022, the change in fair value of effective interest rate swap was presented as a deferred outflows of resources in the amount of \$489,040. This accounting treatment reflects the changes in fair values of the hedging derivative instrument, in alignment with the hedge accounting guidelines stipulated in GASB Statement No. 53.

(d) **Credit risk**—As of June 30, 2023 and 2022, 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 SOFR 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) "Baa1" 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, 2023 and 2022, the swap counterparty was rated in excess of the aforementioned requirements.

FIU ATHLETICS FINANCE CORPORATION
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

(g) **Swap payments and associated debt**—Using rates as of June 30, 2023, 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, Net	Total
	Principal	Interest		
2024	\$ 1,185,000	\$ 693,395	\$ 34,605	\$ 1,913,000
2025	1,245,000	636,962	31,788	1,913,750
2026	1,300,000	580,528	28,972	1,909,500
2027	1,355,000	518,618	25,882	1,899,500
2028	1,415,000	454,088	22,662	1,891,750
2029-2032	8,120,000	1,194,392	59,608	9,374,000
Total	\$ 14,620,000	\$ 4,077,983	\$ 203,517	\$ 18,901,500

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. Nonoperating 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
2024	\$ 209,870
2025	132,160
2026	132,160
2027	12,160
Total	\$ 486,350

FIU ATHLETICS FINANCE CORPORATION
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(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, 2023 and 2022, 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 \$5,552,506 and \$5,507,789 in 2023 and 2022, respectively. As of June 30, 2023 and 2022, the Athletics Finance Corporation had amounts due from Florida International University related to these revenues of \$2,389,742 and \$1,612,010, respectively.

(b) **Lease commitments**—Florida International University and the FIU Athletics Finance Corporation entered into two 25-year ground sublease agreements dated April 1, 2007 rendering the rights to the FIU Athletics Finance Corporation to issue a series of capital improvement bonds of which a portion of the proceeds, along with contributions from the University, was to finance a stadium improvement project located on University premises. Under this agreement the FIU Athletics Finance Corporation shall prepay to the University for rental of the premises in the sum of \$31,937,211.

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

For the Year Ending	
June 30,	Amount
2024	\$ 1,304,083
2025	1,304,083
2026	1,304,083
2027	1,304,083
2028	1,304,083
2029-2033	6,411,743
Total	<u>\$ 12,932,158</u>

Reconciliation of the Statement of Net Position to the Lease Commitment	2023	2022
Current prepaid rent	\$ 1,304,083	\$ 1,304,083
Noncurrent prepaid rent	11,628,075	12,932,158
Total prepaid rent	<u>12,932,158</u>	<u>14,236,241</u>
Other assets	15,693	2,585
Total prepaid rent and other	<u>\$ 12,947,851</u>	<u>\$ 14,238,826</u>

As of June 30, 2023 and 2022, 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.

FIU ATHLETICS FINANCE CORPORATION
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(8) **Related Party Transactions:** (Continued)

(c) **Transfers to Florida International University**—During the fiscal year ended June 30, 2023, transfers to Florida International University totaled \$2,388,010. There were no transfers to Florida International University for the fiscal year ended June 30, 2022. These transfers are reflected in the statements of revenues, expenses and changes in net position and represent surplus funds returned to the University pursuant to Section 6.04 (b) (viii) of the Trust Indenture dated December 1, 2009.

SUPPLEMENTARY INFORMATION

FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
SUPPLEMENTAL SCHEDULE
FOR THE YEARS ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

	General AFC	Football Operations	Event Operations	2023	2022
Operating revenues					
Athletic support	\$ 1,176,607	\$ -	\$ -	\$ 1,176,607	\$ 1,203,831
NCAA conference payments	1,088,010	-	-	1,088,010	713,087
Contributions	830,582	-	-	830,582	-
Event revenues	-	-	464,660	464,660	507,398
Sponsorship revenues	450,000	-	-	450,000	296,536
Rental income	-	-	423,912	423,912	296,873
Game guarantees	350,000	-	-	350,000	1,750,000
Suite revenues	-	318,920	-	318,920	428,640
Ticket sales	-	315,824	-	315,824	229,183
Merchandise royalties	34,301	35,184	-	69,485	82,241
General concessions and vending commissions	-	55,155	9,351	64,506	-
Total operating revenues	<u>3,929,500</u>	<u>725,083</u>	<u>897,923</u>	<u>5,552,506</u>	<u>5,507,789</u>
Operating expenses					
Amortization of prepaid rent	1,304,083	-	-	1,304,083	1,304,083
Professional services	207,672	218,847	59,806	486,325	454,287
Security services	-	196,521	113,598	310,119	301,747
Custodial and janitorial	105,909	46,475	85,646	238,030	270,825
Materials and supplies	148,489	70,411	-	218,900	200,631
Utilities	211,730	-	-	211,730	194,077
Repairs and maintenance	101,668	-	70	101,738	54,601
Rental of equipment	8,511	13,825	1,242	23,578	22,164
Banking fees	13,236	-	-	13,236	14,023
Other operating expenses	61	-	-	61	61
Depreciation	-	-	-	-	3,650
Total operating expenses	<u>2,101,359</u>	<u>546,079</u>	<u>260,362</u>	<u>2,907,800</u>	<u>2,820,149</u>
Operating income	<u>1,828,141</u>	<u>179,004</u>	<u>637,561</u>	<u>2,644,706</u>	<u>2,687,640</u>
Nonoperating revenues (expenses)					
Interest income	169,288	-	-	169,288	4,223
Interest expenses and fiscal charges	(823,350)	-	-	(823,350)	(976,276)
Total nonoperating expenses	<u>(654,062)</u>	<u>-</u>	<u>-</u>	<u>(654,062)</u>	<u>(972,053)</u>
Transfers to Florida International University	2,388,010	-	-	2,388,010	-
Change in net position	<u>\$ (1,213,931)</u>	<u>\$ 179,004</u>	<u>\$ 637,561</u>	<u>\$ (397,366)</u>	<u>\$ 1,715,587</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, 2022

	General AFC	Football Operations	Event Operations	2022
Operating revenues				
Game guarantees	\$ 1,750,000	\$ -	\$ -	\$ 1,750,000
Athletic support	1,203,831	-	-	1,203,831
NCAA conference payments	713,087	-	-	713,087
Event revenues	-	-	507,398	507,398
Suite revenues	-	428,640	-	428,640
Rental income	-	-	296,873	296,873
Sponsorship revenues	296,536	-	-	296,536
Ticket sales	-	229,183	-	229,183
Merchandise royalties	82,241	-	-	82,241
Total operating revenues	<u>4,045,695</u>	<u>657,823</u>	<u>804,271</u>	<u>5,507,789</u>
Operating expenses				
Amortization of prepaid rent	1,304,083	-	-	1,304,083
Professional services	206,608	149,842	97,837	454,287
Security services	-	134,609	167,138	301,747
Custodial and janitorial	63,089	70,485	137,251	270,825
Materials and supplies	186,281	14,350	-	200,631
Utilities	188,124	673	5,280	194,077
Repairs and maintenance	53,401	-	1,200	54,601
Rental of equipment	4,942	16,247	975	22,164
Banking fees	14,023	-	-	14,023
Depreciation	3,650	-	-	3,650
Other operating expenses	61	-	-	61
Total operating expenses	<u>2,024,262</u>	<u>386,206</u>	<u>409,681</u>	<u>2,820,149</u>
Operating income	<u>2,021,433</u>	<u>271,617</u>	<u>394,590</u>	<u>2,687,640</u>
Nonoperating revenues (expenses)				
Interest income	4,223	-	-	4,223
Interest expenses and fiscal charges	(976,276)	-	-	(976,276)
Total nonoperating expenses	<u>(972,053)</u>	<u>-</u>	<u>-</u>	<u>(972,053)</u>
Change in net position	<u>\$ 1,049,380</u>	<u>\$ 271,617</u>	<u>\$ 394,590</u>	<u>\$ 1,715,587</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 the business-type activities 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, 2023, 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 16, 2023.

Report on 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.

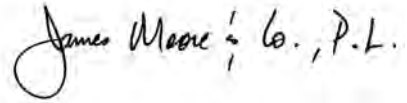
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 black ink that reads "James Moore & Co., P.L." The signature is written in a cursive, flowing style.

Gainesville, Florida
October 16, 2023



December 7, 2023

Subject: Florida International University Health Care Network, Inc. Financial Audit, 2022-23

Proposed Action:

The Florida International University Board of Trustees to (1) accept the Florida International University Health Care Network, Inc. Financial Audit for the 2022-23 Fiscal Year and (2) authorize the President of the Florida International University Health Care Network, 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 Health Care Network, Inc. Financial Audit for 2022-23 was approved by the Florida International University Health Care Network, Inc. Board of Directors on October 24, 2023, 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:

James Moore & Co., October 24, 2023 letter to the Finance and Audit Committee of the Board of Directors of the Florida International University Health Care Network, Inc.

Florida International University Health Care Network, Inc. Financial Audit, 2022-23

Facilitator/Presenter:

Aime Martinez

October 24, 2023

To the Finance and Audit Committee of the Board of Directors of,
the Florida International University Health Care Network, Inc.:

We have audited the financial statements of the Florida International University Health Care Network, Inc. (FIU-HCN) as of and for the year ended June 30, 2023, and have issued our report thereon dated October 24, 2023. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated April 14, 2023 our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the FIU-HCN solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Significant Risks

Professional standards require that we, as auditors, identify during the planning stage of the audit significant risks that impact the audit based upon the nature of the organization and design our audit procedures to adequately address those risks. As part of the planning stage of the audit process, we identified the following significant risks that could potentially impact FIU-HCN:

- Override of internal controls by management
- Improper revenue recognition

We designed our audit procedures to address these risks. If during the course of the audit we had any findings related to these other risks, we would communicate those findings to you. We have no findings associated with any of these risks that our audit was designed to consider, and no issues were noted that impacted our ability to render an opinion on the financial statements.

Qualitative Aspects of the FIU-HCN's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the FIU-HCN is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of the depreciation expense is based on estimated useful lives which range from 5-15 years, using the straight-line method. We evaluated the key factors and assumptions used to develop the depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the FIU-HCN's financial statements relate to: Note 4 relating to related party transactions.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. We identified no significant unusual transactions as a result of our audit procedures.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. There were no misstatements noted during the year.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no misstatements identified by us as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the FIU-HCN's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. No such circumstances arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter dated October 24, 2023.

To the Finance and Audit Committee of the Board of Directors
the Florida International University Health Care Network Inc.:
October 24, 2023
Page 4

Management's Consultations with Other Accountants

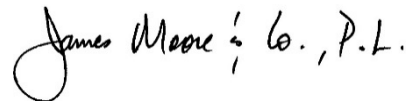
In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the FIU-HCN, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the FIU-HCN's auditors.

This report is intended solely for the information and use of the Finance and Audit Committee of the Board of Directors and management of the FIU-HCN, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

JAMES MOORE & CO., P.L.

**THE FLORIDA INTERNATIONAL UNIVERSITY
HEALTH CARE NETWORK, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

THE FLORIDA INTERNATIONAL UNIVERSITY HEALTH CARE NETWORK, INC.
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JUNE 30, 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Audit Committee of,
The Florida International University Health Care Network, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Florida International University Health Care Network, Inc. (FIU-HCN), formerly known as The Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc., a component unit of Florida International University as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise FIU-HCN's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of FIU-HCN as of June 30, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

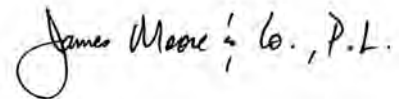
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not 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 24, 2023, on our consideration of 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 the effectiveness of 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 FIU-HCN's internal control over financial reporting and compliance.

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

Gainesville, Florida
October 24, 2023

THE FLORIDA INTERNATIONAL UNIVERSITY HEALTH CARE NETWORK, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

The management's discussion and analysis (MD&A) provides an overview of the financial position and activities of The Florida International University Health Care Network, Inc. (the FIU-HCN or HCN) for the fiscal years ended June 30, 2023, and 2022, 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

The revenues of FIU-HCN have included management fees deriving from management services provided to the Herbert Wertheim College of Medicine (HWCOC) clinics, the HWCOC Office of International Affairs (HWCOC-OIA), the FIU Student Health Clinics, and the Center for Children and Families for credentialing services. The HWCOC-OIA operations moved to HWCOC under the university's business unit effective October 1, 2022.

FIU-HCN also receives rental income deriving from the leases of the Ambulatory Care Center (ACC) to Nicklaus Children's Hospital and Gastro Health.

FIU-HCN changed its name from The Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc., to The Florida International University Health Care Network, Inc. as approved by the FIU-HCN Board of Directors during a special board meeting on April 12, 2023. The name change aligns with changes in the FIU-HCN amended and restated Articles of Incorporation and By-laws approved by the FIU-HCN Board of Directors during the meeting.

In alignment with the fiscal year 2023 addendum to the Memorandum of Understanding (MOU) between FIU-HCN and the HWCOC, during the fiscal year 2023 the revenues include management fee revenue from HWCOC up to the patient revenue recorded by HWCOC. In addition, FIU-HCN pays HWCOC for the clinic support activities related to the HWCOC patient services providers and other clinic support personnel. This is part of the contractual personnel services expense in FIU-HCN, and this cost is paid to HWCOC up to the amount of management fees received from HWCOC.

FINANCIAL HIGHLIGHTS – CURRENT YEAR

The FIU-HCN assets in fiscal year 2023 totaled approximately \$12.3 million as of June 30, 2023; a decrease of approximately \$0.36 million from June 30, 2022. This is driven by a decrease in non-current assets resulting from the change in the long-term portion of the lease receivables balance in alignment with the "GASB 87 Leases" accounting.

Liabilities totaled approximately \$6.9 million as of June 30, 2023, a decrease of approximately \$0.71 million over prior fiscal year driven by the decrease in current liabilities of \$0.31 million related to the transition of the HWCOC-OIA operations to HWCOC and by a decrease of \$0.40 million in non-current liabilities. The decrease in non-current liabilities derives from change in value of future lease revenues expected to be recognized from the lease with Nicklaus Children's Hospital at the Ambulatory Care Center (ACC) during the lease term as per GASB 87 requirements for leases.

Operating revenues totaled approximately \$4.7 million for the 2023 fiscal year, an approximate decrease of \$6.9 million over prior fiscal year. Most of this decrease is driven by the transition of the HWCOC OIA program operations and its management revenues from FIU-HCN to HWCOC effective October 1, 2022.

THE FLORIDA INTERNATIONAL UNIVERSITY HEALTH CARE NETWORK, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023
(Continued)

Operating expenses totaled approximately \$4.5 million for the 2023 fiscal year, a decrease of approximately \$1.4 million over the prior fiscal year. This is mainly derived from the transition of the HWCOM OIA operations from FIU-HCN to HWCOM effective in October 2022. Fiscal year 2023 reflects one quarter of OIA operating expenses as compared to twelve months in prior fiscal year 2022.

Non-operating revenues include the net of SPIA (State Treasury Special Purpose Investment Account) investment gains totaling \$109 thousand.

FINANCIAL HIGHLIGHTS – PRIOR YEAR

The FIU-HCN assets in FY2022 totaled approximately \$12.7 million as of June 30, 2022; an increase of approximately \$1.1 million from June 30, 2021, resulting primarily from the cash and receivables from management fees under the management service line of business and cash and receivables from the educational program under the HWCOM Office of International Affairs (OIA) line of business. Approximately \$2.7 million under total assets in fiscal year 2022 pertains to the operations of the HWCOM-OIA program. Total cash sent to HWCOM net of expenses from their OIA program during the fiscal year 2022 amounted to \$3.07 million.

The liabilities represent the accounts payable due to vendors and the Florida International University, accruals for the operating expenses, and the unearned revenue related to the pre-paid rotations under the HWCOM-OIA program. Total liabilities in fiscal year 2022 ended at \$7.6 million, a decrease of approximately \$1.3 million over prior fiscal year driven by the full payment of the balance of the loan due to FIU amounting \$6.7 million which was offset by the recognition of deferred inflow of resources of approximately \$5.1 million. Liabilities related to the HWCOM-OIA program amounted to approximately \$2.1 million as of June 30, 2022.

The FIU-HCN's operating revenues totaled approximately \$11.7 million for the 2022 fiscal year, an approximate increase of \$513 thousand over prior fiscal. Most of this increase is driven by higher volumes in the OIA program resulting from the ability to offer remote learning programs through January 2022 as a result of the COVID-19 pandemic.

Included in the \$11.7 million operating revenues of fiscal year 2022 are: (a) Management fee service revenue totaling approximately \$3.08 million. (2) The HWCOM-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 HWCOM clinics (the payments from HWCOM to cover the cost of operating the HWCOM clinical sites) totaling approximately \$1.5 million reported as part of "other revenues". (4) The rental revenue and CAM revenue amounting to approximately \$0.79 million deriving from the Nicklaus Children's Hospital lease.

Operating expenses totaled approximately \$6.0 million for the 2022 fiscal year, an increase of approximately \$215 thousand over the prior fiscal year. This increase relates to vacant positions in prior fiscal year that were filled in 2022 fiscal year driving the increase in contractual personnel services and by the increase in contracted professional services expense in the HWCOM-OIA program related to the increase in student rotation volumes.

THE FLORIDA INTERNATIONAL UNIVERSITY HEALTH CARE NETWORK, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023
(Continued)

Non-operating expenses include the net of SPIA (State Treasury Special Purpose Investment Account) investment losses totaling \$29 thousand, and the total recorded transfers from the OIA program to HWCOT related to the fiscal year 2022 net income totaling approximately \$3.3 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)

	2023	2022
Assets		
Current assets (1)	\$ 7,808	\$ 7,827
Noncurrent assets (2)	4,526	4,869
Total Assets	<u>\$ 12,334</u>	<u>\$ 12,696</u>
Liabilities		
Current liabilities (3)	\$ 2,224	\$ 2,537
Noncurrent liabilities (4)	4,687	5,085
Total Liabilities	<u>\$ 6,911</u>	<u>\$ 7,622</u>
Net Position		
Investment in capital assets	\$ 21	\$ 26
Unrestricted	5,043	5,047
Total Net Position (5)	<u>\$ 5,424</u>	<u>\$ 5,073</u>

- (1) Current assets are made up of a balance in cash of approximately \$4.6 million, receivables totaling \$2.2 million as of June 30, 2023, and SPIA (State Treasury Special Purpose Investment Account) of approximately \$1.0 million.
- (2) Noncurrent assets include a balance in lease receivable related to GASB 87 Leases of \$4.5 million and non-current capital assets net of depreciation of \$0.02 million as of June 30, 2023.
- (3) Current liabilities include \$2.1 million in accounts payables due to FIU in alignment with the fiscal year 2023 addendum to the Memorandum of Understanding (MOU) between FIU-HCN and the HWCOT.

THE FLORIDA INTERNATIONAL UNIVERSITY HEALTH CARE NETWORK, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023
(Continued)

- (4) *Noncurrent liabilities derive from "deferred inflow, leases" in accordance with GASB 87 for the lease with Nicklaus Children's Hospital at the Ambulatory Care Center (ACC).*
- (5) *As of June 30, 2023, FIU-HCN's net position balance of \$5.4 million includes approximately \$1.1 million reserved for future common area maintenance (CAM) expenses associated with the Nicklaus Children's Hospital lease agreement.*

The HWCOT-OIA operations transitioned from FIU-HCN to HWCOT in October 2022. The assets and liabilities of the FIU-HCN include the assets and liabilities related to the HWCOT-OIA line of business during the first fiscal quarter while under FIU-HCN and twelve months under prior fiscal year 2022.

In fiscal year 2023 total assets net of depreciation decreased by approximately \$0.36 million. The decrease is related to cash and long-term lease receivables decreasing by \$0.94 million and \$0.34 million, respectively and offset by an increase in other receivables of \$0.88 million deriving from the fiscal year 2023 addendum to the Memorandum of Understanding (MOU) between FIU-HCN and the HWCOT.

Total liabilities decreased by approximately \$0.71 million driven by the decrease in unearned revenue of \$0.49 million and the decrease in deferred inflow of resources related to GASB 87 leases of \$0.40 million which was offset by the increase in Due to FIU of \$0.45 million.

Net Position ended at \$5.4 million, an increase of approximately \$350 thousand over prior fiscal year. The change in net position is made up of \$0.10 million from the proceeds of the HWCOT-OIA operations during the first fiscal quarter, \$0.11 million from interest income and \$0.14 million from the proceeds of the CAM which are set aside as reserves for future CAM expenses.

In fiscal year 2022 total assets increased by approximately \$1.1 million. This includes non-current capital assets net of depreciation. The increase derives primarily from the recognition of Lease receivables amounting \$5.2 million based on the present value of lease payments expected to be received from the lease with Nicklaus Children's Hospital at the Ambulatory Care Center (ACC) during the term of the lease in accordance with GASB 87 Leases. This was offset by cash decrease of approximately \$4.2 million as compared to the end of prior fiscal year deriving from the payment made to FIU on July 1, 2021, to pay the loan balance of \$6.7 million as per the approval during the FIU-HCN Board of Directors meeting on May 19, 2021. The loan dated back to May 2015.

Total liabilities decreased by approximately \$1.3 million resulting from the decrease in Due to FIU by \$6.7 million related to the payment of the loan which was offset by the recognition of deferred inflow of resources (as per GASB 87) of approximately \$5.1 million and the increase in payables due to HWCOT from the OIA program net income amounting \$0.3 million

Net Position ended at \$5.1 million, an increase of approximately \$2.4 million over prior fiscal year deriving primarily from the management fee revenues. Approximately \$1.0 million in net position in fiscal year 2022 is set aside for future common area maintenance expense associated with the Nicklaus Children's Hospital lease agreement.

THE FLORIDA INTERNATIONAL UNIVERSITY HEALTH CARE NETWORK, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023
(Continued)

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 the rental income. The management fee service revenues during fiscal year 2023 derive from the management of the HWCOM clinics, the HWCOM Office of International Affairs (HWCOM-OIA) in the first fiscal quarter, the FIU Student Health Clinics service agreement, CCF credentialing services and the leases of the Ambulatory Care Center (ACC) to Nicklaus Children's Hospital and to Gastro Health. The HWCOM-OIA program moved from the FIU-HCN business unit to HWCOM effective October 1, 2022, under the university's business unit.

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)

	2023	2022
Operating revenues	\$ 4,747	\$ 11,683
Operating expenses	4,505	5,951
Operating Gain	241	5,732
Non-operating revenue and expenses – net (1)	109	(29)
Net transfers to the University	-	(3,292)
Change in Net Position	350	2,411
Net Position , beginning of year	5,073	2,662
Net Position , end of year	\$ 5,423	\$ 5,073

(1) *Non -operating revenue and expenses include the interest earnings from cash in bank in fiscal year 2023 and the net investment earnings/(loss) from SPIA (State Treasury Special Purpose Investment Account).*

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 HWCOM Office of International Affairs (OIA), and rental income. The HWCOM-OIA transitioned out of FIU-HCN effective October 1, 2022.

THE FLORIDA INTERNATIONAL UNIVERSITY HEALTH CARE NETWORK, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023
(Continued)

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>2023</u>	<u>2022</u>
Management fees	\$ 2,420	\$ 3,078
Educational program	1,398	5,971
Rental revenue	638	608
Rental revenue – (Common Area Maintenance)	192	178
Other revenues	98	1,848
Total Operating Revenues	<u>\$ 4,746</u>	<u>\$ 11,683</u>

The decrease in management fees and educational program revenue is related to moving the HWCOM-OIA operations out of the FIU-HCN business unit to HWCOM under the university's business unit. HWCOM-OIA moved effective October 1st, 2022.

The management fees derive from the management of the HWCOM clinics where the faculty physicians of HWCOM provide services to patients of the local community, the HWCOM-OIA educational program where FIU-HCN provided management services through September 30, 2022, under the agreement with American University of Antigua (AUA), the management fees deriving from the service agreement with the Division of Academic and Student Affairs (DASA) for the Student Health Clinics, and the management fees deriving from the credentialing services to the Center for Children and Families (CCF).

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 and in the three mobile health clinics. Patient revenues are not reported above since they are recorded directly on the books of HWCOM along with respective patient accounts receivable.

The educational program revenue under HWCOM-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.

In fiscal year 2023, management services are provided to HWCOM in exchange for a fee based on the patient revenues under HWCOM. The Management fees from HWCOM are capped up to the amount of patient revenues recognized by the HWCOM. Therefore, FIU-HCN captures the dollars equivalent to the clinical activity in fiscal year 2023 under "management fees". This is in alignment with the fiscal year 2023 addendum to the Memorandum of Understanding (MOU) between FIU-HCN and the HWCOM.

THE FLORIDA INTERNATIONAL UNIVERSITY HEALTH CARE NETWORK, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023
(Continued)

Rental revenue is generated from the leases at the Ambulatory Care Center (ACC) to Gastro Health and to the Nicklaus Children's Hospital on the second floor operating as an Ambulatory Surgical Center which opened in April of 2015. The CAM received with the rent payment from the Nicklaus Children's Hospital gets recognized as revenue.

Other revenues derive from the HWCOT-OIA program generating other fees related to registration, change and cancellation fees. Fiscal year 2023 reflects a decrease due to the transition of the HWCOT-OIA operations to HWCOT as well as the alignment with the addendum to the Memorandum of Understanding (MOU) between FIU-HCN and the HWCOT that resulted in management fees to FIU-HCN. Other revenue in fiscal year 2022 included the payments from HWCOT to FIU-HCN to cover the operating expenses passed through FIU-HCN for the operating expenses of the clinic and this is not applicable in fiscal year 2023 due to the MOU.

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)

	2023	2022
Contractual personnel services (1)	\$ 3,020	\$ 2,495
Contracted professional services	741	2,757
Common area maintenance expenses	55	41
Other operating	437	426
Depreciation	5	5
Supplies - medical	158	143
Utilities	40	49
Repairs and maintenance	4	5
Advertising and promotion	19	16
Supplies - other	26	14
Total Operating Expenses	\$ 4,505	\$ 5,951

(1) Contractual personnel services in fiscal year 2023 include the cost paid to HWCOT for the support activities related to the HWCOT patient services providers and other clinic support personnel. This cost is capped up to the amount of management fees received from HWCOT in alignment with the MOU between FIU-HCN and HWCOT.

Fiscal year 2023 operating expenses totaled approximately \$4.5 million: a decrease of approximately \$1.4 million from the previous fiscal year. The decrease is driven by lower contracted professional services related to the HWCOT-OIA program operations having transitioned to HWCOT on October 1st, 2022.

THE FLORIDA INTERNATIONAL UNIVERSITY HEALTH CARE NETWORK, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2023
(Continued)

Fiscal year 2022 operating expenses totaled approximately \$5.9 million, and it included twelve months of the HWCOM-OIA program operating expenses.

Non-Operating Revenue and Expenses

Non-operating revenues and expenses are made up of net earnings from the investments with SPIA (State Treasury Special Purpose Investment Account) and from interest earnings related to cash in bank.

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

Non-Operating Revenues (Expenses) (In Thousands)

	<u>2023</u>	<u>2022</u>
Other Income (expense) - SPIA	\$ 109	\$ (29)
Non-Operating Revenues (Expenses)	<u><u>\$ 109</u></u>	<u><u>\$ (29)</u></u>

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

In fiscal year 2024 the FIU-HCN operations will be focused on integrating the involvement of the Faculty Group Practice (FGP) Clinical Department Chairs in reaching the budgeted volume targets. The integration will include but not limited to the monthly distribution of current FY performance to budgetary targets focusing on action planning around deficits and shortfalls. Several new initiatives will be rolled out that will drive new sources of revenue for HCN. Those include but are not limited to transcranial magnetic simulation (TMS) as a non-invasive treatment option for major depressive disorder, esketamine treatments for treatment-resistant major depressive disorder, pharmacogenomic testing for optimizing treatment options in psychiatry, and bioidentical hormone-replacement therapy.

The FIU-HCN revenues and expenses will be re-aligned based on the results of the clinical affiliation negotiations and the related agreement expected to be completed during fiscal year 2024. Until such time, in fiscal year 2024 the FIU-HCN management fee revenues from HWCOM and the contractual personnel services expense will continue to be aligned with the addendum to the Memorandum of Understanding (MOU) between FIU-HCN and the HWCOM.

In fiscal year 2024, the revenue budgeted under the FIU-HCN does not reflect patient revenues. Patient revenues will continue to be recorded directly under HWCOM pending the finalization of the clinical affiliation agreement. Operational support will be provided to aid with the integration and transition efforts which is anticipated to take over a full year extending into fiscal year 2025.

In the management fees related to the service agreement with the Division of Academic & Student Affairs (DASA) for the services for the Student Health Clinic, FIU-HCN will continue to provide administrative and support services in exchange for a flat fee representing specific administrative support services. The corresponding revenues from DASA will change from \$90 thousand in fiscal year 2023 to a lower amount due to a reduced service level in the new intra university agreement for fiscal year 2024.

THE FLORIDA INTERNATIONAL UNIVERSITY HEALTH CARE NETWORK, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023
(Continued)

Credentialing services to the Center for Children and Families (CCF) and the leases from Nicklaus Children's Hospital and Gastro Health will remain unchanged.

Any deficit from expenses exceeding income under the FGP clinic will be funded by HWCOM as cost reimbursement from the HWCOM-OIA auxiliary revenues pending the finalization of the clinical affiliation agreement.

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 Health Care Network, Inc., 11200 SW 8th Street, Miami, Florida 33199.

THE FLORIDA INTERNATIONAL UNIVERSITY HEALTH CARE NETWORK, INC.
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS

Current assets

Cash and cash equivalents	\$ 4,574,473
Due from Florida International University	1,860,298
Management fee receivable	8,315
Lease-related interest receivable	13,872
Current portion of lease receivable	324,044
Other receivables	2,502
Prepaid expenses	15,318
Investments	1,009,161
Total current assets	<u>7,807,983</u>

Noncurrent assets

Lease receivable, less current portion	4,504,983
Depreciable capital assets, net	21,014
Total noncurrent assets	<u>4,525,997</u>

Total assets

\$ 12,333,980

LIABILITIES

Current liabilities

Accounts payable	\$ 92,894
Due to Florida International University	2,076,471
Unearned revenue	54,220
Total current liabilities	<u>2,223,585</u>

Total liabilities

\$ 2,223,585

DEFERRED INFLOW

Deferred inflow of resources - lease-related	<u><u>\$ 4,686,519</u></u>
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NET POSITION

Net position

Net investment in capital assets	\$ 21,014
Unrestricted (see note 8)	5,402,862

Total net position

\$ 5,423,876

The accompanying notes are an integral part
of this financial statement.

THE FLORIDA INTERNATIONAL UNIVERSITY HEALTH CARE NETWORK, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

Operating revenues

Management fee revenue	\$ 2,419,584
Educational program revenue	1,398,469
Lease-related revenue	830,372
Other revenue	98,180
Total operating revenues	<u>4,746,605</u>

Operating expenses

Contractual personnel services	3,019,952
Contracted professional consulting services	740,674
Common area maintenance expenses	54,951
Software licensing fees	415,111
Other operating	22,008
Depreciation	5,006
Supplies - medical	157,731
Utilities	40,059
Repairs and maintenance	4,174
Advertising and promotion	19,418
Supplies - other	26,291
Total operating expenses	<u>4,505,375</u>

Operating income

241,230

Nonoperating income

Other income	109,214
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Change in net position

350,444

Net position, beginning of year

5,073,432

Net position, end of year

\$ 5,423,876

The accompanying notes are an integral part
of this financial statement.

THE FLORIDA INTERNATIONAL UNIVERSITY HEALTH CARE NETWORK, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

Cash flows from operating activities	
Receipts from management fee revenue	\$ 976,048
Receipts from educational program revenue	1,478,192
Receipts from lease-related revenue	757,586
Receipts from other revenue	98,180
Payments to suppliers for goods and services	(4,327,958)
Net cash and cash equivalents used in operating activities	<u>(1,017,952)</u>
Cash flows from investing activities	
Interest income received	<u>74,153</u>
Net cash and cash equivalents provided by investing activities	<u>74,153</u>
Net change in cash and cash equivalents	<u>(943,799)</u>
Cash and cash equivalents, beginning of year	5,518,272
Cash and cash equivalents, end of year	<u><u>\$ 4,574,473</u></u>
Reconciliation of operating income to net cash and cash equivalents used in operating activities:	
Operating income	\$ 241,230
Depreciation	5,006
Loss on disposal of capital assets	212
Adjustments to reconcile operating income to net cash and cash equivalents used in operating activities:	
Decrease in lease receivable	325,161
Decrease in lease-related interest receivable	934
Increase in due from Florida Internal University	(1,860,298)
Decrease in management fee receivable	416,762
Decrease in education program receivable	566,488
Increase in other accounts receivable	(29)
Increase in prepaid expenses	(1,094)
Decrease in deferred inflow of resources	(398,852)
Decrease in unearned revenue	(486,765)
Increase in due to Florida International University	450,849
Decrease in accounts payable	(277,556)
Net cash and cash equivalents used in operating activities	<u><u>\$ (1,017,952)</u></u>

The accompanying notes are an integral part
of this financial statement.

THE FLORIDA INTERNATIONAL UNIVERSITY HEALTH CARE NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(1) Summary of Significant Accounting Policies:

(a) **Reporting entity**—The Florida International University Health Care Network, Inc. (the “FIU-HCN”) is organized: (i) as a not-for-profit corporation pursuant to Chapter 617, Florida Statutes; (ii) as a university health services support organization pursuant to Sections 1004.29 and 1004.30, Florida Statutes; (iii) pursuant to Board of Governors Regulations 9.011 and 9.017; and (iv) pursuant to all other applicable state of Florida laws and Florida International University Board of Trustees regulations. The FIU-HCN shall possess all of the powers and authority as are now or may hereafter be granted to not-for-profit corporations and university health services support organizations in the State of Florida. The FIU-HCN is organized and shall be operated exclusively for charitable, scientific, and educational purposes and not for pecuniary profit, and for the support and benefit of the Florida International University (the “University” or “FIU”) and its Herbert Wertheim College of Medicine (HWCOM), pursuant to Florida Board of Governors Regulation 9.017. FIU HCN is an affiliated organization and component unit of Florida International University (“FIU”) and is included by discrete presentation in FIU’s financial statements.

FIU-HCN was organized in the State of Florida on February 21, 2008, and on August 9, 2012, 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. On April 27, 2023, FIU-HCN changed its name to The Florida International University Health Care Network, Inc.

(b) **Basis of presentation**—The financial statements of 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. 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 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*, 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**—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 HEALTH CARE NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(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 statement 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 FIU-HCN’s policy to use restricted assets first, and then use unrestricted assets as needed.

(h) **Operating revenue and expenses**—FIU-HCN’s statement of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenues, 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, Center for Children and Families (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. FIU-HCN manages the operations and is custodial of programmatic profits until such time the HWCOC requests transfers of the profits. Effective October 1, 2022, these agreements have been reassigned to HWCOC.

(j) **Income taxes**—FIU-HCN is a not-for-profit corporation, as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes, except for unrelated business income. There were no income taxes resulting from unrelated business income during the year ended June 30, 2023. Management is not aware of any activities that would jeopardize FIU-HCN tax exempt status. 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 HEALTH CARE NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

(k) **Recently issued accounting pronouncements**—GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, in May 2020. GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The provisions in GASB 96 are effective for periods beginning after June 15, 2022. This standard has no impact to the financial statements for the year ended June 30, 2023.

(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 increases. 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 \$1,009,161 at June 30, 2023, 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. The SPIA carried a credit rating of AA-f by Standard & Poor's, had an effective duration of 3.02 years with a fair value factor of 0.9667 as of June 30 2023.

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 Annual Comprehensive 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, 2023.

THE FLORIDA INTERNATIONAL UNIVERSITY HEALTH CARE NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(3) Educational Program:

Effective October 1, 2013, an agreement was executed by HWCOM on behalf of 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 automatically renewed for one year through September 30, 2022, generating management fee and education program revenues for FIU-HCN. The agreement has been reassigned to HWCOM effective October 1, 2022.

For the year ended June 30, 2023, total revenues earned under the terms of the agreements approximated \$1,670,000, composed of \$470,000 in management fee revenue and \$1,200,000 in educational program revenue.

(4) Depreciable Capital Assets:

A summary of depreciable capital assets is as follows:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2023</u>
Medical equipment	\$ 551,669	\$ -	\$ (1,031)	\$ 550,638
Accumulated depreciation	(525,437)	(5,006)	819	(529,624)
Depreciable capital assets, net	<u>\$ 26,232</u>	<u>\$ (5,006)</u>	<u>\$ (212)</u>	<u>\$ 21,014</u>

(5) Related Party Transactions:

As of June 30, 2023, \$2,076,471 was owed to FIU for expenses incurred in the ordinary course of business and is included in current liabilities on the statement of net position. Amounts owed from FIU for revenues incurred in the ordinary course of business are included in current assets on the statement of net position at June 30 2023 and totaled \$1,860,298.

(6) Leases:

The University and 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 year ended June 30, 2023, rent expense under this agreement amounted to \$1 per year.

THE FLORIDA INTERNATIONAL UNIVERSITY HEALTH CARE NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(6) **Leases:** (Continued)

Furthermore, certain space within this facility was subleased. For the year ended June 30, 2023, FIU-HCN recognized lease revenue of \$460,998, interest revenue of \$177,584, and common area maintenance income of \$191,790, for a total \$830,372 of lease-related revenue, 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	Principal	Interest	Common Area Maintenance	Total
2024	\$ 337,916	\$ 165,730	\$ 191,790	\$ 695,436
2025	349,162	153,480	191,790	694,432
2026	361,819	140,786	191,790	694,395
2027	374,934	127,631	191,790	694,355
2028	388,525	114,000	191,790	694,315
2029 – 2033	1,700,133	347,597	958,950	3,006,680
2034 – 2035	1,316,538	25,632	335,633	1,677,803
Total future minimum rentals	<u>\$ 4,829,027</u>	<u>\$ 1,074,856</u>	<u>\$ 2,253,533</u>	<u>\$ 8,157,416</u>

FIU-HCN leases equipment and building occupancy on a month-to-month basis. Total rental expense for the year ended June 30, 2023 was \$1.

(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 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.

THE FLORIDA INTERNATIONAL UNIVERSITY HEALTH CARE NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(8) Unrestricted Net Position:

FIU-HCN has designated certain components of current unrestricted net position for certain purposes. Unrestricted net position is classified as follows at June 30, 2023:

Designated

Common area maintenance	\$ 1,145,420
Office of International Affairs	<u>626,717</u>
Total designated	<u>1,772,137</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 FIU-HCN [see Note (1) (a)]

	<u>3,630,725</u>
Total unrestricted net position	<u><u>\$ 5,402,862</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 Health Care Network, 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 Health Care Network, Inc. (FIU-HCN) as of and for the year ended June 30, 2023, and the related notes to the financial statements, and have issued our report thereon dated October 24, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered FIU-HCN's internal control over financial reporting (internal control) as a basis for designing the 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 FIU-HCN's internal control. Accordingly, we do not express an opinion on the effectiveness of 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.

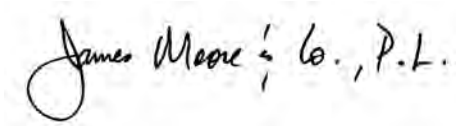
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 24, 2023



December 7, 2023

Subject: Proposed Amendment to Regulation FIU-2201 Purchasing

Proposed Action:

Florida International University Board of Trustees approval of the revisions to Regulation FIU-2201 Purchasing, and delegation of authority to the University President to approve any subsequent non-material amendments based on comments to the Regulation received from the Florida Board of Governors (BOG) or as a result of the regulation-making process.

Background Information:

Regulation FIU-2201 Purchasing provides the basic criteria related to procurement, including, but not limited to, definitions, the competitive solicitation thresholds, the Procurement Department's duties, and information regarding the competitive solicitation process, ethical obligations, and contracts.

The proposed revisions to Regulation FIU-2201 are consistent with Board of Governors' Regulation 18.001 wherein the competitive solicitation thresholds were increased from \$75,000 to \$150,000.

Section 1001.706(7)(b) of the Florida Statutes, provides, in relevant part, that the Board of Governors shall have responsibility to develop guidelines for university boards of trustees relating to the use, maintenance, protection, and control of university-owned or university-controlled buildings and grounds, property and equipment, name, trademarks and other proprietary marks, and the financial and other resources of the university.

Florida Board of Governors Regulation 1.001(3)(j), University Board of Trustees Powers and Duties, provides that each board of trustees is authorized to promulgate university regulations in accordance with the Regulation Development Procedures adopted by the Board of Governors.

Supporting Documentation: Regulation FIU-2201 Purchasing

Facilitator/Presenter: Aime Martinez

**THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES
FLORIDA BOARD OF GOVERNORS**

NOTICE OF PROPOSED AMENDMENT TO REGULATION

REGULATION NO.: FIU-2201

REGULATION TITLE: Purchasing

SUMMARY: FIU Purchasing Regulation is being amended to increase the competitive solicitation thresholds from \$75,000 to \$150,000 in accordance with Board of Governors' Regulation 18.001.

TEXT OF REGULATION: The full text of the proposed regulation can be viewed below and on the website of The Florida International University Board of Trustees, <http://regulations.fiu.edu/>. If you would like a copy of the proposed regulation, please contact Eli Deville, Departmental Administrator, Office of the General Counsel, (305) 348-2103, devillee@fiu.edu.

AUTHORITY: Board of Governors' Regulation 1.001 and 18.001.

NAME OF PERSON INITIATING PROPOSED REGULATION: Aime Martinez, Chief Financial Officer and Sr. Vice President for Finance and Administration

ANY PERSON SEEKING TO COMMENT ON THE PROPOSED REGULATION MUST SUBMIT COMMENTS IN WRITING TO THE CONTACT PERSON LISTED BELOW. ALL WRITTEN COMMENTS MUST BE RECEIVED BY THE CONTACT PERSON WITHIN 14 CALENDAR DAYS OF THE DATE OF PUBLICATION OF THIS NOTICE.

CONTACT PERSON REGARDING THE PROPOSED REGULATION:

Eli Deville, Departmental Administrator, Office of the General Counsel, Florida International University, 11200 SW 8 Street, PC 511, Miami, FL 33199. Email: devillee@fiu.edu. Phone: 305.348.2103 | Fax: 305.348.3272.

DATE OF PUBLICATION: November 6, 2023

THE FULL TEXT OF THE PROPOSED REGULATION IS PROVIDED BELOW.

FIU-2201 Purchasing

1. **Statement of Intent.** These Purchasing regulations are supplemental to Chapter 18 of the Florida Board of Governors' Purchasing regulations. It is the intent of the University to acquire quality commodities and contractual services within reasonable or required time frames, while promoting fair and open competition in the public procurement process. Responsible procurement officials shall be protected from improper pressures of external political or business interests. The purpose of the process is to reduce the appearance and opportunity for favoritism, ensure that contracts are awarded equitably and economically, and establish effective management oversight in the acquisition of commodities and contractual services, in order to preserve the integrity of public procurement and contracting.
2. **Definitions.**
 - a. Artistic Services- Services provided by a contractor who professes and practices a skill in the area of music, dance, drama, folk art, creative writing, painting, sculpture, photography, graphic arts, web design, craft arts, industrial design, costume design, fashion design, motion pictures, television, radio or tape and sound recording or in any other related field.
 - b. Commodity- Any of the various supplies, materials, goods, merchandise, food, equipment or other personal property, including a mobile home, trailer or other portable structure, which are purchased, leased, lease-purchased or otherwise contracted for by the University. "Commodity" also includes interest on deferred-payment contracts entered into by the University for the purchase of other commodities. The printing of publications and licensing of software are commodities.
 - c. Competitive Response- The response submitted to an Invitation to Bid, Invitation to Negotiate, or a Request for Proposal by a responsive and qualified bidder or offeror.
 - d. Competitive Solicitation- An Invitation to Bid, Request for Proposal or Invitation to Negotiate to competitively select a contractor/vendor.
 - e. Contractor/Vendor- A person or firm that sells commodities or contractual services to the University.
 - f. Contractual Service- The rendering by a contractor of its time and effort rather than the furnishing of specific commodities. The term applies only to those services rendered by contractors who are independent contractors. "Service" does not include labor or materials or selection of professional services for the construction, renovation, repair or demolition of facilities.
 - g. Independent Contractor- A person or firm who provides a service to the University, but does not have any employment or other relationship or connection with the University, except as provided by Florida law.
 - h. Invitation to Bid- A written solicitation for competitive responses for the commodity, group of commodities and/or contractual services defined.
 - i. Invitation to Negotiate- A written solicitation for prospective contractors, whether by advertisement, written solicitation, electronic media or any other form of

communication, to negotiate with the University to define the specifications, terms and conditions of a contract for commodities and/or contractual services. Cost may or may not be a consideration in the initial stages of evaluation or negotiation. An invitation to negotiate may be used when negotiations are beneficial to achieve the best outcome for the University.

- j. Purchase- An acquisition of commodities and/or contractual services obtained by credit card purchase, purchase order or contract whether by rent, lease, installment- or lease-purchase, outright purchase, or license.
 - k. Purchases for Resale- The purchase of commodities and/or contractual services by the University for the purpose of selling them for the benefit of the University.
 - l. Renewal- Contracting with the same contractor for an additional period of time after the initial contract term, provided the original terms of the contract specify an option to renew.
 - m. Request for Proposal- A written solicitation for competitive responses for commodities and/or contractual services. The request for proposal may be used when the scope of work is not clearly defined by the University.
 - n. Responsive and Qualified Bidder or Offeror- A contractor who has submitted a competitive response that conforms in all material respects to a competitive solicitation.
 - o. Motor Vehicle- Includes any automobile, truck, motorcycle, bicycle, golf cart, watercraft or other vehicle designed primarily for transporting persons, as well as construction vehicles or farm equipment.
3. **Procurement Department's Duties.** The University Board of Trustees has authority to establish a system of coordinated procurement policies, procedures, and practices to be used in acquiring commodities and contractual services required by the University. The Procurement Department has the duty to:
- a. Develop Procurement procedures.
 - b. Canvass sources of supply and contracting for the purchase or lease of all commodities and contractual services for the University, in any manner, including purchase by installment- or lease-purchase contracts. Installment- or lease-purchase contracts may provide for the payment of interest on unpaid portions of the purchase price.
 - c. Remove any contractor from the University's competitive vendor list that fails to fulfill any of its duties specified in a contract with the University and to reinstate any such contractor when satisfied that further instances of default will not occur.
 - d. Plan and coordinate purchases in volume and negotiate and execute contracts for commodities and contractual services under which the University may make purchases.
 - e. Develop and maintain an Annual Certification List to serve as a waiver of the competitive solicitation requirement for commodities and contractual services that are frequently purchased and are available from a sole source.
 - f. Evaluate, approve and utilize contracts that are entered into after a public and open competitive solicitation by any State of Florida agency or department, the Federal Government, other states, political subdivisions, cooperatives or consortia, or any

independent college or university for the procurement of commodities and contractual services, when it is determined to be cost-effective and in the best interest of the University to make purchases under contracts let by such other entities, and to identify potential savings and, if there is the potential for savings, enter into new consortia and cooperative contracts to achieve the savings, with the goal of achieving a five-percent savings on existing contract prices.

- g. Issue competitive solicitations and requests for information on behalf of the University and oversee and facilitate the process of selection of contractors and award of contracts pursuant to the competitive solicitation process.
- h. Award contracts for commodities and contractual services to multiple suppliers, if it is determined to be in the best interest of the University. Such awards may be on a University-wide, regional or multiple State University System-wide basis and the contracts may be for multiple years.
- i. Reject any or all competitive responses or cancel any competitive solicitations when it is determined to be in the best interest of the University.

4. **Competitive Solicitations.**

a. General.

- i. The opportunity to bid on a University contract is a privilege, not a right.
- ii. All contracts for the purchase of commodities and/or contractual services exceeding \$~~75,000~~150,000 shall be awarded pursuant to a competitive solicitation, unless otherwise authorized herein.
- iii. The purchase of commodities and contractual services shall not be divided to avoid the requirement of competitive solicitation.
- iv. When only one response is received to a competitive solicitations for commodities or contractual services exceeding \$150,000~~75,000~~, the University may review the solicitation response to determine if a second call for a competitive solicitation is in the best interest of the University. If it is determined that a second call would not serve a useful purpose, the University may proceed with the acquisition.
- v. When multiple responses that are equal in all respects are received to a competitive solicitation or quote process, the University will give preference to responses that include commodities manufactured in the state, Florida businesses, businesses with a drug-free workplace program, and/or out-of-state manufacturers located in the state to determine the contract award, or, if these conditions do not exist or are the equivalent between two or more responses, the contract award will be determined by the toss of a coin.
- vi. Competitive solicitations for commodities and/or for contractual services shall be advertised in the Florida Administrative Weekly, the Florida Communities Network (MyFlorida.com), or FIU's Procurement Department's website.
- vii. Competitive responses and negotiations will be confidential only to the extent permitted by Florida law.

- viii. In the case of extension errors in a competitive response, the unit price will prevail.
 - ix. The intended award shall be publicly posted by the University for 72 hours which is interpreted as three working days excluding Saturdays, Sundays, and State and University Holidays.
 - x. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, Invitations to Bid, Request for Proposals and/or Invitations to Negotiate shall be excluded from competing for such procurements.
 - xi. Withdrawal of competitive response. A contractor may withdraw its competitive response in writing if done within seventy-two (72) hours of the competitive solicitation opening, or where the competitive response is clearly erroneous, if done prior to final award or the purchase order being issued.
- b. Competitive Solicitation Exceptions. Procurement actions that are not subject to the competitive solicitation process are as follows:
- i. All exceptions provided in the Board of Governors' Purchasing regulations.
 - ii. Construction Direct Purchase Program. Commodities to be incorporated into any public work (as that term is defined in Rule 12A-1.094, F.A.C.) which are procured by the University in accordance with the requirements of the University's direct purchase program are not subject to any further competitive solicitation.

5. **Contracts.**

- a. Contracts for commodities and/or contractual services shall consist of a purchase order or shall consist of a bilateral agreement signed by the President of the University or designee prior to the commodities or contractual services being rendered by the contractor. This provision does not apply to appropriate ProCard (University issued procurement card) purchases that are made in accordance with applicable policies and procedures.
- b. Any contract for the purchase of commodities and/or contractual services for a period in excess of one fiscal year shall include the following statement: "The University's performance and obligation to pay under this contract is contingent upon an annual appropriation by the Legislature."
- c. Contract extensions, renewals, modifications to terms, conditions and scope, or amendments shall be permitted, shall be in writing, signed by all parties, and, where applicable, are subject to annual appropriations by the Florida Legislature.
 - i. The extension of a contract, entered into as a result of a competitive solicitation, shall be permitted for up to twelve (12) months or until completion of the competitive solicitation and award or protest, whichever is longer.
 - ii. A contract may contain provisions for renewal. The renewal of a contract,

entered into as a result of a competitive solicitation, shall be permitted for a period that may not exceed five (5) years or twice the term of the original contract, whichever is longer. This provision is not intended to apply retroactively; existing contracts entered into prior to January 1, 2017, including any specified renewal period(s) may continue in accordance with the existing contract terms. The cost of any contemplated renewal must be included in the competitive response.

- d. The President has the authority to enter into deferred payment agreements utilizing the State of Florida Chief Financial Office's Consolidated Equipment Financing Program. When a commodity contract requires deferred payments and the payment of interest under that program, the contract will be submitted to the State of Florida Chief Financial Office for the purpose of pre-audit review and approval prior to acceptance by the University. No agreement shall establish a debt of the State or shall be applied to the faith and credit of the State; nor shall any agreement be a liability or obligation of the State except from appropriated funds.
- e. In order to promote cost-effective procurement of commodities and contractual services, the University may enter into contracts that limit the liability of a contractor consistent with Florida law.
- f. The total value of the contract shall be the purchase price for the initial term plus all renewal costs.

6. Standard of Conduct.

- a. All individuals participating in the procurement process are bound by the State of Florida Code of Ethics for Public Employees, Chapter 112, Part 3, F.S., and the University's policies, including but not limited to, policies on conflicts of interest, gifts and ethics in purchasing.
- b. All individuals taking part in the development or selection of criteria for evaluation, the evaluation process, and the contract award process in any purchase shall be independent of, and have no conflict of interest in the entities evaluated and selected. University employees and University direct support organization employees participating on a procurement selection committee for commodities or services are prohibited from soliciting donations from responding vendors during the selection process, except for donations or other benefits expressly stated in the procurement document.
- c. It shall be a breach of ethical standards for any employee of the University to accept, solicit, or agree to accept a gratuity of any kind, form or type in connection with any contract for commodities or services. It shall also be a breach of ethical standards for any potential contractor to offer an employee of the University a gratuity of any kind, form or type to influence the development of a contract or potential contract for commodities or services.

7. Protest Procedures. Protests arising from all University contract procurement processes for the purchase of goods, services, leases and for construction-related competitive solicitations

shall be handled in accordance with BOG Regulation 18.002.

8. Purchase of Motor Vehicles.

- a. The University has authority to:
 - i. Establish standard classes of motor vehicles to be leased, purchased, or used by University personnel for University business purposes;
 - ii. Obtain the most effective and efficient use of motor vehicles for University business purposes;
 - iii. Establish and operate facilities for the acquisition, disposal, operation, maintenance, repair, storage, control, and regulation of University-owned motor vehicles. Acquisition may be by purchase, lease, installment-purchase, or by any other legal means and may include a trade-in. All motor vehicles purchased or leased shall be of a class that will safely transport University personnel and adequately meet the requirements of the University;
 - iv. Contract for specialized maintenance services.
- b. Motor vehicles owned, leased, or operated by the University shall be available for official University business only.

Specific Authority: Board of Governors' Regulation 1.001, BOG Regulation 18.00 . Law Implemented Chapter 18 of the Board of Governors regulations History– New 12-2-02, Amended 8-22-04. Formerly 6C8-7.030, Amended 9-12-08, Amended 9-26-19, Amended



December 7, 2023

Subject: Approval of Negotiation of Amendment for Contract #PUR-04000 for Grounds Maintenance; Vendor: Aramark Management Services Limited Partnership

Proposed Action:

The Florida International University Board of Trustees to (i) authorize the negotiation of an amendment to Contract #PUR-04000 for Grounds Maintenance, including for the initial five year term an increase to baseline services of \$1.9M over the original baseline amount and an estimated increase for additional services of \$1.3M, for an amended total contract amount of \$21M, and (ii) authorize the University President or his designee to execute, on behalf of the University, the contract amendment and all of the documents, and take all actions, that may be necessary to effectuate the transactions contemplated in the negotiation.

Background Information:

Contract #PUR-04000 between vendor Aramark Management Services Limited Partnership (“Aramark”) and FIU was approved by the Board of Trustees on June 16, 2021, and the contract was signed effective July 1, 2021 for a five-year period ending June 30, 2026. Options for five one-year renewals are embedded in the contract.

In February 2023, Aramark approached FIU to discuss a contract amendment due to unforeseeable changes in the economic climate which hindered Aramark from adequately meeting the terms of the contract.

Three fundamental factors impact the current contract and support a contract amendment. First, the cumulative 3-year compounded inflation rate is 19.2% whereas the contract envisioned only a 1.5% annual increase. Second, the increases in the Florida minimum wage represent a 38.7% increase to date over the \$8.65 per hour at the start of the contract and will represent a 61.5% increase over the full 5-year term of the contract. Third, even at the Florida minimum wage rate, Aramark has been unable to hire and retain the workers needed to fulfill the contract requirement of 117,760 annual work hours.

FIU’s primary interest in considering a contract amendment stems from the assessment that the campus grounds and landscaping constitute a strategic advantage that enhances the recruitment of both students and faculty. Student surveys at graduation consistently highlight campus appearance as a major strength for FIU and a key factor in establishing affinity. Campus appearance, specifically the quality of the landscaping, is driven primarily by labor hours. Aramark’s inability to hire and retain groundskeepers has adversely impacted the overall campus appearance and this will continue a downward spiral under the current contract terms, resulting in the loss of a strategic competitive advantage and source of community pride and affinity.

Given the current economic and labor conditions in south Florida, specifically the Miami metropolitan area, the Florida minimum wage will not attract and retain the work force required for the contract. FIU's interest is in having the number of groundskeepers required to meet the annual contract labor hours of 117,760 hours. FIU requests BOT authorization to propose that in place of the minimum wage, FIU pay the Florida living wage as a reasonable conceptual basis to adjust the contract with the following adjustments in the terms:

- \$14.42 from January 1, 2024 – June 30, 2024
- \$15.62 from July 1, 2024 – June 30, 2025 (8.3% projected increase based on the percentage increase in the Florida minimum wage; October 2024 from \$12/hr to \$13/hr)
- \$16.82 from July 1, 2025 – June 30, 2026 (7.7% projected increase based on the percentage increase in the Florida minimum wage; October 2025 from \$13/hr to \$14/hr)
- If the Florida living wage is less than the projection, FIU would pay only the living wage. (Based on past experience with living wage increases, we do not anticipate the living wage to exceed the projection)
- Because FIU is increasing the wage level for groundskeepers, FIU would eliminate the annual 1.5% increase completely and have no further annual cost escalation
- Prior to the end of the initial contract term (June 30, 2026), FIU and Aramark can assess the renewal terms based on the economic conditions at that time

Analysis shows these terms would increase the overall baseline services cost of the contract by \$1,854,027 or 11.5% over the original base contract value of \$16,089,029. This increase is far less than the cumulative inflation increase of 19.2% and the minimum wage increase of 38.7% to date, and 61.9% over the full contract term. Even with this increase, the new contract amount would be less than the best and final offer (BAFO) of the runner-up from the original competitive solicitation, SFM.

Also included as part of this contract is the ability to procure additional services. Such services are above and beyond the core services included in the base contract and include additional landscaping, sod replacement and tree relocations that are requested and funded by the various departments throughout the university. The previously approved estimates were 5-10% of the total contract value prior to contract amendment implementation totaling \$1,794,306. An additional 2.5% is being requested for year three and 5% for the remaining two years. The total increase in estimated cost for additional services over the initial 5 year term is \$1,283,532.

Supporting Documentation: White Paper | Aramark Grounds/Landscaping Contract Amendment Analysis and Options (*a copy of the original contract is available upon request*)
Grounds Maintenance Cost Analysis Spreadsheet
Funding Certification Form

Facilitator/Presenter: Aime Martinez

Aramark Grounds/Landscaping Contract Amendment Contract Analysis & Options

Background

1. Key Dates

- January 8, 2020 Published advertisement for Grounds/Landscaping ITN
- May 29, 2020 Proposal window closed
 Evaluations & negotiations started
- May 4, 2021 Concluded final negotiations.
 Published Intent to Award to Aramark
- June 16, 2021 BOT approved contract
- July 2021 Signed contract effective July 1, 2021
- February 2023 Aramark requested contract amendment

2. FIU negotiated a strong contract with favorable terms for the University.

- Over the 5-year contract term, the Aramark proposal beat the 2d place finisher (SFM) by more than \$2 million. The initial contract term runs from July 1, 2021 to June 30, 2026 with five one-year renewal options available.
- The contract required a certified arborist and tree care company. That level of care has greatly enhanced the health, maintenance and appearance of the FIU tree cover. Arguably, it represents the single greatest improvement in campus landscaping over the previous contract period.
- Annual escalation was limited to only 1.5%, which is extremely low even in the 2020 – 2021 economic environment.
- The contract did not contemplate increases in the Florida minimum wage requirements. Typically, Aramark would include a provision enabling it to recoup statutorily required increases, but this contract condition was not included in our agreement, exposing Aramark to absorb any increases in the minimum wage.
- However, the economic situation has changed radically since the contract was negotiated and finalized in terms of inflation, labor and material costs.

3. Contract termination provisions: the contract may be terminated for convenience or for cause.

- Convenience: either party may terminate for convenience with 90 days notice.
- For Cause: FIU has the right to terminate for cause should Aramark default on the terms of the contract, including failure to perform the required work with sufficient labor, or for unsatisfactory performance of the work.

The New Economics

1. *Inflation*: The appropriate benchmark for a labor intense contract like grounds/landscaping is the national Employment Cost Index (ECI). Because the annual increase was limited to only 1.5% there was no need to reference the ECI as we have done in past contracts. However, the ECI remains the appropriate inflation benchmark.
 - 2020-21 4.8%
 - 2021-22 8.0%
 - 2022-23 5.3%Cumulative 3-year compounded increase: 19.2%
2. *Florida minimum wage requirements*: Florida minimum wage at the start of contract period (July 1, 2021) was \$8.65/hour.
 - October 2021 \$10/hr 15.6% increase
 - October 2022 \$11/hr 10.0% increase
 - October 2023 \$12/hr 9.1% increase
 - October 2024 \$13/hr 8.3% increase
 - October 2025 \$14/hr 7.7% increase
 - October 2026 \$15/hr 7.1% increaseNote: Florida minimum wage has increased 38.7% to date since the start of the contract, and will have increased 61.9% over the full 5-year contract term.
3. Forty-six (46) of the sixty-seven (67) Aramark groundskeeper positions are minimum wage positions. At the minimum wage of \$11/hour Aramark was unable to hire and retain the full slate of workers required to execute the FIU contract (117,760 hours annually).
 - FY22-23: 43,406 of the 117,760 total annual guaranteed hours needed to be covered using sub-contractors, temporary agency staff or overtime due to staff shortages. That number of guaranteed hours is equivalent to approximately 21 employees.
 - FY23-24 (through September 27, 2023): Approximately 10,411 guaranteed hours have been covered using sub-contractors, temporary agency staff, or overtime.

The inability to hire and retain groundskeepers will only worsen at the recently implemented \$12/hour rate. In comparison, FIU pegs our lowest tier salaries to the local living wage currently set at \$14.42/hour. At the living wage, FIU has been able to fill our lowest tiered positions. We would not be able to fill them at the minimum wage level. For example, custodians are typically our lowest paid employees. Competing institutions such as Baptist Hospital now start custodians at \$15/hour. McDonalds and other fast food establishments also start employees at \$15/hour. If constrained to the minimum wage, FIU would have significant personnel shortages. The living wage of \$14.42/hour and the FIU benefits package ensure that we can favorably compete for entry level employees.

4. Excluding the arbor care where we see marked improvement in our campus appearance, we have observed a drop-off in the appearance of campus landscaping due to the lack of personnel (e.g. bare spots in mulch, frequency of mulching, debris pick-up aka “police call,” weed control).

FIU Interest & Options

1. *FIU's interest:* FIU considers the grounds and landscaping a strategic advantage that greatly enhances recruitment and retention of both students and faculty. Student surveys at graduation consistently highlight campus appearance as a major strength for FIU and a key factor in establishing affinity. Campus appearance, specifically the quality of landscaping, is driven primarily by labor hours. Aramark's inability to hire and retain groundskeepers has adversely impacted the overall campus appearance, even if the impact is not readily observable to most stakeholders. Our concern is that under the current contract terms, the landscaping appearance will continue to deteriorate resulting in the loss of a strategic competitive advantage and source of community pride and affinity.
2. *Aramark proposal*
 - Since February 2023 when Aramark first broached a request for amendment, we have engaged in numerous discussions to define the issue, understand it, and develop a reasonable accommodation.
 - During these discussions, Aramark proposed an increase not only for the minimum wage employees but also for other employees on the basis of equity and compensation separation.
 - Aramark also proposed an annual escalation of 1.5% on direct costs, such as material, management, etc.
 - Aramark's contract proposal would increase the 5-year contract value by approximately \$2,291,112.
3. *FIU Counter-proposal*
 - We define FIU's interest as filling the groundskeeper positions so we have the number of workers and labor hours needed to maintain the landscaping as a strategic advantage.
 - Issues of equity and salary separation are matters for Aramark to manage and do not directly impact FIU's interest.
 - FIU would support a living wage increase for groundskeepers, i.e. only those currently paid the minimum wage as a reasonable conceptual basis to adjust the contract.
 - \$14.42 from January 1, 2024 – June 30, 2024
 - \$15.62 from July 1, 2024 – June 30, 2025 (8.3% projected increase based on the percentage increase in the Florida minimum wage).
 - \$16.82 from July 1, 2025 – June 30, 2026 (7.7% projected increase based on the percentage increase in the Florida minimum wage).
 - If the living wage is less than the projection, FIU would pay only the living wage. Based on past experience with living wage increases, we do not envision the actual living wage to exceed our projections.
 - No annual increase in direct costs. No 1.5% increase due to inflation.
 - Prior to the end of the initial contract term (June 30, 2026), FIU and Aramark can assess the renewal terms based on the economic conditions at that time.
4. Our analysis shows these terms would increase the overall cost of the contract by \$1,854,027 or 11.5% over the original base contract value of \$16,089,029. This increase is far less than both

the cumulative inflation increase of 19.2% and the minimum wage increase of 38.7% to date, and 61.9% over the full contract term. Even with this increase, the new contract amount would be less than the best & final offer (BAFO) of the runner-up, SFM. While hypothetical, it would be a reasonable speculation that had SFM signed at its original BAFO amount, SFM would have also requested a contract amendment due to the significant change in economic conditions.

5. Impacts of a contract amendment to individual users.

Aramark Amendment Impacts

Funding Department													Cumulative Adjusted Totals		
	BAFO FY 23-24	Increase Living Wage	Decrease Removal of the 1.5%	FY 23-24 Adjusted Total	BAFO FY 24-25	Increase Living Wage	Decrease Removal of the 1.5%	FY 24-25 Adjusted Total	BAFO FY 25-26	Increase Living Wage	Decrease Removal of the 1.5%	FY 25-26 Adjusted Total	Increase Living Wage	Decrease Removal of the 1.5%	Grand Total
		Adjustment				Adjustment				Adjustment			Adjustment		Adjustments
FMD	\$ 2,734,528.74	\$ 257,391.86	\$ (20,205.88)	\$ 2,971,714.72	\$ 2,775,546.68	\$ 645,487.10	\$ (41,017.93)	\$ 3,380,015.85	\$ 2,817,179.88	\$ 775,901.49	\$ (41,633.20)	\$ 3,551,448.16	\$ 1,678,780.45	\$ (102,857.01)	\$ 1,575,923.43
Housing	\$ 257,367.41	\$ 24,225.12	\$ (1,901.73)	\$ 279,690.80	\$ 261,227.92	\$ 60,751.73	\$ (3,860.51)	\$ 318,119.14	\$ 265,146.34	\$ 73,026.02	\$ (3,918.42)	\$ 334,253.94	\$ 158,002.87	\$ (9,680.66)	\$ 148,322.21
P&T	\$ 225,196.48	\$ 21,196.98	\$ (1,664.01)	\$ 244,729.45	\$ 228,574.43	\$ 53,157.76	\$ (3,377.95)	\$ 278,354.25	\$ 232,003.05	\$ 63,897.77	\$ (3,428.62)	\$ 292,472.20	\$ 138,252.51	\$ (8,470.58)	\$ 129,781.93
Grand Total	\$ 3,217,092.64	\$ 302,813.95	\$ (23,771.62)	\$ 3,496,134.97	\$ 3,265,349.03	\$ 759,396.59	\$ (48,256.39)	\$ 3,976,489.23	\$ 3,314,329.27	\$ 912,825.28	\$ (48,980.24)	\$ 4,178,174.31	\$ 1,975,035.82	\$ (121,008.25)	\$ 1,854,027.57

GROUNDS MAINTENANCE COST ANALYSIS

TOTAL GUARANTEED LOCATIONS COST COMPARISON

BASELINE						RENEWALS						
SFM	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL FOR INITIAL CONTRACT TERM						
	\$ 3,329,213.84	\$ 3,374,519.19	\$ 3,475,754.77	\$ 3,580,027.41	\$ 3,687,428.23							
	difference	\$45,305.35	\$101,235.58	\$104,272.64	\$107,400.82							
	initial %	1.36%	3%	3%	3%							
	Negotiation 2nd round - IF 2% MAX	\$ 3,423,914.84	\$ 3,492,393.14	\$ 3,562,241.00	\$ 3,633,485.82	\$ 3,706,155.54						
2%	BASELINE	2%	2%	2%	2%							
Note: SFM didn't adjust Total Guaranteed hours, only Non-Guaranteed locations cost.												
BAFO >	\$ 3,491,358.84	\$ 3,561,186.02	\$ 3,632,409.74	\$ 3,705,057.93	\$ 3,779,159.09	\$ 18,169,171.62	\$ 3,854,742.27	\$ 3,931,837.12	\$ 4,010,473.86	\$ 4,090,683.34	\$ 4,172,497.00	\$ 38,229,405.21
2%	BASELINE	2%					2%	2%	2%	2%	2%	(\$ 738,492.98)
Note: SFM did adjust Total Guaranteed hours for all sections for "All Supplies" as the EcoMight is now included.												
EXTRA / South-52	\$ 94,701.00											
ARAMARK	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5							
	\$ 3,224,577.77	\$ 3,321,315.10	\$ 3,420,954.56	\$ 3,523,583.19	\$ 3,629,290.69							
	difference	\$ 96,737.33	\$ 99,639.46	\$ 102,628.63	\$ 105,707.50							
	initial %	3%	3%	3%	3%							
	Negotiation 2nd round - IF 2% MAX	\$ 3,122,708.77	\$ 3,185,162.95	\$ 3,248,866.20	\$ 3,313,843.53	\$ 3,380,120.40						
2%	BASELINE	2%	2%	2%	2%							
BAFO >	\$ 3,122,708.77	\$ 3,169,549.40	\$ 3,217,092.64	\$ 3,265,349.03	\$ 3,314,329.27	\$ 16,089,029.11	\$ 3,364,044.21	\$ 3,414,504.87	\$ 3,465,722.44	\$ 3,517,708.28	\$ 3,570,473.90	\$ 33,421,482.82
*1.5%	BASELINE	1.5%	1.5%	1.5%	1.5%		1.5%	1.5%	1.5%	1.5%	1.5%	(\$ 771,306.98)
EXTRA / South-52	\$ 24,942.00											
			IMPACTED YEARS FOR NEW AMENDMENT									
BASELINE CONTRACT		YEAR 1 - July 1, 2021	YEAR 2 - July 1, 2022	YEAR 3 - July 1, 2023	YEAR 4 - July 1, 2024	YEAR 5 - July 1, 2025	TOTAL FOR INITIAL CONTRACT TERM					
Original BAFO amount		\$ 3,122,708.77	\$ 3,169,549.40	\$ 3,217,092.64	\$ 3,265,349.03	\$ 3,314,329.27	\$ 16,089,029.11					
**Year 3-5 eliminate 1.5% increase proposal		n/a	n/a	\$ (23,771.62)	\$ (48,256.39)	\$ (48,980.24)	\$ (121,008.25)					
Living Wage Proposal		n/a	n/a	\$ 302,813.95	\$ 759,396.59	\$ 912,825.28	\$ 1,975,035.82					
Total proposed adjustments		n/a	n/a	\$ 279,042.33	\$ 711,140.20	\$ 863,845.04	\$ 1,854,027.57					
		\$ 3,122,708.77	\$ 3,169,549.40	\$ 3,496,134.97	\$ 3,976,489.23	\$ 4,178,174.31	\$ 17,943,056.68					
ADDITIONAL SERVICES												
Current Approved Additional Services %		10%	10%	10%	10%	10%						
Current Approved Additional Services Amount		\$ 312,270.88	\$ 316,954.94	\$ 349,613.50	\$ 397,648.92	\$ 417,817.43	\$ 1,794,305.67					
***Additional Services 5% Increase Request		n/a	n/a	2.5%	5%	5%						
***Additional Services Amount Increase Request		\$ 253,002.14	\$ 535,393.10	\$ 87,403.37	\$ 198,824.46	\$ 208,908.72	\$ 1,283,531.79					
With Additional Services Estimate		\$ 3,687,981.79	\$ 4,021,897.44	\$ 3,933,151.84	\$ 4,572,962.61	\$ 4,804,900.46	\$ 21,020,894.14	5 year impact				
CURRENT LIVING WAGE IS \$14.42 / hour												
NO CPI, ECI or 1.5% for the future. The only increase will be a living wage adjustment for years 4 & 5, calculated based on the % increase in the minimum wage of Florida, which is currently legislated at the rate of 1 dollar a year.												

* Annual increases: the contracted amount will be the previous year's price plus either a 1.5% increase or an increase equal to the annual ECI for the most recent twelve (12) month period for which such statistics are available at the time of increase is effective, whichever is less. Any increase in fees shall only be on an annual basis and will be effective on the anniversary of the effective date of the contract award.

** From Year 3 to Year 5, the original 1.5% contracted increase will be eliminated. Year 3, will only be reduced for half of the year (Jan-Jun 2024).

*** Additional Services are above and beyond any requests based on labor hours and rate schedule for unforeseen events. The previous supplemental rate of a 5%-10% allowance was requested in the BOT Agenda before the contract implementation. An additional 5% increase is requested for all remaining years, except for Year 3 which is only 2.5%.

version - A.Bober 5-17-23 / update 7-10-23 /10-16-23

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 Negotiation of Amendment for Contract #PUR-04000 for Grounds Maintenance; Vendor: Aramark Management Services Limited Partnership

Funding Source(s):


Fund Code	Fund Code Description
210	Educational & General
211	Educational & General Carry Forward
333	Housing Auxiliary
334	Parking Auxiliary

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:

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 Javier Marques, Vice President for Operations & Safety
 and Chief of Staff

11/30/2023

 Date

DocuSigned by:

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 Elizabeth Bejar, Provost, Executive Vice President
 and COO

11/30/2023

 Date

DocuSigned by:

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 Aime Martinez, Chief Financial Officer and
 Senior Vice President

11/30/2023

 Date

DocuSigned by:

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 Carlos B. Castillo, General Counsel

11/30/2023

 Date

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11/30/2023

 Kenneth A. Jessell, President

 Date

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 11/30/2023



December 7, 2023

Subject: Approval of Contracts greater than or equal to \$1,000,000 and less than \$3,000,000

- 1) *Contract PUR-05204 Amendment #1 with CTEK Security Inc.*
- 2) *Contract PUR-07596 with Triumvirate Environmental Services Inc.*

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 and in the Board materials, the University entering into the contracts and purchase orders and/or 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 and/or purchase orders.

Background Information

- 1) **CTEK Security Inc.** This vendor will be doing a Universitywide Comprehensive HIPAA and Risk Assessment to determine if we are following all the HIPAA privacy and security requirements for HIPAA compliance as well as benchmarked against the NIST and COBIT frameworks. The vendor will meet with departments and analyze their processes, policies, and procedures to make sure they are compliant. The vendor will also do IT security assessments and assessments of the Electronic Medical Records Systems. The vendor will provide a report of their findings. The vendor will also be used for CMMC compliance gap assessments, recommendations, and management of the CMMC Azure GCC high cloud environment. The vendor will also provide security, privacy, and compliance advisory services to FIU through their CAPP program. This vendor may also be used to perform system and application specific risk assessments.

Contract PUR-05204 Amendment #1 statement of work is for the configuration and management of an Azure Government Community Cloud (GCC) environment for research to work on, store and access controlled unclassified information (cui). This environment will have all the cybersecurity controls required for CMMC and NIST800-171. The purchase is exempted under Florida Board of Governors (BOG) Regulation 18.001(6)(d)(4) – Auditing Services.

- **Term:** The term of the services provided under this statement of work shall begin on a date to be mutually agreed between the parties (“Services Term Beginning Date”) and shall remain in effect for a period of thirty-six (36) calendar months from the Services Term Beginning Date (“Term of the Services”). Three-year term (2024-2027).
- **Total Estimated Cost including upgrades:** \$2,500,000
- **Funding Source(s):** 210 (E&G), 331 (Aux), 652 (Sponsored Research Overhead)

Supporting Documentation: CTEK Summary Sheet (*a copy of the master agreement is available upon request*)
Contract PUR-05204 Amendment #1
Total Spend by Product
Funding Certification Form

Facilitator/Presenter: Aime Martinez

Background Information

2) Contract PUR-07596 Triumvirate Environmental Services Inc.

This contract is being requested by Environmental Health & Safety to provide hazardous waste disposal services. The master 2023 agreement was awarded as a result of a Hazardous and Biomedical Waste Removal ITN 2023-074-ITN-PRO solicited by the University of South Florida. FIU is entering into a piggyback agreement under PUR-07596.

- **Term:** This Agreement shall commence on the effective date and shall continue for the same initial term as the master agreement for ITN#2023-074-ITN-PRO (the initial term of the master agreement for ITN#2023-074-ITN-PRO is for four (4) years beginning on July 1, 2023 and expiring on June 30, 2027). Upon the expiration of the initial term of the master agreement for ITN#2023-074-ITN-PRO, there are three (3) option periods of one (1) year each.
- **Cost:** \$1,925,000
- **Funding Source:** General Revenue, Auxiliary Enterprises, Sponsored Research Overhead, State Level 4

Supporting Documentation: Contract PUR-07596
Funding Certification Form

Facilitator/Presenter: Aime Martinez

Supplier Name

CTEK Security LLC

Supplier Contact Information

11940 Jollyville Rd Ste 300N

Austin TX 78759

Trish Alexander

Phone: 512-402-8550

Email Address trish.alexander@cynergistek.com

State of Incorporation

Texas

General Scope of Work

-This vendor will be doing a University Wide Comprehensive HIPAA and Risk Assessment to determine if we are following all the HIPAA privacy and security requirements for HIPAA compliance as well as benchmarked against the NIST and COBIT frameworks. *(Copies of contracts will be available upon request)*

Current FIU Contract# PUR-5204 Amendment 1-3-Year MS Azure Cloud Managed Security Services

- This statement of work is for the configuration and management of an Azure GCC high environment for research to work on, store and access controlled unclassified information (cui). This environment will have all the cybersecurity controls required for CMMC and NIST800-171.

Agreement Term:

a. Effective Date: December 7, 2023

b. Initial Term: 3 years (2024-2027)

c. Renewal Term(s): renewed for three (3) additional one (1) year terms.

Pricing

*All services will be provided per attached SOW for the initial pricing and current subsequent Renewals.

Department and Contact Information

Division Of IT

Helvetiella Longoria

Phone: 305-348-3591

Email: Helve@fiu.edu

Termination Options

For Cause: FIU shall have the right to terminate the contract upon written notice to the contractor.

For Convenience: If FIU determines that termination to be in its best interest.

Insurance Requirement

Not Applicable.

Statement of Work

3-Year MS Azure Cloud Managed Security Services

This Statement of Work ("SOW") is appended to and made a part of the Master Agreement entered into between **The Florida International University Board of Trustees** ("Customer") and **CTEK Security LLC (f/k/a CTEK Security, Inc.)** ("CTEK Security") entered into on **March 11, 2018** ("Agreement"). Customer acknowledges and agrees that Services to be provided under this SOW may be performed by any of CTEK Security's affiliated entities, including **Clearwater Security & Compliance LLC**, parent company of CTEK Security ("Clearwater"). Except as specifically agreed herein, the terms of the Agreement shall apply to the Services provided under this SOW.

Scope of Work:

All Services will be provided remotely, led by a CTEK Security Consultant who will be assigned to serve as Program Manager and be assisted by a Customer Success Representative assigned to support Customer. The Program will begin with an Initial Engagement Meeting between the CTEK Security team and Customer's Program Owner(s) and subject matter experts ("SME(s)"), conducted via remote web conference, to make introductions, review the SOW, outline the processes to be undertaken, discuss other Customer SMEs that should be involved in the Program, introduce Customer to the secure Program file-sharing platform hosted by CTEK Security, and schedule a planning meeting including all Program team members. During the Planning Meeting, the CTEK Security-Customer Program team will collaborate to establish a Program schedule with tasks to be completed and due dates for completion.

This engagement is a three (3) year program (the "Program") during which CTEK Security, CTEK Security's partner, Coretek and Customer will work together to assist Customer with cybersecurity related services in an Azure cloud environment and targeted on-premise devices.

Program Management

Throughout the Program, CTEK Security will provide Program oversight, guidance, and hands-on support to Customer's Program team, as well as to provide direction and oversight for all CTEK Security team members assigned to integrate and deliver the Program and to facilitate the Program's effectiveness to meet Customer's objectives.

Examples of tasks and activities CTEK Security may include, but may not be limited to the following:

- Provide ongoing Program Leadership and Guidance
- Review of monthly report cards to ensure SLA's are being met
- Quarterly meetings with Customer to review Program activity
- Point of contact for issue escalation, if needed
- Coordinate with Customer Program Owner to facilitate seamless performance of the Program
- Exercise oversight for development of the Program, project plans for the execution of individual Components and updates
- Establish Customer Management and Program team communication strategy
- Communicate Program status to Customer and CTEK Security executive leadership

Description and Milestones

Cloud Adoption Framework (“CAF”) – In Scope

CTEK Security Services will provide the following:

CAF - Define Strategy

1. CTEK Security will work with Customer IT leadership to document and define Cloud Adoption Strategy including business motivations and business target outcomes to:
 - a. Establish and document business financial justification, including creating a financial model
 - b. Establish organizational support model for Azure services
 - i. Provide framework for RACI development and allow Customer to consume and iterate independently
 - ii. The duration of the timeline to develop is limited to 2 days

CAF – Plan

1. Establish the initial skills readiness plan
2. Provide up to 2 hours of informal overview sessions to include the following topics as applicable for Customer planned environment:
 - a. Review management options including the Azure Portal, Azure CLI, Azure PowerShell, Azure ARM templates, and other popular third-party management tools
 - b. Review of common Azure resources and best practices associated with IaaS and PaaS options

CAF - Ready

1. Resource Organization
 - a. Review of current Azure Billing and Active Directory Tenant
 - b. If existing subscriptions exist, a review of current subscription. If this is a new deployment in Azure, CTEK Security will provide recommendations on subscription management and design
 - c. Review resource requirements and quota utilization to provide room for growth and support for current workloads
 - d. Provide recommendations on Management Groups and hierarchy of Azure management components (subscriptions and resource groups)
 - e. Review Azure Regional requirements and provide recommendations on which regions should be used to support current and future workloads
 - f. Review existing naming standards for other environments and provide recommendations for naming standards in Azure
 - g. Review existing tagging standards or provide recommended tags for new environments
2. Identity Architecture:
 - a. Review current identity architecture and identity protection requirements
 - b. Review current Azure AD licensing and provide recommendations
 - c. Review existing or provide recommendations for cloud-based identity technology for managing Azure services and connecting to domain services in Azure limited to AAD (Azure Active Directory) and DNS (Domain Name System)
 - d. Validate or deploy connectivity to Azure AD Connect including Password Synchronization, a single domain forest, UPN matching, synchronizing all users, devices and OUs, Azure source anchor and no Azure AD App or Attribute filtering

- e. Provide recommendations for PIM (Privileged Identity Management), Just in Time Access (JIT) and Conditional Access Policies. The implementation of these services is considered out of scope for this engagement
 - f. Review of Azure Managed Identities, Service Principals, and Application Registrations providing recommendations on best practices
 - g. Review of Azure AD best practices and provide recommendations for role-based access control, defined roles, custom roles, and access restrictions
3. Network Architecture:
- a. Review existing networking architecture including on-prem connectivity or review and provide recommendations for new environment
 - b. Identify network security groups and review possible solutions in Azure using Network Security Groups, Azure Firewall (standard), and third-party network virtual appliances
 - i. Document and design initial configuration of Azure Firewall Standard
 - 1. Document and design up to 20 Azure Standard Firewall Rules
 - 2. Document and design Azure Firewall Ingress/Egress traffic flow
 - c. Review existing connectivity to Azure to support ExpressRoute or VPN (virtual private network) connection including an Azure secondary region to support DR or provide recommendations for new environments. The implementation of site-to-site VPNs to a single destination in the primary region and secondary region is in scope for this engagement
 - d. Review other network services including Load Balancers, Application Gateways, Azure Front Door and provide recommendations for implementation. Application gateways can be deployed to support up to 2 applications, additional applications are out-of-scope
4. Cloud Governance:
- a. Identify any regulatory compliance requirements including NIST, FedRAMP, CMMC, PCI, HIPPA, etc.
 - b. Review the Governance Benchmark Tool findings
 - c. Review and demonstrate Azure native governance tools for integration into Customer organization's governance processes:
 - i. Included Azure Native tools are Azure Policy, Azure Monitor, Blueprints, and Microsoft Defender for Cloud
 - d. Review and demonstrate cost management options in Azure and provide recommendations for control Azure consumption in the environment
 - e. Develop preliminary Azure Monitor (native tool) standards
5. Azure Security
- a. Deployment of Microsoft Defender for Cloud with security default policy for audit only applied including (please note: it is highly recommended to engage in a Security specific engagement with CTEK Security or another partner to harden this service):
 - i. Vulnerability assessment solution auditing
 - ii. Azure Security Benchmark
 - iii. Log Analytics Agent Deployment – Auto Provisioning
 - iv. Apply the appropriate Microsoft provided Azure Blueprint with Azure Policy aligned to Customer security requirements using the Microsoft best practices. The remediation of the policy or blueprint
 - v. Enable Azure native encryption on VM (Virtual Machine) Disks and Storage Accounts using Microsoft provided encryption keys

- vi. Apply the appropriate Azure Blueprint with Azure Policy and RBAC aligned to Customer security requirements using the Microsoft best practices
- 6. Disaster Recovery and Data Retention
 - a. Review disaster recovery and data retention services available in Azure
 - b. Identify objectives (RPO/RTO) or review RTO/RPO values identified in the Cloud Economic Assessment
 - c. Discuss Azures capabilities to achieve desired objectives
 - d. Deployment of up to two Recovery Services Vaults with Key Vault enabled
 - e. Configuration of up to four Azure Backup Policies
 - f. Configuration of Azure Site Recovery for Azure Virtual Machines
 - g. Deployment of Failover Group for Azure SQL Managed Instance (if leveraged)
 - h. Configuration of Azure Backup for SQL
- 7. Deploy Azure Landing Zone based on approved design
 - a. Deploy designed subscription architecture
 - b. Deploy designed Resource quota configuration
 - c. Deploy designed Azure networking components (virtual network, network security groups, subnets, network watcher)
 - d. Deploy designed Azure Firewall Standard
 - e. Deployment of up to 2 Azure VPN connections
 - f. Deploy designed policy for base naming and IP Standards
 - g. Deploy designed configuration of storage strategy
 - h. Deploy designed policy for backup strategy
 - i. Deployment of up to one (1) Azure Load Balancer
 - j. Deployment of up to two (2) Azure Key Vaults leveraging access policy designed by Customer
 - k. Deploy RBAC design including creating security groups and assignment to management groups

Azure Virtual Desktop - In Scope

Design

1. AVD Image
2. Application requirements for the 5 in scope applications.
3. Profile management design for FXLogix.

Deploy

1. Deploy Windows 10 multi session base image from Azure Marketplace.
 - a. Install FSLogix Profile agent.
 - b. Install FSLogix app masking management tool.
 - c. Configure O365 for multi-user deployment via optimization script.
2. Deploy up to 5 applications provided to CTEK Security with latest installation media and instructions for configuration.
3. Deploy security agents into the base image.
 - a. Customer team to put required security exclusions for the security agent to run successfully in AVD.
4. Optimize for Virtual Desktop configuration.

- a. Leverage CTEK Security optimization process for best practices configuration within the AVD image.
 - b. Customer to provide any generalization information for the applications deployed into the image pre-sealing process.
- 5. Sysprep and generalize for imaging.
 - a. Post sysprep capture image into shared image gallery.
 - b. Replicate syspreped image to a secondary region.

User Acceptance Testing (UAT)

- 1. Deploy AVD in up to 3 host pools in each region based on tested image in functional testing.
- 2. Configure production AVD host pools for user access to perform UAT for 1 week.
 - a. Create user test plans for successful UAT validation for up to 5 users.
 - b. Create migration plan for up to 5 users involved in UAT.
- 3. Perform UAT and remediation with Customer technology and application owners.

Microsoft Sentinel

Initial Configuration

- 1. Setup and enable **one (1)** Azure Sentinel workspace.
- 2. Ensure workloads in Azure are logging into new workspace.
- 3. Review and activate the following Data Connectors that are considered 'free consumption':
 - a. Azure Activity
 - b. Azure Advanced Threat Protection
 - c. Azure Information Protection Alerts
 - d. Azure Security Center Alerts
 - e. Microsoft Defender Advanced Threat Protection
 - f. Office 365
- 4. Review and activate the following Data Connectors that are considered 'paid consumption':
 - a. Azure Active Directory
 - b. Domain Controllers and DNS Servers
- 5. Configure alerting via email for High alert types.
- 6. Enable the following standard workbook templates:
 - a. Azure Activity
 - b. Azure AD Audit Logs
 - c. Azure AD Sign-in Logs
 - d. Azure AD Audit, Activity and Sign-in Logs
 - e. Data Collection Health Monitoring
 - f. Event Analyzer
 - g. Exchange Online
 - h. Identity and Access
 - i. Insecure Protocols
 - j. Investigation Insights
 - k. Office 365
 - l. Playbooks Health Monitoring
 - m. Security Alerts

- n. Security Status
 - o. SharePoint and OneDrive
 - p. Threat Intelligence
 - q. Workspace Audit
7. Ensure Hunting Threat Management queries are functioning properly.
 8. Enable Entity Behavior data sources.
 9. Review Analytics active rules for enabled status.
 10. Test to ensure all connectors and workbooks are functioning with data.

Microsoft Defender for Endpoints

Analysis, Planning and Design

1. Working Sessions to Identify Solution Requirements.
2. Identify requirements (infrastructure, network/firewall, telemetry).
3. Develop migration plan for Windows 10 endpoints and Windows Servers.
4. Conduct planning session(s) with IT staff to evaluate Defender configuration items and best practices for deployment.

Build and Deploy - Windows Endpoints

1. Setup Microsoft Defender Security Center.
2. Connect Intune and Microsoft Defender Security Center.
3. Create Defender for Endpoint EDR Policy.
4. Onboard devices (10 endpoints) via Intune into Defender for Endpoint.
5. Review Defender Security Center operations dashboard.
6. Review incidents and alerts queues.
7. Review options and build a roadmap plan for Defender Use expansion and adoption (M365 E5 Security in general) for options such as:
 - a. Azure Sentinel Integration.
 - b. Defender for Cloud Apps Integration (formerly Microsoft Cloud App Security).
 - c. Threat & Vulnerability Management (TVM).
 - i. Device Guard
 - ii. Credential Guard
 - d. Next-Generation Protection (NGP).
 - i. App Guard
 - ii. Advanced Ransomware Protection
 - e. Attack Surface Reduction (ASR).
 - f. Auto Investigation & Remediation (AIR).

Build and Deploy - Defender for Windows Servers

1. Develop migration solution (e.g. scripts, tools, deployment).
2. Implement agents and configuration items for servers as required.
3. Configure Defender policies (up to 4) in Endpoint Manager.
4. Conduct pilot with up to 5 servers.
5. Migrate remaining servers.

Build and Deploy - Additional Defender Features

1. Upload Defender data to Sentinel.
2. Pilot additional Windows 10 security features with up to 10 endpoints, prepare production-ready deployment for:
 - a. Threat & Vulnerability Management (TVM)
 - i. Device Guard
 - ii. Credential Guard
 - b. Next-Generation-Protection (NGP)
 - i. App Guard
 - ii. Advanced Ransomware Protection
 - iii. Machine Learning
 - c. Attack Surface Reduction (ASR)
3. Auto Investigation & Remediation (AIR)
 - a. Introduce Power Automate for auto-isolation
 - b. Remediation actions
4. Integrate Defender for Cloud

Project Assumptions

The Services, fees, and delivery schedule for this project are based on the following assumptions:

1. At least two weeks before the project start date, the Customer will complete all the Project Pre-Requisites defined in the Project Kick-off Pre-Requisite Checklist provided by Coretek.
2. If third-party vendor involvement is required to obtain data necessary to make decisions related to the Cloud Foundation initiative, CTEK Security will take responsibility to engage the third-party vendor and Coretek will not be responsible for any resultant project delays.
3. Coretek will have both remote access and administrative access to CTEK Security's environment, including Azure subscriptions, utilizing individual named accounts per engaged Coretek consultant. The individual named accounts will have the necessary access assigned to complete that users' tasks.
4. CTEK Security will provide Change Management Approvals as needed.
5. The standard workday for the project (e.g., between 8:00 AM and 5:00 PM, Monday through Friday, except for scheduled holidays) for projects that have various geographical locations. Scheduled maintenance windows will be targeted during this normal work schedule. Migrations can be scheduled after hours in advance.
6. Coretek Services' resources will perform services remotely
7. In performing services under this SOW and the applicable Work Order, Coretek Services will rely upon any instructions, authorizations, approvals, or other information provided by CTEK Security's Project Manager or personnel duly designated by CTEK Security's Project Manager.
8. Failure to complete all site readiness activities that are required for Coretek Services to deliver its services according to the agreed upon project schedule may result in project delays requiring Change Orders to this SOW as well as additional project costs.
9. Informal knowledge transfer will be provided throughout the project. Informal knowledge transfer is defined as Customer's staff working alongside Coretek Services' staff.
10. Timely assignment of knowledgeable CTEK Security resources or subject matter experts is required. These areas include:

- a. Server OS Management
 - b. Storage Management
 - c. Security
 - d. Application Owners/Experts
 - e. Network Management
11. Completing this project within the agreed timeframe is contingent on Coretek receiving the necessary CTEK Security information and gaining access to the required CTEK Security resources, personnel, and facilities, as described herein, in a timely manner.
 12. CTEK Security will provide a Coretek named resource with Contributor and Cost Management Contributor access to its Azure resources and will allow Coretek to be set as PAL (Partner Admin Link) for its Azure subscriptions. This provides Microsoft visibility to Azure consumption that is influenced by its partners. CTEK Security can remove Coretek's PAL at any time by removing it in the Azure portal or by disabling Azure access to Coretek users. PAL does not give Coretek additional administrative access to CTEK Security's Azure subscriptions.
 13. Azure Premium Firewall or a third-party firewall will not be implemented as part of this project.
 14. A minimum of 500 Mbps available bandwidth to support the targeted number of migrations (including replication time during business hours) throughout the engagement. Depending on workload and schedule, this may vary
 15. CTEK Security is responsible for all Azure consumption and licenses that results from this engagement. The Azure consumption for this solution will be in Coretek's CSP. CTEK Security will be the owner of the subscriptions as well as full administrators to the subscriptions.
 16. Microsoft defines a lift and shift migration as "an option that doesn't require code changes and allows you to migrate your existing apps/server to Azure quickly. Each app/server is migrated as is, to reap the benefits of the cloud, without the risk and cost associated with code changes."
 17. Sandbox Disaster Recovery testing is defined as leveraging Azure Site Recovery built in Sandbox testing feature where it leverages the Automation Runbook to spin up the DR instance in a temporary vnet separated from production. The intent of this test to ensure that the replication and automation runbook are working as expected.
 18. CTEK Security will provide required process servers on premise to complete the migration to Azure within the timeline required.
 19. It is critical to provide the required number of servers/clients/environments to migrate per the migration schedule in order to maintain a certain migration velocity. Lack of servers to migrate or extending the timeline may result in Change Orders due to additional hours required.
 20. The pricing in this SOW is dependent on the servers and applications being ready to move to the cloud, this analysis is available using an assessment tool like Movere which will make recommendations on the best way to migrate to the cloud. Such an assessment should be provided to Coretek as soon as it is available.
 21. Scheduled migration sessions are open to CTEK Security team members joining but are not intended for step-by-step instruction on how to migrate servers.
 22. Any custom images required will be deployed through the Azure Marketplace offerings.

Roles and Responsibilities

CTEK SecurityRoles

Project Manager

1. Provide weekly status report to Customer
2. Single point of contact for billing issues, personnel matters, contract extensions, and project status
3. Manage project issues, risks, and escalations
4. Gather and assemble all project management plans, project status reports, and project performance reports
5. Communicate proactively with the Customer to mitigate any projected out of scope items
6. If applicable, manage all activities surrounding requirements and realization of partner funding
7. Facilitate change management, if required

Cloud Consultant(s)

1. Configure Azure subscription on behalf of the Customer
2. Design and document the identity services architecture
3. Document the virtual network design
4. Document the approach to storage and back up
5. Lead security discussions to ensure Customer security standards and requirements are addressed
6. Lead Customer discussions and whiteboarding sessions to develop fundamental Cloud Governance recommendations
7. Facilitate formal project deliverable hand over
8. Manages day-to-day technical activities of project
9. Communicate proactively with the Customer to mitigate any projected service hour overages
10. Facilitate change management, if required
11. Technical delivery of the signed Statement of Work

Customer Roles

Role	Time Commitment	Responsibilities
Executive Sponsor	1 - 4 hours per week throughout the project	Support from Management in the form of organizational commitment and removal of roadblocks is key to the overall success of the project. Identify and set business priorities, vision, and scope for the project. Establish and sustain the business case for the project. Makes key project decisions, assists in escalating unresolved issues to the Executive Steering Committee, and clears project roadblocks. Responsible for high-level project communications, such as project status, benefits, and schedule milestones to other Customer management members.
IT Management Team	1-2 hours per week throughout the project	All managers that will be affected by the governance decisions proposed within the Final Cloud Foundations document need to review the recommendations and agree upon them.
Infrastructure Server Owners	2 - 24 hours per week throughout the project	Responsible for providing information regarding server infrastructure. Participate in Design and Planning Discussions, pre and post migration steps (if any)

		Testing and support from the appropriate application teams which own the application/server stack being migrated.
Application Teams	2 - 8 hours per week throughout the project	Testing and support from the appropriate application teams which own the application/server stack being migrated.
Network Team	1 – 4 hours per week throughout the project	Participate in network design and planning sessions relating to network design to Azure. Provide necessary VPN connectivity information for establishing the S2S VPN tunnel to Azure. Network and Firewall support during migrations.
Security	4 - 8 hours over the duration of the project	Review design and implementation to validate solution conforms with Customer security guidelines.
Storage Team	4 - 8 hours over the duration of the project	Participate in storage design and planning sessions relating to network design to Azure.
Back Up Team	2 - 4 hours over the duration of the project	Participate in backup design and planning sessions relating to network design to Azure.

CTEK Security Responsibilities

1. Responsible for deliverable quality and Customer's overall satisfaction with CTEK Security's services
2. Responsible for managing and coordinating the overall project
3. Responsible for CTEK Security Services resource allocation, risk management, project priorities, and communication to executive management
4. Provide a focal point for all communication and project implementation activities
5. Provide highly skilled technical resources to help assess and design the cloud foundations environment
6. Provide and conduct regularly scheduled reports and reviews as delineated in the Kick-off meeting
7. Respond to all problems escalated by Customer in two (2) business days
8. Conduct a knowledge transfer to Customer resources

Customer Responsibilities

1. Provide the name of a single point of contact in writing prior to the start of the engagement. This single point of contact will be responsible to ensure all Customer tasks can be completed within the allotted timeframe and that all Customer responsibilities are upheld. Failure to meet this requirement could affect the time and costs required to deliver the solution
2. Manage project issues, risks, and escalations
3. Provide all supporting hardware/software, as defined in this SOW, (including server, hypervisors, server OS', storage, NICs/HBAs, ports, cabling, and workstations) necessary to complete the engagement (see assumptions for details)
4. Procure all software licenses, except where has specified they will provide them
5. Provide technical resources with a working knowledge of the project as a point of contact for each IT tower/team involved in the project

6. Provide CTEK Security resources with access to office space, network connectivity, phone line, badge/security access to the building and all other items reasonably necessary to perform the work outlined in this SOW
7. Provide CTEK Security all remote access capabilities needed to perform work on the project prior to project Kick-off.
8. Provide CTEK Security technical staff with the necessary access to build and configure the environment defined within the scope of this agreement without Customer intervention.
9. Customer will provide any architecture diagrams and application flow documents relative to the work being performed where documentation is available
10. Configure on premise network equipment to support connectivity to Azure.

Tools and Processes Onboarding

Upon completion of the Consulting services the following services will be provided to ensure that new systems and environments are onboarded to the appropriate tools and processes necessary for ongoing health. CTEK Security will onboard Customer managed systems into the below processes and operational meetings:

	Activity	Responsibility
Technical & Security Process and Policy Review	IT Service Management	CTEK Security
	Customer Success Management	CTEK Security
	Backup and Data Retention	CTEK Security
	IT Security Policies	CTEK Security
	Disaster Recovery (DR), including Recovery Time Objective (RTO) and Recovery Point Objective (RPO) policies and objectives by landscape	CTEK Security
	Patch Management	CTEK Security
	Systems Monitoring	CTEK Security

Monthly Managed Services

The following set of services will fully commence upon completion of Onboarding. Portions of the environment may be handed over to support in which case the following services will apply to the systems that have completed onboarding and a proportional amount of the monthly managed services charges will be invoiced. This contract date will complete **thirty-six (36) months** from the completion of onboarding all systems included in the scope of this agreement.

IT Service Management Processes

CTEK Security's Information Technology Service Management ("ITSM") solution consists of an integrated set of processes and tools leveraging ITIL best practices. To improve management and operational efficiency of the current infrastructure in scope, our solution focuses on business-driven design and avoids disruption to service delivery. All of the functions above will be performed in conjunction with Customer. Monthly Service Delivery meetings ensure delivery by reviewing ticket reports and other key metrics. ITSM from CTEK Security enables Customer to achieve: Full transparency, timely service management, enterprise-wide governance, and resolution of chronic issues. Effective integration of Customer needs, consolidated lessons learned, best practices, and digital

solutions required to meet the demands of today and tomorrow let CTEK Security customer's focus on their businesses.

	Activity	Responsibility
IT Service Management Processes	CTEK Security follows ITIL standards and processes for Incident Management which are focused on restoring IT operations as soon as possible. Multiple or recurring incidents may be correlated with a single problem, in which case a problem ticket is entered in our Problem Management Board for in depth investigation and Root Cause Analysis	CTEK Security
	The Problem Management process focuses on defining and researching problems based on incident information. Incident review, reporting, and root cause analysis (RCA) provide a starting point for identifying problems or errors in CTEK Security's supported solutions	CTEK Security
	CTEK Security follows internal policies and procedures which were established to assure an orderly, consistent, and secure approach to managing change, known as the Change Management process. These policies and procedures ensure the maximum availability of Customer's systems and minimize the business impact of IT changes. The standard operating procedure for implementing changes is to fully describe the process to be executed, the expected outcome, the amount of time users could be affected, and a communication plan to inform those who are affected by a change. A rollback plan is required for any change to a production environment. The policies and procedures are also subject to yearly external audits to meet certification requirements (for example Azure Expert MSP Audit from Microsoft).	CTEK Security
	The Knowledge Management process focuses on providing a relevant knowledge base driven by requests from the Incident Management process. CTEK Security Service Desk agents and other CTEK Security personnel use knowledge articles for issue resolution. The total body of knowledge is stored in CTEK Security's knowledgebase. Because each knowledge article is considered an equitable asset, CTEK Security applies asset lifecycle management processes to maintain the relevance, accuracy, and value of knowledge. As workarounds or solutions to incidents are identified, a determination is made whether there is broader use across other environments to leverage the knowledge for reuse.	CTEK Security
	CTEK Security sends Customer satisfaction surveys quarterly to gauge user satisfaction. This information will be used to evaluate feedback and identify areas of service improvement	CTEK Security
Single Point of Contact	The CTEK Security Service Desk will function as the single point of contact for Customer IT personnel. This does NOT extend to the end users at Customer. The Service Desk will also be the initial contact	CTEK Security

	point for events generated by automated systems like monitoring alerts, as well as incidents, changes or service requests submitted via phone calls and email. CTEK Security Services believes all calls should be answered as quickly as possible by another human being. Based on the type of issue and urgency of the situation each request is documented, categorized, and prioritized within CTEK Security's ITSM request tracking tool. If the Service Desk is unable to resolve the issue in a timely manner, it will be routed to the appropriate team for resolution	
	The CTEK Security Support Service Desk is available 24 hours a day, 7 days a week by way of a follow the sun support model utilizing both US based and non-US based staff	CTEK Security
Customer Success Management	Customer success is supported by a named Customer Success Manager who manages the on-going support coordination between Customer and delivery teams. and focuses on overall delivery excellence as a point of contact for escalations	CTEK Security
	<p>CTEK Security is committed to continually improving services, processes, and tools to provide higher quality services over time. CTEK Security feels strongly that involving Customer in this process will benefit both parties. CTEK Security will host a monthly status review meeting to:</p> <ul style="list-style-type: none"> • Review progress on any agreed to schedules, plans, and any requested changes or modifications • Review service quality, issue resolution, escalation, scope changes • Share end user satisfaction survey results • Review and provide regularly scheduled reports • Discuss quality of service and opportunities to improve end user productivity • Validate the scope of services outlined in the agreement are meeting the requirements of Customer • Identify opportunities for Automation and Innovation with the goal of driving business velocity and reducing cost 	CTEK Security
	In addition to focusing on overall delivery excellence, the Customer Success Manager also serves as a point of contact for escalations and regularly scheduled communication	CTEK Security
	Review and development of processes to support automating common manual tasks within the environment, including a monthly review meeting cadence to discuss opportunities for continuous improvement	CTEK Security
	Review and development of processes to support automating common manual tasks within the environment, including a monthly review meeting cadence to discuss opportunities for continuous improvement	CTEK Security

	Monthly Scorecards – an executive view of the health of the overall environment, including key performance metrics (KPI's) defined within the Service Level Agreement (“SLA”) in Appendix A	CTEK Security
	Customer Satisfaction Reviews and Experience Feedback Loops performed on a quarterly basis as part of one of the monthly review sessions, including a larger annual review geared for larger executive audience(s)	CTEK Security
	Annual Executive Cloud Strategy Session – CTEK Security will perform (at least) an annual Cloud Strategy session designed for both executives and technical resources to stay aligned on available cloud technologies that could be leveraged more strategically, as well as roadmap features items in the environment	CTEK Security

CTEK Security Insights

The following services will be applied to Microsoft Azure consumption for which CTEK Security is the Cloud Solution Provider (CSP) and/or Partner Admin Link (PAL).

	Activity	Responsibility
	CTEK Security Insights will provide a foundational Azure Governance platform for Cost Optimization, Security, and Automation	CTEK Security
	Provision access for named users into the CTEK Security Insights application	CTEK Security
	Perform Cost Optimization Governance quarterly sessions	CTEK Security
	Customer will provide a CTEK Security named resource with Contributor and Cost Management Contributor access its Azure resources and will allow CTEK Security to be set as PAL (Partner Admin Link) for its Azure subscriptions. PAL provides Microsoft visibility to Azure consumption that is influenced by its partners. Customer can remove CTEK Security’s PAL at any time by removing it in the Azure portal or by disabling Azure access to CTEK Security users. PAL does not give CTEK Security additional administrative access to Customer’s Azure subscriptions	CTEK Security
Patch Management	Implement and maintain a Patch Management Program to ensure that resources that are subject to patching services receive patches in accordance with the Service Level Agreement (SLA)	CTEK Security
	Establish a schedule for maintenance windows and notification methods for patching services	CTEK Security
	Ensure that a prioritization process is in place to assess which patches should be applied during standing maintenance windows and which may need to be applied sooner	CTEK Security
	Ensure that patches are tested and evaluated before they are installed	CTEK Security
	Implement and maintain an automated release management system to deploy patches	CTEK Security

	Monitor the patching process via automated systems and remediate failed patches	CTEK Security
	Deploy major version upgrades	Customer
Backup Management	Maintain a Backup Management Program to ensure that resources that are subject to backup services are being backed up in accordance with the Service Level Agreement (SLA).	CTEK Security
	Maintain backup processes for purposes of operational data recovery. Individual file recovery may be required to restore programs, information, or other data that has become corrupted or inadvertently removed	CTEK Security
	Maintain and regularly test restore points using the retrievable, accurate backups of critical information up to three times per month	CTEK Security
	Ensure that backups will be stored at an offsite location and protected with encryption while at rest and during transit	CTEK Security
	Monitor the backup process via automated systems and remediate failed backups	CTEK Security
	Audit all backup procedures on a regularly scheduled cadence to ensure that backups are taking place as outlined in the Backup Standards	CTEK Security
	Restore data from backups upon Customer request, up to four times per quarter	CTEK Security
Monitoring and Alarming	Use CTEK Security's existing monitoring solution to provide 24/7 monitoring coverage of all resources subject to Monitoring and Alarming services	CTEK Security
	Optimize and tune monitoring thresholds to trigger alert events in collaboration with Customer's technical teams	CTEK Security
	Create and route incident tickets for events using agreed upon escalation procedures	CTEK Security
	Evaluate event data to find trends and resolve root causes	CTEK Security
Managed SIEM	Initial configuration and implementation of Log analytics, log connectors, and CTEK Security standard SIEM in Azure and log connectors to initiate logging from identified Customer sources	CTEK Security
	Configuration of natively supported log source integrations to CTEK Security standard SIEM. Support for log connectors and integration of natively supported sources will be implemented and configured by Security Operation Center ("SOC")	CTEK Security
	Configuration of non-native log source integrations to CTEK Security standard SIEM. Support for log connectors and integration of non-natively supported sources will be implemented and configured by Customer.	Customer
	Provide log structure of non-natively parsed log sources. For custom or non-natively parsed by Sentinel log sources, Customer must provide the log structure of the incoming source. (custom syslog forwarding / API)	Customer

	Continued maintenance/updating of CTEK Security standard SIEM platform, Log Analytics, workbooks, and update of log connectors	CTEK Security
	24x7 monitoring and alerting of CTEK Security standard SIEM log source health by CTEK Security SOC	CTEK Security
	Customer will resolve and troubleshoot communication issues to CTEK Security standard SIEM for Customer managed log sources	Customer
	CTEK Security will resolve communication issues to CTEK Security standard SIEM for CTEK Security managed log sources to include CTEK Security managed endpoints, cloud infrastructure environments, networking devices, SaaS platforms, and other managed services	CTEK Security
	Monthly reporting of trending event data ingested by CTEK Security standard SIEM	CTEK Security
	CTEK Security to configure CTEK Security standard SIEM to forward logging to desired compatible platform (SIEM, Datalake, etc)	CTEK Security
	Configure CTEK Security standard SIEM to forward security alerts to Customer email or desired compatible platform (SIEM, Datalake, etc) for Customer action	CTEK Security
	CTEK Security SOC will investigate and remediate alerts in the CTEK Security standard SIEM pertaining to the SIEM platform's health/debug status	CTEK Security
	CTEK Security will configure log retention to a 90-day standard in log analytics and CTEK Security Standard SIEM. (Licensing may need to be purchased to accommodate.)	CTEK Security
	If required, Customer will identify requirement for log retention if greater than CTEK Security standard	Customer
	Customer is responsible for implementing and maintaining 3rd party contracted threat feeds	Customer
	CTEK Security will export/transmit a copy of logs for in-scope security services at and automated interval or on request up to once a week. Customer is responsible for any licensing cost associated	CTEK Security
	On an ongoing basis CTEK Security will review vendor provided rule/alert logic (workbook) for event correlations for implementation or bypass	CTEK Security
Managed SOC Detection and Alert	Upon receipt of Sentinel alerts indicating a probable attack CTEK Security SOC will perform an initial investigation into the alert or notice for validity and an initial impact assessment. The data collected is provided to the Customer in the initial notice of the alert, which takes place within the time frame specified in the MSA. If the initial investigation is declared an incident, then CTEK Security SOC will support Customer Incident Response Plan	CTEK Security
	Customer to complete assessment of business impact and scope of alerts upon receipt of notification from CTEK Security. Customer to identify and declare security incidents (breach, data loss/exfiltration,	Customer

	etc). Customer to provide Incident Response Plan (with assistance from CTEK Security for SOC integration)	
	CTEK Security SOC will contribute a resource to support tabletop/simulated exercises with Customer and/or Customer forensic team up to once a year. Must be identified 60 days in advance	CTEK Security
	CTEK Security SOC will maintain and tune CTEK Security standard rule logic/workbooks. This does not include Incident Response	CTEK Security
	CTEK Security SOC will conduct Threat Hunts in Customer environments via CTEK Security standard SIEM for high visibility vulnerabilities/ active wild exploitation	CTEK Security
	Integration and utilization of CTEK Security standard threat intelligence feed by CTEK Security SOC	CTEK Security
	Initial triage of user submitted (email, call, etc.) security incidents. This does not include Incident Response	CTEK Security
	Customer responsible for education of User base for submission of security events to CTEK Security approved workflow	Customer
	Upon notification/declaration of a security incident, the Customer or Customer contracted 3rd party IR/forensic firm leads the security response incident. CTEK Security will not lead execution of Incident Response plan of Customer.	Customer
	CTEK Security will provide Customer's incident response vendor or team with necessary logs and other available indicator data as requested and maintain evidence if and as guided by a forensic firm	CTEK Security
	Customer or Customer contracted 3rd party security IR/Forensic firm may request additional access to Customer systems for quarantine, installation of investigative software, or for manual investigation purposes pending Customer approval	Customer
	Customer or Customer contracted 3rd party security IR/Forensic firm coordinates the quarantine and restoration steps with the CTEK Security Customer Services Manager and CTEK Security and Customer IT operations teams for in scope services	Customer
	Upon request export/generation of standardized reports out of the CTEK Security standard SIEM (maximum of monthly cadence)	CTEK Security
	Requested cadence touchpoint meeting to discuss and coordinate open items/trends/proactive engagement (maximum of monthly cadence)	CTEK Security
Endpoint Detection and Response	Deploy the endpoint protection suite to CTEK Security managed endpoints	Customer
	Comply with third-party licensing requirements	Customer
	Configure endpoint protection suite in accordance with CTEK Security best practices	CTEK Security
	Provide audit/regulatory requirements of endpoint security configuration	Customer

	Monitor and maintain endpoint security software versioning and definitions	CTEK Security
	Integrate alerting from the endpoint protection suite into CTEK Security's IT Service Management (ITSM) system and Security Information and Event Management (SIEM) system for centralized response and monitoring upon Customer request	CTEK Security
	Configure ingestion of endpoint protection suite alerting into any non-CTEK Security SIEM	Customer
	Provide exclusions from endpoint protection (systems, file structures, devices, users, etc.)	Customer
	Maintain a global exclusion list	CTEK Security
	Provide installation package for manual installation onto endpoints	CTEK Security
	Manual installation of endpoint protection suite onto non-CTEK Security managed endpoints	CTEK Security
	Configure Threat and Vulnerability Management (TVM), Next-Generation Protection (NGAV), Attack Surface Reduction (ASR), Configure Auto Investigation & Remediation (AIR) Capabilities, Microsoft Threat Experts (MTE) Capabilities as appropriate	CTEK Security
	Leverage Threat and Vulnerability Management data to provide recommendations for threat and risk assessment/mitigation	CTEK Security
	Work with Customer technical teams to configure and deploy NGAV features in Customer's architecture. (GPO, Endpoint Manager, Powershell, etc.)	CTEK Security
	Shall maintain Microsoft Defender for Servers Plan 1 or better licensing for all servers in the scope of this agreement	Customer
	Shall maintain Microsoft Defender for Endpoints Plan 1 or better licensing for all non-server devices in the scope of this agreement	Customer
Business Communication Security	Anti-phishing policies and rules configured in Microsoft 365 Defender portal. This includes spoofing and impersonation protections. Encompassing internal and external senders for one domain. Alerts can be configured for user interaction or automatic removal (recommended).	CTEK Security
	Shall grant the Coretek SOC privileged access via a named account.	Customer
	Enable functionality to allow users to submit suspected phishing emails to SOC team for triage service from within the Outlook application	CTEK Security
	Provide distribution email address to receive alerts	Customer
	Send alerts to Customer provided email distribution	CTEK Security
	Configure Customer managed SIEM to receive log events related to Business Communication Security services	Customer
	Alerts can be configured to forward to a Customer preferred SIEM if log connector is provided by Customer	CTEK Security
	Investigation, payload sandboxing, threat assessment, and reporting to Customer and user of potential phishing attempts	CTEK Security

	Based on volume of phishing alerts Coretek SOC will tune policies to enhance true positive detection rate to Customer	CTEK Security
	Subdomain filtering or whitelisting	Customer
	Lessons learned from Triage will be applied to phishing policy and rules to enhance Customer posture	CTEK Security
	Analytics from defender will be assessed and preemptively applied to phishing policies	CTEK Security
	Up to once per quarter, request security posture review of a single instance for best practices based on Customer's business sector and industry vertical	Customer
	Up to once per quarter upon request, shall perform security posture review of a single instance for best practices based on Customer's business sector and industry vertical	CTEK Security
	Up to once per quarter, request a phishing campaign to be conducted against Customer user base	Customer
	Up to once per quarter, shall perform a phishing campaign to be conducted against Customer user base. Reporting of campaign results to be delivered to Customer leadership team	CTEK Security
	User engagement for education opportunity leveraging results of a phishing campaign	Customer
	DomainKey Identified Mail will be configured to prevent spoofing of domain	CTEK Security
	Specify whether alerts should be configured for user notification or automatic removal	Customer
	Shall ensure that anti-malware policies and rules are configured in Microsoft 365 Defender portal. Alerts shall be configured for user notification or automatic removal depending on Customer specification	CTEK Security
	Support of third party platforms that integrate with CTEK Security's email environment	Customer
Managed Azure Virtual Desktops	Managed Azure virtual desktops are subject to IT Service Management	CTEK Security
	Managed Azure virtual desktops are subject to Patch Management	CTEK Security
	The virtual desktop images and packaged applications are subject to Backup Management	CTEK Security
	The virtual desktop images and packaged applications are subject to Monitoring and Alarming	CTEK Security
	Investigate and resolve issues with print jobs not making it from a virtual desktop or packaged application to a supported printer	CTEK Security
	Investigate and resolve on premise issues with a printer preventing it from printing after successfully receiving a print job	Customer
	Support roaming user profiles in the managed Azure virtual desktop environment	CTEK Security

Managed Firewall

Firewall Operational Security Management

	Activity	Responsibility
Firewall Zone & Policy Management	Firewall Network Zone Management / Implementation	CTEK Security
	Firewall Policy Management / Implementation	CTEK Security
Firewall Threat Intelligence	Firewall Vendor Provided Threat Intelligence Feed Management	CTEK Security
Firewall Threat Protection	Manage IPS Profiles & Exclusions	CTEK Security
	Add/Change/Delete/Troubleshoot Standard IPS Profiles & Exclusions	CTEK Security
	Manage Automated Signature Updates	CTEK Security
Firewall Malware Prevention	Manage Existing Malware Profiles & Exclusions	CTEK Security
	Add/Change/Delete/Troubleshoot Standard Malware Profiles & Exclusions	CTEK Security
	Manage Automated Signature Updates	CTEK Security
Firewall DNS Protection	Manage Existing Firewall DNS Security Profiles & Exclusions	CTEK Security
	Add/Change/Delete/Troubleshoot Standard Firewall DNS Profiles & Exclusions	CTEK Security
	Manage Automated Signature Updates	CTEK Security
Firewall URL Protection	Manage Existing Firewall UTM Profiles & Exclusions	CTEK Security
	Add/Change/Delete/Troubleshoot Standard UTM Profiles & Exclusions	CTEK Security
	Manage Automated Signature Updates	CTEK Security
User VPN Access (to Firewalls)	Manage Existing VPN Profiles	Customer
	Create New VPN Profiles	Customer
	Add/Change/Delete User VPN Accounts on Firewalls	Customer
	Firewall Agent Management on Endpoints, User Support, Deployment	Customer
Site to Site VPN Access	Manage Existing VPN Profiles	Customer
	Troubleshoot VPN	Customer
	Add/Change/Delete Unlimited Site to Site Profiles Between CTEK Security Managed Devices	Customer
	Add/Change/Delete Up to 25 3rd Party Terminated Site to Site Profiles	Customer
	Coordinate VPN Testing with Applicable Customer 3rd Parties	Customer
Firewall Integration with Identity Provider	Integrate Firewall Platform with Customer Active Directory (where applicable)	CTEK Security

	Integrating firewall platform with vendor supported identity provider will be available as a professional services engagement	CTEK Security
Managed Firewall Networking & Routing	Configure / Troubleshoot Static Routes	CTEK Security
	Configure / Troubleshoot Existing Supported Dynamic Routing Firewall Configuration	CTEK Security
	Configure / Troubleshoot Existing Supported Next Hop Routing Redundancy Protocols	CTEK Security

Logging, Alerting, Monitoring, Reporting

	Activity	Responsibility
Firewall Monitoring & Alert Management	24x7x365 Performance, Availability, Capacity, Platform Alert Monitoring & Service Event Remediation	CTEK Security
Firewall Logging & Flows	Retain 30 Days of Alerts and Status "Moderate" and Above Logs	CTEK Security
	Configure Firewalls / Management Station to Send Logs / Alerts to Customer SIEM / Data Lake / SOC	CTEK Security
	Configure Firewalls / Management Station to Send Supported Traffic Flow Data to Customer Collector	CTEK Security
Firewall Reporting	Generate Monthly Service Reports	CTEK Security
	Configure Firewalls / Management Station to Send Supported Traffic Flow Data to Customer Collector	CTEK Security

Customer Responsibilities During Ongoing Monthly Support

Detailed below are items that are defined as Out of Scope for the Support Services. Coretek is a full Managed Service Provider and if there are activities that are not being provided by Coretek as defined below, you may contact your Sales Executive to discuss how Coretek may assist you in achieving your goals and objectives.

	Activity	Responsibility
New Functionality	Initial build and implementation of Azure cloud environment (unless otherwise specified in Implementation Section).	Customer
	Product licenses will not be provided or managed under this Statement of Work. Customer is responsible for acquiring and maintaining all necessary product licenses required.	Customer
	Migration of Services and Application to Cloud Service Provider (" <u>CSP</u> ") - unless otherwise noted in Implementation Section	Customer
Application Development Functionality and Upgrades	CTEK Security Services will not be responsible for the review and assessment of non-CTEK Security Services source code	Customer

	Major upgrades to Operating Systems or Applications (only noted patches/minor updates may be in scope as listed previously)	Customer
	Proprietary Software Management - Installation of Customer application - Upgrade management and installation	Customer
Managed Security Services and Security Response / Security Incident Escalations	Implementing procedures necessary to safeguard the integrity and security of software and data from unauthorized access and to reconstruct lost or altered files resulting from catastrophic failures.	Customer
	Monitoring and response to security breaches, incidents, alerts, ransomware, distributed denial of service attacks, malware infections, and other security threats/breaches. This includes but is not limited to Azure Sentinel.	Customer
	Response to log monitoring tool identified issues.	Customer
	Note: CTEK Security can offer security services through a separate SOW if not explicitly cited as in-scope	Customer
Non-production Monitoring	Monitoring and Azure managed support of non-production tenants	Customer
Customer Endpoints	Endpoint Peripheral Management including desktops, printers, scanners, tablets, mobiles, any auxiliary device attached via the server infrastructure	Customer
DBA Support	Database administration for functional related issues and development	Customer
Data Platform Functional Development	For platform, data, and storage support, the Customer is responsible for: application remediation, data and database table remediation, application performance, and application monitoring	Customer
	Note: Application support may be provided at best effort and any application support beyond two (2) hours per month will be billed as T&M according to incremental rate card pricing	Customer
Customer Networking/AD/D HCP/DNS	Build and maintain virtual private network (" <u>VPN</u> ") connections within the Customer's onsite infrastructure	Customer
	Management and administration of Active Directory (" <u>AD</u> ") environment	Customer
	DHCP and DNS management and support of on-prem infrastructure	Customer
Advanced and other 3rd party workloads	Advanced workloads such as Azure DevOps, Citrix XenApp, Citrix XenDesktop, WVD, VMware View, Machine Learning, and HPC (unless otherwise noted)	Customer
Level 1 and Level 2 Support	End User Support, including: - Initial triage and call routing of all support requests. - Log and document all incidents, requests and changes in Customer's ITSM ticketing system. - Remediating issues that only affect a single user.	Customer

	<ul style="list-style-type: none"> - Level 2 triage including desktop support of individual user incidents. - Account lockouts and password resets. - Escalating to CTEK Security if all Level 1 and Level 2 activities have been completed without resolving the incident. 	
	Working with individual users including but not limited to AD administration, connectivity, application support, and profile management	Customer

Assumptions, Dependencies and Keys to Success

- Customer and CTEK Security agree to work together to perform problem determination and resolution activities in a timely and efficient manner
- Customer will grant all necessary access for CTEK Security's Privileged Access Management (PAM) tool
- Workload optimization changes must be agreed on in advance by both CTEK Security and Customer
- Workload optimization is not intended to replace larger application modernization projects but is intended for smaller workloads or applications
- CTEK Security will have both remote access and administrative access to the Customer environment utilizing CTEK Security's privileged access management (PAM) system
- Customer will provide Change Management Approvals in a timely manner
- CTEK Security Services' resources may perform services remotely or on-site from CTEK Security facilities or CTEK Security's partner's facilities
- In performing services under this SOW, CTEK Security Services will rely upon any instructions, authorizations, approvals, or other information provided by Customer's personnel
- Informal knowledge transfer will be provided throughout the project. Informal knowledge transfer is defined as Customer's staff working alongside CTEK Security Services' staff
- SME hours follow a Calendar quarter. SME request fulfillment timeline will be mutually agreed within 2 business days of the request

Premier Support

CTEK Security Microsoft Premier Support Pass-Thru package

1. A designated approver or approvers must be identified at the time of CSP onboarding. An approver must sign off on all Premier Support elective costs.
 - a. At the time of ticket entry, CTEK Security must receive confirmation from an approver that the Premier Support elective cost is approved for that ticket.
2. Critical/Sev A Support tickets –
 - a. CTEK Security has the ability to enter Critical Situation tickets on behalf of our customers. If you are experiencing an issue that you need classified as CritSit/Sev A, you must adhere to the following:
 - i. Call into the CTEK Security CSP Service Desk (no CritSits can be opened from an email communication)
 - b. CTEK Security will bill for all CritSit tickets based on the length of time that a Microsoft CritSit manager is engaged on the case. Customer has the ability at any time to downgrade the severity to "Sev B", for which there is no charge for Azure or Microsoft 365 Products.
 - c. These are billed at a rate of **\$380/hour** of CritSit Manager engagement while the ticket is in CritSit Status

3. Non-Azure or Microsoft 365 Platform support tickets
 - a. Support tickets created for what Microsoft considers OnPrem or Hybrid products (even if these workloads are running in Azure), will incur an hourly charge of **\$380/hour** for the time that Microsoft Premier support is actively working on the ticket.
 - i. Examples of OnPrem or hybrid products are:
 1. Windows desktop operating systems
 2. Windows Server operating systems
 3. SQL Server (IaaS)
 4. .NET framework
 5. IIS
4. Advisory/Proactive requests If the Customer desires to receive comprehensive assistance or architecture advice the Customer can request a Proactive Advisory engagement through Microsoft Premier support at a rate of **\$380/hour**.
5. Microsoft Premier Support elective hourly rates are subject to change, but no more than once per calendar year.

Out of Scope Work Items

Specifically excluded from the CTEK Security deliverables are the following:

- Optimization or code changes of servers or applications during migrations – only Lift and Shift of servers is in scope
- Pre-migration steps to prepare for migrations are the responsibility of CTEK Security's IT (recommendations will be provided by Coretek)
- Post migration steps not explicitly required for a Lift and Shift migration are out of scope
- Configuration of the Customers on-premises routers/VPN equipment to Azure
- Coretek Services will not be responsible for review and assessment of non-Coretek Services source code (if applicable)
- Implementation of a 3rd party Firewall, Virtual WAN, Azure Front Door or other network virtual appliance in Azure not explicitly scoped in section 2.1
- Implementation of a net new federated identity infrastructure (i.e. – ADFS) or modifications to existing source identity infrastructure including MFA (Multi Factor Authentication) configuration.
- Deployment and configuration of Active Directory Domain Services to support Azure workloads
 - Coretek will support CTEK Security by deploying virtual machine(s) for the domain controller(s) if requested
- CTEK Security is responsible for acquiring all necessary hardware and licenses required as a result of Statement of Work
- Detailed step-by-step install guides for bare metal build of environment
- Implement required Network Throttling Rules if required
- Code development for automation of migration tasks
- Designing and conducting Disaster Recovery Application Test plan
- Azure Sentinel installation and configuration
- Deployment and configuration of 3rd party backup and DR tools (i.e. Veeam, CommVault, Cohesity, etc.)
- Deployment of advanced orchestration services such as AKS (Azure Kubernetes Services), Citrix, AVD (Azure Virtual Desktop), Synapse, HPC (High Performance Computing) Workloads
- Establish ExpressRoute connection

- Deployment and configuration of PIM and JIT
- Remediation of any security vulnerabilities that are identified
- Coretek will not perform formal training during build and configuration activities. If requested, Coretek will provide knowledge transfer once the build and configuration is complete during scheduled knowledge transfer sessions as defined within this agreement. If additional training or knowledge transfer is desired, Coretek will work with the project leadership team to provide a Change Order to support the request.
- Any area that is not explicitly listed in the Description of Project and Milestones is out of scope for this engagement
- Any activities that are not explicitly listed as Coretek's responsibility are out of scope for this SOW

Fees, Costs and Payment Schedule:

Below are CTEK Security's fees for the performance of Services under this SOW. Additional services to complete activities out of scope for this SOW are available upon execution of a Change Order to this SOW or the completion of a separate statement of work.

Item Description	Total Fees
Implementation	
Azure Sentinel – Onboarding and Configuration (One-Time Fee)	\$15,000
Total One-Time Implementation Fee	\$15,000
Managed Services Monthly Fees	
Managed Azure Virtual Desktop Core Support Up to 5 Application, Single Image, Single Region - (25 Users Included)	\$3,294
Unified Security Core Support Endpoint Detection and Response (EDR), Security Information and Event Management (SIEM), Security Operations Center (SOC) - (35 Users Included)	\$4,262
Managed Azure Standard Firewall – (1 Firewall Included)	\$520
Total Monthly Fees (36 Months)	\$8,076
<i>See Appendix A for Service Level Agreement</i>	
<i>See Appendix B for Add-On Pricing Options</i>	
<i>Customary reasonable and appropriate travel and other direct out-of-pocket expenses are not included in the amounts above and, if travel is requested and approved, will be invoiced separately</i>	

Travel and Other Expenses:

All Services are to be provided remotely, and thus there should be no travel expense. Any travel must be requested and approved by the execution of a Change Order between the Parties.

Payment Terms and Schedule:

- CTEK Security shall email an invoice to Customer in the amount designated below upon the date this SOW is fully executed by both parties ("Invoice Date")

- Payment for all invoices is due within ten (10) calendar days of the Invoice Date (“Payment Due Date”)
- **\$15,000 One Time Implementation Fee** will be invoiced upon execution of this SOW
- **\$290,736 Total Fees for a Three-Year Program**
 - **\$8,076 Total Monthly Fees** will be invoiced upon execution of this SOW for the first month of Services
 - **\$8,076 Subsequent Monthly Services Fees** will be invoiced by the 5th calendar day of each month for fees due for the next month’s fees
- Customer may elect to pay the **One Time Implementation Fee** plus the **Total Monthly Fees for Program Year 1 (12 months)** with the first invoice and receive a 5% discount
- Change Orders to increase the quantity of Users from those set out in this SOW for the following items will be as follows:
 - Managed Azure Virtual Desktop Beyond Core Support (25 Users included in this SOW) – Includes Up to 5 Applications, Single Image, Single Region – **\$98** per User
 - Unified Security Users Beyond Core Support (35 Users included in this SOW) – Includes Endpoint Detection and Response (EDR), Security Information and Event Management (SIEM), Security Operations Center (SOC) - **\$20** per User
- Any invoiced amount not paid within thirty (30) days of the Payment Due Date will incur late charges at the rate of one and one-half percent (1.50%) per month compounded on a daily basis from the Payment Due Date until the date the invoice is paid in full
- Any payment made with a credit card will incur an additional fee of three percent (3%) added upon payment of fees
- Customer is responsible for any gap or loss of funding to cover scoped efforts that Microsoft AMM & ECIF funding will not cover
- Work on this engagement cannot begin until the associated funding has been fully approved
- Microsoft AMM – Partner Led Funding requires Proof of Execution (“POE”) to be sent to Customer, and Customer must sign & return. In the instance Customer does not sign & return the POE, Customer is responsible for the Azure Sentinel Onboarding and Configuration cost as shown in the Fees Table above

SOW Term:

The term of this SOW shall begin on the SOW Effective Date with planning and preparation between the parties and shall remain in effect until the Term of the Services, as defined herein, has expired. The term of the Services provided under this SOW shall begin on a date to be mutually agreed between the parties (“Services Term Beginning Date”) and shall remain in effect for a period of **thirty-six (36)** calendar months from the Services Term Beginning Date (“Term of the Services”). The Services Term Beginning Date will be agreed between the parties based on the availability of Customer’s Program Owner and Program team and the appropriate CTEK Security Program Leader. However, both parties shall make reasonable efforts to ensure the Services Term Beginning Date occurs not more than sixty (60) days following the SOW Effective Date. Following the initial thirty-six (36) month Term of the Services, the Program will automatically renew for successive one (1) year periods unless Customer notifies CTEK Security of its intent not to renew no less than sixty (60) days prior to the expiration of the current SOW Term.

Approvals:

IN WITNESS WHEREOF, the parties hereto have executed this SOW as of the date last entered below (the "SOW Effective Date").

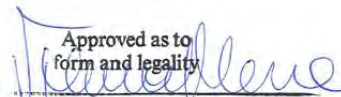
Agreed and Accepted By:

CTEK Security LLC

The Florida International University Board of Trustees

By: _____
Name: C. Baxter Lee
Title: Chief Financial Officer
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

Approved as to
form and legality

F.I.U. Attorney

DATE: 10-26-23

Appendix A

Service Level Agreement

Service Level Agreement (“SLA”) Penalties

- Incidents resulting in an SLA penalty must be initiated via a phone call.
- Qualified patch requests resulting in an SLA penalty must be initiated at least 24 hours before the start of the standing scheduled monthly patching window.
- If an SLA goal is not met as outlined within this SLA section a penalty of 5% of the total monthly support fee of this SOW will be deducted from monthly payment for the month in which the breach occurred. Only one (1) penalty can be incurred per month, to be credited on the next month’s invoice.

SLA Exceptions

- Failures on hardware, telecommunications, software, and performance monitors not under CTEK Security’s direct control or scope of responsibility that negatively impact CTEK Security’s solution (i.e. “Customers Workspace”).
- Network-related problems not within CTEK Security direct control that negatively impact CTEK Security’s solution (i.e. “Customers Workspace”).
- Customer negligence/willful conduct that negatively impacts CTEK Security’s solution. Includes “Acts of God,” denial of access, denial of service and/or “hacking” attacks that negatively impact CTEK Security’s solution (i.e. “Customers Workspace”). Also includes physical attacks, inability to obtain access, supplies or equipment needed for the provisions of the SLA.
- Impacts of scheduled or unscheduled changes or maintenance/upgrades on hardware, software and backups performed by non-CTEK Security personnel negatively impacting the solution (i.e. “Customers Workspace”) that CTEK Security Services supports
- Any scheduled downtime associated with mutually agreed to, prearranged system maintenance windows
- Delays resulting from Customer or its partners/vendors change control processes and/or approvals

Service Level Deliverables

Deliverable	Description	Schedule
Monthly Status Report Card	Includes results from the monthly proactive maintenance checklists and overall health of the cloud environment.	Monthly
SLA Reports	A document listing the number of tickets submitted and completed including time metrics. Delivered within the Monthly Status Report Card.	Monthly

Incident Severity Definitions

Severity	Definition
Severity One (1), P1	Complete loss of critical business function(s) for the Customer’s organization, a complete outage of system(s), application(s) or utility(s) negatively affecting core business operations within the Customer’s organization. No workarounds available. For production workloads only.
Severity Two (2), P2	Partial loss of critical business function(s) or complete loss of non-critical business function(s), application(s) or utility(s) negatively affecting the Customer’s organization’s ability to conduct business. No alternative workaround available. For Production workloads only.
Severity Three (3), P3	Degradation of critical business function(s), non-critical business function(s), application(s) and/or performance that negatively impacts the Customer’s organization. Workaround is available and service continues.
Severity Four (4), P4	Individual or small group productivity impacted. An inconvenience to business operations.
Severity Five (5), P5	Service problems or service requests requiring scheduled intervention.

Incident Request Service Level Penalties

Severity	Service Level Description	Goal
P1 Resolved	% of P1 Resolved <= 4 Hours	95%
P2 Resolved	% of P2 Resolved <= 3 Business Days	95%
P3 Resolved	% of P3 Resolved <=5 Business Days	90%
P1 Response	% of P1 Responded <= 60 Minutes	95%
P2 Response	% of P2 Responded <= 8 Hours	95%

Patch Type Definitions

Patch Type	Definition
Standard Patch	Patches that will be installed during the standing scheduled monthly patching window
Emergency Patch	Critical vulnerability patches that need to be installed within 24 hours and before the standing monthly patching window
Out of Brand Patch	Patches that need to be installed during a scheduled maintenance window before the standing monthly patching window

Patch Request Service Level Penalties

Severity	Service Level Description	Goal
Standard Patch	% of standard patches successfully applied within 1 month	95%
Emergency Patch	% emergency patches successfully applied within 24 hours	95%
Out of Brand Patch	% of out of band patches successfully applied within the mutually agreed upon patching window	95%

Backup Type Definitions

Patch Type	Definition
Standard Backups	Backups that follow standard process for image-based backups at the server or operating system level
Application Backups	Backups that require an agent specific to the application to perform application level backups and restores
LRS	Onsite replication of backup data
GRS	Offsite replication of backup data

Backup Service Level Penalties

Severity	Service Level Description	Goal
Daily Backup Success	% of scheduled backups jobs successfully completed within a 24 hour period (allows for 24 backup retry period before SLA penalty can e applied)	90%
Monthly Backup Success	% of scheduled backups jobs successfully completed within 1 month	90%

Disaster Recovery Definitions

DR Scenario	Definition
Production Failover DR Test	A planned simulation of a disaster which involves taking production systems offline and executing the DR plan to see if the teams involved in the DR process can restart technologies and business operations within SLA. DR Text executions are not eligible for SLA penalties
Bubble DR Test	A test which involves bringing some or all DR systems online in an isolated network to confirm the functionality of the DR plan without impacting production systems. DR Text executions are not eligible for SLA penalties
DR Failover	Execution of the DR plan upon declaration of a disaster that has rendered production systems unavailable
Recovery	Recovery is defined as when the Production environment (in portion or whole depending on the event declared as a disaster or a test) is made available and successfully accessed by a user or group of users in which Customer and Coretek agree the recovery is accepted as successful

Disaster Recovery Service Level Penalties

Severity	Service Level Description	Goal
RPO	Recovery point objective, the maximum acceptable amount of data loss	4 hours
RTO	Recovery time objective, the maximum desired length of time allowed between declaration of a disaster and the availability of systems in the disaster recovery landscape	8 hours

Appendix B

Add-On Pricing Options

Fees shown below are for additional quantities above the amounts listed in the Fees Table of this SOW.

Additional Services	Monthly Fees
Managed Azure Advanced Platforms - Azure Kubernetes Service, Azure Data Factory	\$1,950
Managed Azure Platforms - App Svcs, App GW, Bastion, DB for MySQL, Front Door, Az Netapp Files, Data Lake Store, ExpressRoute, Functions, IoT Hub, Load Balancer, Logic App, Redis Cache, SQL DB, SQL MI, Traffic Mgr, Az Virtual WAN, VPN GW, Az Web App FW	\$64
Virtual Machine Support - 24x7 Monitoring and Alarming, Managed Backups, and Patch Management, Named Customer Success Manager, 24/7 Service Desk, Incident Management, Problem Management, Change Management, and Knowledge Management	\$194
AVD Application Support - Managed Azure Virtual Desktop Additional Application Support	\$163
AVD Image Support - Managed Azure Virtual Desktop Additional Image Support	\$585

Total Spend by Product

Req#	Decription	Date	Status	Amount
290368	Ctek -CoM	7/19/2023	Partially Received	\$ 68,195.50
288853	Ctek -CAPP Proj 23-24	7/3/2023	Partially Received	\$ 186,900.00
286563	CO- CTEK	5/24/2023	Complete	\$ 21,680.00
272604	Ctek Assessment 22-23	7/29/2022	Complete	\$ 189,900.00
238989	CTEK Year 3	7/20/2020	Complete	\$ 174,000.00
221497	CTEK Year 2	7/2/2019	Complete	\$ 178,000.00
218344	CTEK -5th Quarter	5/1/2019	Complete	\$ 42,275.00
				\$ 860,950.50

Pending New SOW \$ 305,736.00
\$ 1,166,686.50

CTEK Contracts

PUR-06768 A1	In progress, pending BOT approval
PUR-06768	Executed
PUR-05204	Executed
PUR-00786 A3	Executed
PUR-00786 A2	Executed
PUR-00786 A1	Executed
PUR-00786	Executed
PUR-00579	Executed

Total Request \$ 2,500,000.00



Funding Certification Form

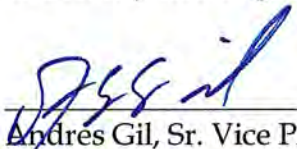
This form is required by the FIU Board of Trustees ("BOT") and/or a committee of the BOT as a condition for approval of items, containing a funding component, that come for approval before the Board and/or a BOT committee pursuant to the Delegations of Authority from the BOT to the University President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

Item name/description: Approval to proceed with CTEK SECURITY for university wide comprehensive risk assessments.

Funding Source(s):

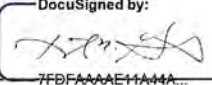
Fund Code	Fund Code Description
210	Educational & General
331	Auxiliary
652	Sponsored Research Overhead

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.


Andres Gil, Sr. Vice President

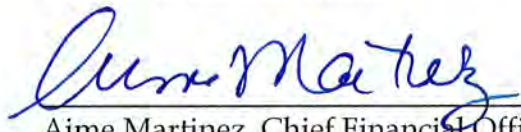
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Date

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Robert Grillo, Vice President and
Chief Information Officer

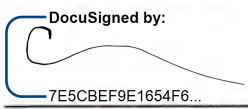
11/9/2023

Date


Aime Martinez, Chief Financial Officer and
Senior Vice President

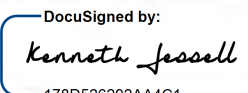
11/16/23

Date

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Carlos B. Castillo, General Counsel

11/29/2023

Date

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Kenneth A. Jessell, President

11/29/2023

Date

PIGGYBACK AGREEMENT

This Piggyback Agreement (the “**Agreement**”) is made and entered into August 1, 2023 (the “**Effective Date**”), by and between The Florida International University Board of Trustees, a Florida public body corporate (“**FIU**”), and Triumvirate Environmental Services, Inc., a Florida corporation, whose address is 3701 SW 47th Avenue, Suite 109, Davie, FL 33314 (the “**Contractor**”).

RECITALS

WHEREAS, the University of South Florida (herein known as “**USF**”) issued that certain Invitation to Negotiate ITN#2023-074-ITN-PRO Hazardous AND Biomedical waste removal on March 16, 2023 (herein known as “**ITN#2023-074-ITN-PRO**” and attached hereto as Exhibit I and incorporated herein by reference);

WHEREAS, Contractor submitted a response to ITN#2023-074-ITN-PRO (herein known as the “**Contractor’s Solicitation Response**” and attached hereto as Exhibit II and incorporated herein by reference);

WHEREAS, USF selected Contractor as the awarded contractor to ITN#2023-074-ITN-PRO for the provision of hazardous waste disposal (the “**Services**”); accordingly, USF and Contractor entered into that certain Master Agreement for Environmental Services, effective as of July 1, 2018, (as amended to date, herein collectively known as the “**Contractor Agreement**” and attached hereto as Exhibit III and incorporated herein by reference);

WHEREAS, the ITN#2023-074-ITN-PRO, the Contractor’s Solicitation Response, and the Contractor Agreement shall herein collectively be known as the “**Master Agreement**”;

WHEREAS, the Florida Board of Governors’ Regulation 18.001 and FIU Regulation 2201 allow FIU to enter into contracts let by any State of Florida agency or department, the Federal Government, other states, political subdivisions, not-for-profit cooperatives or consortiums, or any independent college or university for the procurement of commodities and contractual services, when it is determined to be cost-effective and in the best interest of FIU, to make purchases under contracts let by such other entities;

WHEREAS, the Master Agreement was procured by USF in accordance with the same competitive selection requirements applicable to FIU’s procurement of the Services;

WHEREAS, FIU is authorized to enter into contracts for the Services; and

WHEREAS, FIU and Contractor desire to utilize the Master Agreement and enter into this Agreement, for Contractor to provide the Services as may be required by FIU.

NOW THEREFORE, for and in consideration of the covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree to modify the Master Agreement as follows:

1. **Recitals.** The above recitals are true and correct and incorporated herein by reference.
2. **Term.** This Agreement shall commence on the Effective Date and shall continue for the same initial term as the Master Agreement for ITN#2023-074-ITN-PRO (the initial term of the Master Agreement for ITN#2023-074-ITN-PRO is for four (4) years beginning on July 1, 2023 and expiring on June 30, 2027). Upon the expiration of the initial term of the Master Agreement for ITN#2023-074-ITN-PRO, there are three (3) option periods of one (1) year each. If Contractor and USF exercise an option period, Contractor and FIU, at their mutual written agreement, may extend this Agreement for the same term as the option period. Notwithstanding the foregoing, if the Master Agreement is terminated for any reason, this Agreement shall automatically terminate as well.
3. **Services.** The Contractor will provide to FIU the Services pursuant to the terms and conditions described in the following: the ITN#2023-074-ITN-PRO, attached hereto as Exhibit I and incorporated herein by reference; the Contractor's Solicitation Response, attached hereto as Exhibit II and incorporated herein by reference; and the Contractor Agreement, attached hereto as Exhibit III and incorporated herein by reference. In the event of conflict between or among terms and conditions contained in the foregoing documents with regards to the Services, unless otherwise indicated, such documents shall govern in the following order of precedence: first, this Agreement; second, Exhibit III (the Contractor Agreement); third, Exhibit II (the Contractor's Solicitation Response); and fourth, Exhibit I (the ITN#2023-074-ITN-PRO).
4. **Payment Terms.** In addition to the payment term set forth in the Contractor Agreement, the following payment terms apply: the Contractor shall submit invoices for fees or other compensation for services or expenses in detail sufficient for a proper pre-audit and post-audit. FIU will make payment in accordance with FIU Regulation FIU-2202, which states the Contractor's rights as a vendor and FIU's responsibilities concerning interest penalties and time limits for payment of invoices. Upon receipt, FIU has five (5) business days to inspect and approve the goods or services. If a payment is not issued within **forty (40) days of receipt** of a proper invoice and receipt and inspection and approval of the goods and services, FIU will pay to the Contractor, in addition to the amount of the invoice, an interest penalty at the rate established pursuant to Florida Statutes §55.03(1), provided the interest penalty is in excess of one dollar (\$1.00). A Vendor Ombudsman has been established within the Office of Business and Finance. The duties of this individual include acting as an advocate for vendors who may be experiencing problems in obtaining timely payment from FIU. The Vendor Ombudsman may be contacted at (305) 348-2101. The Contractor shall cooperate with FIU and provide specific records and/or access to all of the Contractor's records related to this Agreement for purposes of conducting an audit or investigation. FIU will provide Contractor with reasonable notice of the need for such records or access.
5. **Beneficiary.** The parties agree that all obligations of Contractor under the Master Agreement, and all benefits provided therein by Contractor to USF, shall inure to the benefit of FIU, and, as applicable, Florida International University, the FIU Board of Trustees, the Florida Board of Governors, the State of Florida and their respective trustees, officers, agents, employees, and their respective successors and assigns, pursuant to this Agreement, and that Contractor assumes toward FIU all the obligations that Contractor assumes toward USF in the Master Agreement. The parties agree that all obligations of FIU under the Master Agreement, and all benefits provided therein by USF to Contractor, shall inure to the benefit of Contractor and its

officers, agents, employees, successors and assigns, and FIU shall assume toward Contractor all the obligations and responsibilities that USF assumes toward Contractor in the Master Agreement.

6. No Guarantees. Contractor acknowledges that this Agreement is not a guarantee of any work.

7. Insurance. Contractor shall, at minimum, have and maintain the types and amounts of insurance outlined in the ITN#2023-074-ITN-PRO, Contractor shall name and shall require all providers, partners, suppliers, subcontractors and anyone else providing services relating to this Agreement to name, as appropriate, 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 under the Commercial General Liability, Automobile Liability and Excess Liability policies. The additional insured status on the Commercial General Liability, Automobile Liability Excess Liability policies of the Contractor, its providers, partners, suppliers and subcontractors and anyone else providing services to the University shall be provided on a primary and any insurance carried by FIU shall be noncontributing with respect thereto. FIU, as a public body corporate entity, is self insured, and will provide its Certificate of Insurance upon request; FIU will not purchase additional insurance coverage for this Agreement. Except as may otherwise be provided in this Agreement, including without limitation Section 8 (“Relationship of the Parties”), FIU is not liable for the acts of third parties or the consequences of the acts of third parties.

8. Relationship of the Parties. The Contractor is an independent contractor, and neither the Contractor nor the Contractor’s employees, agents, or other representatives shall be considered FIU’s employees or agents. Contractor represents that Contractor and Contractor’s spouse or child are not employees of the University, and Contractor does not have an employment or contractual relationship with an employee of the University pursuant to [FIU Policy 140.105](#). The Contractor shall not use FIU’s name, trademarks, logos, or marks without FIU’s prior written approval. The Contractor represents and warrants that it is not on the Convicted Vendor List (see Fla. Stat. § 287.133(2)(a)). Subject to Section 32 of this Agreement (“Sovereign Immunity”) and Section 14 of this Agreement (“Indemnification”), each party hereby assumes any and all risk of personal injury and property damage to the extent caused by the willful or negligent acts or omissions of that party or the officers, employees, and agents thereof. The Contractor also assumes such risk with respect to the willful or negligent acts or omissions of the Contractor’s subcontractors or persons otherwise acting or engaged to act at the instance of the Contractor in furtherance of the Contractor fulfilling the Contractor’s obligations under this Agreement.

9. Notice. Any notices required under this Agreement shall be sent via U.S. Mail, certified mail and postage prepaid, return receipt requested, to the parties at the following addresses:

Notices to Contractor:

Legal Department
Triumvirate Environmental Service, Inc.
200 Inner Belt Road
Somerville, MA 02143

Notices to FIU:

Crystal Herrera
FIU- Purchasing Services
Campus Support Complex, CSC 411
11200 S.W. 8th Street Miami, Florida 33199

With copy to:

Florida International University Office of
the General Counsel Modesto A. Maidique
Campus 11200 S.W. 8th Street, PC 511
Miami, Florida 33199

10. Annual Appropriations. FIU's performance and obligation to pay under this Agreement is subject to and contingent upon the availability of funds appropriated by the Florida Legislature or otherwise lawfully expendable for the purposes of such Contract for the current and future periods. FIU will give notice to the Contractor of the non-availability of funds when FIU has knowledge thereof. Upon receipt of such notice by Contractor, Contractor is entitled to payment only for those services performed and accepted by FIU prior to the date such notice is received.

11. Taxes. FIU is a tax immune sovereign and exempt from the payment of sales, use or excise taxes. The Contractor shall pay all personal property taxes on leased equipment and all taxes based upon net income.

12. Travel Expenses. Contractor shall not charge FIU for any travel expenses, meals, and lodging unless otherwise provided in this Agreement and FIU's prior written approval of the expenses has been obtained. Under such circumstances, Contractor is authorized to incur the agreed to travel expenses which will be payable by FIU, but only to the extent permitted in Florida Statutes § 112.061 and the FIU Policy 1110.060 Travel: University Travel Expense Policy, which is available at <[http://policies.fiu.edu/record_profile.php?id=548&s= travel](http://policies.fiu.edu/record_profile.php?id=548&s=travel)>. Contractor is responsible for any expenses in excess of these prescribed amounts.

13. Force Majeure. In addition to what is provided in Section 9 of the Contractor Agreement ("Force Majeure"), each party agrees that no default, delay or failure to perform on the part of the either party shall be considered a default, delay or failure to perform otherwise chargeable, hereunder, if such default, delay or failure to perform is due to causes beyond either party's reasonable control including, but not limited to, strikes, lockouts or inactions of governmental authorities; epidemics; acts of terrorism; war; embargoes; fire; earthquakes; hurricanes; acts of God; or default of common carrier. In the event of such default, delay or failure to perform, any date or times by which either party is otherwise scheduled to perform shall be extended automatically for a period of time equal in duration to the time lost by reason of the excused default, delay or failure to perform.

14. Indemnification. The Contractor is responsible for its performance under this Agreement. The Contractor will indemnify and hold harmless, assume liability for and defend, the State of Florida, the Florida Board of Governors, FIU and their officers, employees, and agents, from and against any and all actions, claims, liabilities, assertions of liability, losses, reasonable costs and expenses, to the extent caused by the negligent acts, omissions or wrongful conduct of Contractor or Contractor's officers, employees, agents, guests, patrons, licenses, invitees or subcontractors in connection with or related to their operations, activities, and/or occupancy or use of the FIU premises in performance of this Agreement; provided, however, that except for Contractor's indemnification obligations hereunder with respect to third party claims, Contractor's liability shall be limited to a maximum amount of the contract value or one-hundred thousand dollars (\$100,000), whichever amount is larger. This provision shall survive termination or expiration of this Agreement.

FIU shall indemnify and hold harmless Contractor and its officers, employees and agents from any and all personal injury, death, or property damage claims, liabilities, losses or causes of action which may arise as a result of the negligence or wrongful act or omission of FIU or FIU's employees when acting within the course and scope of their employment as provided in Section 768.28 Florida Statutes; provided, however, this indemnification and FIU's liability for tort claims shall only be to the extent and within the limitations of Section 768.28 Florida Statutes, subject to the provisions of that statute whereby FIU shall not be held liable to pay a personal injury or property damage claim or judgment by any one person which exceeds the sum of \$200,000, or any claim or judgment or portions thereof, which, when totaled with all other claims or judgments paid by FIU arising out of the same incident or occurrence, exceeds the sum of \$300,000. Nothing herein shall be deemed to indemnify Contractor from any liability or claim arising out of the negligent performance or failure of performance of Contractor or as a result of the negligence or failure of performance of any third party. Further, nothing contained herein shall be construed or interpreted as: i) denying FIU or other state or public entity any remedy or defense available under the laws of the State of Florida; ii) the consent of FIU to be sued; or iii) a waiver of sovereign immunity of FIU beyond the waiver described herein and provided in §768.28, Florida Statutes. FIU's indemnification obligations which are contained in this provision are the sole and exclusive indemnification obligations FIU is undertaking; any indemnification obligations outlined in the Master Agreement between USF and Contractor shall not apply to the relationship between FIU and Contractor.

15. Trademark or Copyright Infringement. Contractor will, at its expense, defend any suit brought against FIU and will indemnify FIU against an award of damages and costs made against FIU by settlement or final judgment of a court that is based on a claim that the use of the Contractor's product infringes a trademark or copyright of a third party; provided that FIU notifies Contractor in writing of the suit or any claim of infringement within thirty (30) days after receiving notice thereof, and further provided that Contractor is permitted to control the defense in any litigation or settlement of the suit. FIU will provide reasonable cooperation in the defense of the suit at Contractor's expense. Such defense and indemnity shall survive termination or expiration of this Agreement.

16. Compliance with Laws. In connection with the performance of the Agreement, each party shall, at its own expense, at all times during the Term, comply with all applicable federal, state, and local laws, rules, regulations, and ordinances and all other governmental requirements. 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 the Agreement. This obligation shall specifically include, but is not limited to, Contractor's compliance with, if applicable to the Services, export control laws, including the International Traffic in Arms Regulations (ITAR), the Export Administration Regulations (EAR), and the Office of Foreign Assets Control Regulations (OFAC).

17. Privacy. If Contractor has access to PHI, as defined herein, in the performance of its Services, then Contractor shall, at its own expense, at all times during the term of the Agreement, comply with any and all applicable state and federal laws and FIU policies and procedures governing the use and/or safe-keeping of confidential, highly sensitive, personally identifiable and/or protected health information ("PHI") (as the terms may be defined by state or federal law), including, but not limited to, the Family Educational Rights and Privacy Act (FERPA), the Health Insurance Portability and Accountability Act (HIPAA), the Gramm-Leach Bliley Act, the Federal

Trade Commission's Red Flags Rule (which implements Section 114 of the Fair and Accurate Credit Transactions Act of 2003), [FIU Policy 1110.032](#) – Preventing Identity Theft on Covered Accounts, and [FIU Procedure 1930.020a](#) – Data Stewardship (collectively, “Privacy Laws”). Contractor shall obtain in advance all necessary permissions and consents, as applicable, in regards to its collection/receipt of any such information. Further, if Contractor is assuming duties that would otherwise be provided by FIU and will have access to student data, Contractor shall notify FIU's Office of the General Counsel and receive appointment to receive such information, in writing, prior to accessing any such student data. In the event that FIU will share with or provide access to Contractor of any PHI, FIU and Contractor shall, pursuant to [FIU Policy 1610.020](#), enter into a separate business associate agreement which will govern the use of the PHI (in lieu of this provision). Contractor agrees to include all of such terms and conditions contained in any subcontractor or agency contracts providing services on behalf of Contractor

18. Compliance with Public Records Law. FIU is subject to applicable public records laws as provided by provisions of Florida Statutes Chapter 119, and FIU will respond to such public records request without any duty to give the Contractor prior notice. If Contractor is a “contractor” as defined under Section 119.0701, Florida Statutes, Contractor shall comply with all applicable public records laws. Specifically, Contractor shall: (1) keep and maintain public records required by FIU to perform the service; (2) upon request from FIU's custodian of public records, provide FIU with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided under that section, or as otherwise provide by law; (3) ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the contract term and following completion of the contract if Contractor does not transfer the records to FIU; and (4) upon completion of the contract, transfer, at no cost, to FIU all public records in possession of Contractor or keep and maintain public records required by FIU to perform the Service; provided, however, that Contractor may retain copies of the public records that are stored on Contractor's information technology backup and disaster recovery systems, or as Contractor deems necessary in order to comply with ordinary and customary retention requirements of financial institutions, audit and legal requirements, and Contractor's document retention policies. If Contractor transfers all public records to FIU upon completion of the contract, Contractor shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. If Contractor keeps and maintains public records upon completion of the contract, Contractor shall meet all applicable requirements for retaining public records. All records stored electronically must be provided to FIU, upon request by FIU's public records custodian, in a format that is compatible with FIU's information technology systems. If FIU receives a request for public records, and FIU does not possess such records, FIU shall immediately notify Contractor of such request, and Contractor must provide them to FIU or allow the records to be inspected or copied within a reasonable time. If Contractor does not comply with the request for records, FIU shall enforce the terms of the contract, and Contractor may be subject to civil action under Section 119.0701, Florida Statutes, and the penalties outlined under Section 119.10, Florida Statutes. FIU may unilaterally cancel the Agreement for Contractor's refusal to allow public access to all public records that were made or received in conjunction with the Agreement. This provision shall survive the expiration or earlier termination of the Agreement. **IF THE CONTRACTOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE CONTRACTOR'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS AGREEMENT, CONTACT THE**

CUSTODIAN OF PUBLIC RECORDS AT (305) 348-1377, BY E-MAIL AT recordsmanagement@fiu.edu, OR BY MAIL AT 11200 SW 8 ST., GL 460, MIAMI, FLORIDA 33199.

19. Third Party Beneficiaries. The Agreement does not and is not intended to confer any rights or remedies upon any person other than the parties to the Agreement.

20. Confidentiality of Information. The Contractor acknowledges and agrees that (a) all non-public proprietary or confidential documents, studies, materials and information furnished to the Contractor by FIU or FIU's affiliates in connection with this Agreement and (b) all non-public proprietary or confidential reports, studies, plans, deliverables, strategies, materials and other documents and information developed or prepared for FIU in connection with this Agreement or which reflect any of the documents, studies, materials or information furnished to the Contractor by FIU (the materials described in (a) and (b) are collectively referred to as the "Information") are and shall remain at all times confidential, proprietary, and the sole property of FIU. "Information" does not include any information that (i) is or becomes generally available to the public other than as a result of Contractor's breach of this Agreement; (ii) is obtained by Contractor on a non-confidential basis from a third-party that, to Contractor's knowledge, was not legally or contractually restricted from disclosing such information; (iii) was in Contractor's possession prior to FIU's disclosure hereunder; or (iv) was or is independently developed by Contractor without using any Information. The Contractor agrees that it shall not use the Information and will not share the Information with its employees, except as necessary to the Contractor's performance under this Agreement, and the Contractor shall at all times comply with all state and federal laws governing the use and/or safe-keeping of confidential and/or personally identifiable information, if applicable. Except as provided below, the Contractor shall not disclose Information to third parties unless it obtains FIU's written consent to such disclosure.

In the event the Contractor required by subpoena or other judicial or administrative process or by law to disclose such records, the Contractor shall to the extent permitted by law (i) provide FIU with prompt notice thereof;; (ii) furnish only that portion of the Information that, in Contractor's reasonable opinion is responsive to the request; (iii) comply with the requirements of all state and federal privacy laws applicable to the Information, which may include but is not be limited, to Florida Public Records laws, FERPA, the Gramm-Leach Bliley Act, the Federal Trade Commission's Red Flags Rule (which implements Section 114 of the Fair and Accurate Credit Transactions Act of 2003); and (iv) reasonably cooperate with FIU in any attempt that FIU may make, at FIU's sole expense, to obtain an order or other reliable assurance that confidential treatment will be accorded the records. Upon termination of this Agreement or upon request by FIU, the Contractor shall promptly return the Information to FIU; provided, however, that Contractor may retain copies of Information that are stored on Contractor's information technology backup and disaster recovery systems, or as Contractor deems necessary in order to comply with ordinary and customary retention requirements of financial institutions, audit and legal requirements, and Contractor's document retention policies. Notwithstanding the foregoing, if FIU will share or provide access to protected health information or "PHI", as that term is or may be defined by state or federal law, to Contractor for the Contractor to perform this Agreement, FIU and the Contractor will, pursuant to FIU Policy 1610.020, enter into a separate business associate agreement which will govern the confidentiality and non-use obligations of this Agreement regarding the PHI (in lieu of this provision). If FIU will share or provide access to PHI to Contractor for the Contractor to perform this Agreement, Contractor agrees to include all of such terms and conditions contained in this provision in any subcontractor or agency

contracts providing services on behalf of Contractor. This provision shall survive the termination or expiration of this Agreement.

21. Lobbying. Contractor is prohibited from using funds provided under this Agreement for the purpose of lobbying the Legislature or any official, officer, commission, board, authority, council, committee, or department of the executive branch or the judicial branch of state government.

22. Federal Funds. If FIU has entered into an agreement with the United States of America, or any Department thereof, and this Agreement is entered into with Contractor to further the performance of the work required in such federal agreement, then FIU shall so notify Contractor expressly of the same in writing, and Contractor shall comply with the terms contained in FIU's Federally Funded Projects Addendum found at <https://generalcounsel.fiu.edu>, herein incorporated by reference.

23. Section 889 Compliance Certification. Contractor certifies its compliance with § 889 of the McCain National Defense Authorization Act (prohibition against use of covered telecommunications equipment).

24. Termination for Cause. Either party may terminate this Agreement for cause by giving the other party thirty (30) calendar-days written notice setting forth with specificity the basis for the termination of this Agreement for cause. For purposes of this Agreement, "cause" shall mean the failure by either party to: (i) provide the goods or perform the services within the time specified in this Agreement; or (ii) adhere to any terms of this Agreement.

25. Termination without Cause. Either party may terminate this Agreement by giving the other party at least ninety (90) days prior written notice of termination. In the event of such termination without cause, FIU shall only be liable for payment of goods received and/or services rendered and accepted by FIU prior to the effective date of termination.

26. Information Technology. If Contractor has access to FIU's information technology infrastructure, or will be providing such infrastructure to FIU, Contractor agrees at all times to maintain network security that, at a minimum, includes: network firewall provisioning, intrusion detection, and regular third party penetration testing. Contractor further agrees to:

- Network Standards: to use at least those standards that FIU applies to its own network, pursuant to [FIU Policy 1910.010 - University Wireless Network Infrastructure](#);
- Data Security: to protect and maintain the security of FIU data with protection that is at least as good as or better than that maintained by FIU. These security measures include maintaining secure environments that are patched and up-to-date with all appropriate security updates pursuant to [FIU Policy 1930.020 - Information Technology Security](#);
- Data Transmission: that any and all transmission or exchange of system application data with FIU and/or any other parties expressly designated by FIU, shall take place via secure means, e.g., HTTPS or FTPS;
- Data Storage: that any and all FIU data will be stored, processed, and maintained solely on designated target servers and that no FIU data at any time will be processed on or transferred to any portable or laptop computing device or any portable storage medium, unless medium is in part of the Contractor's designated backup and recovery process;

- Domain Encryption: that any websites hosted by Contractor on behalf of FIU shall be on an encrypted domain in compliance with the minimum security standards pursuant to [FIU Policy 175.150 - Digital Communications Standards Policy](#);
- Data Encryption: to store any FIU backup data as part of its designated backup and recovery process in encrypted form, using no less than 128 bit key;
- Password Protection: that any portable or laptop computer that resides at any FIU facility, has access to a FIU network, or stores any non-public FIU data is equipped with strong and secure password protection;
- Data Re-Use: that all data exchanged shall be used expressly and solely for the purpose enumerated in the Agreement. Data shall not be distributed, repurposed or shaped across other applications, environments, or business units of Contractor. Contractor further agrees that no FIU data of any kind shall be transmitted, exchanged or otherwise passed to other vendors or interested parties except on a case-by-case basis as specifically agreed to in writing by FIU;
- Data Destruction: that, upon termination of the Agreement, it shall erase, destroy, and render unreadable all FIU data from all computer systems and backups, and certify in writing that these actions have been completed within thirty (30) days of the termination of the Agreement or within seven (7) days of the request of an agent of FIU, whichever shall come first; and
- Notification and Data Breaches: to comply with all applicable laws that require the notification of individuals in the event of unauthorized release of personally identifiable information or other event requiring notification in accordance therewith. In the event of a data breach of any Contractor's security obligations or other event requiring notification under applicable law (a "Notification Event"), Contractor agrees to assume responsibility for informing all such individuals in accordance with applicable laws and to indemnify, hold harmless and defend FIU against any claims, damages, or other harm related to such Notification Event.

27. PCI DSS. If Contractor's provision of services involve the acceptance of funds on behalf of the University or involve credit card services, Contractor agrees to comply with those terms contained in [FIU Policy 1110.025](#) – Payment Card Processing reference. Further, Contractor shall be responsible for the security of all FIU customer cardholder data in its possession. Contractor represents and warrants that for the life of the Agreement and/or while Contractor has involvement with FIU customer cardholder data, the software and services used for processing transactions shall be compliant with standards established by the Payment Card Industry Security Standards Council (<https://www.pcisecuritystandards.org/>). Contractor shall, upon written request, furnish proof of compliance with the Payment Card Industry Data Security Standard (PCI DSS) within 10 business days of the request. Contractor agrees to provide to FIU a current and complete copy of their Attestation of Compliance (AOC).

28. Deletion. Any term and/or condition in the Exhibits on the following subject matters are hereby deleted in their entirety and declared null and void: (a) Grants of exclusivity by FIU to Contractor; (b) FIU's responsibility to pay intangible taxes, property taxes, or sales taxes; (c) Automatic renewals of the term of the Agreement; (d) Limitation of time to bring suit; (e) that FIU performs reporting functions and/or maintains certain types of operations (f) Granting Contractor any right to audit FIU; (g) Attorneys' or collection fees provisions relating to Contractor's collection of past-due invoices or for enforcement of any of the provisions of the Agreement; and (h) Arbitration and mediation clauses.

29. 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 contract. FIU may terminate this Agreement immediately upon notice to Contractor for any violation of this provision.

30. No counterparts; facsimile signatures allowed. This Agreement may not be executed in counterparts. The Agreement, along with any and all Exhibits, may be executed and delivered by facsimile signature by any of the parties to the other parties; to the extent permissible under Florida law, a facsimile signature shall have the same legal force and effect as an original signature and the receiving party may rely on the receipt of such document so executed and delivered by facsimile signature as if the original had been received.

31. Assignment/Modification of Contract. This Agreement may not be assigned or modified by either party except as agreed to in writing and signed by both parties. This Agreement shall be binding upon the parties' successors and assigns.

32. Sovereign Immunity. Nothing in this Agreement shall be construed as a waiver of sovereign immunity beyond that provided in Florida Statutes §768.28.

33. Governing Law; Venue. This Agreement is governed by the laws of the State of Florida and exclusive venue of any actions arising out of this Agreement shall be in the courts in Miami-Dade County, Florida.

34. Entire Agreement. This Agreement, along with the Exhibits and any other appendices, addenda, schedules, and amendments hereto, encompasses the entire agreement of the parties, and supersedes all previous understandings and agreements between the parties, whether oral or written. The parties hereby acknowledge and represent that said parties have not relied on any representation, assertion, guarantee, warranty, collateral contract or other assurance, except those set out in this Agreement, made by or on behalf of any other party or any other person or entity whatsoever, prior to the execution of this Agreement.

35. Non-solicitation. During the duration of the Services provided by Contractor to FIU and for a period of one (1) year thereafter, FIU's department of Environmental Health and Safety (as it may be renamed or reorganized) agrees not to hire, solicit, nor attempt to solicit the services of any employee of Contractor that has performed services under this Agreement in an environment, health, and/or safety (EH&S) or similar capacity without the prior written consent of Contractor. Violation of this provision shall, in addition to other relief, entitle Contractor to assert damages against FIU, to which FIU hereby agrees, equal to one hundred fifty (150) percent of the solicited persons annual compensation.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.

IN WITNESS WHEREOF, the parties have affixed their signatures, effective on the date first written above.

FOR THE CONTRACTOR:

Triumvirate Environmental Service, Inc.

BY:

NAME & TITLE:

DATE:

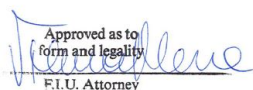
FOR FIU:

**THE FLORIDA INTERNATIONAL
UNIVERSITY BOARD OF TRUSTEES**

BY:

Dr. Kenneth A. Jessell, President

DATE:


Approved as to
form and legality
F.I.U. Attorney

DATE: 11-6-23



**FLORIDA
INTERNATIONAL
UNIVERSITY**

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: Triumvirate Environmental Services – Hazardous Waste Disposal Services

Funding Source(s):

Fund Code	Fund Code Description
210	General Revenue
331	Auxiliary Enterprises
652	Sponsored Research Overhead
663	State Level 4

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.

Javier Marques, Vice President for Operations
& Safety and Chief of Staff

11/13/23
Date

Andrés G. Gil, Senior Vice President, ORED

November 13, 2023
Date

Aime Martinez, Chief Financial Officer and
Senior Vice President

11-16-23
Date

DocuSigned by:

7E5CBEE9E1654E6

Carlos B. Castillo, General Counsel

11/29/2023
Date

DocuSigned by:

Kenneth Jessell

178D526292AA4C1...

Kenneth A. Jessell, President

11/29/2023
Date

Date

Florida International University
Financial Summary Overview ¹
Fiscal Year 2023-24

(\$ in millions)

Revenue / Receipts

University

	Year To Date September 2023			
	Budget	Current Year Actual	Variance	
			\$	%
Educational and General (net) ²	\$ 187.2	\$ 189.7	\$ 2.5	1%
University	171.9	174.2	2.3	1%
College of Medicine	15.3	15.5	0.2	1%
FIU Self-Insurance Program	-	-	-	0%
Auxiliary Enterprises	85.9	81.5	(4.4)	-5%
Intercollegiate Athletics	9.7	9.6	(0.1)	-1%
Activities and Service	7.8	7.9	0.1	1%
Technology Fee	4.3	4.4	0.1	3%
Board Approved Fees	0.1	0.1	0.0	40%
Contracts and Grants	54.8	58.3	3.5	6%
Student Financial Aid	91.3	96.5	5.2	6%
Concessions	0.3	0.3	-	0%

Direct Support Organizations

FIU Athletic Finance Corp.	1.0	1.0	-	0%
FIU Foundation Inc.	7.0	5.7	(1.3)	-19%
Contributions for University Support	6.7	5.4	(1.3)	-19%
Contributions and Operating Revenues	0.3	0.3	-	0%
FIU Health Care Network	0.8	0.7	(0.2)	-20%
FIU Research Foundation	-	-	-	0%

Interfund Adjustments ³	(3.1)	(3.1)	-	0%
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Total Operating Revenues	\$ 447.1	\$ 452.5	\$ 5.4	1%
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University: Treasury (net) & Contracts & Grants	4.0	(2.5)	(6.5)	-163%
DSO's: FIU Foundation Inc., AFC, HCN	5.7	(9.0)	(14.7)	-258%

Total Investment Revenues	\$ 9.7	(11.5)	(21.2)	-219%
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Total Revenues / Receipts	\$ 456.8	\$ 441.0	(15.8)	-3%
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Expenses

University

Educational and General (net)	\$ 131.4	\$ 125.0	\$ 6.4	5%
University	120.3	115.8	4.5	4%
College of Medicine	11.1	9.2	1.9	17%
FIU Self-Insurance Program	-	-	-	0%
Auxiliary Enterprises	61.8	55.6	6.2	10%
Intercollegiate Athletics	7.5	9.2	(1.7)	-23%
Activities and Service	4.4	3.6	0.8	18%
Technology Fee	4.1	5.2	(1.1)	-27%
Board Approved Fees	0.2	0.2	-	0%
Contracts and Grants	47.3	60.2	(12.9)	-27%
Student Financial Aid	99.5	108.1	(8.6)	-9%
Concessions	0.2	0.2	-	0%

Direct Support Organizations

FIU Athletic Finance Corp.	1.1	0.9	0.2	18%
FIU Foundation Inc.	10.0	9.7	0.3	3%
University Program Support	7.0	8.1	(1.1)	-16%
Operating Expenses	3.0	1.6	1.4	48%
FIU Health Care Network	0.8	0.6	0.2	25%
FIU Research Foundation	-	0.0	(0.0)	0%
-	-	-	-	0%

Interfund Adjustments ³	(3.1)	(3.1)	-	0%
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Total Expenses	365.2	375.4	(10.2)	-3%
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Principal Payment of Debt ⁴	-	-	-	0%
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Change in Net Assets (incl. Investments)	\$ 91.6	\$ 65.6	(26.0)	-28%
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Change in Net Assets (excl. Investments)	\$ 81.9	\$ 77.1	(4.8)	-6%
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Florida International University
Financial Summary Overview ¹
Fiscal Year 2023-24 as of September 2023

Financial Highlights:

Real Timing

Operations - By Fund and Direct Support Organization

Educational and General Variance: Revenues \$2.5M, Expenses \$6.4M

I. University (ex-College of Medicine) Variance: Revenues \$2.3M, Expenses 4.5M

Operating Revenues

State Appropriations:

- Amendments for distributions for higher risk management insurance premium, \$0.1M

0.1 -

Tuition:

- Undergraduate base: student credit hour enrollment is 95 FTE or 0.8% below target; associated tuition revenues are below plan mainly due to lower than anticipated student credit hour enrollment in transfer students offset by higher student credit hour enrollment in FTIC students

(1.6) -

- FIU Fully Online: lower net tuition revenues mainly due to lower than planned enrollment, 127 FTE or 5.7%

(1.0) -

- Dual Enrolled: student credit hour enrollment is lower than target by 53 FTE or 7.8%; favorable revenue variance mainly due to unbudgeted revenues from in-state fee for on-campus dual enrolled students - tuition for off-campus, dual enrolled students is waived by statute

0.4 -

- Shorelight Enrollment (international students): 61.1% or 192 FTE higher than budgeted enrollment; net tuition revenue from progressed students is above plan

1.7 -

- Undergraduate Dual-Degree Programs in China: student credit hour enrollment above target by 86.2% or 127 FTE, as students taking accelerated credits to complete the program by the end of Fall 2023 was not factored into enrollment estimates; timing due to pending collection of revenues

- 2.0

- Tuition differential: above target as lower student credit hour enrollment is offset by lower than anticipated prepaid contract exclusions

1.0 -

- Graduate and Professional: student credit hour enrollment above target by 2.1% or 46 FTE, mainly higher enrollment across Masters and Law professional programs offset by lower enrollment in Nursing professional programs

0.5 -

- Other: Timing of Programs of Strategic Emphasis waivers for Fall 2023 which have not yet been funded by the state, (\$2.6M), along with delays in Special Talent waivers, \$1.0M; offset by less out-of-state fee waivers for non-resident fellows and graduate assistants (F.S. 1009.24 (5)(b)), \$0.9M, higher incidental revenues, \$0.2M, and higher institutional financial aid, (\$0.3M)

0.8 (1.6)

Total Revenues Variance

\$ 1.9 \$ 0.4

Operating Expenses:

The favorable expense variance of \$4.5M is comprised of real savings of \$2.8M and timing of \$1.7M.

Real savings of \$2.8M are mainly due to savings from vacant positions and personnel leave paid out of the fringe benefit pool, \$2.9M, offset by higher risk management insurance premium, (\$0.1M).

The timing variance of \$1.7M is mainly due to later than anticipated spending on placeholders for university-wide salary increases, strategic initiatives, and scholarships, \$4.8M; delays in spending on plant operations and maintenance and utilities, \$1.3M; timing of other in-unit operating expenses such as service and information technology contracts, library subscriptions and memberships, professional services, and advertising, \$3.7M; offset by earlier than anticipated expenditures on university-wide bonuses and temporary employees, (\$8.1M).

\$ 2.8 \$ 1.7

II. College of Medicine Variance: Revenues \$0.2M, Expenses \$1.9M

Net tuition revenue is higher than target due to higher than anticipated enrollment.

\$ 0.2 \$ -

The favorable expense variance is driven mainly by savings from vacant positions, \$1.3M, and other operating expenses, \$0.2M. The timing variance of \$0.4M is due to later than anticipated payment of teaching and information technology contracts, subscriptions, and services.

\$ 1.5 \$ 0.4

FIU Self-Insurance Program Variance: Revenues \$0.0M, Expenses \$0.0M

Revenues are on target with projections.

\$ - \$ -

Unfavorable operating expense variance of \$9K due to earlier than anticipated investment expenses.

\$ - \$ (0.0)

Florida International University
Financial Summary Overview ¹
Fiscal Year 2023-24 as of September 2023

Financial Highlights:

Real **Timing**

Auxiliary Enterprises Variance: Revenues -\$4.4M, Expenses \$6.2M

Revenues are below plan by \$4.4M due to timing factors.

The real variance, \$0.0M, is comprised of prior year revenues for information technology services and computer sales and higher revenues from retail services, \$0.7M, offset by less distance learning fees and lower revenues in other academic programs such as study abroad, (\$0.6M).

\$ 0.0 \$ (4.4)

The unfavorable timing variance, (\$4.4M), is mainly due to delays in internal billings by FIU online and later than anticipated revenues across several recharge centers, (\$2.3M); delays in auxiliary funded construction projects resulting in lower construction services reimbursement fee revenue, (\$1.3M); delay in executing the Memorandum of Understanding with the FIU HealthCare Network, (\$0.8M).

Expenditures are below budget primarily due to real savings of \$0.8M and timing of expenditures of \$5.4M.

The real expense savings of \$0.8M are due to vacant positions across all auxiliaries offset by higher than anticipated university-wide employee salary increases and one-time bonuses.

The timing variance of \$5.4M is mainly due to later than planned marketing and advertising campaigns in FIU Online and other operating expenses in academic units, \$2.7M, timing of expenses related to retail services, \$0.9M, delays in the execution of the Memorandum of Understanding with the FIU HealthCare Network for services, \$0.7M, later than anticipated spending across various auxiliaries, \$1.1M, offset by earlier than anticipated expenses associated than anticipated repairs and maintenance in various Housing residences, (\$0.2M).

\$ 0.8 \$ 5.4

Intercollegiate Athletics Variance: Revenues -\$0.1M, Expenses -\$1.7M

The unfavorable revenue variance of \$0.1M is mainly due to later than anticipated receipt of other operating revenues, (\$0.3M), offset by higher Intercollegiate Athletic Fee revenues from undergraduate dual-degree programs in China which were not included in estimates (timing due to pending collection of revenues), \$0.2M.

\$ - \$ (0.1)

Expenditures are higher than budget mainly due to real higher expenses, (\$0.4M), and timing, (\$1.3M). Real, higher expenses of \$0.4M are due to savings in salaries and benefits due to changes in the football staff offset by higher than anticipated university-wide employee bonuses and scholarship expenses. The unfavorable timing variance of \$1.3M is due to timing of budgeted scholarship expenses, (\$0.7M), and earlier than planned uniform, insurance, facilities and equipment, and materials and supplies expenses, (\$0.6M).

\$ (0.4) \$ (1.3)

Student Activity and Service Variance: Revenues \$0.1M, Expenses \$0.8M

Operating revenues are above target due to Student Activity and Service Fee revenues from undergraduate dual-degree programs in China which were not included in estimates; timing due to pending collection of revenues, \$0.1M.

\$ - \$ 0.1

Expenses are below target primarily due to savings mainly in student centers and buildings, student services, Student Government Association, student groups and clubs, and campus life; savings are driven by vacant positions and less temporary personnel, \$0.4M, and other expenses, \$0.4M.

\$ 0.8 \$ -

Technology Fee: Revenues \$0.1M, Expenses -\$1.1M

Operating revenues are above target due to Technology Fee revenues from undergraduate dual-degree programs in China which were not included in estimates; timing due to pending collection of revenues, \$0.1M.

\$ - \$ 0.1

Expenses are above target due to earlier than anticipated spending on new projects which were approved for this fiscal year.

\$ (0.0) \$ (1.1)

Board Approved Fees: Revenues \$0.0M, Expenses \$0.0M

Revenues are above plan by \$20K or 41%, due to more than anticipated students reaching the minimum eligibility threshold of seventy credit hours to be assessed the Bar Test Prep Fee.

\$ 0.0 \$ -

Expenses are on target with the budget.

\$ 0.0 \$ -

Contracts and Grants Variance: Revenues \$3.5M, Expenses -\$12.9M

Sponsored Research:

Florida International University
Financial Summary Overview ¹
Fiscal Year 2023-24 as of September 2023

Financial Highlights:

Real Timing

The favorable variance in revenues of \$9.2M is due to higher than planned revenue across all sources of sponsored projects, mainly federal grants, \$10.3M, offset by higher revenue allocations from sponsored research administration to sponsored projects, (\$0.2M), and an unfavorable timing variance of \$0.8M associated with the Higher Education Emergency Relief (HEERF) reimbursements which were projected at \$1.3M through the first quarter.

\$ 10.0 \$ (0.8)

Expenditures are above budget by \$14.4M mainly due to higher expenses across all sources of sponsored projects, mainly federal grants, (\$10.3M); and higher than expected commitments against Facilities and Administrative (F&A) returns spent by the colleges, units, centers, and researchers, (\$4.1M).

\$ (14.4) \$ -

External Contracts:

Revenues are under plan by \$5.7M. The timing variance, (\$4.7M), is primarily due to delays in receiving DSO reimbursements due to timing of expenses and pending revenues for incidental contracts. The real variance, (\$1.0M), is from less expenses to be reimbursed by the DSO, mainly in University Advancement and Academic Affairs.

\$ - \$ (5.7)

Expenses are below budget by \$1.5M, of which \$1.8M is due to later than anticipated expenses that will be reimbursed by the FIU Foundation Inc. and incidental contracts; offset by real, higher DSO reimbursements due to higher than anticipated university-wide bonuses, (\$0.3M).

\$ (0.3) \$ 1.8

Student Financial Aid Variance: Revenues \$5.2M, Expenses -\$8.6M

Student Financial Aid revenue is above target by \$5.2M or 6%. The real variance of \$3.7M is due to more than anticipated Pell grant awards due to more eligible students, \$2.0M; more than expected Bright Futures awards due to more eligible students, \$1.3M; and higher institutional aid revenues from higher financial aid and tuition differential (30% allocation to financial aid) fee revenues, \$0.4M. The remaining timing variance of \$1.5M is due to earlier than anticipated revenue disbursements from the state for Bright Futures awards, \$2.7M; offset by later than anticipated receipt of certain donor-related awards, (\$1.0M), and other sources of financial aid, (\$0.2M).

\$ 3.7 \$ 1.5

Student Financial Aid expenses are above target \$8.6M or 9%. The unfavorable real variance of \$5.0M is due to more than anticipated Pell Grant awards, (\$3.7M), and Bright Futures awards, (\$1.3M). Additionally, the timing variance of (\$3.6M) is driven by earlier than anticipated disbursement of Florida Student Assistance Grant (FSAG), (\$2.7M), and institutional aid, (\$2.2M); offset by later than anticipated disbursements of certain donor related scholarships, \$1.2M; and other sources of student financial aid, \$0.1M.

\$ (5.0) \$ (3.6)

The negative change in net position of \$11.1M is \$3.4M below target and is mainly due to timing of reimbursements received for Pell Grant awards and the Florida Student Assistance Grant.

Concessions Variance: Revenues \$0.0M, Expenses \$0.0M

Operating revenues are \$15K or 5% above target mainly due to an unbudgeted reimbursement of prior year capital expenses from a vending provider, \$21K, and higher laundry vending commissions, \$4K; offset by timing of recording of vending commissions, (\$10K).

\$ 0.0 \$ (0.0)

The unfavorable variance against budget of \$3K is mainly due to timing of earlier than anticipated expenses related to several university events, (\$17K), offset by less housing student-related events funded by Housing laundry commissions, \$12K, and lower administrative overhead from vending operations, \$2K.

\$ 0.0 \$ (0.0)

FIU Athletic Finance Corp. Variance: Revenues \$0.0M, Expenses \$0.2M

Operating revenues are on plan. However, there is a real variance of \$0.1M mainly due to higher than planned season tickets sales and rental income from Miami FC, which is offset by an unfavorable timing variance of \$0.1M from pending suite revenue and other operating revenues which are expected to materialize in the second quarter.

\$ 0.1 \$ (0.1)

Operating expenses are lower than budget. The real variance of \$0.1M is due to less repairs and maintenance due to a cancelled project, offset by unbudgeted expenses to install field decals and a digital roller shade. The favorable timing variance of \$0.1M is due to pending event charges related to home football games and utility expenses.

\$ 0.1 \$ 0.1

FIU Foundation Inc. Variance: Revenues -\$1.3M, Expenses \$0.3M

Florida International University
Financial Summary Overview ¹
Fiscal Year 2023-24 as of September 2023

Financial Highlights:

	<u>Real</u>	<u>Timing</u>
The unfavorable revenue variance is driven by the timing of cash contributions, mainly from building funds and several colleges, (\$2.0M), offset by earlier than anticipated planned contributions for scholarships and programs, \$0.5M, and the Stempel College of Public Heath & Social Work, \$0.3M.	\$ -	\$ (1.3)
The favorable expense variance of \$0.3M is all due to timing. Savings in FIU Foundation Inc. operating expenses, \$1.4M, due to timing of administrative operating expenses are offset by earlier than anticipated expenditures in support of the university, mainly in scholarships and programs, (\$1.1M).	\$ -	\$ 0.3

Florida International University
Financial Summary Overview ¹
Fiscal Year 2023-24 as of September 2023

Financial Highlights:

Real Timing

FIU HealthCare Network Variance: Revenues -\$0.2M, Expenses \$0.2M

Operating revenues are \$0.2M lower than estimates due to lower management fees related to patient revenues. This was due to vacancies in providers contributing to less patient visits, in addition to a planned reduction in patient visits in July to facilitate the transition of the Electronic Medical Records (EMR) to a new system. \$ (0.2) \$ -

Expenses are \$0.2M lower than planned due to lower contracted personnel expenses in the Ambulatory Care Center (ACC), partially offset by higher maintenance expenses for clinical equipment. \$ 0.2 \$ 0.0

FIU Research Foundation Variance: Revenues \$0.0M, Expenses \$0.0M

Operating revenues are in line with estimates. \$ - \$ -

Operating expenses are in line with budget. \$ (0.0) \$ -

Net Investment Returns: -\$21.2M

University Treasury investments fiscal year-to-date returns are (0.3%) with investment revenues of (\$2.0M). Net investment revenues of (\$2.2M) — comprised of \$3.4M of realized investment earnings, (\$5.4M) of unrealized losses, and Treasury operating expenses of \$0.3M — are \$6.2M below plan. Additionally, investment income and unrealized gains in [Contracts & Grants](#), related to a National Institutes of Health grant invested as an endowment with the Foundation are on target.

FIU Foundation Inc. investments fiscal year-to-date returns are (2.4%) or (\$9.1M), generating an unfavorable variance of \$14.8M. Investment returns for the full fiscal year were budgeted at 6.0%, or \$23.0M.

Principal Payments of Debt: \$0.0M

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.



Student Housing Master Plan Update

BOARD OF TRUSTEES MEETING

December 7, 2023



Agenda

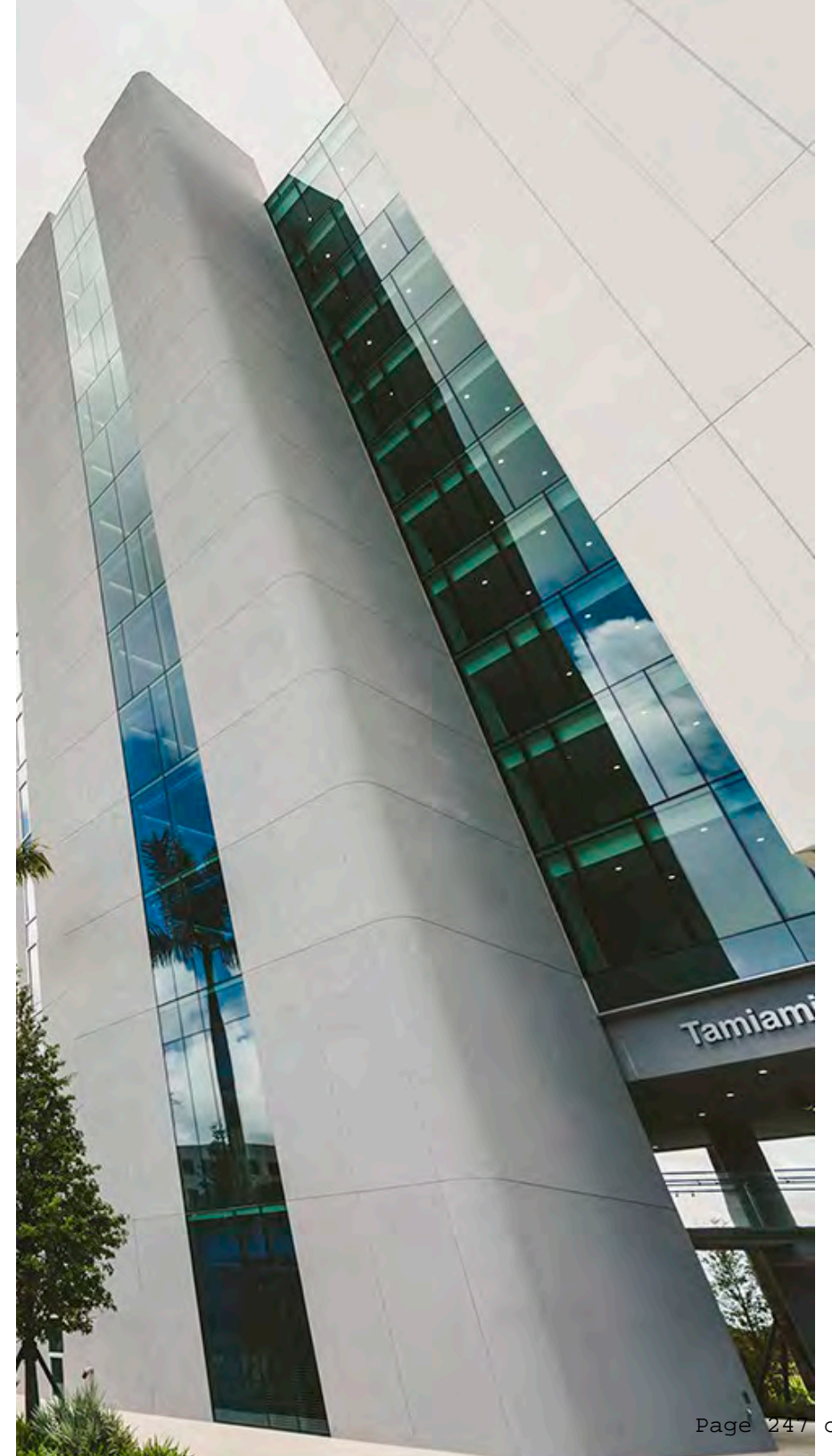
DECEMBER 7, 2023

01 Process Overview

02 Market Opportunity Assessment

03 Preliminary Implementation Strategy

04 Wrap Up + Next Steps



01

Process Overview

Key Objectives of Planning Process

PROCESS OVERVIEW

Process Objectives

1. Create market-responsive recommendations for FIU's future rental rates + apply for approvals
2. Propose a strategic implementation plan for the future of FIU's housing that aligns with financial + market fundamentals.

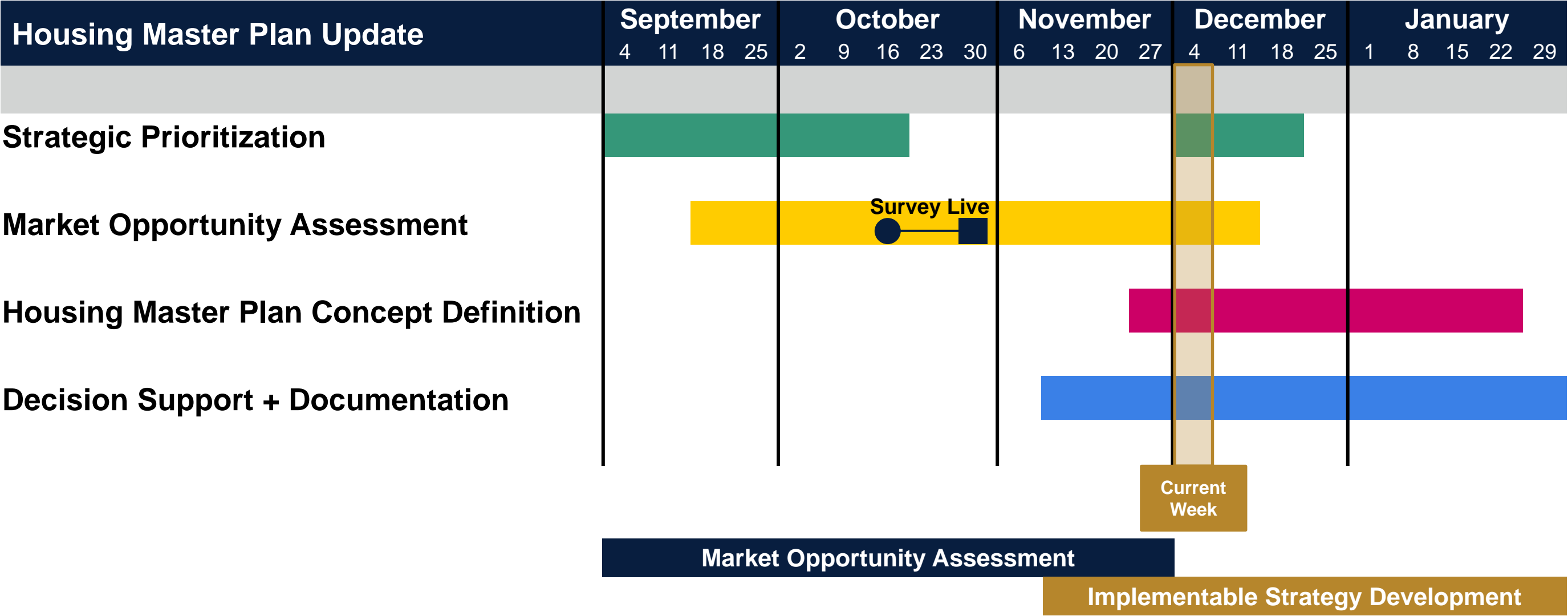
Key Questions

1. How are students responding to recent shifts in market dynamics, including increased rental rates?
2. What are FIU's current and future occupancy risks and how can they be avoided?
3. What financial risks does FIU housing face that the plan must respond to?
4. How can FIU best leverage housing as a tool to achieve broader strategic University outcomes?



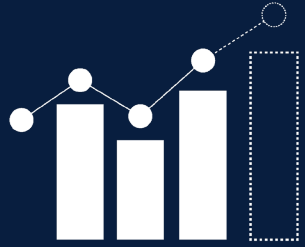
Schedule Overview

PROCESS OVERVIEW



Key Takeaways

PROCESS OVERVIEW



Significant unmet demand to live on campus exists among FIU students due in large part to recent market conditions and students' view of the value of on-campus living.



Due to the lack of rental rate increases over the last 10 years, FIU's housing system faces a future condition of using reserves to subsidize housing's operations and/or debt service.

Market Opportunity Assessment



FIU should respond to the unmet demand by increasing its on-campus housing capacity while creating swing space to reinvest in existing assets.



In addition to increasing the on-campus housing portfolio, FIU should reset its current housing rental rates through an initial adjustment followed by multiple year increases.

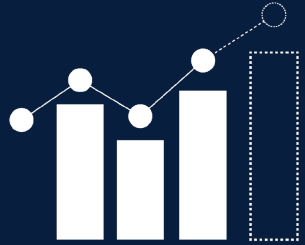
Preliminary Implementation Strategy

02

Market Opportunity Assessment

Findings Overview

MARKET OPPORTUNITY ASSESSMENT



Significant unmet demand to live on campus exists among FIU students due in large part to recent market conditions and students' view of the value of on-campus living.



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Market Opportunity Assessment



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Preliminary Implementation Strategy

Significant Demand Exists for On-Campus Housing

MARKET OPPORTUNITY ASSESSMENT

Primary Market: Full-Time Students		Secondary Market: Part-Time Students	
First-Years	855	First-Years	258
Soph./Continuing First-Years	1,224	Soph./Continuing First-Years	52
Juniors	1,290	Juniors	37
Seniors	949	Seniors	180
Graduates	414	Graduates	29
Total Full-Time Demand:	4,732	Total Part-Time Demand:	556

Summary	Existing MMC Bed Capacity ¹ :	3,822
	Total Full-Time Unmet Demand:	910
	Additional Part-Time Demand:	556
	Total Projected Unmet Demand:	1,466

- ◆ Student demand from “**Primary Market**” creates sufficient demand totals for FIU to consider **expanding** its on-campus housing inventory
- ◆ “Secondary Market” is a less reliable population, but based on historical FIU trends and a conservative demand projection, there is real interest to live on campus from this population.
- ◆ The combined demand total of the Primary + Secondary Markets creates a **significant development opportunity** with over 1,400 beds of unmet demand.
- ◆ This demand projection is anticipated to remain consistent through Fall 2027 based on FIU’s limited enrollment growth projections.

Significant Interest for Housing from Returning Students

MARKET OPPORTUNITY ASSESSMENT

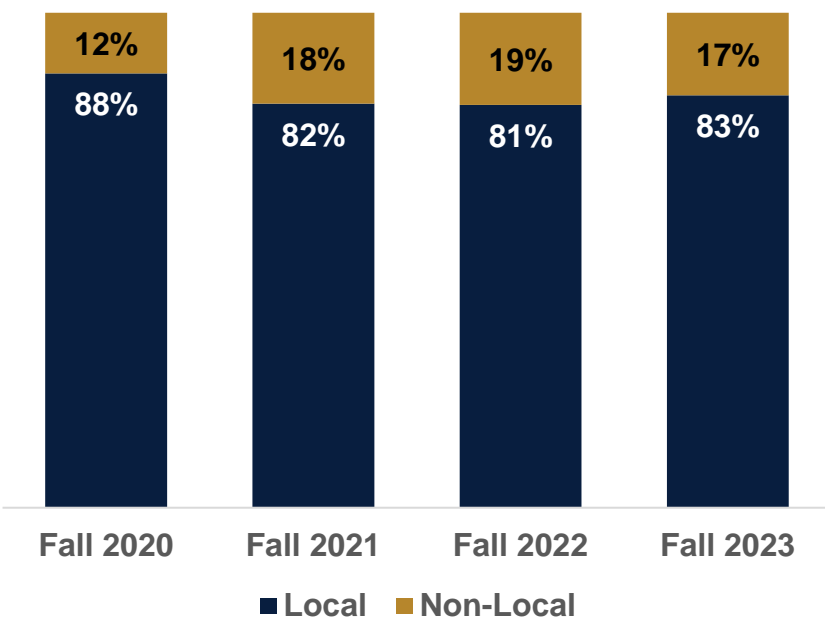
Student Classification ¹	Fall 2023 Actuals				Demand Projections			
	Fall 2023 Full-Time Enrollment ¹	Fall 2023 Full-Time On-Campus Capture Rates ²	Fall 2023 Part-Time Enrollment ¹	Fall 2023 Part-Time On-Campus Capture Rates ²	Projected Full-Time Capture Rates	Full-Time Demand Projections	Projected Part-Time Capture Rates	Part-Time Demand Projections
First-Years	3,170	27%	1,799	22%	27%	855	14%	258
Sophomores / Continuing 1st-Years	4,132	19%	985	8%	30%	1,224	5%	52
Juniors	6,683	10%	2,349	2%	19%	1,290	2%	37
Seniors	7,048	2%	9,803	1%	13%	949	3%	180
Graduates	5,644	4%	948	1%	7%	414	3%	29
					Primary Demand:	4,732	Add'l: Demand:	556

- ◆ Demand projections indicate there is significant interest for on-campus housing among FIU's full-time returner population that is currently not being met.
- ◆ The projected capture rates for part-time students are slightly below current capture rates due to B&D's conservative approach with the Secondary Market.

FIU's Demographic Composition Creates Unique Opportunities

MARKET OPPORTUNITY ASSESSMENT

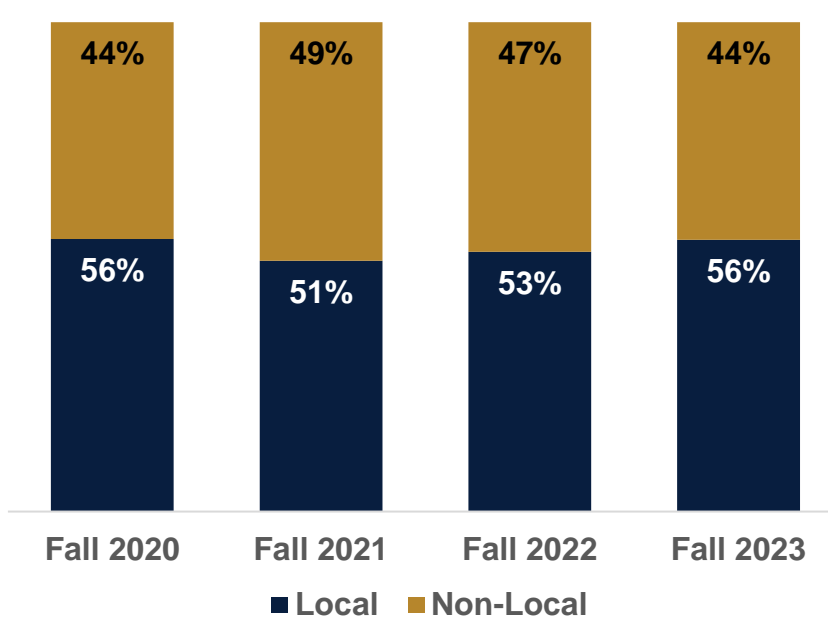
Permanent Residency of Full-Time UG Population



8%

Average Capture Rate of total **Local FT UG** Students in On-Campus Housing Over the Last 4 Years

Permanent Residency of On-Campus Full-Time UG



43%

Average Capture Rate of **First-Year Local FT UG** Students in On-Campus Housing Over the Last 4 Years

- ◆ FIU's full-time undergraduate population is primarily comprised of "Local" Students.
- ◆ FIU's **Local Students accounted for over 50% of its on-campus housing population.**
 - ◆ This indicates that Local Students are searching for a residential on-campus experience despite being able to commute from their permanent homes.
- ◆ The large quantity of Local Students at FIU uniquely positions the university to rely on both Local and Non-Local for on-campus housing.

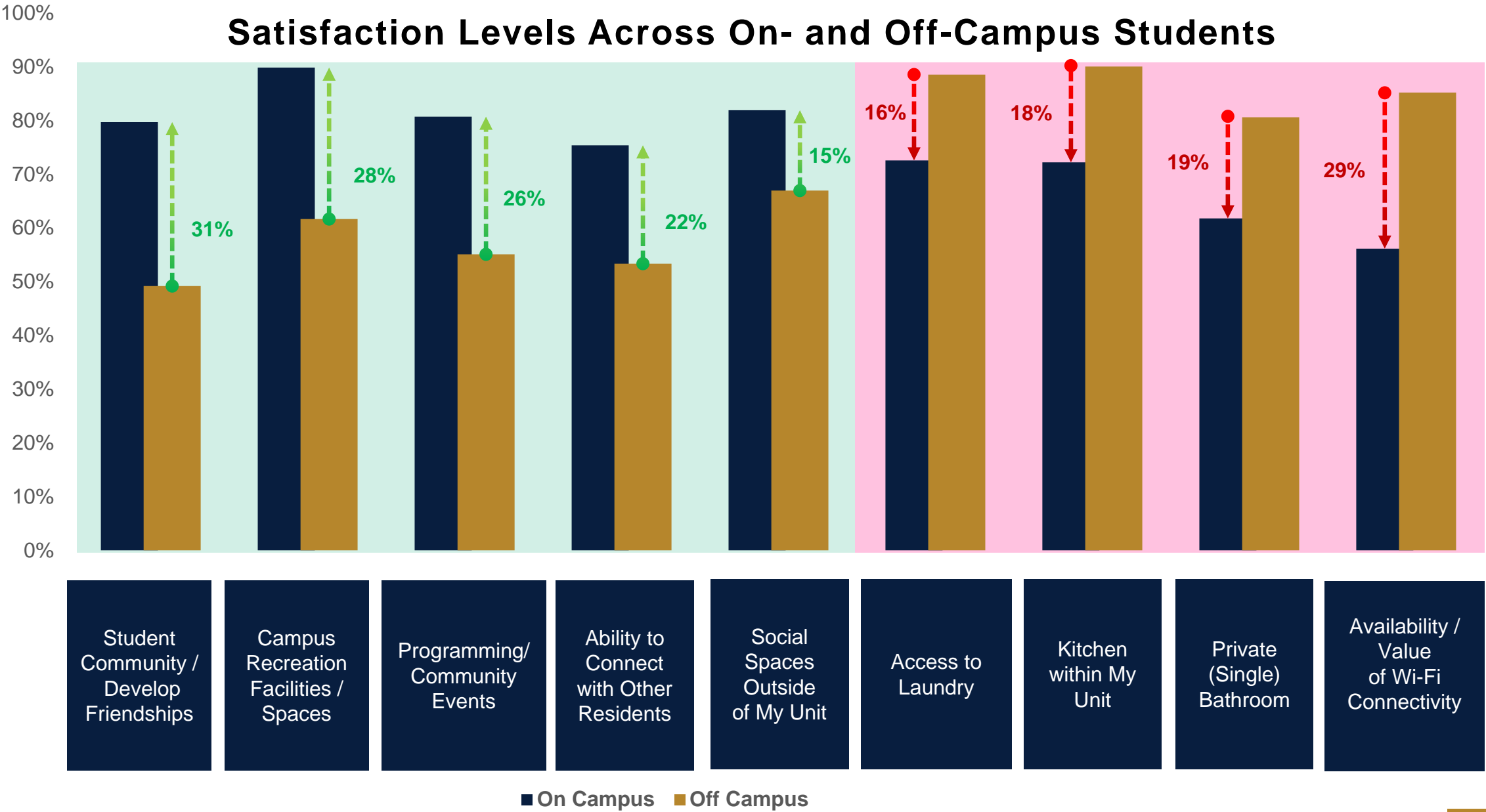
Students Value the Community-Focused Aspect of On-Campus Housing

MARKET OPPORTUNITY ASSESSMENT

- ◆ Survey data indicate students living off campus struggle to form connections across the FIU community.
- ◆ This impacts their involvement in student programming and engagement spaces.

Off-campus students are significantly less satisfied with their ability to connect to the campus community and social spaces.

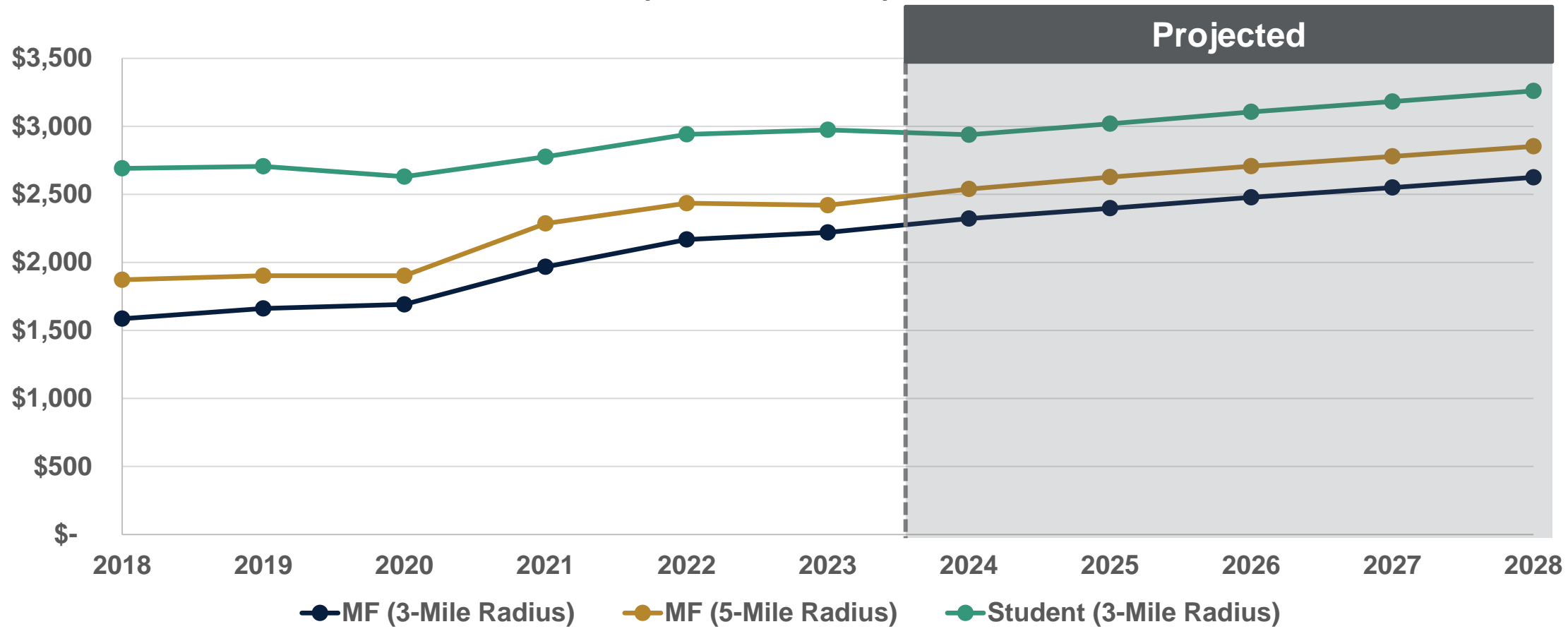
Off-campus students are satisfied with their in-unit amenities and privacy.



Current + Projected Market Conditions Impacting Students

MARKET OPPORTUNITY ASSESSMENT

Off-Campus Market Average Asking Rental Rates¹ (Rates Per Unit)



18%

Projected Increase in Rental Rates Over Next Five Years in Multi-Family Market Surrounding MMC

9.6%

Projected Average Vacancy Rate Over Next Five Years in Student Market Surrounding MMC

50%

6-Year (2018-2023) Average Premium of Student Housing Market Rates Over Multi-Family Market Rates

Findings Overview

MARKET OPPORTUNITY ASSESSMENT



Significant unmet demand to live on campus exists among FIU students due in large part to recent market conditions and students' view of the value of on-campus living.



Due to the lack of rental rate increases over the last 10 years, FIU's housing system faces a future condition of using reserves to subsidize housing's operations and/or debt service.

Market Opportunity Assessment



FIU should respond to the unmet demand by increasing its on-campus housing capacity while creating swing space to reinvest in existing assets.

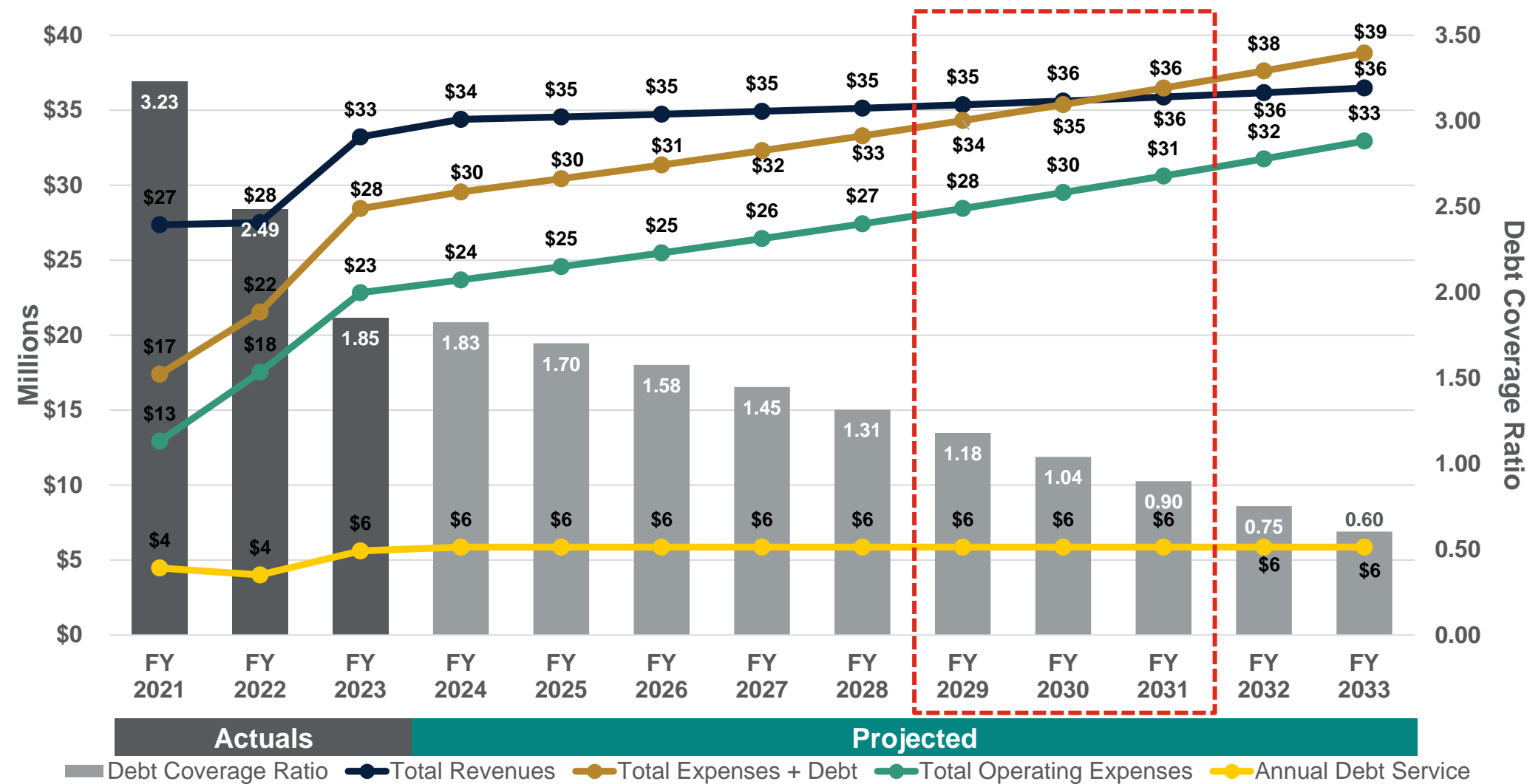


In addition to increasing the on-campus housing portfolio, FIU should reset its current housing rental rates through an initial adjustment followed by multiple year increases.

Preliminary Implementation Strategy

Projected Financial Performance Without Rate Adjustments

MARKET OPPORTUNITY ASSESSMENT



Without revenue growth:

- ◆ Housing’s debt coverage ratio below 1.20x in FY 2029 and below a 1.00x in FY 2031.
- ◆ Housing’s reserve fund will be required to subsidize housing’s operations/debt service by FY 2030
- ◆ Housing’s ability to fund its 5-year capital reinvestment plan, worth \$30M+, will be in jeopardy due to decreasing reserves

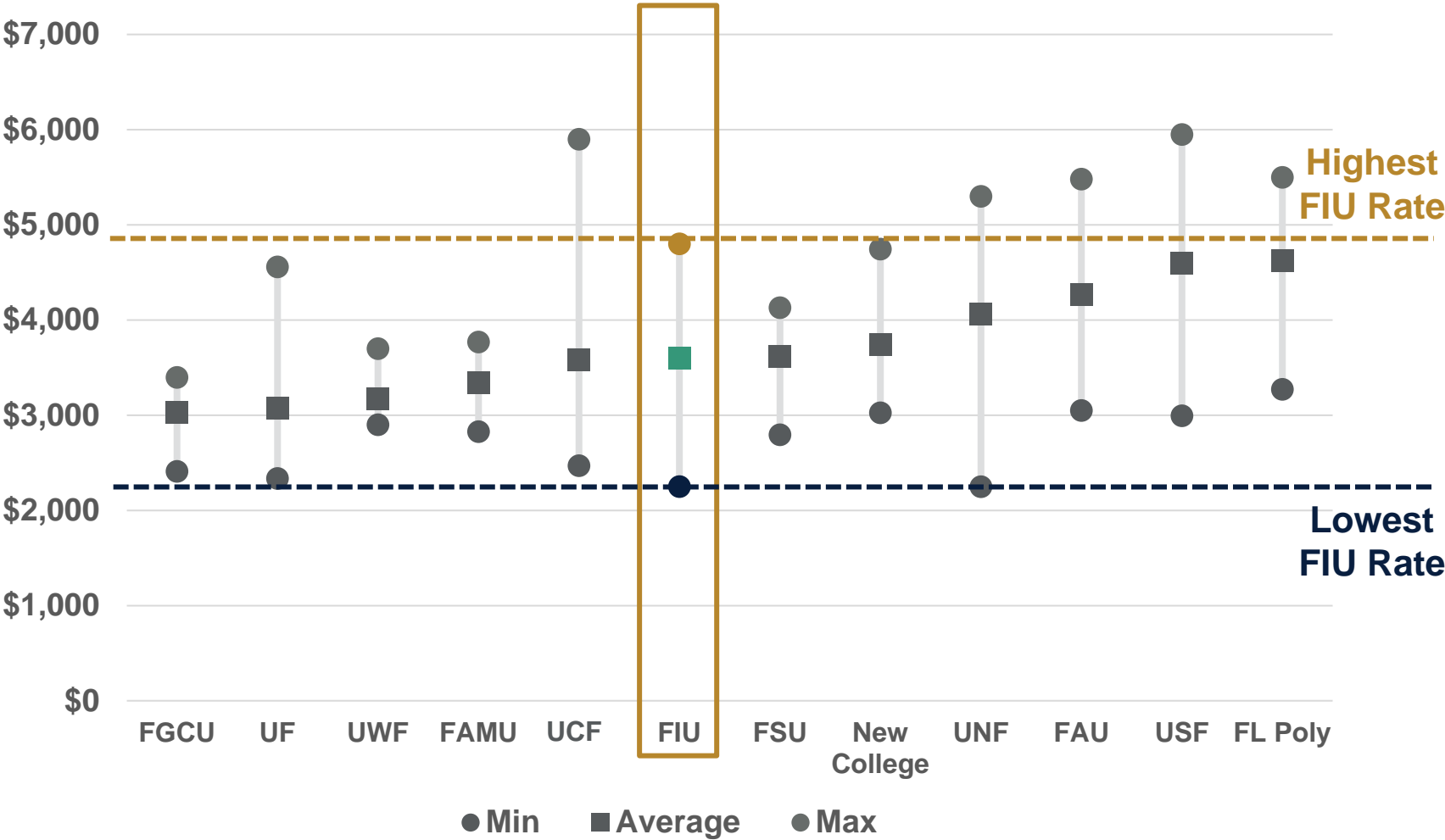
Note: Actuals and projected FY 2024 provided by FIU housing. Projections beyond FY 2024 assume the following:

- Non-Rental Revenue Annual Escalation: 8.39% (based on projections for FY 2024)
- Op. Ex Annual Escalation: 3.74% (based on projections for FY 2024)
- Debt Service: Remains flat

FIU's SUS Peers Are Increasing Rental Rates

MARKET OPPORTUNITY ASSESSMENT

Fall 2023 Rental Rates (Semester)



Fall 2023 Rental Rates (Semester)

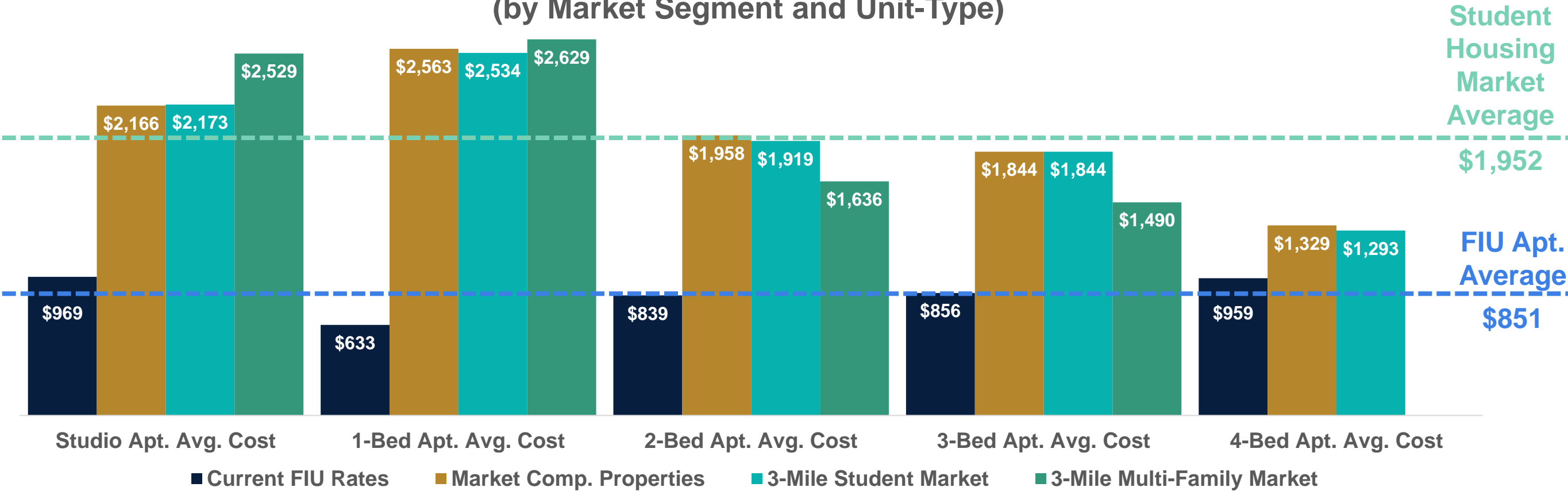
SUS School	Min	Average	Max
FL Poly	\$3,272	\$4,789	\$5,499
USF	\$3,070	\$4,533	\$6,158
UNF	\$2,346	\$4,241	\$5,525
FAU	\$3,050	\$4,225	\$5,480
New College	\$3,026	\$3,740	\$4,746
FSU	\$2,880	\$3,688	\$4,215
UCF	\$2,470	\$3,683	\$5,900
FIU	\$2,250	\$3,596	\$4,800
FAMU	\$2,828	\$3,345	\$3,770
UWF	\$2,944	\$3,298	\$3,922
UF	\$2,553	\$3,287	\$4,505
FGCU	\$2,410	\$3,030	\$3,398

- Rental Rate Increase Approved
- Rental Rate Increase Pending Approval

Off-Campus Cost of Living Comparison to FIU On-Campus Housing

MARKET OPPORTUNITY ASSESSMENT

Current Fall 2023 Monthly Cost of Living
(by Market Segment and Unit-Type)



On average, FIU’s current on-campus apartment rental rates are \$1,101 less per month than the monthly cost of living within the surrounding off-campus student housing market.

Notes:

1. “Market Comparable Properties” include newest student-purpose-built housing in the market: The One, Lapis, and Terrazul Miami. All off-campus data provided by CoStar Group.
2. “Monthly Cost of Living” for off-campus properties based on average asking monthly rental rate per unit across 9 months, plus \$140 per bed for utilities (based on average per person utility cost in Fall 2023 Student Survey).
3. All FIU apartment rates based on single-occupancy units only, except for the 1-bedroom unit as FIU only offers double-occupancy 1-bedroom units.

03

Preliminary Implementation Strategy

Recommendation Overview

PRELIMINARY IMPLEMENTATION STRATEGY



Significant unmet demand to live on campus exists among FIU students due in large part to recent market conditions and students' view of the value of on-campus living.



Due to the lack of rental rate increases over the last 10 years, FIU's housing system faces a future condition of using reserves to subsidize housing's operations and/or debt service.

Market Opportunity Assessment



FIU should respond to the unmet demand by increasing its on-campus housing capacity while creating swing space to reinvest in existing assets.



In addition to increasing the on-campus housing portfolio, FIU should reset its current housing rental rates through an initial adjustment followed by multiple year increases.

Preliminary Implementation Strategy

Strategic Considerations for Increasing On-Campus Inventory

PRELIMINARY IMPLEMENTATION STRATEGY



**Demand-Responsive
Unit-Types**



**Balancing Construction
Costs with Feasibility**



Location of Housing



**Phasing +
Implementation Timeline**

Recommended Rental Rate Strategy

PRELIMINARY IMPLEMENTATION STRATEGY

Rental Rate Reset

(2024-2025 Academic Year; FY 2025)

STEP
1

- › Make market-responsive adjustments to rental rates by hall and unit types
- › Align the cost of FIU housing with students' perceived value
- › Keep FIU apartment rates below alternatives in the off-campus market
- › Minimal increases for FIU's most expensive rates, including no increase on Tamiami's rate in FY 2025

4% Annual Increases

(Starting FY 2026 through FY 2028)

STEP
2

- › Increase all rents equally by 4% through FY 2028 (total of 4 years of rate increases)
- › Annual increases will:
 - *Help offset operating expense increases*
 - *Eliminate need for reserves to subsidize operations*
 - *Maintain reserves for future reinvestment in existing facilities (planned \$30M over next five years)*

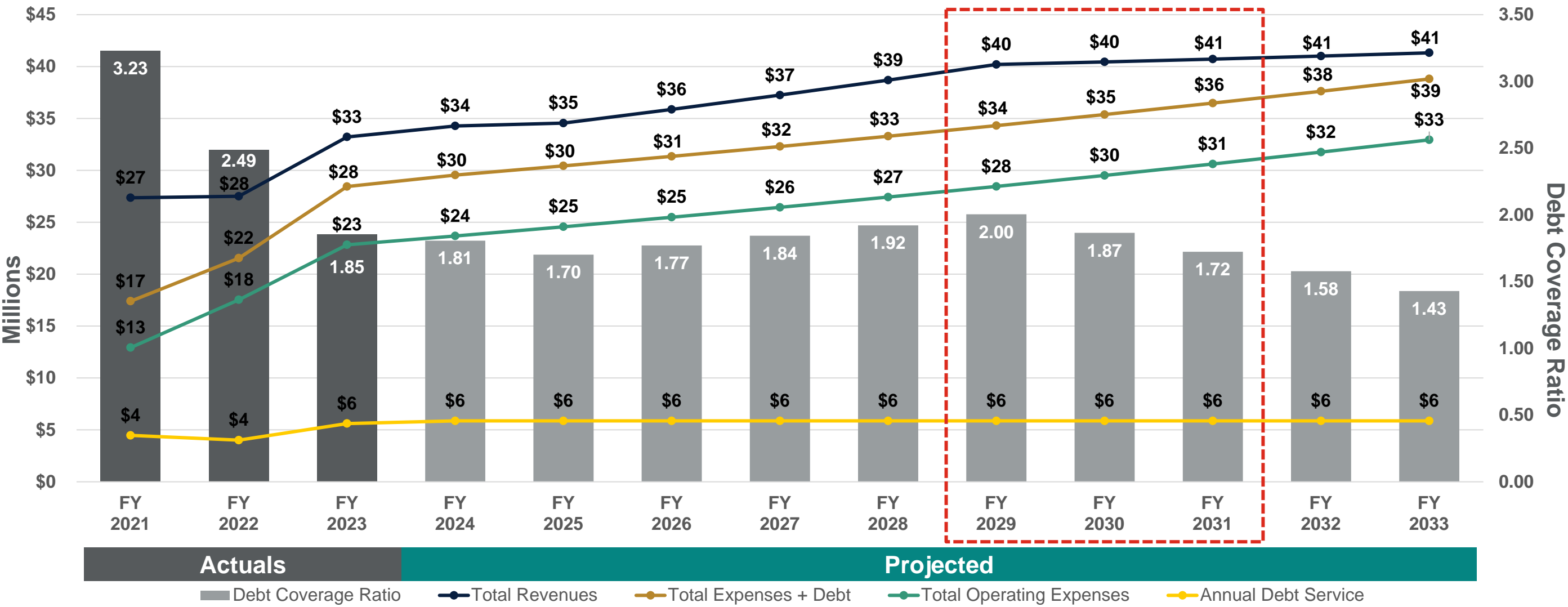
Proposed Rate Reset for Fall 2024 (FY 2025)

PRELIMINARY IMPLEMENTATION STRATEGY

Residence Hall	Unit-Type	Revenue Beds	Fall 2023 Rates (FY 2024)	Recommended Percent Change	Adjusted Fall 2024 Rate (FY 2025)	FY 2025 Gross Annual Revenue	FY 2025 Annual Revenue Growth (Potential)
Lakeview Hall	2-Bedroom / 1-Bath Full Suite (Double)	204	\$2,650	5.7%	\$2,801	\$1,142,828	\$61,628
Lakeview Hall	4-Bedroom / 1-Bath Full Suite (Single)	596	\$3,350	4.5%	\$3,501	\$4,172,894	\$179,694
Panther Hall	2-Bedroom / 1-Bath Full Suite (Double)	392	\$2,650	5.7%	\$2,801	\$2,196,023	\$118,423
Parkview Hall	Studio Apt. (Single)	4	\$4,550	5.5%	\$4,800	\$38,402	\$2,002
Tamiami Hall	Studio Apt. (Single)	16	\$4,800	0.0%	\$4,800	\$153,600	\$0
University Towers	Studio Apt. (Single)	9	\$4,050	15.0%	\$4,658	\$83,835	\$10,935
University Apartments	Studio Apt. (Single)	134	\$4,050	4.0%	\$4,212	\$1,128,816	\$43,416
University Apartments	1-Bedroom / 1-Bath Apt. (Double)	94	\$2,850	4.0%	\$2,964	\$557,232	\$21,432
University Apartments	2-Bedroom / 1-Bath Apt. 3-Person (Double)	28	\$2,250	4.0%	\$2,340	\$131,040	\$5,040
University Apartments	2-Bedroom / 1-Bath Apt. 3-Person (Single)	14	\$3,250	4.0%	\$3,380	\$94,640	\$3,640
University Apartments	2-Bedroom / 1-Bath Apt. 4-Person (Double)	140	\$2,450	4.0%	\$2,548	\$713,440	\$27,440
University Apartments	2-Bedroom / 1-Bath Apt. 4-Person (Single)	68	\$4,300	4.0%	\$4,472	\$608,192	\$23,392
University Towers	2-Bedroom / 1-Bath Apt. (Single)	16	\$4,300	10.0%	\$4,730	\$151,360	\$13,760
Everglades Hall	3-Bedroom / 1-Bath Apt. (Single)	372	\$3,850	4.0%	\$4,004	\$2,978,976	\$114,576
University Apartments	4-Bedroom / 2-Bath Apt. (Single)	36	\$3,800	4.0%	\$3,952	\$284,544	\$10,944
University Towers	4-Bedroom / 2-Bath Apt. (Single)	456	\$4,050	11.0%	\$4,496	\$4,099,896	\$406,296
Parkview Hall	4-Bedroom / 2-Bath Apt. (Single)	592	\$4,300	6.0%	\$4,558	\$5,396,672	\$305,472
Tamiami Hall	4-Bedroom / 2-Bath Apt. (Single)	660	\$4,600	0.0%	\$4,600	\$6,072,000	\$0
Totals/Averages:		3,831	\$3,740	4.70%	\$3,916	\$30,004,391	\$1,348,091

Expected Financial Performance with Proposed Rate Increases

PRELIMINARY IMPLEMENTATION STRATEGY

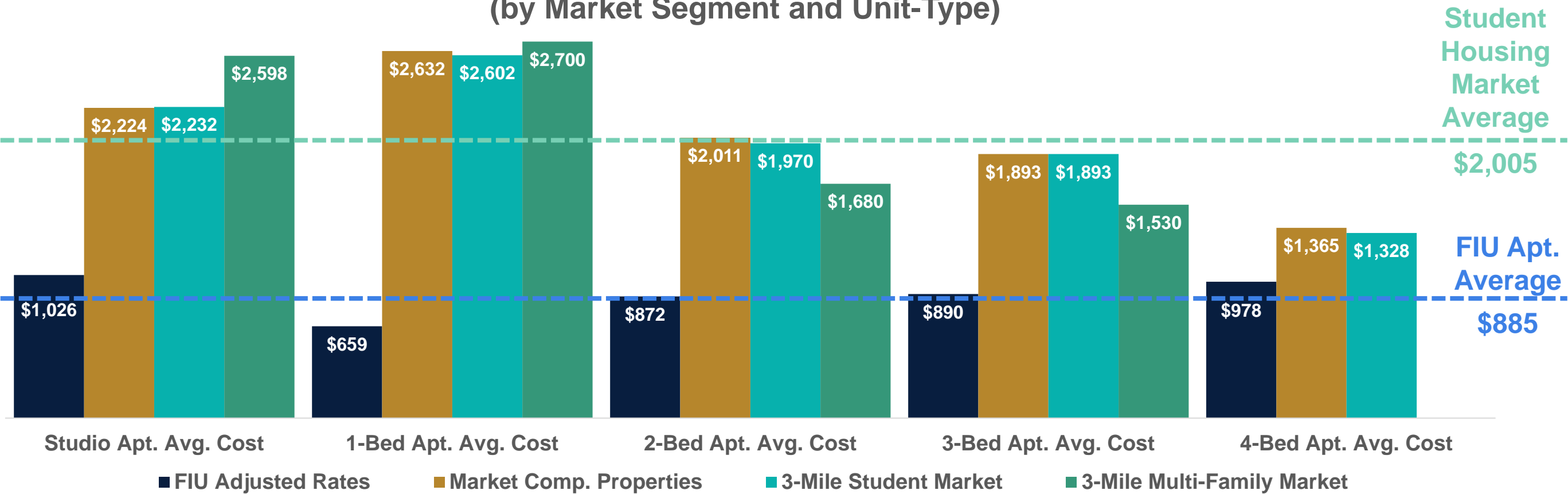


Regular rate adjustments should be expected beyond FY 2031 to continue offsetting expense escalation.

Proposed Adjusted Rates Compared to Off-Campus Market

PRELIMINARY IMPLEMENTATION STRATEGY

Projected Fall 2024 Monthly Cost of Living (by Market Segment and Unit-Type)



Despite the proposed rate increases, FIU’s average monthly apartment cost for 2024-2025 is projected to be approximately \$1,120 below the average monthly student housing market rate.

Notes:

1. “Monthly Cost of Living” based on average asking monthly rental rate per unit across 9 months, plus \$140 per bed for utilities (based on average per person utility cost in Fall 2023 Student Survey).
2. Off-Campus cost of living escalated 2.70% for 2024 rental rate comparison. All off-campus data provided by CoStar Group.
3. “Market Comparable Properties” include newest student-purpose-built housing in the market: The One, Lapis, and Terrazul Miami.

04

Wrap Up + Next Steps

Wrap Up + Next Steps

DECEMBER 7, 2023

1

Develop a demand response strategy + implementation plan

2

Confirm rental rate approach for future financial analysis

3

Integrate demand findings into FIU's on-going campus master plan process

4

Incorporate portfolio reinvestment + capital projects into implementation plan

5

Present a project concept and rental rate increase recommendation to the BOT in February





Student Housing Master Plan Update

BOARD OF TRUSTEES MEETING

December 7, 2023





THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
December 7, 2023

Reports (*For Information Only – no action required*) Scott Carr, Athletic Director

Fundraising Report

FIU Foundation, Inc. Unaudited Preliminary Recap Through the Period Ended September 30, 2023 (in millions)			
	Budget	Actual	Variance
Revenues	\$1.23M	\$550K	(548K)

- Unfavorable variance is due to timing of donations received versus budgeted. \$500k was received and recorded at the end of 22-23, but originally budgeted for 23-24.

Athletics Finance Corporation

FIU Athletics Finance Corporation Unaudited Preliminary Recap Through the Period Ended September 30, 2023 (in thousands)			
	Budget	Actual	Variance
Revenues	\$1.03M	\$1.06M	\$26K
Expenses	\$1.06M	\$889M	\$168K

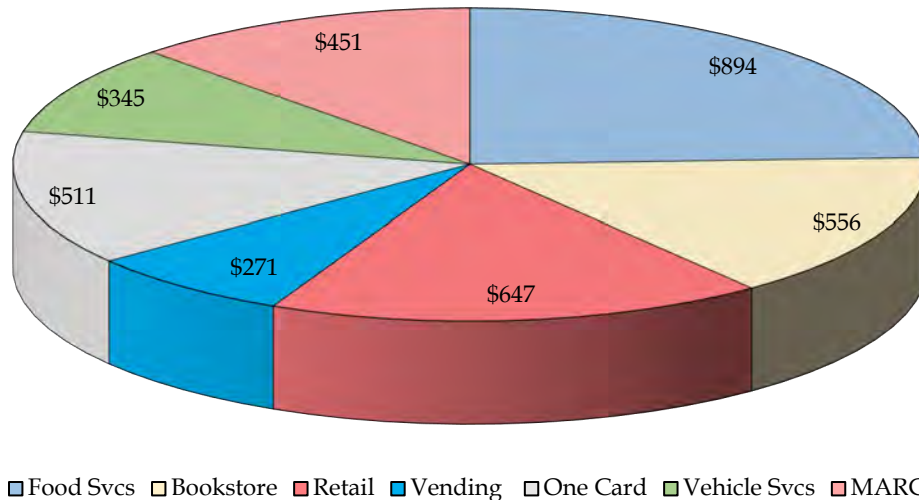
- Favorable revenues due to ticket sales and external rentals trending higher than budget.
- Favorable expenses due to timing of purchases budgeted for Q1, but materializing in Q2.
- We foresee no issues with meeting debt service covenant requirements for 23-24.

THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES
Finance and Facilities Committee
Business Services Report as of September 30, 2023

QUICK FACTS

OBS manages over 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 \$3.7M through Sept. 30, 2023 (in \$000s)



Revenue: Through the first quarter ended September 30, 2023, OBS managed sales operations of \$16.4M, representing \$3.7M in revenue and support to FIU.

FOOD SERVICES

Food Services sales of \$7.3M generated \$894K in revenue and support to FIU. Commissions are ahead of plan by 8% and ahead of prior year 44%. Of note, campus meal plans are up 13% for Fall 2023 selling almost 500 more than Fall 2022. This will result in over \$1M in sales over the course of the fall semester.

HIGHLIGHTS

New Services

Panther Dining opened a half dozen new or remodeled locations for Fall 2023 and implemented new technology in others to bring an increased level of efficiency, variety and customer service to the FIU community.

- **GC Kitchen** - Just in time for the Fall 2023 semester, the main kitchen in the Graham Center reopened from a full renovation, adding new equipment, a new more efficient layout and an increased capacity to serve at 8th St Campus Kitchen, the Faculty Club and Panther Catering.
- **Salty Donut** - After years of popping up on campus with their vintage camper, Salty Donut has finally removed its wheels and parked itself in a permanent location in the Graham Center as of early September. For the grand opening, they offered 50% discount on their most popular coffee, the Maple & Brown Sugar Cold Brew. In its first week in operation, 2,500 customers lined up for a delicious treat.
- **Mia's Shack** - A locally owned small business operator, once owner of the Salad Creations franchise at FIU, has expanded in PG-5 to open Mia's Shack. A healthy and delicious menu offering fresh, vegan, and vegetarian salads, wraps, and bowls.
- **Breezeway Market** - The Market at Breezeway in University Park Towers, underwent a renovation this summer, adding a clean new look, increased grab and go & convenience items and self-check-out technology. Since opening, sales and customer transactions are up by more than 20% over Fall 2022.
- **Vicky Café BBC** - The Vicky Café window in AC1 has relocated to the WUC food court offering a complete menu of pastries, hot breakfast, and classic Cuban sandwiches, as well as their great coffee, to the FIU BBC community. Sales have increased by 45% over fall 2022.
- **Acai U Later** - Taking over the vacated Vicky Café space in AC1, Acai U Later is now offering fresh smoothies, Acai bowls and more to students looking for a fresh and quick treat or meal replacement.
- **Starbucks Connect** - Students, faculty and staff can now mobile order using both Grubhub and the **Starbucks Connect App** at MANGO and GL Starbucks at MMC. As a result, Starbucks points can now be redeemed for free beverages, a request of the FIU community a long time in the making.
- **Kiosk Ordering** - The FIU community will now find many dining locations using a self-ordering kiosk point of sale system. This new system puts the customer in charge,

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expediting service lines and the overall customer experience. The new technology includes digital cueing boards that provide up to date wait times and order updates.

- **Subway Ghost Kitchen** – At the GC Subway, always a long line, mobile orders are now made in a ghost kitchen, opening the store front to only prepare for those in line and speeding up the customer experience for all.

Community Engagement

During Q1, Panther Dining hosted numerous community events at the Modesto A. Maidique Campus (MMC) and Biscayne Bay Campus (BBC) designed to reward, give back and promote to the FIU community.

- **Joyful/Powerful** – Events were held at both MMC and BBC campuses engaging the community with food trucks, a farmers' market, food and beverage sampling, therapy dogs, a positive message feedback wall and much more. Over 900 FIU members checked-in to the Joyful Event in 8th Street Kitchen.
- **Teaching Kitchen** – Faculty, staff, alumni, and guests fathered on campus to kick-off Homecoming weekend at **CRAFT**, one of FIU's homecoming traditions. Our team joined the cause, raising money for FIU's Student Pantry.
- **Hispanic Heritage Month** – 8th Street Kitchen celebrated Hispanic and Latinx Heritage Month by focusing on the Dominican Republic and Columbian cuisines for the month of September. Students enjoyed trying traditional dishes such as Mangu and Bandeja Paisa while learning about the respective cultures.
- **Athletics** – Athletics services have increased for the Fall 2023 Football season with the opening of our new Stadium Kitchen. New to the Fall 2023 football season include: A new menu and kids eating options within the Stadium Club, elevated cuisine for the suites and enhanced menus for the concession stands including the addition of Chick Fil A. Through Q1, thousands of FIU fans have enjoyed an exceptional guest experience leading to a over 75% increase in football game day sales.

BOOKSTORE

Bookstore sales of \$6.8M generated revenue to FIU comprised of \$556K in commissions and support. Commissions are behind plan by -10% and the prior year by -38%. The decrease in Y-o-Y performance is mainly due to timing of final reports from vendors for the Fall 2023 semester with final numbers for the Fall 2023 semester to be reflected in Q2 FY2024 reporting.

Barnes & Noble and FIU continued to offer the First Day inclusive access program, known as the FIU Panther Book Pack. This program is available to all undergraduate students and provides the option to pay \$20 per credit hour for all books and course materials. Participation rate for the Fall 2023 semester was 66.5%. More importantly, students were ready with their materials on the first

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day of class. Since the program's inception, students saved a total of \$16.5M. 94% of students found the Panther Book Pack convenient to have course materials bundled and delivered through the program and 87% were likely to recommend the program to other students.

Semester	Semester Savings	Student Participation
Fall 2023	\$4.2M	66.5%
Spring 2023	\$2.3M	52.0%
Fall 2022	\$3.7M	52.5%
Spring 2022	\$3.0M	50.0%
Fall 2021	\$3.3M	51.0%



For more information on the Panther Book Pack program visit <https://shop.fiu.edu/bookpack-2>.

On additional note, textbook adoption rates for the Spring 2024 semester have already reached 95% well in advance of the statutory required deadline (45 days before the start of the semester) and are in compliance per Florida Statutes.

VENDING

Vending sales of \$393K generated commissions and support to FIU of \$271K. Year-to-date, vending commissions are ahead of plan by 4% and ahead of the prior year by 194%.

There are over 200 machines across MMC, BBC, and the Engineering Center (EC).

Pepsi Co.

Across MMC, BBC, and EC, vending sales of \$200K generated \$38K of commissions which are behind plan by -25% and behind prior year by -33%. The variance of Pepsi commissions is mainly due to timing of reporting as Pepsi sales are ahead of plan by 28% and ahead of prior year by 51%.



Bettoli Vending

Effective Q1, FIU and Bettoli Vending signed a contract to provide snack, coffee, ice cream and meal solution vending services at MMC, BBC and EC. New state of the art machines have been installed in early July 2023. Highlights include the ability to provide quality hot meal solutions 24 hours a day with Just Baked machines, a high-quality branded coffee in Lavazza, and a digital displayed M&M eye catching machine. This new contract guarantees approximate \$1.2M over a five-year term.



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Snack vending sales of \$194K generated commissions of \$233K, exceeding plan by 11% and ahead of prior year by 558%. Vending commissions are substantially higher than prior year due to the up-front minimum annual guarantee of \$210K which was paid during Q1 FY2024.



RETAIL OPERATIONS and PROPERTY MANAGMENT

OBS manages over 20 internal and external retail operations across MMC and BBC. Retail operations generated sales of \$1M resulting in commissions of \$29K and rental income of \$618K. Commissions are ahead of plan by 4% and ahead of prior year by 21%. Rental income is ahead of plan by 15% and ahead of prior year by 25%. Rental income is higher than plan and prior year mainly due to the up-front annual payment by Wells Fargo instead of a monthly payment in prior years. OBS continues exploring opportunities for expansion in PG-6 and other campus areas.

YCM Engineering Concepts

OBS has recently signed a licensing agreement with YCM Engineering Concepts who has recently occupied space at PG6 and will result in rental revenue of \$106K over a 3-year period.



Management and Advanced Research Center (MARC)

The Management and Advanced Research Center (MARC) planned capital projects are in progress to improve the existing second and third floor restrooms as well as sealing and painting

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of the exterior. Directory signage installation throughout the MARC building was completed September 2023.

VEHICLE SERVICES

Vehicle Services has taken over the management of the State Access Fee Billing from the Parking, Sustainability, and Transportation department. This fee is used to support fleet management across all campuses and is budgeted to generate approximately \$190K per year annually. Through Q1, Vehicle Services revenues of \$344K were ahead of plan by 7% and prior year by 147%.

Fuel Master Upgrade

The university has acquired a new software to better manage fuel inventories on campus. Improvements include continuous monitoring of fuel inventories, redundant database servers to ensure continuity of operations, disaster recovery of databases, improve cybersecurity, and scalability for future growth.

FIU ONECARD and RETAIL BANKING

FIU One Card

The FIU One Card office maintained successful operations throughout the Summer and Fall 2023 semesters. Teams from the One Card office alongside the Office of Orientation & Family Programs are delivering an enhanced orientation experience by implementing photo uploads and advanced distribution of One Cards. Through Q1, the FIU One Card Office has distributed over 4,000 One Cards during orientation this summer including distribution of cards at the largest freshmen orientations ever on FIU's MMC and BBC (approximately 500 students per orientation).

Through Q1, FIU One Card revenues are \$511K with total revenues behind plan by -1% and in line with prior year. Student ID fees are behind plan by -2% and in line with the prior year.

shopFIU MARKETING

Impact of Strategic Communications on the Panther Book Pack Participation Rate

Prior to the start of the Fall semester, the shopFIU Marketing team met with Barnes and Noble leadership to perform a comprehensive review of all email communications. The goal was to identify touchpoints where we could maximize the opportunities to try and increase participation rate in the Panther Book Pack program. Drawing upon email insights from Fall 2022, plus program performance metrics, the email campaign timeline was revised. At the

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conclusion of this Fall's email campaign, we learned that the program participation rate rose from 52.5% in the Fall of 2022 to 66.5% in the Fall of 2023. At the end of the fall semester, shopFIU Insights will send surveys to both participants, as well as non-participants, to continue to learn how we can maximize communications opportunities and contribute further to the success of the program.

SGA Leadership Meeting

ShopFIU Marketing met with the SGA leadership several weeks ago to provide an opportunity for this group to learn more about our services and key programs we offer, such as the Panther Book Pack and Meal Plans. The session proved incredibly fruitful for both shopFIU leadership, as well as SGA in that it provided the platform for a rich discussion on topics of concern, communications opportunities, and new ways to engage with student segments. A second session at the end of Fall will take place as a fall recap. This session should further inform our strategies leading into the Spring semester.

Strategic email prior to start of Fall

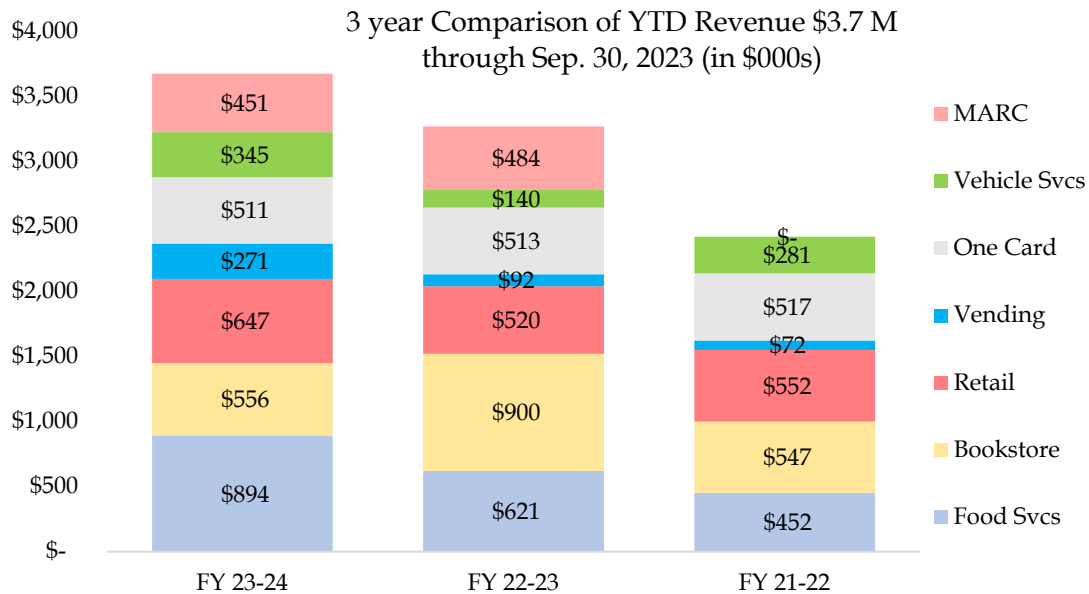
Historically, shopFIU has kicked off mass email communications to the campus community once classes start each fall. Working closely with key campus partners such as Campus Life and Housing, we recognized the importance of sending a communication prior to move-in weekend informing the community that, although classes start on Monday, locations are open throughout the weekend in anticipation for the start of the semester. This communication was first sent in the Fall of 2022. Applying insights gleaned from last year's communication, we are able to achieve a 29% open rate this Fall. This is close to double the anticipated open rate for a communication of this kind. Altogether, the evidence points to the importance of targeted marketing to inform future marketing strategies.

Broader reach at second First Night activation on 8/21

This year marks the second year of the First Night event hosted by Campus Life at the FIU football stadium. Given the unanticipated enormous success of last year's event, this year we broadened our partner reach. In attendance were shopFIU, GT Eco Car Wash, Golden Touch Haircuts and Shaves, Campus Chiro, Panther Dining, Wells Fargo, and University Credit Union. Whereas last year, the event drew around 2,500 attendees, this year that number expanded to over 7,000. Our team and partners were able to engage with students all evening and grow our marketing reach. The shopFIU Instagram gained close to 300 new followers. Given that most of the attendees had interacted with us before, a growth in followers of this number is significant.

3-YEAR COMPARISON OF YEAR-TO-DATE FIU REVENUE

Through the fourth quarter ended September 30, 2023, \$16.4M in sales generated revenue and support to FIU of \$3.7M.



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**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
December 7, 2023**

EMERGENCY MANAGEMENT STATUS REPORT AS OF NOVEMBER 16, 2023

Report *(For Information Only – no action required)*

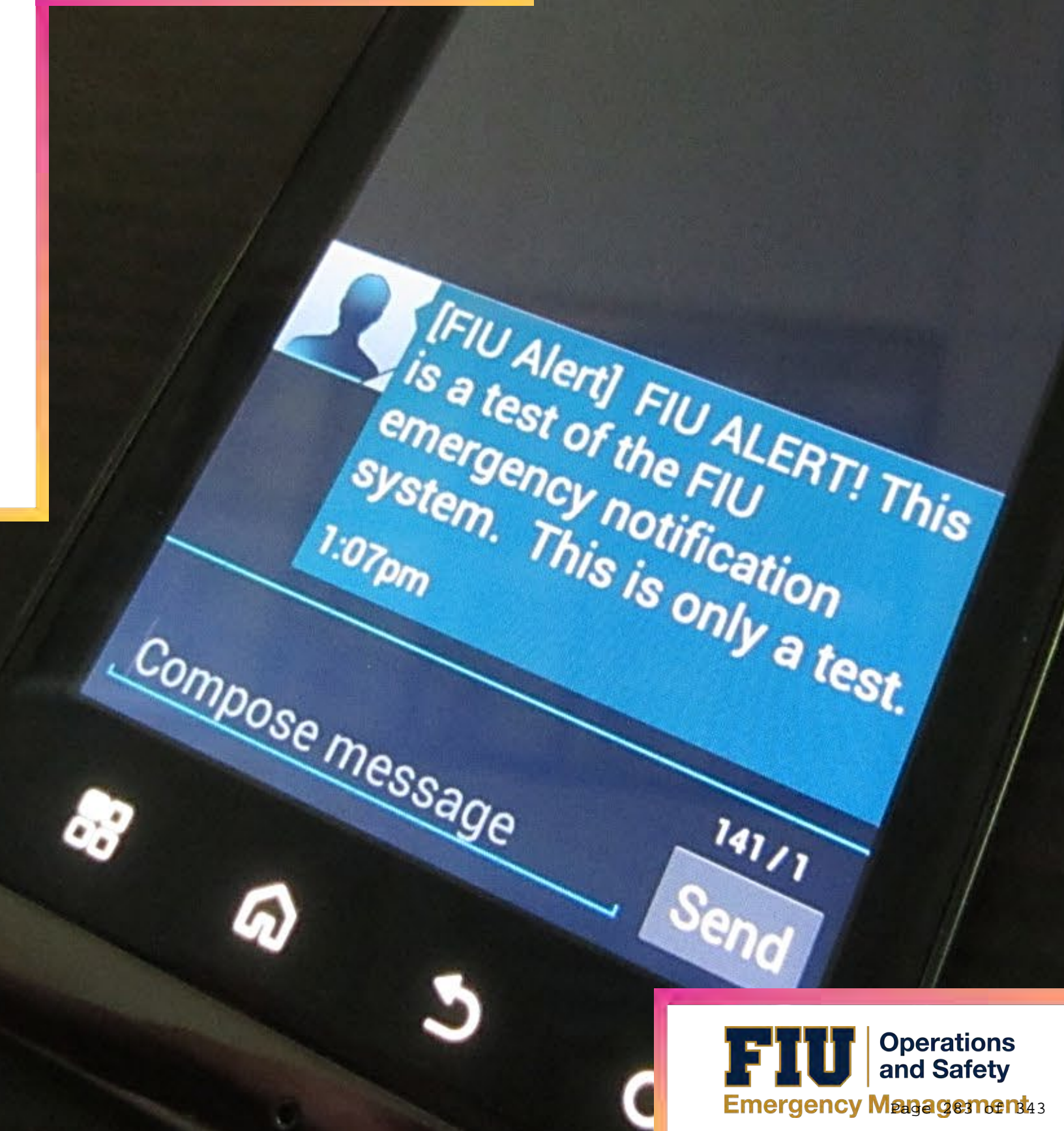
FIU Alert Emergency Notification System Test

The fall test of FIU Alert was conducted on September 12, 2023. Attached is a summary report.

Training and Exercise

An in-person tabletop exercise for senior level administration and staff will be held in January 2024 in the Emergency Operations Center.

**Emergency Notification System
University-Wide Emergency
Notification Test
September 12, 2023**



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Emergency Notification System
September 12, 2023
University-Wide Emergency Notification Test
Department of Emergency Management

Test Overview

On September 12, 2023, at approximately 10:00 a.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 X (formerly known as 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

Sending Status and Performance						
Mechanism	Status	Groups	Recipients	Duration	Rate	Progress
SMS Text Messages	FINISHED	16	53927 of 53927 Phones	3m 20s	270/s	100%
Email Messages	FINISHED	14	168 of 168 Subscribers	1s	168/s	100%
Voice Call	FINISHED	15	53907 of 53907 Phones	5m 49s	155/s	100%
Twitter	FINISHED	1	1 of 1 Handle	1s	1/s	100%
Facebook	FINISHED	1	1 of 1 Post	6s	1/s	100%
RSS	FINISHED	2	1 of 1 Entry	1s	1/s	100%
HTTP Activation	FINISHED	2	2 of 2 URLs	1s	2/s	100%
Website Alerts	FINISHED	1	1 of 1 Recipient	1s	1/s	100%

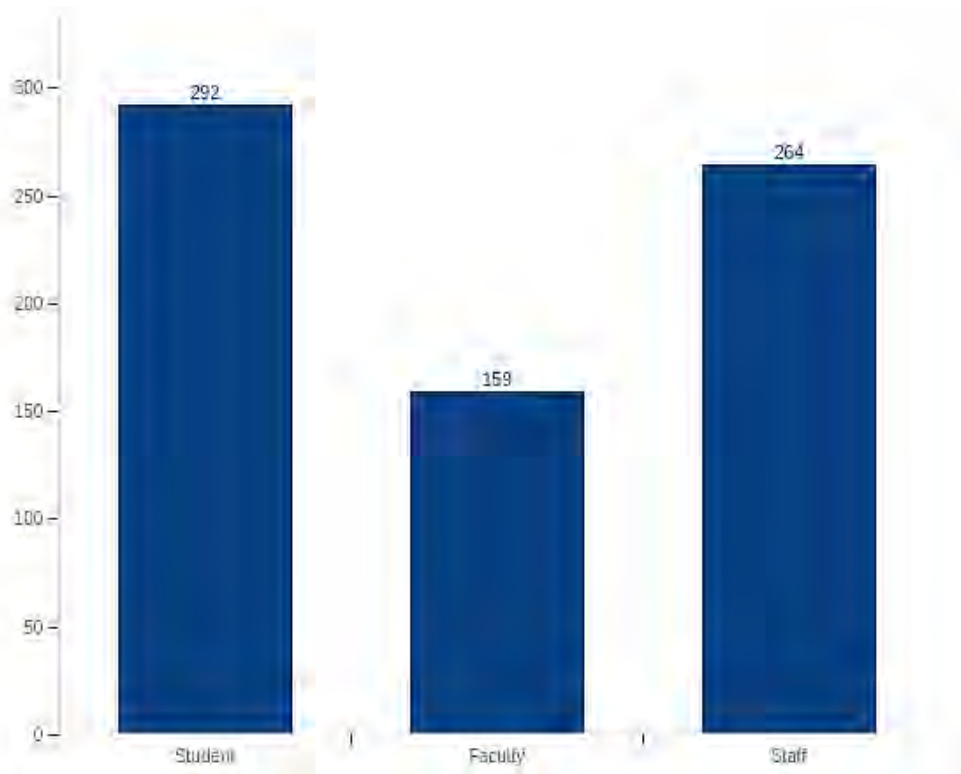
Areas of Improvement and Solutions

- Some students, faculty, and staff did not receive the FIU Alert via SMS text or voice call.
 - The FIU Alert test email was sent to all students, faculty, and staff with instructions on how to opt-in and verify their contact information. The same instructions are also available via our website: <https://dem.fiu.edu/fiu-alert/sign-up/index.html>.
- Speakers/Voice over Internet Protocol (VOIP) phones with low volumes were reported via the survey.
 - All issues have been reported to the Division of Information Technology and a ticket was created for support. The emergency VOIP phones in PG-5 155 have been adjusted as the volumes were low due to altered settings.

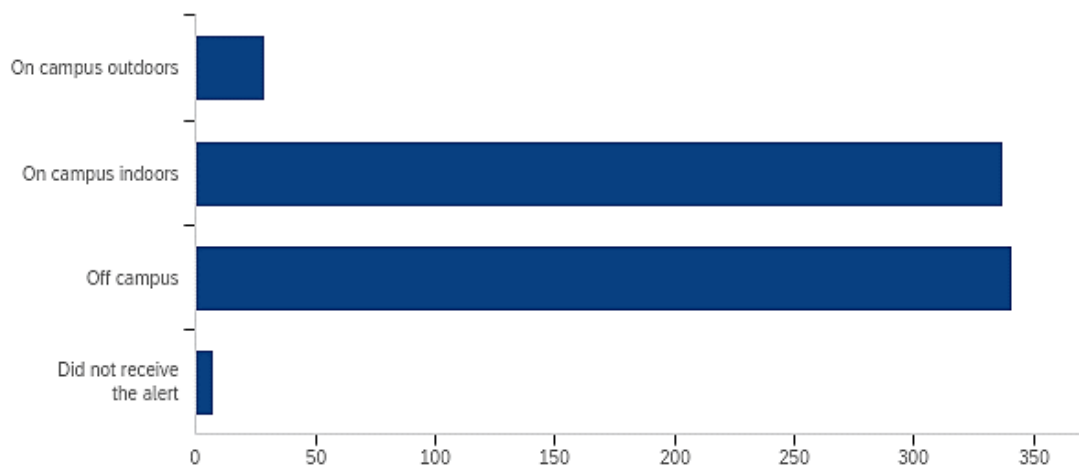
Survey Results

Total respondents to survey:

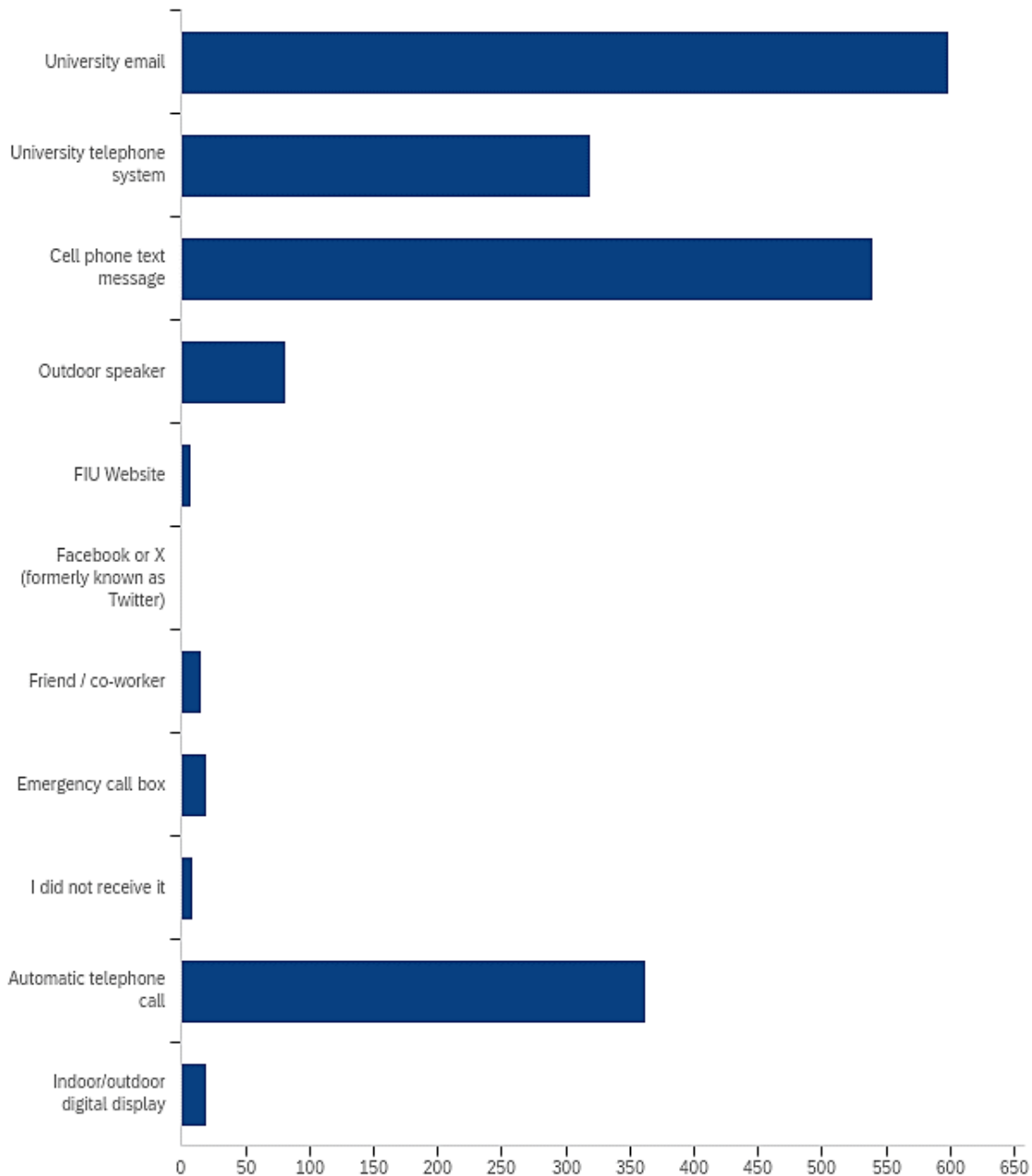
1 - What best describes your affiliation to Florida International University?



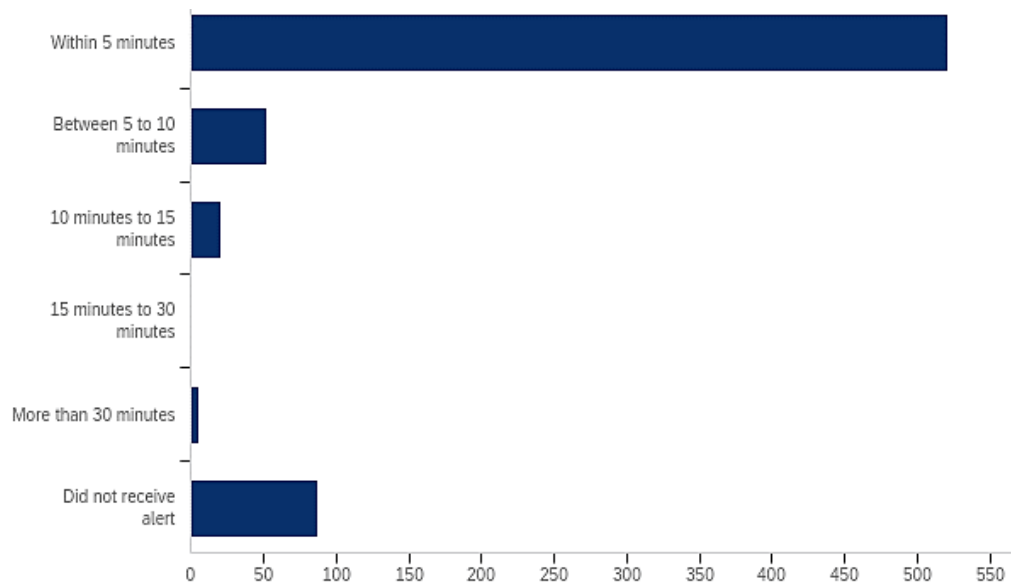
2 - On September 12, 2023, at 10:00 a.m., the University conducted a university-wide test of the FIU Alert emergency notification system. Where were you located when the test alert was sent out?



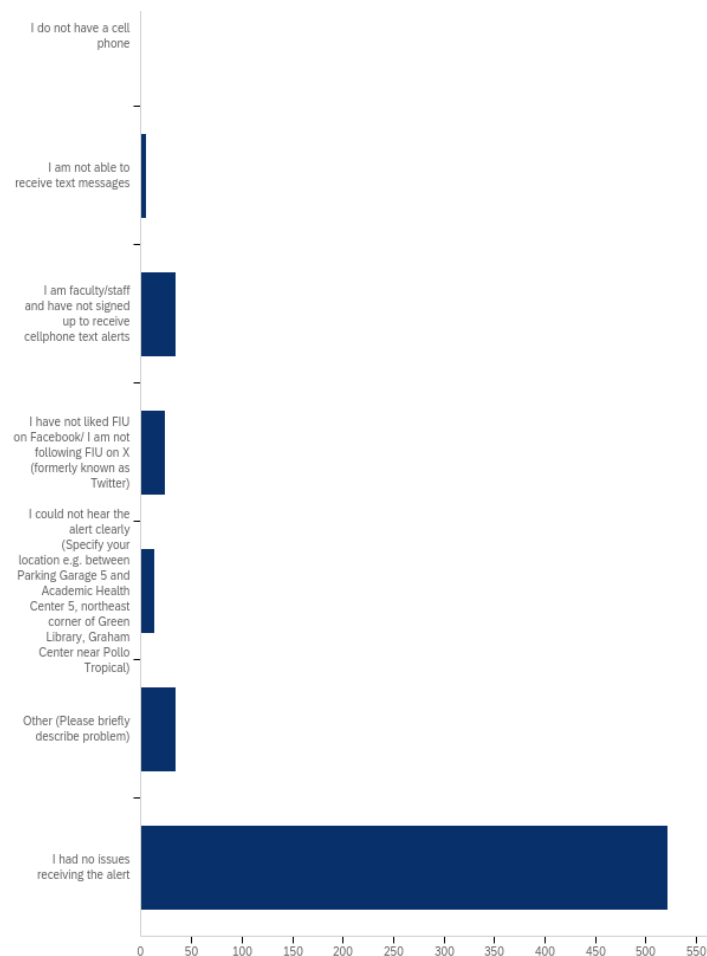
3 - How did you receive the test message? (Mark all that apply)



4 - If you did receive the cell phone text message, how long after 10:00 a.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 “I could not hear the alert clearly. (Please specify your location...)”

Outdoor speaker CCLC building - pointing downward towards building, low volume

In PG-5 155 alert was very quiet

From within the dorms the outdoor alarm was barely legible. Without the notice prior of the alarm test I wouldn't have even noticed it.

Outside near Mango & inside of Mango

6 - Please briefly describe any other problems or suggestions regarding the FIU Alert emergency notification system.

Excellent use of the system. Received the alert 4 different ways.

The alert worked as it should within my office suite. Also, I did not sign up for text message alerts.

No suggestions- All is working well- Thank you, we appreciate you keeping us safe!

I received the email and text message. The text message came at exactly 10:02 am while the email came at exactly 10:12am. I can see the text message as within an acceptable emergency situation but the email was pretty late. I did not receive the call. I think a combination of the call and the text will be good because my phone can be in my pocket while am not paying attention to the brief text message alert and will miss the alert in a case of emergency that require a very quick response.

I received the information for the survey before I received the emergency alert itself. I almost replied that I had not received any alert at all. If something can be done to make sure the survey comes out 30 minutes - 1 hour after the alert, I think that would be best.

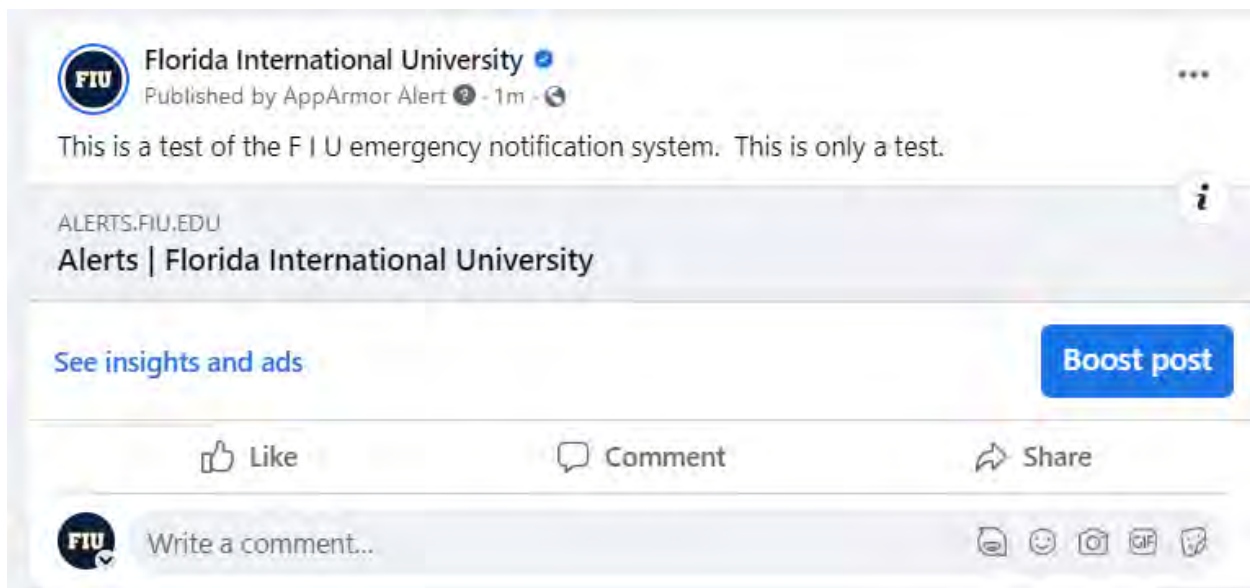
FIU Alert Notifications

Modesto Maidique Campus Digital Display:



Social Media:

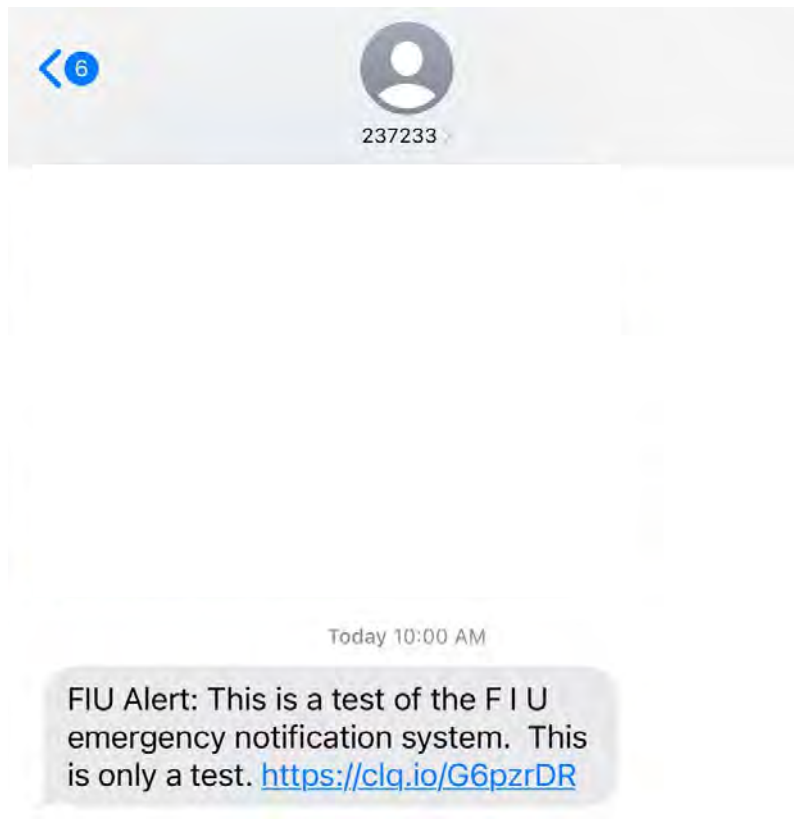




VOIP Phone:



SMS Text via Mobile Phone:



If there are any questions or for more information, contact FIU DEM at dem@fiu.edu.



THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
December 7, 2023

FACILITIES AND CONSTRUCTION UPDATE AS OF NOVEMBER 14, 2023

Report *(For Information Only – no action required)*

Projects Completed

- **School of International and Public Affairs (SIPA) Phase II (BT-887)** - \$43.1M project consisting of \$12,701,439 PECO funding, \$15,000,000 private donation, \$5,534,299 FIU Online contribution, \$2M portion of Ferré gift, \$2,298,561 E&G CF, \$250,000 SIPA contribution, and \$1,794,371 in E-Sport contributions (current shortfall after all project contingency is applied: \$3.5M estimated project cost to complete build-out of shelled areas, to be raised with additional private donations.) This shortfall is current as of May 2023 construction pricing, A/E - Harvard Jolly; CM - Thornton Construction. The building 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. The project constructed an 84,858 gsf building, encompassing 66,651 gsf of built-out space (78%), including 14,563 gsf for FIU Online, leaving 18,207 gsf of shell space (22%) for future build-out when an additional \$3.5M in private funding is raised. The Temporary Certificate of Occupancy was issued on August 4, 2023, and the building is now occupied. Final sitework required to connect to campus hardscape, including the newly constructed Richardson Memorial Plaza is on hold pending redesign of the hardscape and drainage infrastructure north of SIPA II to better accommodate pedestrian traffic flow and site drainage. The design is expected to be completed by December 15, 2023. Delivery date: The building was delivered on August 4, 2023 with limited media equipment operability. Full media capability is expected by June 2024. Construction completion of the north green area is expected by July 2024.

Projects under Construction

- **Engineering Building (Phase I) (BT-919)** - \$73.9M project consisting of \$38.9M in PECO funding, \$9.5M in unrestricted Treasury Auxiliary funds, \$6.7M in unrestricted Auxiliary, \$4.3M in E&G Carryforward, and \$14.5M in unrestricted Auxiliary

Treasury bridge funding, with another \$15M earmarked for future build-out. A/E – Perkins+Will; CM – DPR Construction. The project is interdisciplinary focused on the nexus of engineering, academic health sciences, computer science and robotics. It will construct a new 120,695 gsf engineering building at MMC with classrooms, teaching labs, study space, research labs, offices, computer and instructional media spaces. The building will have 40% shell space intended to be built-out with private fundraising and sponsored research grant funding. The amendment incorporating the final GMP amount of \$59,937,800 was executed on March 22, 2023. MEP mechanical and electrical room infrastructure for shelled space and the CEC server room have been added back into the project using cost savings from owner-direct material purchases. Site utilities infrastructure installation is progressing, and curtain wall glass has started to be installed. Roof work continues with the installation of the first waterproofing layer. Rough mechanical, plumbing, and electrical work as well as framing is in progress. Lead times for electrical equipment have pushed the scheduled completion date to August 2024. Building completion and occupancy: August 25, 2024.

- **Trish and Dan Bell Chapel (BT-927) / East Loop Road Realignment (BT-929) -** \$35.9M combined project budget ultimately consisting of \$25.9M in private funds dedicated to the chapel. \$5,093,325 in private funds for the chapel have been received to date; another \$12,301,000 has been pledged totaling \$17,394,325. FIU Foundation has backed the remaining private funding balance. The total cost of the roadway realignment component is \$10.0M: \$3.44M in unrestricted Treasury Auxiliary Fund balances and \$3.0M in CITF funds, with FIU allocating \$3.5M in FY22-23 Deferred Maintenance funding toward the expansion of the chilled water loop. A/E – Gurri Matute; CM – Moss & Associates. The project will build a multi-faith chapel with the capacity of 224 at S.W. 14th Street, northwest of the Ronald W. Reagan Presidential House. The chapel will accommodate the plurality of faiths and perspectives at FIU while serving as a faith gathering place for worship, contemplation, spiritual strengthening, and mutual understanding. The road portion of the combined project has realigned part of the loop road to enhance traffic flow and improve turning radius for large vehicles servicing the Graham Center. This project also created 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. Work on the road commenced on November 16, 2022 and finished on October 7, 2023. 100% construction documents for an 18,282 gsf chapel were received on May 5, 2023 and a GMP estimate from Moss was received on August 8, 2023 for \$24,007,054, resulting in a total project cost for the chapel of \$25,897,748 after value engineering savings were applied, and a project budget shortfall of \$7,316,044. This does not include exterior building lighting, landscape and alternates totaling \$2,924,807. On October 27, 2023 the FIU Foundation secured a \$10.1M loan to provide the funding to move forward with the construction of the chapel. The CM agreement amendment incorporating the GMP was executed on October 31, 2023 and construction has begun

on the chapel. Monthly progress meetings with the Bells continue. Anticipated delivery date: May 2025.

Projects in Design

- **University City Prosperity Project (UCPP) (BT-904)** - \$23.7M TIGER Grant project budget; multiple funding sources. A/E - BCC Engineering; Builder - TBD. All work necessary to close the open water and sewer permits is complete. MCM has submitted the conveyance package close-out documents for final permit close-out of the original bridge. BCC was released to start design of the new bridge on April 7, 2021 and the 60% design submittal was received on March 7, 2022. The 60% design submittal cost estimate was submitted on April 29, 2022 for \$16.4M, roughly \$4.6M over the 30% design estimate primarily due to material cost escalation in the current construction market. The 100% design submittal with a construction cost estimate of \$17.6M was submitted on December 20, 2022 reflecting a scope of work to construct the bridge, plazas, landscaping, and SW 109th Avenue improvements. FDOT submitted the final design package to Tallahassee on May 22, 2023 and the project was advertised on June 23, 2023. Due to schedule conflicts with other FDOT projects in bidding, no contractors submitted bids on the original July 26, 2023 bid opening date prompting FDOT to readvertise and schedule a new bid opening for October 25, 2023. Three bids were received, with the lowest bid of \$37.7M representing an amount \$17M over FDOT's last estimate of \$20.8M. On November 7, 2023, FIU met with the FDOT to discuss options and a path forward is under development.
- **College of Arts, Sciences & Education (CASE) Renovation (BT-931)** - \$7.15M PECO funded project budget (FY21-22 and FY22-23 Section 152 American Rescue Plan Act (ARPA) funding). A/E - Rodriguez Architects, Inc.; CM - Thornton Construction. The 30-year-old 61,783 square foot Computing, Arts, Science and Education (CASE) building consists of seven (7) classrooms, seven (7) teaching labs, sixty-one (61) research labs and one hundred forty-four (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 for a healthy indoor environment and to control energy costs. 100% construction documents were received October 14, 2022 and after several pricing iterations, a final GMP from the CM was received on May 10, 2023 for \$7,751,306 for a total project cost of \$9,735,462 and a funding shortfall of \$2,585,462. The project shortfall was submitted as a request for E&G Carry Forward (CF) funding in the FY23-24 Fixed Capital Outlay (FCO) Plan and the full amount of the shortfall was received on November 1, 2023. An amendment to the CM agreement is being prepared to award the GMP and start the construction phase. Delivery date: TBD pending a revised schedule from the CM.

- **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 FIU Board of Trustees Carryforward Reserve funding as cost share. A/E – Salz Michelson Architects; CM – Stobs Brothers Construction. 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 linear feet (LF) of edge nailers and flashing, 2,689 SF of roofing, doors, and skylights on four (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. The architect submitted 100% construction documents on July 27, 2022. The initial GMP was received on August 18, 2022 for \$3,428,400 with much of the HVAC scope broken-out as alternate bid items in an attempt to reduce cost. The current GMP, including all of the approved scope of work, was received on September 30, 2022 for \$3,804,150. The grant and scope of work were established several years before construction cost increases hit the market requiring an increase to the budget and schedule extension. The new proposed project budget is \$4,541,676 which reflects current material costs and a 5% contingency for future cost escalation during the project. A formal request for a \$922,747 budget increase and 12-month schedule extension to September 30, 2024 was submitted to FDEM on October 4, 2022. Per the FDEM agreement, the project was to have achieved final completion when the period of performance ended on September 30, 2023. On April 5, 2023 FDEM approved a schedule extension to February 28, 2024, the last day of the declared disaster performance period. FIU will need additional schedule extensions which will require approval from FEMA. On August 11, 2023 FDEM responded to the request for budget increase of \$922,747 with a request for FIU to provide additional justification supporting documentation for submission to FEMA. Based on the eventual response, this increase may require support from E&G CF funding with a potential scenario of a request for \$922,747 from E&G CF. Delivery date: TBD.

Projects in Planning Stage

- **Graham Center Expansion (BT-921)** - \$50.2M project consisting of \$43.8M in CITF and \$6.4M in supplemental funding from auxiliaries, donations, and gifts. A/E – TBD; CM – TBD. The updated program now under review reflects the addition of an estimated 59,362 gsf to the existing facility. The project will expand programming spaces to meet the needs of the FIU community: a new and larger ballroom, breakout rooms, green rooms, lounges, and storage spaces. It will also add necessary student-use spaces/lounges and a VMA & ROTC office suite. To date, \$23,900,295 in CITF funding has been received. Three future CITF allocations totaling \$19,900,000 and \$6,362,960 in gifts and auxiliary funding are necessary to fully fund this project. Delivery date: TBD.

CasaCuba (BT-925) - \$37.3M project (increasing to \$48.8M after including the \$14.5M required maintenance endowment) based on private donations, and other philanthropic sources. To date \$7,464,478 has been raised in cash including a \$750K National Endowment for the Humanities grant, and a \$2M Knight Foundation grant (\$1.2M received to date). Remaining pledges total another \$17,308,499 for a grand total of \$24,772,977. A/E -HKS. CM - Thornton Construction. 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. HKS Architects received their fully-executed agreement on July 7, 2023, has validated the revised program outline and submitted a draft final program on August 21, 2023 for review followed by additional user group meetings. Start of the schematic design phase will begin when the final program is signed. Delivery date: TBD.

- **Student Health Center Expansion (BT-932)** - \$12,000,000 student health fee funded project. A/E - HKS; CM -TBD. The project will remodel existing space within the MMC Student Health Center and expand the facility by 10,808 gsf to accommodate the growing need for clinical, counselling, and direct advocacy services to students through purposeful, multi-use space for all student wellness areas to utilize. The A/E advertisement was posted on July 28, 2023 and HKS was selected as architect on October 17, 2023. Once on contract, detailed programming will be completed by HKS in conjunction with the program committee for final sign off and approval by the president to begin design. Delivery date: TBD.
- **Engineering Building (Phase II) (BT-938)** - \$69.5M project consisting of \$33.5M in FY22-23 PECO funding (FY22-23 Section 197 ARPA Funding), \$15.15M in FY23-24 PECO funding, and \$20.85M in private funding to be raised. A/E - Perkins + Will; CM -TBD. This second phase will complete the interdisciplinary program of BT-919 Engineering Phase I focused on the nexus of engineering, academic health sciences, computer science and robotics. It will construct a 75,332 gsf engineering building at MMC connected to Phase I that includes classrooms, teaching labs, study space, research labs, offices, and computer and instructional media spaces. The Provost has appointed a new program committee to update and revise the building program. Meeting regularly with the program committee, Perkins + Will expects to have a draft final program to FIU for review by November 24, 2023. Funding for the project was received through the Coronavirus State Fiscal Recovery Funds (SFRF) program, has federal requirements, and must be under contract to obligate the funding no later than December 31, 2024 with all funding expensed no later than December 31, 2026.

- **Wolfsonian-FIU Expansion (BT-940)** - \$20.0M project budget depending on scope. \$17.54M raised to date: \$10.0M Miami Dade County Building Better General Obligation Bond, \$5.0M City of Miami Beach Arts and Cultural General Obligation Bond, and \$586K in cash and pledges from individual donors, in addition to a \$750K Knight Foundation Grant, \$600K Institute of Museum and Library Services and National Endowment for the Humanities Grant, and \$600K in matching funds supporting new public space through interior renovations. A/E – TBD; CM – TBD. The project envisions interior renovations of the existing 3rd floor museum space and a 25,000 to 36,000 net square foot expansion of the historic Wolfsonian-FIU building at 1001 Washington Avenue, Miami Beach. The project will deliver new galleries, classrooms, and other public program spaces to increase the number of collections on exhibit and increase opportunities to host and present more K-12, higher education, and lifelong learning programs. A secondary use of the program spaces for event rentals will yield revenues to support operating costs and mission-related activities. The outline program was signed on September 19, 2023 and the legal advertisement for the architect to complete the program and design the project was posted on October 13, 2023. Eleven (11) firms submitted qualifications packages on November 13, 2023. Delivery date: TBD.

- **Residential Dining Facility (BT-941)** – The \$12M auxiliary funded project (including a \$4M commitment from Chartwells) will build an innovative new food service facility that can become a center for student engagement and community, accommodating multiple styles of service and cuisines while providing a unique food service experience. The facility will include a retail food court featuring approximately 5 food venues, a service area that accommodates new technology self-ordering kiosks as well as in-person service, a full-service kitchen with prep and cooking equipment, a 200-patron indoor and 100-patron outdoor seating area with the ability to activate for private events. The program committee has been appointed and an outline program for approval by the president to authorize selection of an A/E firm is being drafted. Detailed programming will be completed by the selected firm in conjunction with the program committee for final sign off and approval by the president to begin design. A/E – TBD; CM – TBD.

- **Academic Health Sciences Clinical Partnership Facility (BT-942)** – \$217M projected project cost (\$5M in FY23-24 PECO received to initiate planning). The proposed 120,000 gsf Medical Clinical facility on campus will provide direct primary and specialty clinical health services to the community through partnership with Baptist Health as well as interdisciplinary health science education for the FIU academic health science disciplines, including medicine, nursing, social work, public health and the allied health sciences. The facility will also include a 1,000 car parking garage. On September 20, 2023, the University completed a visioning study, with input from Baptist Health, providing concepts that could be used for future planning. Programming and A/E selection is dependent on future funding.

Encls: New Minor Projects established 8/1/2023 – 10/31/2023
New Project Change Orders established 8/1/2023 – 10/31/2023



FM New Minor Projects over \$500,000 established 8/1/2023 through 10/31/2023

Purpose: Information to BOT

	FM#	Project	Requester	Date Established	A/E	Construction	Total Budget	Funding Source
1	230901	GL Study Room Remodeling (Special Needs Testing)	COM	9/1/2023	Pending	Pending	\$ 650,000.00	COM E&G CF
2	230711	Soccer Facility Parking Lot	Parking	10/16/2023	SGM Engineering	Pending	\$ 749,800.00	Auxiliary
3	220407	Everglades Hall Elevator Upgrade	Housing	10/18/2023	SGM Engineering	TK - ThyssenKrupp	\$ 771,096.48	Auxiliary
4	161121	FIU Arena Athletes Weight Training Facility Renovation	Athletics	4/25/2022 (a)	MC Harry	Camcon Group	\$ 1,090,864.42	Auxiliary
5	220906	BBC AC2 STAR Center Remodeling	Parking	10/20/2022 (b)	Perkins & Will	D Stephenson Construction	\$ 2,429,060.83	E&G CF
							\$ 5,690,821.73	

(a) Budget was increased \$1,053,093.80 to fund construction 10/18/2023

(b) Budget was increased \$2,202,804.26 to fund construction 8/17/23.



FM Change Orders over \$50K 8/1/2023 through 10/31/2023 (a)

Purpose: Information to BOT

	BT/FM#	Project	Vendor	PO/Contract No.	Original Contract Amount (b)	Current Contract Amount (b)	CO#	Date Approved	Change Order Amount	Description	Funding Source
1	200213	OE Labs 316 & 321B Renovations	Pierre Contractors	530	\$ 458,620.00	\$ 569,390.00	1	8/4/2023	\$ 110,770.00	Owner requested additional construction to accommodate an increased amount of students per class.	E&G CF
2	220805	CP Corridor Fire Rating	Stobs Bros Construction	529	\$ 755,260.00	\$ 919,263.46	1	8/17/2023	\$ 164,003.46	State Fire Marshal request to replace exterior doors.	E&G CF
3	190721	DM Covered Walkway	Fastrack	256260	\$ 99,289.17	\$ 249,347.89	1	8/17/2023	\$ 150,058.72	To repair existing crack found to be overhead spalling that could potentially fall down from slab.	PECO Federal Funds/E&G CF
4	221001	CCLC Acoustical Ceiling/Renovation	D Torr General Contractors	259685	\$ 86,361.41	\$ 178,767.25	1	8/23/2023	\$ 92,405.84	Additional painting scope, the installation of a temporary construction fence to safely separate trash removal from children's outdoor play area, material cost escalation, lighting upgrade from 2x2 lights to 2x4 lights, relocation of furniture to do flooring, expedited schedule, bond requirement due to increase in scope, added ceiling grid & tiles in teacher's Resources Room, additional electric scope, and install supply & return system to meet ventilation needs at the Reception Area.	Auxiliary
5	220216	BBC AC2 HVAC Upgrades	Carrier Corp	516	\$ 3,307,527.00	\$ 3,424,447.00	4	9/1/2023	\$ 116,920.00	Provide demolition & replacement of 7 VAVs. Additionally, due to the reduced number of AHU's at the 2nd & 3rd Floors, new outside air ductwork routing is required.	HEERF
6	220216	BBC AC2 HVAC Upgrades	Carrier Corp	516	\$ 3,424,447.00	\$ 3,572,447.00	5	9/29/2023	\$ 148,000.00	Provide independent temperature control where now only 1 AHU serves multiple rooms.	HEERF
7	220122	BBC HM HVAC Upgrades	Carrier Corp	505	\$ 1,232,045.00	\$ 1,310,405.00	3	10/16/2023	\$ 78,360.00	Install new VAVs, dampers & diffusers to provide additional airflow control to AHU 1, 2 and 3.	HEERF
									\$ 860,518.02		

(a) Change orders over \$50,000 on minor projects and change orders over 5% of authorized budget for major projects.

(b) Values reflect contract amounts, not full project cost.



THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
DECEMBER 7, 2023

SAFETY AND ENVIRONMENTAL COMPLIANCE REPORT AS OF OCTOBER 27, 2023

Report *(For Information Only – no action required)*

Item #1 Agency Risk Management Program Evaluation

Agency: State of Florida – Division of Risk Management

On October 3 and 4, 2023, the State of Florida Division of Risk Management conducted an evaluation of FIU's Risk Management Program. The evaluation focused on four areas: safety, worker's compensation, employment discrimination/federal civil rights, and general and auto liability. There were 39 guidelines that required response and supporting documentation from FIU Environmental Health & Safety, Office of University Compliance & Integrity, Procurement Services, Office of Civil Rights Compliance & Accessibility, Human Resources, and Facilities Management representatives.

Findings: FIU is pending the final report from the Division. Any requests for additional documentation or clarification were handled at the time of the evaluation.

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
December 7, 2023

TREASURY REPORT (For quarter ending September 30, 2023)

Report (For Information Only – no action required)

OVERVIEW

The University's total liquidity position of \$563.7 million was 3.3 times the University's debt position of \$171.3 million at the end of FY 2024 1Q. Including direct support organization ("DSO") debt, the liquidity to total debt ratio was 2.9 times. These results are higher compared to the end of FY 2023 1Q, where the liquidity to University debt and the liquidity to total debt ratios were 3.0 times and 2.7 times, respectively.

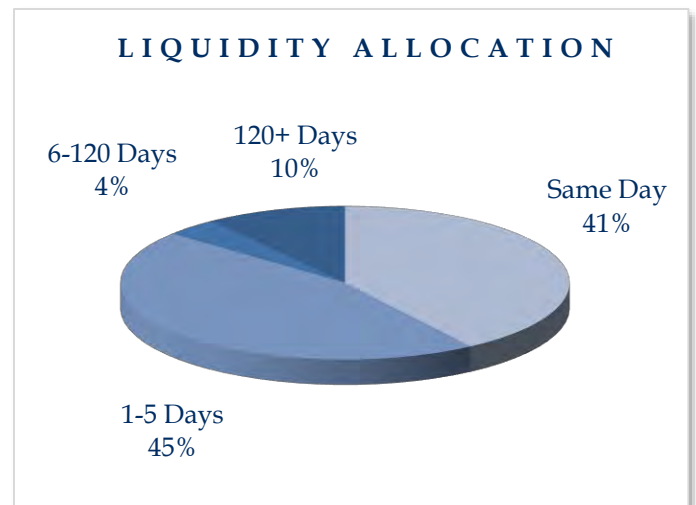
LIQUIDITY

Real Days Payable

At the end of FY 2024 1Q, \$485.1 million, or 86.1 percent, of the liquidity position was accessible within 5 business days (see *Liquidity Allocation* chart for detail). At the end of FYTD 2024 1Q, the University had 85 real days payable¹ ("RDP") versus 84 RDP at the end of FYTD 2023 1Q.

Sources

The University started the fiscal year with \$224.5 million in cash balances². Total FYTD 2024 1Q inflows (state and operational) were \$422.8 million as compared to \$404.8 million for FYTD 2023 1Q. On average, \$6.5 million flowed into the University each business day in FYTD 2024 1Q and \$6.1 million in FYTD 2023 1Q.



Uses

FYTD 2024 1Q, the University used \$373.1 million as compared to \$365.6 million in the same period last fiscal year. The FYTD 2024 1Q velocity cash outflow was \$5.7 million per day and \$5.5 million in FYTD 2023 1Q. The University ended FY 2024 1Q with \$274.2 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.

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 five business days as its balance of liquid funds.

² Cash includes Working Capital Pool assets and cash balances in the concentration bank account.

VAR analysis, completed quarterly, estimates the maximum potential loss during a specific time 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 2024 1Q ending balance) could have unrealized losses of up to \$4.1 million and one percent probability of up to \$16.7 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 2024 1Q, a 100 bps rise in the 10 year Treasury Bond rate would result in a \$3.4 million, 0.6 percent unrealized gain. Liquidity, as measured by 5-day accessibility, would drop to 79.6 percent, or \$453.9 million, of the total current available cash and investment balances. RDP would fall to 79 days based on current fiscal year outflows.

A 25 percent decline in the equity markets would result in a (\$11.2) million (2.1) percent unrealized loss. Liquidity, as measured by 5-days accessibility, would decrease slightly to \$482.6 million or 89.1 percent of the total current available cash and investment balances. RDP would be 84 days based on fiscal year outflows in this stress scenario.

A scenario similar to the 2013 Federal Reserve “Taper Tantrum” would result in a (\$8.2) million (1.5) percent unrealized loss. Liquidity, as measured by 5-day accessibility would drop to \$423.1 million or 77.3 percent of the total current available balances. RDP would drop to 74 days.

Forecast and Budget

Actual balances at the end of FY 2024 1Q were (0.4) percent lower than the rolling forecast, (2.7) percent higher than the budget, and 3.8 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 2024.

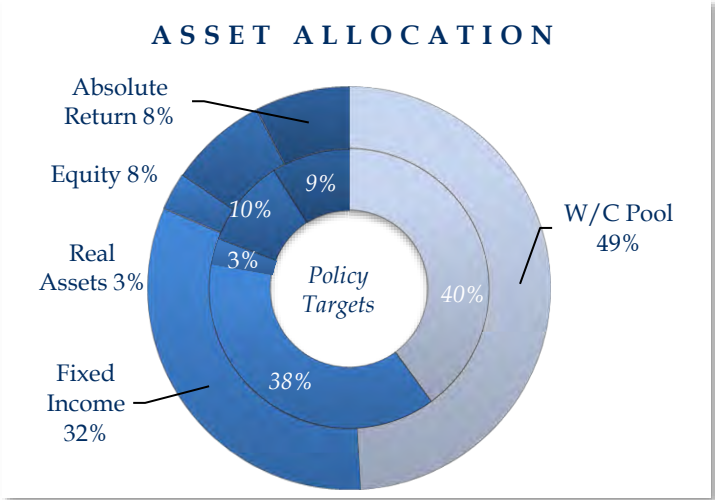
INVESTMENTS
Composition

Asset allocations at the end of FY 2024 1Q remained within policy guidelines (See *Asset Allocation* chart for quarter end detail).

At the end of FY 2024 1Q, the market value of the University’s operating funds portfolio and cash was \$563.7 million. This balance reflects an increase of \$44.7 million or 8.6 percent, from the previous quarter. The increase reflects the quarter-to-quarter seasonal increase in net cash flows from fall tuition. The total portfolio market value was \$20.4 million higher than the market value at the end of FY 2023 1Q. The increase was due to investment returns.

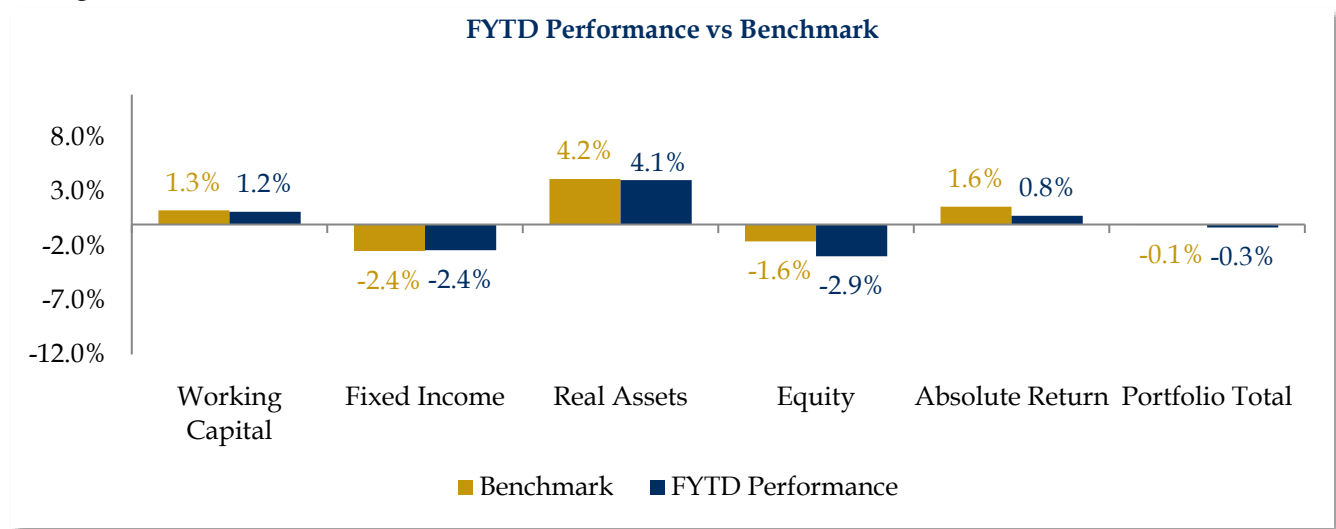
Performance

FIU’s operating portfolio continues to outperform the State Treasury investment pool (“SPIA”), returning 3.7 percent since inception versus the SPIA’s 2.4 percent for the same period. At the end of FY 2024 1Q, the portfolio returned (0.3) percent. This compares favorably to a (2.0) percent return at the end of FY 2023 1Q. The Strategic Capital and Reserve Pools returned (1.6) percent while the Working Capital Pool gained 1.2 percent. Returns from the SPIA totaled 0.7 percent at the end of FY 2024 1Q (see *FY Performance vs. Benchmarks* chart for additional performance detail by asset class).



The Portfolio was flat to its aggregate benchmark. The equities asset class underperformed its benchmark mostly due to the venture capital sector performance

in Private Equity. The Absolute Return underperformance was due to its Long/Short and Event Driven Strategies.



DEBT

Total Outstanding

The University and DSOs ended FY 2024 1Q with \$192.4 million in outstanding debt versus \$203.2 million at the end of FY 2023 1Q. The lower year over year outstanding debt was due to continued debt service payments. The weighted average interest rate for the University and DSO issuances was 3.8 percent which was flat to same period in the prior year.

Bond Refunding

The University and the Athletics Finance Corporation (AFC) has refunded/modified all other eligible outstanding bond series. The refunding/modification are projected to save the University and AFC \$32.2 million in interest expense over the term of the issuances. As of September 30, 2023, \$10.0 million of interest savings have been realized from the refunding and modification activities. The University and AFC are expected to save \$1.7 million in interest expense in Fiscal Year 2024 and \$8.5 million over the next 5 years.

Period Ending September 30, 2023

(000's)

OVERVIEW

Liquidity/University Debt	3.29
Liquidity/Total Debt	2.93

Liquidity Position

Cash + W/C Pool	\$	274,203
Strategic + Reserve Pools		289,524
Total	\$	563,727

Debt Position

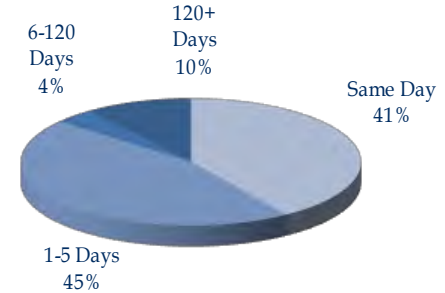
University Debt	\$	171,310
DSO Debt		21,090
Total	\$	192,400

LIQUIDITY
Availability

Same Day	\$	228,560
1-5 Days		256,547
6-120 Days		21,920
120+ Days		56,700
Total	\$	563,727

Real Days Payable (<5 Days)

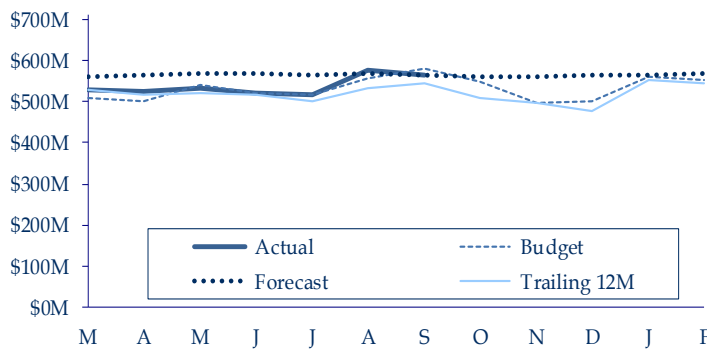
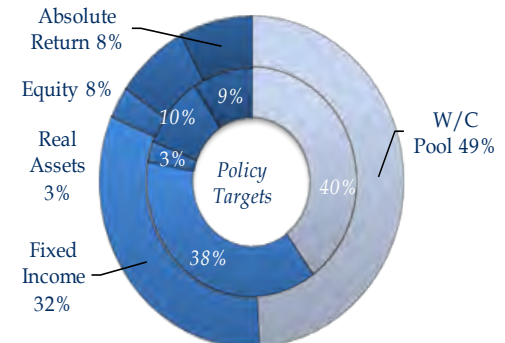
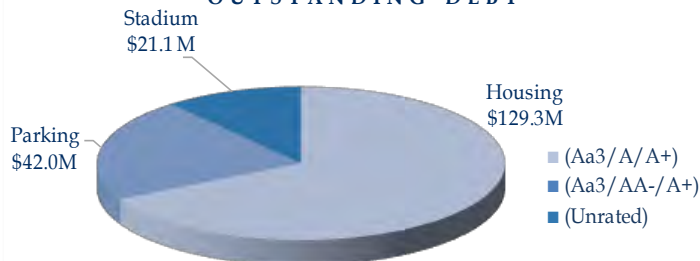
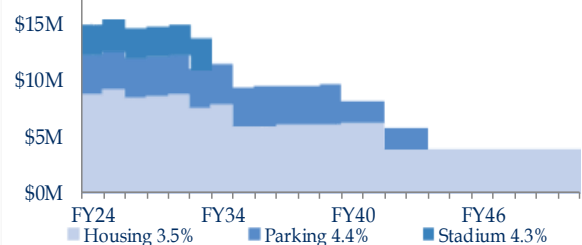
MTD Outflows	69
QTD Outflows	85
YTD Outflows	85

LIQUIDITY ALLOCATION

LIQUIDITY SOURCES AND USES

Sources	MTD	QTD	YTD
Opening W/C Pool Balance	\$ 226,843	\$ 171,820	\$ 171,829
Opening Cash Balance	\$ 53,288	\$ 52,720	52,720
From State	32,233	128,696	128,696
From Operations	110,397	294,115	294,106
Uses	MTD	QTD	YTD
To Payroll	(64,327)	(184,289)	(184,289)
To Operations	(32,693)	(100,845)	(100,845)
To Students	(51,537)	(88,014)	(88,014)
Cash + W/C Pool	274,203	274,203	274,203

INVESTMENTS

Cash + W/C Pool	Balance	FYTD	Last1Y
W/C Pool	\$ 221,174	1.9%	2.0%
Cash	53,030	1.7%	1.7%
Strategic + Reserve Pools			
Fixed Income	180,554	0.8%	-4.9%
Real Assets	16,927	-7.9%	-12.7%
Equity	43,930	5.8%	-7.0%
Absolute Return	48,113	5.6%	2.4%
Total Portfolio	\$ 563,727	2.1%	-1.6%

CASH + INVESTMENTS FORECAST

ASSET ALLOCATION

DEBT
OUTSTANDING DEBT

ANNUAL DEBT SERVICE


Period Ending September 30, 2023

<u>OPERATING FUNDS</u>	<u>MARKET VALUE¹</u>	<u>BOOK VALUE</u>	<u>INCOME EARNED²</u>
<u>Working Capital³</u>	\$274.2M	\$277.5M	\$2.7M
Fixed Income	\$180.6M	\$190.4M	\$1.1M
Equity	\$43.9M	\$31.5M	\$0.1M
Real Assets	\$16.9M	\$18.7M	\$0.0M
Absolute Return	\$48.1M	\$30.2M	\$0.0M
<u>Total Strategic/Reserve</u>	\$289.5M	\$270.7M	\$1.2M
<u>Total Operating Funds</u>	\$563.7M	\$548.3M	\$3.9M

¹ Includes Dividend/Interest Receivable

² Investment Income Earnings - Dividends and Interest

³ Includes Bank Cash

i) The total principal amount of variable rate debt to principal amount of total debt:

**Florida International University and DSOs
As of June 30, 2023**

Rate Type	Total Principal Amount	% of Total Debt
Variable	\$0	0.0%
Synthetically Fixed ¹	\$21,090,000	11.0%
Fixed ²	\$171,310,000	89.0%
Total	\$192,400,000	100.0%

¹ Athletics Finance Corporation (Stadium) - Rate is fixed by a swap agreement.

² Excludes accounting adjustments for bond discount/premium and Refunding of \$18,433,190

ii) the amount of debt service accrued during the reporting period in relation to the pro-rata amount of annual budgeted debt service for the reporting period. If the amount of debt service which accrued during the reporting period exceeded the pro-rata amount of annual budgeted debt service for the period, the university shall explain what actions were taken to assure that there would be sufficient revenues and budget authority to make timely payments of debt service during the subsequent years

The Fiscal Year 2023 debt service budget was sufficient to meet debt service needs.

iii) the amount of variable rate debt in relation to the amount of the university's and/or DSO's short-term investments, and any other strategies used to hedge interest rate risk.

No Variable Rate Debt.



BOARD OF TRUSTEES
Finance and Facilities Committee
December 7, 2023

Subject: Quarterly report of the purchasing transactions greater than or equal to \$500,000 and less than \$1,000,000 from August 1, 2023 through October 19, 2023.

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 24 (YTD)
0000263901	Exception under BOG Regulation 18.001(6)(d)(11) - Advertising, except for media placement services.	PO # 0000263901	GOOGLE LLC	FIU Online Web Based Courses / Blanket Purchase Order for Google - Graduate and undergraduate programs advertising 2023-2024	6/30/2024	985,000.00
0000238869	Sole Source Approved by BOT on March 2022	PO # 0000238869	EQUINIX INC	IT CIARA / Multiple lines for Colocation and Network/Exchange services ExP Core	6/30/2026	844,667.68
0000185533	Sponsored Projects (Direct) POs are exempt from prior BOT approval and just need to be reported after the fact once PO is equal to or greater than \$500,000. Approval was obtained when entering into the subaward.	PTE/Prime Award No. 69A3551747121	UNIVERSITY OF WASHINGTON	Civil and Environ Engineering//PTE/Prime Award No. 69A3551747121	5/31/2024	828,000.00

Purchase Order No.	Competitive Solicitation Number or Exemption	Competitive Solicitation Title or Agreement Type	Vendor	Department / PO Description	Current Expiration Date	PO Amount FY 24 (YTD)
0000175064	Sponsored Projects (Direct) POs are exempt from prior BOT approval and just need to be reported after the fact once PO is equal to or greater than \$500,000. Approval was obtained when entering into the subaward.	PTE/Prime Award No. 69A3551747121	UNIVERSITY OF OKLAHOMA	Civil and Environ Engineering /PTE/Prime Award No. 69A3551747121	5/31/2024	797,247.00
0000266349	Exception under BOG Regulation 18.001(6)(d)(10) - Training and education services	Training Services Agreement	A M RYWLIN MD AND ASSOCIATES PA	COM Pathology /Blanket Purchase Order for Administrative and Clinical Pathology services for FY23-24	6/30/2024	750,000.00
0000263420	ITN-2019-00015 Approved by BOT on June 2021	Grounds Maintenance PUR-04000	ARAMARK SERVICES	Groundskeeping / Blanket Purchase Order for Grounds Maintenance, per Item S1.8 and S1.2 Base Contract pricing, for FACILITIES for the SOUTH 52 campus for the period through 06/30/2024.	6/30/2026	684,665.86
0000263245	Exception under BOG Regulation 18.001(6)(d)(5) - Legal services, including attorney, paralegal, expert witness, appraisal, arbitrator or mediator services.	PO # 0000263245	SALIWANCHIK, LLOYD AND EISENSCHENK PA	Office of Rsch and Eco Develop / Blanket Purchase Order for Legal Fees for the period of 08/08/2023 to 06/30/2024	6/30/2024	665,000.00

Purchase Order No.	Competitive Solicitation Number or Exemption	Competitive Solicitation Title or Agreement Type	Vendor	Department / PO Description	Current Expiration Date	PO Amount FY 24 (YTD)
0000206584	Sponsored Projects (Direct) POs are exempt from prior BOT approval and just need to be reported after the fact once PO is equal to or greater than \$500,000. Approval was obtained when entering into the subaward.	Subaward No: 800011034-01 Project Title: Field Emitter Robust Vacuum Integrated Nanoelectronics (FERVIN) PTE Federal Award No: FA9550-19-1-0349	PURDUE UNIVERSITY	Elec and Computer Eng / Subaward No: 800011034-01 Project Title: Field Emitter Robust Vacuum Integrated Nanoelectronics (FERVIN) PTE Federal Award No: FA9550-19-1-0349	2/14/2024	649,591.76
0000262045	ITN-2020-00028	Strategic Real Estate Services PUR-04114	C & W FACILITY SERVICES INC	Ctr for Translational Science /Blanket Purchase Order for Facilities Management Services for our Center for Translational Science (CTS) at Port St. Lucie (PSL) Research Facility for the period through 01/07/2024.	1/7/2024	567,263.00
0000258219	Sponsored Projects (Direct) POs are exempt from prior BOT approval and just need to be reported after the fact once PO is equal to or greater than \$500,000. Approval was obtained when entering into the subaward.	Subaward No: 000715	ARRIBADA INITIATIVE CIC	Global Forensic & Justice Ctr / Sub-award No. 000715- Operation Pangolin: Unifying Diverse Data Streams to Redefine Species Conservation	3/31/2026	551,331.00
0000267559	Piggyback Agreement Approved by BOT on June 2021	Computer Equipment and Related Hardware, Software, Services and Support PUR-02645	COMPUTER DISCOUNT WAREHOUSE - CDW	IT Network Services / Cisco Smartnet Support	7/30/2027	535,837.76



BOARD OF TRUSTEES
Finance and Facilities Committee
December 7, 2023

Subject: Quarterly report of the purchasing transactions greater than \$1,000,000 from August 1, 2023 through October 19, 2023.

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 24 (YTD)
0000201754	Sponsored Projects (Direct) POs are exempt from prior BOT approval and just need to be reported after the fact once PO is equal to or greater than \$500,000. Approval was obtained when entering into the subaward.	PTE/Prime Award No. 5R01MH119299-04 Subaward No. 000034	YALE UNIVERSITY	Center for Children and Fam / Subaward No: 000034 Targeting Attention Orienting to Social Threat to Reduce Social Anxiety in Youth PTE/Prime Award No. 5R01MH119299-04	3/31/2024	2,983,215.00
0000263691	ITN-2019-00015 Approved by BOT on June 2021	Grounds Maintenance PUR-04000	ARAMARK SERVICES	Facilities Administration and Groundskeeping /Blanket Purchase Order per Item S1.1 Base Contract pricing for FACILITIES for the MMC campus through 06/30/2024.	6/30/2026	1,938,962.00
0000261710	Approved by BOT on June 2022	Piggyback Agreement No. Mythics Region 4 (National IPA) Contract# R190801 PUR # 05237	MYTHICS INC	IT Panthersoft / Oracle PaaS and IaaS Universal Credits B88206 (Year2)	7/14/2025	1,521,964.02

Purchase Order No.	Competitive Solicitation Number or Exemption	Competitive Solicitation Title or Agreement Type	Vendor	Department / PO Description	Current Expiration Date	PO Amount FY 24 (YTD)
0000266640	Exception under BOG Regulation 18.001(6)(d)(17) - Purchases from an Annual Certification List developed by each University. Approved by BOT on June 2023	Piggyback Agreement No.US-OMA-1375238	ORACLE AMERICA INC	IT Panthersoft / Oracle Support Services Order #6593102	31/8/2025	1,236,000.90
0000176746	Sponsored Projects (Direct) POs are exempt from prior BOT approval and just need to be reported after the fact once PO is equal to or greater than \$500,000. Approval was obtained when entering into the subaward.	PTE/Prime Award No. 69A3551747121	NEVADA SYSTEM OF HIGHER EDUCATION	Civil and Environ Engineering / ABC-UTC Proposal FY 16-23 PTE/Prime Award No. 69A3551747121	5/31/2024	1,031,200.00



THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Facilities Committee
December 7, 2023

CASACUBA BUILDING UPDATE AS OF OCTOBER 25, 2023

FUNDRAISING FOR CONSTRUCTION OF CASACUBA BUILDING

DONOR	PLEDGES	CASH RECEIVED	REMAINING PLEDGE BALANCE
National Endowment for the Humanities*	\$ 750,000	\$ 750,000	\$ -
Knight Foundation	\$ 2,000,000	\$ 1,200,000	\$ 800,000
Other Donors	\$ 20,972,977	\$ 5,514,478**	\$ 15,458,499
Planned Gifts	\$ 1,050,000**	\$ - **	\$ 1,050,000
TOTAL	\$ 24,772,977	\$ 7,464,478	\$ 17,308,499

Highlights since last report: CasaCuba is finalizing an additional gift of \$1.5 million from the Knight Foundation.

**As a Federal agency award, this is a cost-reimbursement grant; the full amount has been obligated.*

*** Change in reporting to exclude programming gifts of \$500K*

FACILITIES UPDATE

- HKS programming workshops with user groups concluded on August 24, 2023.
- Draft program submitted by HKS on September 22, 2023 is under review by the program committee.

FIU FOUNDATION, INC.

**SUMMARY OF REVENUES AND EXPENSES
& INVESTMENTS**

September 30, 2023

FIU FOUNDATION, INC.
Summary of Revenues and Expenses *
For the Period Ended September 30, 2023
(In Thousands of Dollars)

	Actuals				
	University (Donor Designated)	Foundation (Unrestricted)	Total	Budget	Fav (Unfav) Variance
REVENUES:					
Cash Contributions	\$ 5,401	\$ -	\$ 5,401	\$ 6,719	\$ (1,318) [1]
Investment Returns, net of fees	(6,705)	(2,385)	(9,090)	5,752	(14,842) [2]
Foundation Subsidiaries	-	62	62	56	6
Annual Revenues & Fees	-	254	254	200	54
TOTAL REVENUES	(1,304)	(2,069)	(3,373)	12,727	(16,100)
EXPENSES:					
Support to University:					
Scholarships & Programs	\$ 7,785	\$ -	\$ 7,785	\$ 6,076	(1,709) [3]
Building Funds	2	-	2	680	678
Operational Support	-	309	309	272	(37)
Total Support to University	7,787	309	8,096	7,028	(1,068)
Operational:					
Foundation Subsidiaries	-	37	37	98	61
Administrative Operating Expenses	-	1,469	1,469	2,739	1,270 [4]
Other Expenses	-	63	63	115	52
Total Operational	-	1,569	1,569	2,952	1,383
TOTAL EXPENSES	7,787	1,878	9,665	9,980	315
EXCESS REVENUES OVER EXPENSES	\$ (9,091)	\$ (3,947)	\$ (13,038)	\$ 2,747	\$ (15,785)

*Summary of Revenues and Expenses reflects revenues on a cash basis and expenses on an accrual basis.

- [1] The unfavorable variance of \$1.3 million in cash contributions is attributable to timing of gifts received.
- [2] The unfavorable variance of \$14.8 million in investment returns is based on a fiscal year to date return of -2.4% versus a budgeted rate of return fiscal year to date of 1.5% (yielding a 6.0% annual budgeted rate of return).
- [3] The unfavorable variance of \$1.7 million in scholarships and programs is due to timing.
- [4] The favorable variance of \$1.3 million in administrative operating expenses is a result of timing of professional fees and donor event expenses.

As of September 30, 2023								
Asset Class	Market Value	Current Allocation (%)	Current Month	Last 3 Months	Fiscal YTD	Annualized S.I.	Inception Date	
Total Assets (Net of Fees)	\$404,774,818	-	-2.8%	-2.3%	-2.3%	4.8%	6/30/2000	
Main Investment Portfolio (Net of Fees)	\$382,924,192	100.0%	-2.9%	-2.4%	-2.4%	5.2%	6/30/2000	
Public & Private Equity	\$291,777,847	76.2%	-3.4%	-2.6%	-2.6%	5.3%	6/30/2000	
Public Equity	\$227,670,391	59.5%	-4.3%	-3.3%	-3.3%	4.6%	6/30/2000	
Private Equity	\$64,107,456	16.7%	0.0%	0.0%	0.0%	11.1%	11/15/2005	
Real Assets	\$42,199,244	11.0%	-1.3%	-1.4%	-1.4%	2.7%	1/31/2008	
Hedge Funds & Other Diversifying Investments	\$1,091,971	0.3%	0.0%	-1.6%	-1.6%	5.2%	3/31/2002	
High Quality Bonds and Cash	\$47,855,130	12.5%	-1.7%	-1.9%	-1.9%	4.3%	6/30/2000	
Total								

*Source: PCR as of October 9, 2023

||



BOARD OF DIRECTORS

FULL BOARD

OCTOBER 21, 2023

SUBJECT: APPROVAL OF THE BELL CHAPEL FUNDING STRATEGY

PROPOSED BOARD ACTION:

Adopt the following resolution:

1. Authorizing and approving additional funding by the FIU Foundation towards construction of The Trish and Dan Bell Chapel (the "Chapel"), in an amount not to exceed \$25,897,748.00 (the "Chapel Funding Balance"), through a combination of all or some of the following funding source options:

(a) a short-term taxable term loan from Regions Commercial Equipment Finance LLC, of up to \$10.1 million, secured by an assignment of pledged revenues for the Chapel, and pursuant to the terms and conditions contained in the indicative Term Sheet attached hereto as Exhibit G (the "Regions Loan");

(b) an intercompany loan between the Foundation and Florida International University (the "University"), in an amount not to exceed \$6.5 million (the "Intercompany Loan");

(c) additional funding – already previously approved by the Board -- to cover construction funding and, if applicable, debt service payments, from the Foundation General Reserve (the "General Reserve Funding"); and/or

(d) unrestricted irrevocable gifts/pledges and/or unrestricted endowed funds that have been obtained or may be obtained from time to time by the Foundation ("Irrevocable Gifts").

SUPPORTING DOCUMENTS:

- EXHIBIT "G": REGIONS LOAN LETTER OF INTENT

FACILITATOR/PRESENTER:

- MARCEL L. NAVARRO

2. Authorizing the Chief Executive Officer of the Foundation (the “CEO”), in consultation with the Chairperson of the Board and the Foundation Treasurer, to:

(a) negotiate, on behalf of the Foundation, the terms and conditions associated with the Regions Loan, and to execute and deliver on behalf of the Foundation any agreements, documents, or instruments necessary or desirable in order to consummate the Regions Loan; and to

(b) negotiate, on behalf of the Foundation, the terms and conditions associated with the Intercompany Loan, the General Reserve Funding and the Irrevocable Gifts – including, without limitation, the authority to determine the *pro rata* amount that each such funding source will represent, if any, towards the aggregate Chapel Funding Balance – and to execute and deliver on behalf of the Foundation any agreements, documents or instruments necessary or desirable in order to consummate the Intercompany Loan, the General Reserve Funding and/or the Irrevocable Gifts.

BACKGROUND INFORMATION:

The Foundation Board and the University Board of Trustees previously approved the construction and naming of the Chapel. To that end, on October 23, 2021, the Foundation formally authorized and approved the advance of up to \$7,706,700, from the General Reserve towards construction of the Chapel. Furthermore, on October 22, 2022, the Foundation Board authorized and approved the advancement of an additional \$8,059,704, payable from the Foundation’s General Reserve, towards the construction of the Chapel -- for a total of \$15,766,404 currently authorized to be utilized from the General Reserve.

Since that time, and following the advanced schematic design stage, the selected Construction Manager, Moss Construction, provided a revised construction cost estimate equal to \$25,897,748 -- a significant increase from the previous Chapel cost estimate of \$15,444,286.

Therefore, the Foundation requires \$21 million in order to secure sufficient funding to complete construction of the Chapel, based on the revised construction cost estimate. In order to fund the Chapel Funding Balance, the Bells doubled their donation from \$7 million to \$14 million. In addition, the Foundation has cash on hand totaling \$4,874,200.55 to cover construction costs. Finally, the Foundation Board

SUPPORTING DOCUMENTS:

- EXHIBIT “G”: REGIONS LOAN LETTER OF INTENT

FACILITATOR/PRESENTER:

- MARCEL L. NAVARRO

believes it is in the best interest of the Foundation to authorize additional funding to cover the Chapel Funding Balance, as set forth below.

PROPOSED RESOLUTIONS:

NOW, THEREFORE, BE IT RESOLVED THAT:

The Board hereby authorizes and approves additional funding by the Foundation towards construction of The Trish and Dan Bell Chapel (the “Chapel”), in an amount not to exceed the Chapel Funding Balance, through a combination of all or some of the following funding source options:

(a) a short-term taxable term loan from Regions Commercial Equipment Finance LLC, of up to \$10.1 million, secured by an assignment of pledged revenues for the Chapel, and pursuant to the terms and conditions contained in the indicative Term Sheet attached hereto as Exhibit G (the “Regions Loan”);

(b) an intercompany loan between the Foundation and the University in an amount not to exceed \$6.5 million (the “Intercompany Loan”);

(c) previously approved funding from the Foundation’s General Reserve to cover construction costs and, if applicable, debt service payments (the “General Reserve Funding”); and/or

(d) unrestricted irrevocable gifts/pledges and/or unrestricted endowments that have been secured, or may be secured from time to time, by the Foundation following the date hereof (“Irrevocable Gifts”).

AND IT IS,

FURTHER RESOLVED, that the CEO, in consultation with the Chairperson of the Board and the Foundation Treasurer, be, and hereby is, authorized in all respects to:

(a) negotiate the terms and conditions associated with the Regions Loan; and

(b) negotiate the terms and conditions associated with the Intercompany Loan, the General Reserve Funding and/or the Irrevocable Gifts – including, without

SUPPORTING DOCUMENTS:

- EXHIBIT “G”: REGIONS LOAN LETTER OF INTENT

FACILITATOR/PRESENTER:

- MARCEL L. NAVARRO

limitation, the authority to determine the *pro rata* amount that each such funding source will represent, if any, towards the aggregate Chapel Funding Balance.

AND IT IS,

FURTHER RESOLVED, that the CEO be, and hereby is, authorized in all respects to execute and deliver on behalf of the Foundation any agreements, documents, or instruments and take any corporate action necessary or desirable in order to consummate the Regions Loan, the Intercompany Loan, the General Reserve Funding and/or the Irrevocable Gifts, all of which shall contain such terms and conditions as the CEO, in consultation with the Chairperson and the Foundation Treasurer, determines to be in the best interests of the Foundation.

SUPPORTING DOCUMENTS:

- EXHIBIT "G": REGIONS LOAN LETTER OF INTENT

FACILITATOR/PRESENTER:

- MARCEL L. NAVARRO

FORWARD DELIVERY AGREEMENT

November 9, 2023

This Forward Delivery Agreement (this "Agreement") is made as of the above date for the purposes referenced herein by and between **FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.**, a nonprofit corporation under the laws of the State of Florida, its successors and assigns (the "Borrower"), and **REGIONS COMMERCIAL EQUIPMENT FINANCE, LLC**, an Alabama limited liability company, its successors, assigns and transferees (the "Lender").

RECITALS

A. Capitalized terms used in these recitals and not otherwise defined shall have the meanings set forth in Article 1 of this Agreement.

B. The Borrower has applied to Lender for a taxable term loan in a principal amount equal to TEN MILLION ONE HUNDRED THOUSAND DOLLARS (\$10,100,000) (the "Loan") to be evidenced by a promissory note (the "Note") in such amount and on the terms hereinafter set forth.

C. The Lender has offered to make the Loan to Borrower in order to (i) finance the acceleration of pledges for the Trish and Dan Bell Chapel (the "Bell Chapel") to be constructed on the campus of Florida International University and (ii) pay financing costs associated with the Loan (collectively, the "Project"), but only under the terms and conditions of this Agreement.

D. On October 21, 2023, the Board of Directors of the Borrower adopted that certain resolution (the "Forward Delivery Authorizing Resolution") authorizing the execution of a forward delivery agreement, which would establish, among other things, the interest rate and term of the Loan, if and when it should close.

E. The Lender has committed to provide the Loan to the Borrower on the terms contained in this Agreement.

F. All things necessary to make this Agreement a valid agreement of the Borrower and the Lender have been done and performed in due time, form and manner as required by law.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and mutual covenants and agreements herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Borrower and the Lender hereby agree as follows:

ARTICLE 1

DEFINITIONS

As used in this Agreement:

"Business Day" means a day other than (a) a Saturday or Sunday, or (b) a day on which the office of the Lender is lawfully closed.

"Loan Documents" means, collectively, this Agreement, the Loan Agreement and the Note.

"Forward Delivery Authorizing Resolution" means a resolution duly adopted by the Board of Directors of the Borrower on October 21, 2023, authorizing the issuance and delivery of this Agreement.

"Forward Delivery Date" means November 9, 2023.

"Make-Whole Prepayment Price" means the greater of: (i) 100% of the remaining principal amount of the Note to be prepaid, or (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the Maturity Date of the Note to be prepaid, not including any portion of those payments of interest accrued and unpaid as of the date on which the Note is to be prepaid, discounted to the date on which the Note is to be prepaid as provided herein on a semi-annual basis, using an actual/360 interest day basis, at the Treasury Rate (as hereinafter defined) plus, in each case, accrued and unpaid interest on the Note to be prepaid on the prepayment date.

"Maturity Date" means July 1, 2029.

"Settlement Date" means July 1, 2024.

"Treasury Rate" means, as of any prepayment date or termination date as applicable, the yield to maturity as of such prepayment date or termination date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 that has become publicly available at least two (2) Business Days prior to the prepayment date or termination date (excluding inflation indexed securities) (or, if Federal Reserve Statistical Release H.15 is no longer published, any publicly available source of similar market data)) most nearly equal to the weighted average remaining life of the principal installments to be prepaid as of the prepayment date or termination date.

ARTICLE 2

THE FORWARD DELIVERY AGREEMENT

Section 2.01 Commitments; Deliverables.

(a) **Commitments.** Upon the terms and conditions and upon the basis of the representations, warranties and covenants set forth herein, and upon compliance with the provisions of this Agreement therefor, the Borrower and the Lender agree to negotiate, execute and deliver a Loan Agreement and a Note in accordance with the terms, conditions, requirements and covenants set forth in the Term Sheet attached hereto as Exhibit A and which is incorporated herein by reference (the "Term Sheet"), which includes but is not limited to the following Loan terms (to the extent the Term Sheet provides options with respect to any Loan term, the provisions in this section (a) below shall control):

(i) the initial principal amount of the Loan shall equal \$10,100,000 (the "Loan Amount"), which shall be deposited on the Settlement Date into an interest-bearing account held at Regions Bank;

(ii) the Interest Rate on the Loan and the Note shall equal 6.17% per annum, subject to adjustment as provided therein upon an event of default;

(iii) the Default Rate on the Loan and the Note shall equal the interest rate otherwise applicable thereto, plus 6.0%;

(iv) interest on the Loan and the Note shall be payable semi-annually calculated on the basis of a 360-day year for the actual number of days elapsed on each July 1 and January 1, commencing January 1, 2025;

(v) annual principal payments will be due each July 1, commencing July 1, 2025, as set forth in Exhibit A to the Term Sheet;

(vi) the Loan shall be prepayable by the Borrower in whole or in part (1) without penalty, commencing three (3) years after the Settlement Date and (2) prior to such period, at the Make-Whole Prepayment Price, in either case by written direction of the Borrower, in whole or in part (but if in part, in integral multiples of \$50,000 and applied in inverse order of maturity), on any interest payment date. Written direction from the Borrower must be received five (5) Business Days prior to the Payment Date in which the prepayment is to occur. The Borrower's notice of its intent to prepay shall be irrevocable. All partial prepayments of principal shall be applied in the inverse order of maturities; and

(vii) the Loan and the Note shall be secured by an assignment in favor of the Lender of all donor pledges for the Bell Chapel which shall become due on or prior to the Maturity Date in an amount equal to \$9,176,000, together with cash collateral provided to the Lender in an amount equal to \$924,000.

(b) **Forward Delivery Date.** The Borrower shall be required to issue and deliver, or cause to be delivered to the Lender, each of the following on or prior to the Forward Delivery Date:

(i) An incumbency and authority certificate of the Borrower, dated the Forward Delivery Date, with respect to the signatory on behalf of the Borrower of this Agreement;

(ii) A certified copy of the Forward Delivery Authorizing Resolution which shall have been duly adopted and be in full force and effect as of the date of the Forward Delivery Date;

(iii) A legal opinion of counsel to the Borrower in form and substance satisfactory to the Lender and its counsel in all respects, that (a) the Borrower has the authority under the laws of the State of Florida to execute and deliver this Agreement, (c) this Agreement been duly authorized, executed and delivered by the Borrower, and (d) this Agreement valid and binding obligation of the Borrower, duly enforceable in accordance with its terms, addressed to the Lender;

(c) **Settlement Date.** The Borrower shall be required to issue and deliver, or cause to be delivered to the Lender, each of the following on or prior to the Settlement Date:

(i) An opinion of Borrower's Counsel in form and substance satisfactory to the Lender and its counsel in all respects, to the effect that (a) the Borrower has the authority under the laws of the State of Florida to issue the Note and execute and deliver the Loan Documents, (b) that the Note has been duly issued and each of the Note and Loan Documents to which the Borrower is a party has been duly authorized, executed and delivered by the Borrower, and (c) that each of the Note and the other Loan Documents to which the Borrower is a party is a valid and binding obligation of the Borrower, duly enforceable in accordance with its terms, addressed to the Lender;

(ii) A fully executed copy of the Loan Agreement, dated the Settlement Date or any date prior thereto, consistent with the terms and provisions set forth herein, including the Term Sheet, and otherwise in satisfactory in form and substance to the Lender;

(iii) A fully executed Note, dated the Settlement Date, consistent with the terms and provisions set forth herein including the Term Sheet, and otherwise in satisfactory in form and substance to the Lender;

(iv) A certified copy of resolution of the governing body approving the Note and the Loan Documents, which shall have been duly adopted and be in full force and effect as of the date of the Settlement Date;

(v) An incumbency and authority certificate of the Borrower, dated the Settlement Date, with respect to the signatory on behalf of the Borrower, satisfactory in form and substance to the Lender; and

(vi) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Lender may reasonably request to evidence compliance by the Borrower with the due performance or satisfaction by the Borrower at or prior to such time of all agreements then to be performed and all conditions then to be satisfied.

(d) Subject to Article 4 below, the Lender agrees that, upon compliance by the Borrower with the provisions of Section 2.01(c) (unless otherwise agreed by the Lender), the Lender shall make the Loan to the Borrower on the Settlement Date in accordance with the terms of the Loan Documents.

ARTICLE 3

REPRESENTATIONS AND COVENANTS

Section 3.01. Representations and Covenants of the Borrower.

The Borrower represents and covenants to the Lender as of the date of this Agreement that:

- (a) The Borrower has duly authorized, executed and delivered this Agreement pursuant to its bylaws and applicable laws.
- (b) The Borrower is not in default on any other outstanding loan, indebtedness or borrowing of money.
- (c) The delivery and performance of this Agreement by the Borrower will not cause or create a default under, or a violation of, (i) any contractual agreement which is enforceable against the Borrower at law or in equity or (ii) any order or ruling of any governmental authority of which the Borrower has received actual notice applicable to or enforceable against the Borrower at law or in equity.
- (d) There is no action, legal proceeding or suit pending, or threatened in writing, of which the Borrower has received actual notice, which affects (i) the validity of this Agreement or (ii) the financial or legal ability of the Borrower to perform the agreements of the Borrower under this Agreement.
- (e) If between the date of this Agreement and the Settlement Date any event material to this transaction shall occur to the knowledge of the Borrower which would or might cause the material contained in the documents, if any, furnished by the Borrower in connection with the negotiation, preparation or execution of this Agreement or in any financial information, budget, projections, reports and other papers and data with respect to the Borrower, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Borrower shall notify the Lender thereof and provide the Lender with updates so that such documents and information, if any, do not contain untrue statements of material facts or omit to state material facts necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.
- (f) The Borrower understands and agrees that the Lender and its representatives are not registered municipal advisors and do not provide advice to municipal entities or obligated persons with respect to municipal financial products or the issuance of municipal securities (including regarding the structure, timing, terms and similar matters concerning municipal financial products or municipal securities issuances) or engage in the solicitation of municipal entities or obligated persons for the provision by non-affiliated persons of municipal advisory services and/or investment advisory services. With respect to this Resolution and any other information, materials or communications provided by the Lender: (a) the Lender and its representatives are not recommending an action to any municipal entity or obligated person; (b) the Lender and its representatives are not acting as an advisor to any municipal entity or obligated person and do not owe a fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to any municipal entity or obligated person with respect to this Resolution, information, materials or communications; (c) the Lender and its representatives are acting for their own interests; and (d) the Issuer and the Borrower have been informed that the Issuer and the Borrower should discuss this Resolution and any such other information, materials or communications with any and all internal and external advisors and experts that the Issuer and the Borrower, respectively, deem appropriate before acting on this Resolution or any such other information, materials or communications.
- (g) The Borrower acknowledges and agrees that the Lender shall be purchasing the Note in

evidence of a privately negotiated loan and in that connection the Note shall not be (i) assigned a separate rating by any municipal securities rating agency, (ii) registered with The Depository Trust Company or any other securities depository, (iii) issued pursuant to any type of offering document or official statement or (iv) assigned a CUSIP number by the CUSIP Service Bureau.

(h) The Borrower represents and warrants to the Lender that neither the Borrower nor any officer thereof is a person or entity named as a Specially Designated National and Blocked Person (as defined in Presidential Executive Order 13224) and that it is not acting, directly or indirectly, for or on behalf of any such person or entity. The Borrower further represents and warrants to the Lender that neither the Borrower nor any officer thereof is directly or indirectly engaged in or facilitating the transactions contemplated by this Agreement on behalf of any person or entity named as a Specially Designated National and Blocked Person.

(i) Promptly upon obtaining actual knowledge of any "default" or "event of default" as defined under any material obligations of the Borrower, the Borrower shall provide the Lender written notice specifying in reasonable detail the nature and period of existence thereof and what action the Borrower has taken or proposes to take with respect thereto.

(j) As promptly as practicable, the Borrower shall provide the Lender with written notice of all material events, legislation, actions, suits or proceedings pending or threatened against the Borrower of which the Borrower has received actual notice which could adversely impact the existence of the Borrower or the ability of the Borrower to perform its obligations under this Agreement or any of the Financing Documents.

(k) The Borrower covenants that between the date of this Agreement and the Settlement Date it will take no action that will cause the representations and warranties made herein to be untrue as of the Settlement Date.

(l) The Borrower covenants and agrees that the Borrower shall pay or cause to be paid, all expenses and costs required to be paid pursuant to the Financing Documents.

(m) Prior to the termination of this Agreement, the Borrower shall provide to the Lender written notice of:

(i) the occurrence of any litigation that materially affects the Loan Documents or the financial condition of the Borrower;

(ii) the occurrence of any event which could reasonably be expected to have a material adverse effect upon the financial condition of the Borrower;

(iii) such information about the financial condition of the Borrower as the Lender shall reasonably request.

(n) The Lender shall be under no obligation to pay, and the Borrower shall pay or cause to be paid on the Settlement Date, all expenses incident to the performance of the Borrower's obligations hereunder, including all fees and expenses required to be paid by the Borrower under the terms of the Loan Documents.

Section 3.02. Agreements of the Lender.

The Lender agrees as of the date of this Agreement that:

(a) The Lender has been furnished with all financial and other information about the Borrower

as requested by the Lender.

(b) The Lender agrees that the Lender is regularly engaged in the purchase and holding of obligations of the same general character as the Note, and the Lender has such knowledge and experience in financial and business matters that it is capable of fully evaluating the merits and risks inherent in making a loan to the Borrower, as evidenced by the Note. The Lender has made such investigation of the financial condition and operations of the Borrower as it deems necessary to evaluate the merits and risks inherent in establishing the Interest Rate Period of the Note, as evidence of a loan to the Borrower on the Settlement Date. The Lender represents that it shall establish the Interest Rate Period of the [Loan Agreement] [Credit Agreement] in evidence of a promissory note on the Settlement Date for its own account with no present intention to resell or distribute the Note or any interest therein; provided, however, that the Lender shall reserve the right at all times to control the disposition of its assets, including the Note, and shall reserve the right to sell, assign and transfer the Note to any of its affiliates or to banks, insurance companies or other financial institutions or their affiliates, or as otherwise permitted under applicable federal and state securities laws.

(c) The Lender shall deliver such additional certificates, instruments and other documents on the Settlement Date to evidence compliance of the proposed transaction with the Code and federal and state securities laws.

ARTICLE 4

TERMINATION

Section 4.01. Termination by the Lender.

The Lender shall have the right to terminate this Agreement and cancel its obligations to make the Loan by written notification to the Borrower (stating the reason for such termination) if at any time subsequent to the Forward Delivery Date and on or prior to the Settlement Date:

(a) there shall have occurred, or any condition shall exist that, in the reasonable judgment of the Lender, makes any representation or warranty of the Borrower under this Agreement incorrect in any material respect; or

(b) on the Settlement Date an event of default (as defined in the Loan Documents) exists with respect to the obligations of the Borrower; or

(c) proceedings under the federal or State of Florida bankruptcy laws shall have been instituted by or against the Borrower; or

(d) a general banking moratorium shall have been declared by either federal, Florida, or New York authorities having jurisdiction and be in force or a major financial crisis or a material disruption in commercial banking services shall have occurred; or

(e) a change in law or proposed administrative action of any governmental authority would make consummation of the transaction in violation of applicable federal or state law.

Section 4.02. Breakage Fee for Termination Prior to Settlement Date.

(a) If (i) the Lender terminates this Agreement pursuant to Section 4.01(a), (b) or (c); or (ii) the Borrower provides notice to the Lender on or before the Settlement Date that it intends to terminate this Agreement; or (iii) the Borrower or its professionals or advisors fail for any reason to deliver executed Loan Documents or related opinions or certificates as required pursuant to Section 2.01(c) hereof, then the Borrower shall pay to the Lender a breakage fee (the "Breakage Fee") in an amount equal to the greater of:

(1) 1.0% of the Loan Amount; or

(2) The net present value of the difference in (A) the total scheduled interest payments due on the Note calculated at the 5-year U.S. Treasury Rate effective on the Forward Delivery Date, and (B) the total scheduled interest payments due on the Note calculated at the 5-year U.S. Treasury Rate effective on the date on which the Breakage Fee is calculated. For purposes of this calculation payments due under clause (B) are subtracted from payments due under clause (A), and the present value of the difference on each payment date is calculated using a discount rate equal to the rate used in clause (B); provided, however, that the amount due under this paragraph shall never be less than zero.

(b) No Breakage Fee shall be payable if (i) the Lender terminates its obligation to make the Loan for one of the reasons described in Section 4.01(d) or (e); or (ii) the Borrower cannot deliver the Loan Documents or related opinions due to a change in law after the date of this Agreement. If a Breakage Fee is payable, it will be due within five (5) business days of the Lender's request.

ARTICLE 5

PROVISIONS OF GENERAL APPLICATION

The Borrower and the Lender agree:

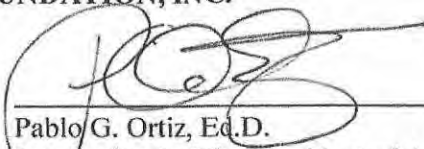
- (a) Governing Law:** This Agreement shall be governed by and construed in accordance with the laws of the State of Florida without regard to principles of conflict of laws.
- (b) Binding Effect:** This Agreement shall be enforceable by and binding upon the respective successors and assigns of the undersigned.
- (c) Counterparts:** This Agreement may be executed in several counterparts each of which shall constitute one and the same Agreement.
- (d) Amendment:** This Agreement may be amended only in writing duly authorized, executed and delivered by each party to this Agreement.
- (e) Assignment:** The Lender may transfer and/or assign, in whole or in part, its rights under this Agreement, or any interest herein, to any affiliated person or entity in its sole and absolute discretion. The Borrower may not assign its rights under this Agreement to any person without prior written consent of the Lender.
- (f) Enforceability:** If any provision herein shall be unenforceable, the parties agree the remaining provisions hereof shall not be affected thereby and shall remain in full force and effect.
- (g) Notices:** Any notice given hereunder by any party shall be delivered simultaneously to all parties hereto at the address most recently provided in writing by each such party for such purpose.
- (h) No Joint Venture:** This Agreement shall not operate or be construed to create a joint venture or partnership among the parties hereto.
- (i) No Other Beneficiaries:** This Agreement is solely for the benefit of the parties hereto and the successors and assigns thereof and no other person shall have any benefit, interest or rights under or by virtue of this Agreement.
- (j) Waiver of Jury Trial:** To the extent permitted by applicable law, each of the Borrower and the Lender irrevocably and voluntarily waives any right it may have to a trial by jury with respect to any controversy or claim between the Borrower and the Lender, whether arising in contract or tort or by statute, including but not limited to any controversy or claim arising out of or relating to this Agreement.
- (k) Final and Full Contract:** This Agreement shall constitute the final and full contractual Agreement of the parties and shall supersede all prior or other Agreements (written or oral) by the parties relating to the subject matter hereof.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

IN WITNESS WHEREOF, the Borrower and the Lender have each caused this Agreement to be executed in its name, under seal, by an officer or officers thereof duly authorized thereunto, all as of the day and year first above written.

**FLORIDA INTERNATIONAL UNIVERSITY
FOUNDATION, INC.**

By: _____


Pablo G. Ortiz, Ed.D.

Interim Senior Vice President of Advancement
CEO of the FIU Foundation, Inc.

IN WITNESS WHEREOF, the Borrower and the Lender have each caused this Agreement to be executed in its name, under seal, by an officer or officers thereof duly authorized thereunto, all as of the day and year first above written.

**REGIONS COMMERCIAL EQUIPMENT
FINANCE, LLC**

By: 
Bo Buckner, Senior Vice President

EXHIBIT A
TERM SHEET
(See attached)

84214046.v5

REGIONS COMMERCIAL EQUIPMENT FINANCE, LLC

October 27, 2023

Adrienne N. Perdomo, CPA '08, MAcc '09
Interim AVP and Controller
FIU Foundation, Inc. and Direct Support Organizations
Florida International University
11200 S.W. 8th Street, MARC Building 5th Floor
Miami, FL 33199

Reference: Up to \$10.1 Million Taxable Credit Facility for Bell Chapel Pledges

Dear Mrs. Perdomo:

Regions Commercial Equipment Finance, LLC (the "Lender") is pleased to furnish this Term Sheet (this "Term Sheet") to Florida International University Foundation, Inc. (the "Borrower").

Borrower: Florida International University Foundation, Inc.

Lender: Regions Commercial Equipment Finance, LLC

Role of Lender: The Lender and its representatives are not registered municipal advisors and do not provide advice to municipal entities or obligated persons with respect to municipal financial products or the issuance of municipal securities (including regarding the structure, timing, terms and similar matters concerning municipal financial products or municipal securities issuances) or engage in the solicitation of municipal entities or obligated persons for the provision by non-affiliated persons of municipal advisory services and/or investment advisory services. With respect to this Term Sheet and any other information, materials or communications provided by the Lender: (a) the Lender and its representatives are not recommending an action to any municipal entity or obligated person; (b) the Lender and its representatives are not acting as an advisor to any municipal entity or obligated person and do not owe a fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to any municipal entity or obligated person with respect to this Term Sheet, information, materials or communications; (c) the Lender and its representatives are acting for their own interests; and (d) the Borrower has been informed that it should discuss this Term Sheet and any such other information, materials or communications with any and all internal and external advisors and experts that the Borrower deems appropriate before acting on this Term Sheet or any such other information, materials or communications.

**Privately
Negotiated Loan:** The Borrower acknowledges and agrees that the Lender is purchasing the Note in evidence of a privately negotiated loan and in that connection the Note shall not be (i) assigned a separate rating by any municipal securities rating agency, (ii) registered with The Depository Trust Company or any other securities depository, (iii) issued pursuant to any type of offering document or official statement or (iv) assigned a CUSIP number by the CUSIP Service Bureau.

11800018.1

Rebecca Reynolds-Russell
Government & Institutional Banking
100 N Tampa St, Ste 3400, Tampa, FL 33602
407.310.6074 | Rebecca.Reynolds@Regions.com

REGIONS COMMERCIAL EQUIPMENT FINANCE, LLC

Purpose: The proceeds of the Loan will be used to finance the acceleration of pledges for the Trish and Dan Bell Chapel to be constructed on the Borrower's campus and to pay financing costs associated with the Loan (collectively, the "Project").

Loan Amount: Up to \$10,100,000.00

Structure: Taxable term loan or non-revolving line of credit evidenced by a promissory note, bond, or other debt instrument (the "Note" or "Debt Instrument") in conjunction with a Forward Delivery Agreement.

Forward Delivery Date: November 9, 2023

Settlement Date: The date of closing of the Loan; on or around July 1, 2024.

Maturity Date: Five (5) years from the Settlement Date, anticipated to be July 1, 2029.

Note Interest Rate: Fixed rate of 6.17%. The Loan is a fixed rate, 5-year taxable term loan, prepayable after three (3) years without penalty OR prepayable anytime with a make-whole provision. Loan will be fully funded at Settlement Date into an interest-bearing account at Regions Bank, OR a loan draw schedule will be pre-determined prior to Forward Delivery Date, stating specific draw amounts and draw dates.

Forward Delivery: Borrower and Lender will execute a Forward Delivery Agreement no later than November 9, 2023, to lock in the Note Interest Rate. Beyond November 9, 2023, the stated whereby the Lender will agree to set the Note Interest Rate up to eight (8) months in advance of the Settlement Date. Early termination of such Forward Delivery Agreement by the Borrower will be subject to Forward Delivery Termination as outlined in the sections below.

Forward Delivery Termination by the Lender: The Lender shall have the right to terminate the Forward Delivery Agreement and cancel its obligations to establish the Note Interest Rate by written notification to the Borrower (stating the reason for such termination) if at any time subsequent to the Forward Delivery Date and on or prior to the Settlement Date:

(a) there shall have occurred, or any condition shall exist that, in the reasonable judgment of the Lender, makes any representation or warranty of the Borrower under this Agreement or the Indenture incorrect in any material respect; or (b) on the Settlement Date an event of default (as defined in the Loan Documents) exists with respect to the Obligations of the Borrower; or (c) proceedings under the federal or State of Florida bankruptcy laws shall have been instituted by or against the Borrower; or (d) a general banking moratorium shall have been declared by either federal, Florida, or New York authorities having jurisdiction and be in force or a major financial crisis or a material disruption in commercial banking services shall have occurred; or (e) a change in law or proposed administrative action of any governmental authority would make consummation of the transaction in violation of applicable federal or state law.

REGIONS COMMERCIAL EQUIPMENT FINANCE, LLC

Forward Delivery Breakage Fee: Breakage Fee for Forward Delivery Termination Prior to Settlement Date, subject to (a) or (b) below:

(a) If (i) the Lender terminates this Agreement pursuant to Section (a), (b) or (c) above; or (ii) the Borrower provides notice to the Lender on or before the Settlement Date that it intends to terminate the Forward Delivery Agreement for any reason, or (iii) the Borrower or its professionals or advisors fail to deliver Loan Documents or related opinions that are the responsibility of either the Borrower or its professionals or advisors on or prior to the Settlement Date, then the Borrower shall pay to the Lender a breakage fee (the "Breakage Fee") in an amount equal to the greater of 1% of the Loan Amount, OR:

the net present value of the difference in (A) the total scheduled interest payments due on the Note calculated at the 5-year U.S. Treasury Rate effective on the Forward Delivery Date, and (B) the total scheduled interest payments due on the Note calculated at the 5-year U.S. Treasury Rate effective on the date on which the Breakage Fee is calculated. For purposes of this calculation payments due under clause (B) are subtracted from payments due under clause (A), and the present value of the difference on each payment date is calculated using a discount rate equal to the rate used in clause (B); provided, however, that the amount due under this paragraph shall never be less than zero.

(b) No Breakage Fee shall be payable if (i) the Lender terminates its obligation to establish the Interest Rate Period for the Note for one of the reasons described in Section "Termination by the Lender" (d) or (e); or (ii) the Borrower cannot deliver the Loan Documents or related opinions due to a change in law after the date of this Agreement. If a Breakage Fee is payable, it will be due within five (5) business days of the Lender's request.

Default Rate: The interest rate otherwise applicable to the Debt Instrument plus 6.0%.

Repayment: Interest will be payable semi-annually calculated on the basis of a 360-day year for the actual number of days elapsed on each July 1 and January 1, commencing January 1, 2025. Annual principal payments will be due each July 1, starting July 1, 2025, as set forth in Exhibit A.

REGIONS COMMERCIAL EQUIPMENT FINANCE, LLC

Prepayment: Borrower may prepay the Note, in whole or in part without penalty after July 1, 2027. If the Borrower chooses to prepay the Note prior to July 1, 2027, the Note is subject to optional redemption prior to maturity by written direction of the Borrower, in whole or in part (but if in part, in integral multiples of \$50,000 and applied in inverse order of maturity), on any Payment Date, at the Make-Whole Redemption Price (as hereinafter defined). Written direction from the Borrower must be received five (5) Business Days prior to the Payment Date in which the optional redemption is to occur.

The "Make-Whole Redemption Price" is the greater of: (i) 100% of the remaining principal amount of the Note to be redeemed, or (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Note to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Note is to be redeemed, discounted to the date on which the Note is to be redeemed on a semi-annual basis, using an actual/360 interest day basis, at the Treasury Rate (as hereinafter defined) plus, in each case, accrued and unpaid interest on the Note to be redeemed on the redemption date.

The "Treasury Rate" is, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 that has become publicly available at least two (2) Business Days prior to the redemption date (excluding inflation indexed securities) (or, if Federal Reserve Statistical Release H.15 is no longer published, any publicly available source of similar market data)) most nearly equal to the weighted average remaining life of the principal installments to be redeemed as of the redemption date.

The Borrower's notice of its intent to prepay shall be irrevocable. All partial prepayments of principal shall be applied in the inverse order of maturities.

Other Fees, Costs and Expenses: The Borrower will be responsible for all out-of-pocket fees, costs, and expenses of the Lender (including, without limitation, counsel fees and incurred expenses in connection with the negotiation, execution, delivery, administration, and enforcement of the Loan Documents). In consideration of the undertakings of the Lender hereunder and recognizing that in connection herewith the Lender will be incurring such fees, costs and expenses, the Borrower agrees to reimburse the Lender for all such fees, costs, and expenses, regardless of whether, or to what extent, any of the transactions contemplated hereby are consummated. Lender's Counsel fees are expected not-to-exceed \$20,000.

Security: Pursuant to the Loan Documents, as security for all amounts payable to the Lender or any affiliate thereof in connection with the Loan, the Borrower will provide the following:

Pledged Revenues: Assignment of all Bell Chapel pledges.

Representations and Warranties: Usual and customary for this type of financing.

REGIONS COMMERCIAL EQUIPMENT FINANCE, LLC

Covenants: Usual and customary for this type of financing, including but not limited to the following:

- (1) The Borrower shall deliver to the Lender each of the following, in form and substance satisfactory to the Lender:
 - (i.) Audited financial statements within 270 days of the end of each of the Borrower's fiscal years;
 - (ii.) Bell Chapel pledge collection update report, at the end of each fiscal quarter;
 - (iii.) Compliance certificate attesting to compliance of financial covenants below, at the end of each fiscal quarter.
- (2) The Borrower shall achieve and observe certain financial covenants to include, without limitation, the following:
 - (i.) Outstanding pledges shall at all times exceed the outstanding loan balance.

Defaults: Usual and customary for this type of financing.

Remedies: The Lender shall have all rights and remedies set forth in the Loan Documents, and available at law and in equity, for the enforcement thereof.

Legal Opinions: As an additional condition precedent to the Lender making the Loan, the Borrower shall provide, among other things, the following opinions to the Lender:

With regard to the Forward Delivery Agreement, on the Forward Delivery Date, an opinion of Borrower's counsel in form and substance satisfactory to the Lender and its counsel in all respects, which shall include opinions to the effect that (a) the Borrower is a 501(c)(3) organization (as defined in Section 150(a)(4) of the Internal Revenue Code), (b) the Borrower has the authority under the laws of the State of Florida to execute and deliver the Forward Delivery Agreement, (c) that the Forward Delivery Agreement has been duly authorized, executed and delivered by the Borrower, and (d) that the Forward Delivery Agreement is a valid and binding obligation of the Borrower, duly enforceable in accordance with its terms.

With regard to the Loan Documents, on the Settlement Date, an opinion of Borrower's counsel in form and substance satisfactory to the Lender and its counsel in all respects, which shall include opinions to the effect that (a) the Borrower is a 501(c)(3) organization (as defined in Section 150(a)(4) of the Internal Revenue Code), (b) the Borrower has the authority under the laws of the State of Florida to issue the Debt Instrument and execute and deliver the Loan Documents, (c) that the Debt Instrument has been duly issued and each of the Debt Instrument and the other Loan Documents to which the Borrower is a party has been duly authorized, executed and delivered by the Borrower, (d) that each of the Debt Instrument and the other Loan Documents to which the Borrower is a party is a valid and binding obligation of the Borrower, duly enforceable in accordance with its terms.

REGIONS COMMERCIAL EQUIPMENT FINANCE, LLC

Transfer Provisions: The Lender shall maintain the right to transfer and/or assign, in whole or in part, its rights hereunder, the Debt Instrument and/or the Loan, or, in either case, any interest therein, to any person or entity in its sole and absolute discretion. The Borrower may not assign its rights hereunder or under any of the Loan Documents to any person without the prior written consent of the Lender.

Most Favored Lender: If the Borrower has, or enters into, any agreement with another credit provider with respect to debt of the Borrower (or an amendment, modification or restatement of any such credit agreement) that includes financial covenants more restrictive than those provided to Lender in this agreement, then the financial covenants from such other credit agreement shall be deemed incorporated into this agreement, but only so long as the other agreement remains in effect.

Disclaimer: This Term Sheet describes some of the basic terms and conditions proposed to be included in the documents between the Lender and the Borrower. This Term Sheet does not purport to summarize all the conditions, covenants, representations, warranties, assignments, events of default, cross default, acceleration events, remedies or other provisions that may be contained in documents required to consummate this financing.

US Patriot Act: The Borrower represents and warrants to the Lender that neither it nor any of its principals, shareholders, members, partners, or Affiliates, as applicable, is a Person named as a Specially Designated National and Blocked Person (as defined in Presidential Executive Order 13224) and that it is not acting, directly or indirectly, for or on behalf of any such person. The Borrower further represents and warrants to the Lender that the Borrower and its principals, shareholders, members, partners, or Affiliates, as applicable, are not directly or indirectly, engaged in, nor facilitating, the transactions contemplated by this transaction on behalf of any Person named as a Specially Designated National and Blocked Person.

Confidentiality: The Borrower acknowledges and agrees that this Term Sheet and the information set forth herein is confidential and proprietary, and further agrees to keep this Term Sheet and the information set forth herein CONFIDENTIAL. The Borrower shall not disclose this Term Sheet or any of its material terms to anyone, without the prior written consent of the Lender in each instance, except as such disclosure is required by law or regulation or as a result of any legal or administrative procedure.

Waiver of Jury Trial: To the extent permitted by applicable law, each of the Borrower and the Lender irrevocably and voluntarily waives any right it may have to a trial by jury with respect to any controversy or claim between the Borrower and the Lender, whether arising in contract or tort or by statute, including but not limited to any controversy or claim that arises out of or relates to this Term Sheet, the Debt Instrument or any of the other Loan Documents. This provision is a material inducement for the Lender's determination to make the Loan and for the parties to enter into the Loan Documents.

Governing Law: State of Florida

Thank you for providing the Lender with this opportunity to be involved in a financial partnership with the Borrower. The Lender is willing to discuss the terms reflected herein through November 17, 2023. After such date, terms, conditions,

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REGIONS COMMERCIAL EQUIPMENT FINANCE, LLC

and pricing may change based on prevailing market conditions and further discussion will be at Lender's sole discretion. We are grateful for your consideration and remain available to promptly respond to any questions that you may have regarding this document. We look forward to hearing from you.

REGIONS COMMERCIAL EQUIPMENT FINANCE, LLC

EXHIBIT A

Sample Principal Repayment Schedule*

Payment Date	Principal
7/1/2025	\$ 1,841,717
7/1/2026	\$ 1,926,833
7/1/2027	\$ 2,015,883
7/1/2028	\$ 2,109,048
7/1/2029	\$ 2,206,519
	\$ 10,100,000

*Principal payment schedule will be set in advance of the Forward Delivery Date.

REGIONS COMMERCIAL EQUIPMENT FINANCE, LLC

EXHIBIT B


In the event Borrower requests Lender to move forward with the approval process after discussion of the aforementioned terms and conditions contained in the Term Sheet, Borrower agrees to reimburse Lender on demand for all out-of-pocket expenses incurred by Lender if the transaction fails to close for any reason other than Lender's decision not to approve the transaction. Such expenses shall include, but not be limited to, legal expenses incurred by Lender.

ACCEPTANCE:

Borrower does hereby agree to all provisions contained in Exhibit B.

Borrower Signature:

Florida International University Foundation, Inc.

By:  _____

Name: Pablo Ortiz

Title: Interim SVP University Advancement | CEO of FIU Foundation