



September 27, 2017

Mr. Victor R. Clements  
The University Financing Foundation, Inc.  
3333 Busbee Drive, Suite 150  
Kennesaw, GA 30144-5543

I certify that the Consolidated Financial Statements for Florida Institute of Technology, Inc. have been prepared in accordance with GAAP and accurately reflect the financial condition of Florida Institute of Technology, Inc. for the twelve months ended April 30, 2017 and 2016.

To the best of my knowledge, Florida Institute of Technology, Inc. has performed and observed each and every agreement, covenant and obligation contained in the Reimbursement Agreement and that no Event of Default or an event which, with notice or lapse of time or both, would constitute an Event of Default, has occurred and is continuing.

In addition, I certify that Florida Institute of Technology, Inc. has complied in all material respects with the requirements set forth in subsections (a)(i), (a)(ii) and (a)(iii) of the agreement. A report of covenant compliance based on the audited financial statements, including computation, is calculated as of April 30, 2017 and is attached for review.

Cathy R. Wood  
Senior Vice President Financial Affairs/CFO  
Florida Institute of Technology, Inc.

Florida Institute of Technology, Inc.

Debt Covenant Ratio

	FY17	FY16	FY15	FY14	FY13	FY12
<b>The ratio of (x):</b>						
<b>Revenue</b>						
1 Unrestricted revenue	187,714,082	195,672,019	204,684,643	183,903,425	167,417,889	164,505,223
2 Interest Rate Swap	-	-	-	-	(36,024)	(2,104,571)
3 Net assets released from restriction	(292,086)	(1,183,344)	(2,779,196)	(2,987,665)	(2,676,313)	(2,862,420)
<b>Net revenue to cover operations</b>	<b>187,421,996</b>	<b>194,488,675</b>	<b>201,905,447</b>	<b>180,915,760</b>	<b>164,705,552</b>	<b>159,538,232</b>
<b>Expenses</b>						
4 Unrestricted expenses	183,750,770	201,664,684	200,690,397	182,377,166	165,739,349	154,578,423
5 Expenses funded by net assets released from restriction (if included in unrestricted)	(292,086)	(1,183,344)	(2,779,196)	(2,987,665)	(2,676,313)	(2,862,420)
6 Non-cash expenses						
Depreciation	(7,791,439)	(10,823,439)	(9,952,264)	(9,288,588)	(7,952,381)	(6,096,670)
Amortization	(5,498)	(5,498)	(5,498)	5,498	231,807	82,294
Straight-line adjustment	(792,552)	(878,187)	(1,453,959)			
7 Principal and interest payments on indebtedness (if included in unrestricted expenses)	(1,407,639)	(1,351,627)	(1,384,414)	(1,378,213)	(2,016,171)	(2,078,288)
8 Capital Lease payments (if included in unrestricted)						
9 Unrealized and realized gains and losses on investments (if included in unrestricted)	294,288	-	(5,546)			
10 Gains or losses on sales of assets (if included in unrestricted)	(24,723)	-	147,704			
11 Capital campaign revenues						
12 Recurring capital campaign expenses						
13 Principal and interest payments on indebtedness (if included in building fund expenses)						
14 Capital Lease payments (if included in building fund expense)						
15 Insurance Recovery	167,341	-	(46,890)	(16,412)	(13,285)	(98,641)
<b>Total Operating Expenses</b>	<b>173,898,462</b>	<b>187,422,589</b>	<b>185,210,334</b>	<b>168,711,786</b>	<b>153,313,006</b>	<b>143,524,698</b>
<b>Net operating income to cover debt</b>	<b>13,523,534</b>	<b>7,066,086</b>	<b>16,695,113</b>	<b>12,203,974</b>	<b>11,392,546</b>	<b>16,013,534</b>
16 Required principal and interest payments on all indebtedness including Capital Leases (GAAP)	3,540,457	3,780,073	4,167,063	2,982,508	4,515,759	4,222,616
<b>Ratio Value at Fiscal Year End:</b>	<b>3.82</b>	<b>1.87</b>	<b>4.01</b>	<b>4.09</b>	<b>2.52</b>	<b>3.79</b>

Debt Covenant Requirement: 1.25

Notes:

- 1 From statement of activities - total unrestricted revenue
- 2 From statement of activities - (Decrease) increase in fair value of interest rate swap
- 3 From statement of activities - total release from restriction
- 4 From statement of activities - total unrestricted expenses
- 5 From statement of activities- must equal item 2
- 6 Equals depreciation and bond amortization - see cash flow
- 7 Interest Payments only
- 8 No capital lease payments in unrestricted- presented in item 16
- 9 Unrealized and realized gains and losses for investments in unrestricted expenses
- 10 Gains or losses on sales of assets this FY
- 11 No capital campaign revenues this FY
- 12 No capital campaign recurring expenses this FY
- 13 No principal and interest amounts in the building fund here in the ratio
- 14 No lease capital payments in the building fund in the ratio
- 15 Equals all principal and interest payments-SOA
- 16 Equals all capital lease payments

**FLORIDA INSTITUTE OF TECHNOLOGY, INC.****CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

<b>ASSETS</b>	<b>RESTATED</b>	
	<b>4/30/2017</b>	<b>4/30/2016</b>
Cash and cash equivalents	\$ 14,800,171	\$ 5,867,676
Accounts receivable, net	4,812,986	5,272,809
Pledges receivable, net	2,552,233	2,904,707
Prepaid expenses, inventories and other assets, net	6,826,322	7,030,693
Student loans receivable, net	4,711,068	4,837,236
Investments	74,158,457	65,372,042
Long-lived assets, net	127,098,036	134,640,526
<b>TOTAL ASSETS</b>	<b>\$ 234,959,273</b>	<b>\$ 225,925,689</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 21,866,965	\$ 22,229,968
Deposits and deferred revenue	10,073,792	8,571,780
Annuities payable	2,017,699	2,012,381
Refundable government loans	4,636,651	4,616,173
Capital lease obligations	16,186,354	16,938,841
Long-term debt	31,413,313	32,818,328
Total Liabilities	86,194,774	87,187,471
<b>NET ASSETS</b>		
Unrestricted	76,636,870	72,429,128
Temporarily restricted	19,887,456	14,802,978
Permanently restricted	52,240,173	51,506,112
Total Net Assets	148,764,499	138,738,218
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 234,959,273</b>	<b>\$ 225,925,689</b>

**FLORIDA INSTITUTE OF TECHNOLOGY, INC.**

**CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE TWELVE MONTHS ENDING APRIL 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>OPERATING ACTIVITIES</b>				
<i>Revenues and reclassifications:</i>				
Tuition and fees	\$ 193,908,169	\$ -	\$ -	\$ 193,908,169
Student aid-tuition and fees	(58,336,414)	-	-	(58,336,414)
Net tuition and fees	135,571,755	-	-	135,571,755
Gifts	1,892,234	-	-	1,892,234
Interest and dividends	21,836	-	-	21,836
Other operating	5,339,472	-	-	5,339,472
Sponsored Programs				
Federal/State grants & contracts	8,583,899	-	-	8,583,899
Private grants & contracts	1,675,025	-	-	1,675,025
Indirect cost recovery	2,347,815	-	-	2,347,815
Subtotal sponsored programs	12,606,739	-	-	12,606,739
Institutes and project research	357,838	-	-	357,838
Auxiliary enterprises	28,604,702	-	-	28,604,702
Endowment payout	3,027,420	-	-	3,027,420
Net assets released from restrictions	292,086	(292,086)	-	-
Total operating revenues and reclassifications	187,714,082	(292,086)	-	187,421,996
<i>Expenses:</i>				
Instruction and departmental and public service	69,989,144	-	-	69,989,144
Academic support	17,023,536	-	-	17,023,536
Institutional support	29,114,215	-	-	29,114,215
Student services	19,015,096	-	-	19,015,096
Sponsored Programs				
Federal/State grants & contracts	10,239,812	-	-	10,239,812
Private grants & contracts	1,675,031	-	-	1,675,031
Subtotal sponsored programs	11,914,843	-	-	11,914,843
Institutes and project research	603,224	-	-	603,224
Auxiliary enterprises	36,090,712	-	-	36,090,712
Total operating expenses	183,750,770	-	-	183,750,770
Operating income/(loss)	3,963,312	(292,086)	-	3,671,226
<b>NON-OPERATING ACTIVITIES</b>				
Gifts	-	66,482	541,862	608,344
Interest and dividends - endowment and other	89,399	1,921,012	-	2,010,411
Net realized and unrealized gain/(loss)				
on investments	294,288	6,326,814	-	6,621,102
Insurance recovery	167,341	-	-	167,341
Gain/(loss) on disposition of assets	(24,723)	-	-	(24,723)
Endowment payout	(141,909)	(2,885,511)	-	(3,027,420)
Transfer	(139,966)	(52,233)	192,199	-
Non-operating income/(loss)	244,430	5,376,564	734,061	6,355,055
CHANGE IN NET ASSETS	4,207,742	5,084,478	734,061	10,026,281
NET ASSETS - Beginning of year, as restated	72,429,128	14,802,978	51,506,112	138,738,218
NET ASSETS - End of period	\$ 76,636,870	\$ 19,887,456	\$ 52,240,173	\$ 148,764,499

**FLORIDA INSTITUTE OF TECHNOLOGY, INC.**

**CONSOLIDATED STATEMENT OF ACTIVITIES - RESTATED  
FOR THE TWELVE MONTHS ENDING APRIL 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>OPERATING ACTIVITIES</b>				
<i>Revenues and reclassifications:</i>				
Tuition and fees	\$ 193,814,793	\$ -	\$ -	\$ 193,814,793
Student aid-tuition and fees	(54,788,467)	-	-	(54,788,467)
Net tuition and fees	139,026,326	-	-	139,026,326
Gifts	2,084,001	-	-	2,084,001
Interest and dividends	28,604	-	-	28,604
Other operating	6,312,858	-	-	6,312,858
Sponsored Programs				
Federal/State grants & contracts	9,150,122	-	-	9,150,122
Private grants & contracts	1,688,669	-	-	1,688,669
Indirect cost recovery	2,259,784	-	-	2,259,784
Subtotal sponsored programs	13,098,575	-	-	13,098,575
Institutes and project research	568,094	-	-	568,094
Auxiliary enterprises	28,243,501	-	-	28,243,501
Endowment payout	2,571,147	-	-	2,571,147
Net assets released from restrictions	1,183,344	(1,183,344)	-	-
Total operating revenues and reclassifications	193,116,450	(1,183,344)	-	191,933,106
<i>Expenses:</i>				
Instruction and departmental and public service	72,741,183	-	-	72,741,183
Academic support	17,404,228	-	-	17,404,228
Institutional support	33,083,773	-	-	33,083,773
Student services	20,079,370	-	-	20,079,370
Sponsored Programs				
Federal/State grants & contracts	11,093,303	-	-	11,093,303
Private grants & contracts	1,686,389	-	-	1,686,389
Subtotal sponsored programs	12,779,692	-	-	12,779,692
Institutes and project research	470,223	-	-	470,223
Auxiliary enterprises	42,816,429	-	-	42,816,429
Total operating expenses	199,374,898	-	-	199,374,898
Operating income/(loss)	(6,258,448)	(1,183,344)	-	(7,441,792)
<b>NON-OPERATING ACTIVITIES</b>				
Gifts	-	1,048	472,569	473,617
Interest and dividends - endowment and other	96,285	2,044,688	-	2,140,973
Net realized and unrealized gain/(loss)				
on investments	(197,838)	(4,112,876)	-	(4,310,714)
Insurance recovery	133,091	-	-	133,091
Gain/(loss) on disposition of assets	(327,182)	-	-	(327,182)
Endowment payout	-	(2,571,147)	-	(2,571,147)
Transfer	(87,620)	87,620	-	-
Non-operating income/(loss)	(383,264)	(4,550,667)	472,569	(4,461,362)
CHANGE IN NET ASSETS	(6,641,712)	(5,734,011)	472,569	(11,903,154)
NET ASSETS - Beginning of year, as restated	79,070,840	20,536,989	51,033,543	150,641,372
NET ASSETS - End of period	\$ 72,429,128	\$ 14,802,978	\$ 51,506,112	\$ 138,738,218

**FLORIDA INSTITUTE OF TECHNOLOGY, INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE TWELVE MONTHS ENDING**

	<u>4/30/2017</u>	<u>RESTATED 4/30/2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 10,026,281	\$ (11,903,154)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,784,380	10,823,439
Accrued interest on capital leases	(38,725)	(62,283)
Amortization of bond issuance costs	5,498	5,498
Amortization of intangible assets	7,059	-
Net realized and unrealized (gain)/loss on investments	(6,621,102)	4,310,714
Change in bad debt allowance for accounts receivable	164,395	(1,152,316)
Change in bad debt allowance for student loans receivable	24,548	(11,790)
Change in bad debt allowance for pledge receivable	233,763	87,951
(Gain)/loss on disposition of assets	24,723	327,182
Change in actuarial liability for annuities payable, net	115,079	(39,960)
Proceeds from annuities	-	43,841
Change in assets and liabilities:		
Accounts receivable	295,428	4,466,047
Pledges receivable	118,711	289,153
Prepaid expenses, inventories and other assets	198,873	(163,709)
Student loans receivable	101,620	726,688
Accounts payable and accrued expenses	(363,003)	(2,829,700)
Deposits and deferred revenue	1,502,012	(58,375)
Refundable government loans	20,478	(129,861)
Net cash provided by operating activities	<u>13,600,018</u>	<u>4,729,365</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	(2,583,032)	(2,611,213)
Proceeds from investments	417,719	2,968,043
Proceeds from disposition of assets	1,772,822	25,950
Purchase of long-lived assets	(2,046,494)	(8,738,542)
Net cash used in investing activities	<u>(2,438,985)</u>	<u>(8,355,762)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payment of annuity obligations	(109,761)	(114,621)
Repayment of long term debt	(1,405,015)	(1,584,141)
Repayment of capital lease obligations	(713,762)	(430,881)
Net cash (used)/provided by financing activities	<u>(2,228,538)</u>	<u>(2,129,643)</u>
<b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND CASH HELD WITH FIDUCIARY</b>	<b>8,932,495</b>	<b>(5,756,040)</b>
<b>CASH, CASH EQUIVALENTS AND CASH HELD WITH FIDUCIARY</b>		
Beginning of period	<u>5,867,676</u>	<u>11,623,716</u>
<b>CASH, CASH EQUIVALENTS AND CASH HELD WITH FIDUCIARY</b>		
End of period	<u>\$ 14,800,171</u>	<u>\$ 5,867,676</u>
<b>AS PRESENTED ON STATEMENTS OF FINANCIAL POSITION</b>		
Cash and cash equivalents	<u>\$ 14,800,171</u>	<u>\$ 5,867,676</u>
	<u>\$ 14,800,171</u>	<u>\$ 5,867,676</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION - Interest Paid</b>	<u>\$ 1,456,132</u>	<u>\$ 1,370,514</u>