



Item: AF: I-3a

AUDIT AND FINANCE COMMITTEE

Wednesday, February 16, 2011

SUBJECT: REVIEW OF THE FAU FOUNDATION INC. FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION, JUNE 30, 2010 AND 2009.

PROPOSED COMMITTEE ACTION

Information only.

BACKGROUND INFORMATION

The audited financial statements of the Florida Atlantic University Foundation, Inc. are presented to keep the Board of Trustees informed about the financial status of the Foundation. The audited financial statements for the period ending June 30, 2010 were presented to the Foundation Board of Directors on October 21, 2010.

IMPLEMENTATION PLAN/DATE

Not applicable.

FISCAL IMPLICATIONS

Not Applicable.

Supporting Documentation: FAU Foundation Inc. Financial Statements and Additional Information, June 30, 2010 and 2009.

Presented by: Mr. Dennis Crudele, Sr. Vice President-Finance **Phone:** 561-297-3266
Mr. Randy Talbot, Sr. VP-University Advancement **Phone:** 561-297-3010

1

FLORIDA ATLANTIC UNIVERSITY
FOUNDATION, INC.

FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION

June 30, 2010 and 2009

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION
June 30, 2010 and 2009

TABLE OF CONTENTS

	<u>PAGES</u>
FINANCIAL STATEMENTS	
Independent Auditors' Report	1-2
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Cash Flows	6
Notes to Financial Statements	7-30
SUPPLEMENTAL INFORMATION AND SCHEDULES	
Schedule of Board of Directors and Executive Committee Members	31
Schedule of Receipts, Expenditures and Endowment Balances for Eminent Scholars Program	32
Schedule of Receipts, Expenditures and Endowment Balances for Ethics Scholars Program	33
Schedule of Receipts, Expenditures and Endowment Balances for Major Gifts Program	34-40
Schedule of Expenditures of State Financial Assistance	41
INTERNAL CONTROLS AND COMPLIANCE	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	42-43
Independent Auditors' Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major State Project and Internal Control Over Compliance with the Rules of the Auditor General	44-45
Schedule of Findings and Questioned Costs	46

FINANCIAL STATEMENTS



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Florida Atlantic University Foundation, Inc.
Boca Raton, Florida

We have audited the accompanying statements of financial position of Florida Atlantic University Foundation, Inc. (a non-profit organization) (the "Foundation") as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Florida Atlantic University Foundation, Inc. at June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2010 on our consideration of the Foundation's internal control over financial reporting and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Florida Atlantic University Foundation, Inc.

The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by Section 215.97, Florida Statutes and Chapter 10.650, Rules of the Auditor General, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Our audit was performed for the purpose of forming an opinion on the financial statements of Florida Atlantic University Foundation, Inc. taken as a whole. The accompanying schedules of receipts, expenditures and endowment balances for eminent scholars program, ethics scholars program, and major gifts program are presented for purposes of additional analysis and are not required for a fair presentation of financial position, changes in net assets or cash flows of the Foundation. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole. Further, the schedule of the Foundation's Board of Directors and Executive Committee Members is presented for informational purposes only and is not a part of the financial statements of the Foundation.

Keefe, McCullough & Co., LLP

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
October 15, 2010

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2010 and 2009

A S S E T S

	2010	2009
ASSETS:		
Cash and cash equivalents	\$ 9,211,602	\$ 5,458,314
Deposits	632,173	631,009
Pledges receivable, net of discount and allowance for uncollectibles of \$ 357,431 and \$ 1,254,212 in 2010 and 2009, respectively	2,803,313	4,439,701
Investments	165,085,297	157,182,347
Funds held in trust by others	2,668,552	2,505,121
Restricted cash	51,000	26,000
Net investment in direct financing - type leases	10,005,000	10,310,000
Real property and improvements, net	4,497,769	5,072,585
Art and library collections	4,824,995	6,875,759
Other assets	291,398	259,695
	<u>\$ 200,071,099</u>	<u>\$ 192,760,531</u>

L I A B I L I T I E S A N D N E T A S S E T S

LIABILITIES:		
Accounts payable and other liabilities	\$ 1,737,326	\$ 3,148,525
Liability to resource providers	4,506,445	4,801,031
Refundable advances	521,129	267,005
Deferred revenue	77,536	86,473
Debt	1,632,838	2,450,104
Certificates of participation	10,005,000	10,310,000
	<u>18,480,274</u>	<u>21,063,138</u>
Total liabilities		
COMMITMENTS AND CONTINGENCIES (NOTE 18)		
	-	-
NET ASSETS:		
Unrestricted	3,381,718	(444,078)
Temporarily restricted	40,582,583	36,303,055
Permanently restricted	137,626,524	135,838,416
	<u>181,590,825</u>	<u>171,697,393</u>
Total net assets		
	<u>181,590,825</u>	<u>171,697,393</u>
Total liabilities and net assets	<u>\$ 200,071,099</u>	<u>\$ 192,760,531</u>

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

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2010 and 2009

	2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUES, GAINS (LOSSES) AND OTHER SUPPORT:				
Contributions, net	\$ 1,960,711	\$ 4,910,211	\$ 1,842,955	\$ 8,713,877
Interest and dividends, net of fees	321,595	2,080,490	-	2,402,085
Rental income	88,949	978,442	-	1,067,391
Other income	5,331	1,474,325	-	1,479,656
Net realized and unrealized gains (losses) on investments	721,906	12,056,749	-	12,778,655
Total revenues, gains (losses) and other support	3,098,492	21,500,217	1,842,955	26,441,664
Net assets released from restrictions	17,275,536	(17,220,689)	(54,847)	-
Total revenues, gains (losses), other support and net assets released from restrictions	20,374,028	4,279,528	1,788,108	26,441,664
EXPENSES:				
Write down impaired art collections (Note 1(k))	2,160,300	-	-	2,160,300
Provision for uncollectible pledges receivable (Note 2)	665,719	-	-	665,719
Program services	8,637,285	-	-	8,637,285
Supporting services:				
Fundraising	2,378,043	-	-	2,378,043
Management and general	1,927,138	-	-	1,927,138
Construction of facilities	779,747	-	-	779,747
Total expenses	16,548,232	-	-	16,548,232
Change in net assets	3,825,796	4,279,528	1,788,108	9,893,432
NET ASSETS, beginning of year, as previously stated	(444,078)	36,303,055	135,838,416	171,697,393
Prior period adjustment (Note 19)	-	-	-	-
NET ASSETS, beginning of year as restated	(444,078)	36,303,055	135,838,416	171,697,393
NET ASSETS, end of year	\$ 3,381,718	\$ 40,582,583	\$ 137,626,524	\$ 181,590,825

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

2009

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 2,147,924	\$ 6,762,519	\$ 2,075,621	\$ 10,986,064
627,054	2,661,271	-	3,288,325
88,949	996,553	-	1,085,502
2,512	1,245,843	-	1,248,355
<u>(4,174,480)</u>	<u>(35,685,544)</u>	<u>-</u>	<u>(39,860,024)</u>
<u>(1,308,041)</u>	<u>(24,019,358)</u>	<u>2,075,621</u>	<u>(23,251,778)</u>
<u>23,692,335</u>	<u>(12,155,525)</u>	<u>(11,536,810)</u>	<u>-</u>
<u>22,384,294</u>	<u>(36,174,883)</u>	<u>(9,461,189)</u>	<u>(23,251,778)</u>
-	-	-	-
13,099,058	-	-	13,099,058
10,433,483	-	-	10,433,483
3,015,796	-	-	3,015,796
1,921,958	-	-	1,921,958
3,406,450	-	-	3,406,450
<u>31,876,745</u>	<u>-</u>	<u>-</u>	<u>31,876,745</u>
(9,492,451)	(36,174,883)	(9,461,189)	(55,128,523)
<u>14,242,135</u>	<u>67,284,176</u>	<u>145,299,605</u>	<u>226,825,916</u>
<u>(5,193,762)</u>	<u>5,193,762</u>	<u>-</u>	<u>-</u>
<u>9,048,373</u>	<u>72,477,938</u>	<u>145,299,605</u>	<u>226,825,916</u>
\$ <u>(444,078)</u>	\$ <u>36,303,055</u>	\$ <u>135,838,416</u>	\$ <u>171,697,393</u>

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 9,893,432	\$ (55,128,523)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Write down of impaired assets	2,160,300	-
Transfer of construction in progress projects to FAU	596,568	-
Provision for uncollectible pledges receivable	665,719	13,099,058
Provision for depreciation	4,816	4,816
Contributions restricted for long-term purposes (restricted cash), net	(25,000)	(23,238)
Donations received of art and library collections	(109,536)	(262,360)
Net realized and unrealized (gains) losses on investments	(12,778,655)	39,860,024
Changes in assets and liabilities:		
(Increase) decrease in deposits	(1,164)	(26,170)
(Increase) decrease in pledges receivable, net	970,671	(1,853,677)
(Increase) decrease in other assets	(31,704)	(63,120)
Increase (decrease) in accounts payable and other liabilities	(1,411,199)	1,484,260
Increase (decrease) in liability to resource providers	(294,586)	(713,053)
Increase (decrease) in refundable advances	254,124	264,315
Increase (decrease) in deferred revenue	(8,937)	8,937
Net cash used in operating activities	<u>(115,151)</u>	<u>(3,348,731)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales and maturities of investments	76,673,363	53,612,216
Collection of principal on direct financing-type leases	305,000	290,000
Payments made for construction in progress (stadium)	(26,568)	(570,000)
Purchases of investments	<u>(71,961,090)</u>	<u>(60,700,472)</u>
Net cash provided by (used in) investing activities	<u>4,990,705</u>	<u>(7,368,256)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on certificates of participation	(305,000)	(290,000)
Principal payments on debt	<u>(817,266)</u>	<u>(821,021)</u>
Net cash used in financing activities	<u>(1,122,266)</u>	<u>(1,111,021)</u>
Net increase (decrease) in cash and cash equivalents	3,753,288	(11,828,008)
CASH AND CASH EQUIVALENTS, beginning of year	<u>5,458,314</u>	<u>17,286,322</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 9,211,602</u>	<u>\$ 5,458,314</u>

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

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 1 - REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity:

Florida Atlantic University Foundation, Inc. (the "Foundation") is organized under Florida Law as a direct support organization to Florida Atlantic University (the "University" or "FAU"). The Foundation's mission is to receive, hold, invest and administer private gifts on behalf of the University. The Foundation operates independently from the University, and has qualified under Internal Revenue Code Section 501 (c)(3), and Florida Statutes Chapter 1004.28. Any person or organization contributing money, stock or any other property in support of the University does so through the Foundation.

A summary of the more significant accounting policies and practices of the Foundation follows:

(b) Basis of accounting:

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

(c) Basis of presentation:

The Foundation follows the recommendation of the Financial Accounting Standards Board (FASB) standards of accounting and financial reporting for not-for-profit organizations. Under the Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities; Presentation of Financial Statements*, net assets and revenues, expenses, gains, and losses are classified depending on the existence and/or nature of any donor-imposed restrictions. Accordingly, the Foundation reports information regarding its financial position and activities based on three classes of net assets as follows:

Unrestricted net assets: Net assets without donor-imposed stipulations that are available for use by the Foundation.

Temporarily restricted net assets: Net assets whose use by the Foundation are subject to donor-imposed stipulations that can be fulfilled by actions of the Foundation according to those stipulations or by the passage of time.

Permanently restricted net assets: Net assets subject to irrevocable donor restrictions requiring that the assets be maintained by the Foundation in perpetuity. Generally, the donors of these assets permit the Foundation to use all or part of the investment earnings for general or specific purposes.

(d) Restricted and unrestricted revenue and support:

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 1 - REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Cash and cash equivalents:

Cash and cash equivalents consist of all highly liquid investments with an original maturity of three months or less. The Foundation routinely maintains balances with financial institutions in excess of Federally insured amounts.

(f) Pledges:

Unconditional promises to give are recorded as revenue in the period the promise is received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Unconditional promises that are expected to be collected in future years are recorded at net present value using the Federal Reserve discount rate in effect at year-end. The Foundation estimates an allowance for uncollectible, to absorb the uncollectible portion of the pledges. Conditional pledges are promises contingent on the occurrence of some other event. Conditional pledges are not recorded in the financial statements until the condition on which they depend has been met.

(g) Donated goods and property:

The value of donated goods is recorded in the financial statements as revenue and is either capitalized or expensed to the University. Donated goods, other than in-kind resources contributed by the University, including art and library collections, were approximately \$ 1,217,900 and \$ 382,000 and were recorded at their fair value for the years ended June 30, 2010 and 2009, respectively.

Donated real property and improvements are recorded at the estimated fair value on the date of the donation, less accumulated depreciation. The value of donated goods is recorded in the financial statements as revenue and is either capitalized or expensed to the University.

Donated real property and improvements are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. The Foundation reports expirations of donor restrictions when the donated assets are placed in service, reclassifying temporarily restricted net assets to unrestricted net assets at that time. The title of the donated property and equipment is generally transferred to the recipient college or school. Examples of gifts-in-kind that the Foundation may retain as property are real estate, certain art and library collections, and property that is held for future sale.

(h) Contributed services:

The value of certain administrative and other support services provided to the Foundation by the University and by the Foundation's volunteer board members has not been reflected in the accompanying financial statements.

(i) Investments:

The Foundation's investment policy provides for the investment portfolio to be managed by professional money managers and to be invested in domestic and international equity, fixed income securities, and alternative investments such as hedge funds, private equity and real assets, according to specified allocations, except where donor restrictions may apply. These investments are recorded at their fair value based on publicly available trading values, where applicable (Note 3). All investment securities are held in the Foundation's name or in the name of the bank custodian "for the benefit of the Foundation."

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 1 - REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Investments (continued):

In accordance with this policy, net unrealized appreciation or depreciation for the year is reflected in the accompanying statements of activities. Investment income and losses are allocated to each fund on a monthly basis, based on the average daily balance. Investment income (including realized and unrealized gains and losses) is reflected in the statements of activities

(j) Real property and improvements:

Real property and improvements are carried at cost if purchased or, if donated, at their fair value at the date of the donation, less accumulated depreciation. The Foundation depreciates real property and improvements using the straight-line method over the estimated life of the asset. Useful lives range from 45 to 50 years for buildings and improvements.

Additions and major renewals to real property and equipment are capitalized if greater than \$ 1,000. Maintenance and repairs are charged to expense when incurred. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts and any gain or loss is reflected in the change in net assets.

(k) Art and library collections:

Certain donated art and library collections are capitalized at their appraised or fair value on the acquisition date. Subsequently, if an asset becomes impaired because the carrying amount is not recoverable and exceeds its fair value, the Foundation records an impairment loss in the accompanying statement of activities. Because of the particular purpose of the donation, some collections are transferred immediately to the University.

Management recorded an impairment loss of \$ 1,996,050 on the value of the Russian Prints collection. The collection was reduced from \$ 2,222,700 to \$ 226,650 following the re-evaluation from two separate appraisers. Other miscellaneous adjustments were recorded amounting to \$ 164,250.

(l) Split interest agreements:

The Foundation accepts gifts subject to split interest agreements. A split interest agreement is created when a donor contributes assets to the Foundation or places them in a trust for the benefit of the Foundation, but the Foundation is not the sole beneficiary of the assets economic value. These gifts are in the form of Charitable Gift Annuities or Charitable Remainder Annuities which provide that the Foundation, as trustee, make payments to designated beneficiaries in accordance with the applicable donor's trust or contractual agreement. At the time of agreement, gifts are recorded at the fair market value of the asset received net of any applicable liability. Liabilities include the present value of projected future distributions to the annuity or trust beneficiaries and are determined using the Internal Revenue Service rate for computing charitable deductions for such gifts in effect at the time of the gift. These rates range from 3.56% to 12.36%. Split interest agreements are recorded as temporarily restricted or permanently restricted depending on donor designations. The Foundation holds qualifying assets in excess of the minimum gift annuity reserves required by Florida law. The reserve amount is calculated following assumptions set forth by Florida Statute in Section 627.481(2)(a)1.b.

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 1 - REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Refundable advances:

Any cash collected on conditional pledges or grants is recorded as a refundable advance until such time as the condition has been met (Note 2). Refundable advances as of June 30, 2010 and 2009 were \$ 521,129 and \$ 267,005, respectively.

(n) Income taxes:

The Foundation qualifies as a non-profit corporation exempt from Federal income taxes under Internal Revenue Code Section 501(a) as an organization described in Section 501(c)(3), with the exception of any unrelated business income. The Board has evaluated the unrelated business income tax implications and believes that the effects, if any, are immaterial to the Foundation's financial statements. Accordingly, no provision for income taxes is required.

(o) Joint costs of fundraising appeals:

The Foundation conducts activities that include not only requests for contributions, but programmatic and administrative components as well. Those activities included direct mailings, special events and award ceremonies.

(p) Advertising costs:

The Foundation invests in direct response solicitations through the annual fund program. The Foundation's expectation is to solicit an immediate response from the constituents. Therefore, all advertising costs are expensed immediately and are not capitalized. The total costs of advertising in 2010 and 2009 were \$ 65,050 and \$ 69,493, respectively. These costs include advertising for vacant positions, requests for proposals and events, as well as solicitations.

(q) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(r) Reclassifications:

Certain prior year amounts have been reclassified to be consistent and comparable with the current year financial statement presentation.

(s) Date of management review:

Management has evaluated subsequent events through October 15, 2010, which is the date the financial statements were issued.

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 2 - PLEDGES RECEIVABLE

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2010 Total</u>
In one year or less	\$ 27,424	\$ 1,678,960	\$ 362,200	\$ 2,068,584
Between one to five years	-	622,160	350,000	972,160
Greater than five years	-	<u>120,000</u>	-	<u>120,000</u>
Total unconditional pledges at face value	27,424	2,421,120	712,200	3,160,744
Less unamortized discount	-	(13,851)	(6,423)	(20,274)
Less allowance for uncollectible pledges	<u>(2,651)</u>	<u>(279,455)</u>	<u>(55,051)</u>	<u>(337,157)</u>
Net unconditional pledges	<u>\$ 24,773</u>	<u>\$ 2,127,814</u>	<u>\$ 650,726</u>	<u>\$ 2,803,313</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2009 Total</u>
In one year or less	\$ 9,227	\$ 3,200,192	\$ 975,380	\$ 4,184,799
Between one to five years	-	973,312	441,000	1,414,312
Greater than five years	-	<u>54,802</u>	<u>40,000</u>	<u>94,802</u>
Total unconditional pledges at face value	9,227	4,228,306	1,456,380	5,693,913
Less unamortized discount	-	(25,994)	(11,807)	(37,801)
Less allowance for uncollectible pledges	<u>(1,753)</u>	<u>(940,189)</u>	<u>(274,469)</u>	<u>(1,216,411)</u>
Net unconditional pledges	<u>\$ 7,474</u>	<u>\$ 3,262,123</u>	<u>\$ 1,170,104</u>	<u>\$ 4,439,701</u>

Management periodically reviews the pledges balances and estimates allowances for accounts and pledges which may be uncollectible. Outstanding pledges from the annual phone-a-thon program are provided for at the beginning of the following fiscal year. All other pledges are provided for if they are (a) delinquent for one year and (b) the remaining pledge balance is determined uncollectible. The Foundation provided for \$ 665,719 pledges receivable in 2010 and \$ 13,099,058 in 2009, with a single pledge making up the majority of the provision in 2009. In 2009, the Foundation negotiated a restructuring of the pledge which resulted in a negative adjustment to the provision of \$ 12,100,000 that had previously been recorded as a contribution. All terms and conditions of the restructured pledge have been met. Management estimated that eleven percent of all current and future pledges would be established as part of the 2010 allowance for uncollectible pledges; twenty-one percent was estimated for the 2009 allowance. Additionally, pledges are recorded at their present value. The current Federal Reserve discount rate of 0.5% was applied to future cash flows in 2010 and 2009.

The Foundation is the beneficiary of numerous conditional promises to give. A conditional promise is one that requires an event in the future to take place before the promise becomes binding to the donor. At June 30, 2010 the Foundation had pledges, conditional upon legislative appropriation from the Florida Department of Education's Major Gifts Program, of approximately \$ 7,435,800. Some of these outstanding matching gifts have been on the priority list since the 2006-2007 fiscal year. The Florida Legislature did not appropriate funding for the 2009, 2010 or the 2011 fiscal years. Accordingly, these pledges have not been recorded as receivables.

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 2 - PLEDGES RECEIVABLE (continued)

No receivable was recorded for bequests and conditional pledges, nor was the future support recognized. As of June 30, 2010 the Foundation was made aware of approximately \$ 27 million in potential bequests and conditional pledges.

At the request of the University, the Foundation has embarked on a campaign to raise funds for the construction of an on-campus stadium. The University plans to finance the project in the 2011 fiscal year. Because pledges toward the stadium are conditioned upon the building of the stadium, Accounting Standards Codification (ASC) 958-605, *Not-for-Profit Entities: Revenue Recognition*, requires that no pledges be recorded until the condition is met. The Foundations has a total of \$ 200,000 and \$ 225,000 in conditioned pledges at June 30, 2010 and 2009 respectively. Cash received toward this goal has been recorded as restricted cash in the amount of \$ 51,000 and \$ 26,000 for June 30, 2010 and 2009, respectively until it is used for its intended purpose. Preliminary engineering and inscribed bricks for the stadium walkways have been purchased and related fees were incurred.

NOTE 3 - INVESTMENTS AND INVESTMENTS RETURN

The Foundation invests primarily in domestic and international equity, fixed income securities, and alternative investments such as hedge funds, private equity and real assets, according to specified allocations, except where donor restrictions may apply.

Investments at June 30, 2010 and 2009 consisted of the following at their fair value:

Type	2010	2009
United States large cap stocks	\$ 36,273,116	\$ 40,338,062
United States small cap stocks	22	77
Total United States stocks	<u>36,273,138</u>	<u>40,338,139</u>
International large and mid cap stocks	21,189,030	19,238,731
International emerging markets	7,543,589	6,112,598
International small cap stocks	-	3,830,537
Total international stocks	<u>28,732,619</u>	<u>29,181,866</u>
Total equities	<u>65,005,757</u>	<u>69,520,005</u>
United States fixed income	34,992,813	31,415,445
Certificates of deposit	10,003,234	14,999,000
International fixed income	2,852,769	2,889,835
Total fixed income	<u>47,848,816</u>	<u>49,304,280</u>
Hedge funds	34,592,016	19,509,873
Private equity	8,731,357	7,075,344
Real assets	8,907,351	11,772,845
Total other	<u>52,230,724</u>	<u>38,358,062</u>
Total investments	<u>\$ 165,085,297</u>	<u>\$ 157,182,347</u>

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 3 - INVESTMENTS AND INVESTMENTS RETURN (continued)

The Foundation had net unrealized gains of \$ 18,463,610 and net realized losses of (\$ 5,684,955) at June 30, 2010; and net unrealized losses of (\$38,855,222) and net realized losses of (\$ 1,004,803) at June 30, 2009. These amounts are included in the statements of activities under net realized and unrealized gains (losses) on investments.

Interest and dividend income reflected in the statements of activities for the years ended June 30, 2010 and 2009 were net of the estimated investment manager fees of approximately \$ 1,301,000 and \$ 1,235,400, respectively. The Foundation's investment advisor has reported that total investment expenses, including those of mutual funds, custodian and consulting fees, were approximately 106 basis points (1.06%) and 86 basis points (.86%) of the total fair value of investments for years ending June 30, 2010 and 2009, respectively.

Investments in common stocks (equities) are carried at market value, as quoted on major stock exchanges. Investments in equity funds, fixed income funds, commodities and real estate investment trusts are valued at quoted prices as determined by the issuers. Mutual funds and common trust funds are carried at fair values, which are equal to quoted prices the last day of the fiscal year. Alternative investments consist of hedge funds, private equity and real assets. The estimated fair value of the alternative investments, at net asset value, is based on valuations provided by the external investment managers. The Foundation believes the method for providing estimated fair values on these financial instruments is reasonable. Alternative investments often do not have readily determinable market values and their estimated value is subject to uncertainty. Therefore, there may be a material difference between their estimated values and the values that would have been used had a readily determinable fair market value for such investments existed.

Investments in equities and domestic fixed income securities are highly liquid. The investments in international fixed income are restricted by the donors to remain in these investments. If liquidation were allowed, the sale would likely be discounted on a secondary market. Several hedge fund instruments require a lock-up period from one quarter to three years. The investment committee typically selects the shortest lock-up period available when initiating a purchase. Investments in real assets are through private partnerships, except in 2009, in which \$ 5,355,151 of real assets investments were in I-Shares S & P North American Natural Resources Sector Index Fund. Private equity investments may require a lock-up period of up to ten years or for the duration of the partnership, although distributions of capital are periodically made by the managing partners when a project completes.

The Foundation invests in hedging activities in order to mitigate the risk inherent with market fluctuations. Our hedge fund managers may invest in derivative instruments. At June 30, 2010, the Foundation invested 19.1% of our managed portfolio with hedge fund managers. For additional information on hedge fund strategies and unfulfilled commitments as of the year-end, reference should be made to Note 5.

NOTE 4 - FUNDS HELD IN TRUST BY OTHERS

The Foundation is the sole beneficiary of certain trusts that are not in our possession or under our control, but are held and administered by outside trustees. These funds held in trust by others are considered part of the Foundation's endowments and are included in Note 6. The Foundation recognizes the estimated fair value of the assets or the present value of the future cash flows when the irrevocable trust is established or when the Foundation is notified of its existence. The present value is calculated using discount rates the year in which the trust was established.

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 4 - FUNDS HELD IN TRUST BY OTHERS (continued)

Funds held in trust by others at June 30, 2010 and 2009 consisted of the following at their fair value:

	<u>2010</u>	<u>2009</u>
United States large cap stocks	\$ 955,224	\$ 868,496
United States mid cap stocks	247,464	253,561
United States small cap stocks	<u>140,063</u>	<u>98,276</u>
Total United States stocks	<u>1,342,751</u>	<u>1,220,333</u>
International large and mid cap stocks	271,103	234,246
International emerging markets	<u>32,298</u>	<u>1,303</u>
Total international stocks	<u>303,401</u>	<u>235,549</u>
Total equities	<u>1,646,152</u>	<u>1,455,882</u>
United States fixed income	903,499	939,019
International fixed income	<u>14,585</u>	<u>7,874</u>
Total fixed income	<u>918,084</u>	<u>946,893</u>
Commodities	51,843	6,902
Cash and equivalents	36,368	88,819
Real assets	<u>16,105</u>	<u>6,625</u>
Total other	<u>104,316</u>	<u>102,346</u>
Total funds held in trust	<u>\$ 2,668,552</u>	<u>\$ 2,505,121</u>

NOTE 5 - FAIR VALUE MEASUREMENT

In accordance with the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No. 820, *Fair Value Measurements and Disclosures*, formerly SFAS157, the Foundation provides certain disclosures based on a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. ASC No. 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between willing market participants at the measurement date. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The three levels of the fair value hierarchy are as follows:

- Level 1 - inputs that are observable and reflect quoted market prices (unadjusted) in active markets for identical investments that the Foundation has the ability to access at the measurement date.

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2010 and 2009

NOTE 5 - FAIR VALUE MEASUREMENT (continued)

- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the investments, either directly or indirectly (e.g. quoted prices in active markets for similar securities, securities valuations based on commonly quoted benchmarks, interest rates and yield curves, and/or securities indices).
- Level 3 - inputs that are unobservable for the investments (e.g. information about assumptions, including risk, market participants would use in pricing a security).

Effective July 1, 2009, the Foundation adopted Accounting Standards Update (ASU) 2009-12 *Guidance on Measuring Fair Value of Certain Alternative Investments*. The ASU 2009-12 permits, as a practical expedient, entities to use net asset value per share (NAV) for measuring the fair value of certain alternative investments that do not have a quoted market price, provided that the entity is able to redeem the investment with the investee at NAV as of the measurement date. In addition, it allows the classification of investments that can be redeemed at a readily determinable net asset value within the near term as Level 2 and all others as Level 3. Implementation of this ASU resulted in the reclassification of \$ 11,821,106 from Level 3 to Level 2.

The following table presents the Foundation's investments measured at fair value as of June 30, 2010 and 2009, which include investments and funds held in trust by others, on the statements of financial position. The assets are classified by ASC No. 820 fair value hierarchy as follows:

Investments in:	Level (1)	Level (2)	Level (3)	Total 2010
Equities	\$ 43,643,666	\$ 23,008,243	\$ -	\$ 66,651,909
Fixed income	18,743,566	30,023,334	-	48,766,900
Other	<u>3,614,062</u>	<u>11,857,474</u>	<u>36,863,504</u>	<u>52,335,040</u>
Total Investments	\$ <u>66,001,294</u>	\$ <u>64,889,051</u>	\$ <u>36,863,504</u>	\$ <u>167,753,849</u>

Investments in:	Level (1)	Level (2)	Level (3)	Total 2009
Equities	\$ 48,996,253	\$ 21,979,634	\$ -	\$ 70,975,887
Fixed income	16,670,525	33,580,648	-	50,251,173
Other	<u>5,355,151</u>	<u>102,346</u>	<u>33,002,911</u>	<u>38,460,408</u>
Total Investments	\$ <u>71,021,929</u>	\$ <u>55,662,628</u>	\$ <u>33,002,911</u>	\$ <u>159,687,468</u>

The following tables include a roll forward of the amounts for the year ended June 30, 2010 and 2009 for investments classified within Level 3. The classification of an investment within Level 3 is based upon the significance of the unobservable inputs to the overall fair value measurement.

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 5 – FAIR VALUE MEASUREMENT (continued)

Reconciliation of Level 3 Investments at June 30, 2010:

	<u>Hedge Funds</u>	<u>Real Assets and Private Equity</u>	<u>Total</u>
Beginning balance as of July 1, 2009	\$ 19,509,873	\$ 13,493,038	\$ 33,002,911
Net purchases, sales, issuances and settlements	12,945,738	596,604	13,542,342
Net realized and unrealized gains (losses) on investments	2,136,405	2,952	2,139,357
Net transfers in (out)	<u>(11,821,106)</u>	<u>-</u>	<u>(11,821,106)</u>
Ending balance as of June 30, 2010	<u>\$ 22,770,910</u>	<u>\$ 14,092,594</u>	<u>\$ 36,863,504</u>

Reconciliation of Level 3 Investments at June 30, 2009:

	<u>Hedge Funds</u>	<u>Real Assets and Private Equity</u>	<u>Total</u>
Beginning balance as of July 1, 2008	\$ 23,199,865	\$ 18,219,782	\$ 41,419,647
Net purchases, sales, issuances and settlements	(1,354,265)	1,162,185	(192,080)
Net realized and unrealized gains (losses) on investments	<u>(2,335,727)</u>	<u>(5,888,929)</u>	<u>(8,224,656)</u>
Ending balance as of June 30, 2009	<u>\$ 19,509,873</u>	<u>\$ 13,493,038</u>	<u>\$ 33,002,911</u>

Inputs broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. An investment's classification within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The determination of what constitutes "observable" requires significant judgment by the investment managers. Investments may include limited partnerships, common and preferred equity securities, corporate debt and other privately issued securities. If observable prices are not available for investments, the investment managers would generally employ valuation techniques as prescribed by ASC 820, such as the market approach or the income approach, for which sufficient and reliable data is available. Within Level 3, the use of the market approach generally consists of using comparable market transactions or values provided by the respective manager, while the use of the income approach generally consists of the net present value of estimated future cash flows, adjusted as appropriate for liquidity, credit, market and/or other risk factors.

The following table provides additional disclosures of alternative investments held by the Foundation as of June 30, 2010:

<u>Strategy</u>	<u>Fair Value</u>	<u>Unfunded Commitment</u>
Long-short strategy (a.)	\$ 11,130,156	\$ -
Absolute return (b.)	11,149,954	-
Short credit (c.)	734,048	-
Distressed strategy (d.)	6,791,067	-
Multi - strategy (e.)	1,976,078	-
Global macro strategy (f.)	2,810,713	-
Private equity (g.)	8,731,357	5,275,809
Real assets (h.)	<u>5,361,237</u>	<u>1,486,425</u>
Total	<u>\$ 48,684,610</u>	<u>\$ 6,762,234</u>

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 5 - FAIR VALUE MEASUREMENT (continued)

(a.) Long-short strategy: This class includes investments in hedge funds that invest mainly in both long and short common stocks. Management of the hedge funds has the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position. Investments representing approximately 52% of the value of the investments in this class cannot be redeemed because the investments include restrictions that do not allow for redemption in the first 12 to 24 months after acquisition. The remaining restriction period for these investments was up to 30 days.

(b.) Absolute return: This class invests in hedge funds that pursue multiple strategies to yield a return better than market. The hedge funds' composite portfolio for this class includes investments of long and short equities, long and short credit, distressed funds, arbitration, private investments, and special situations. Investments representing approximately 43% of the value in this class cannot be redeemed because the investments include restrictions that do not allow for redemption in the first year after acquisition. The remaining restriction period for these investments ranged from 65 to 70 days.

(c.) Short credit: This class invests in long and short credit primarily in North America. Investments in this class can be redeemed upon 90 days notice.

(d.) Distressed strategy: This class invests in long and short credit as well as directional strategies that take advantage of the distressed markets. Investments in this class include restrictions that cannot allow for redemption in the first 12 to 24 months after acquisition.

(e.) Multi strategy: This class invests in long and short credit as well as distressed and special situations. Investments in this class include restrictions that cannot allow for redemption in the first 24 months after acquisition.

(f.) Global macro strategy: This class invests in long and short positions, fixed income, current and futures primarily on overall economic and political view of various countries. Investments in this class can be redeemed after 90 days of notification, after the expiration of the 12 month lock-up period which expires September 2010.

(g.) Private equity: This class includes several private equity funds some of which offer investments into any of three separate strategies: venture capital, private equity (buyouts) and emerging markets. Investments are made with a limited partner agreement, which prohibits redemption of the investment. Instead, distributions are received through the liquidation of the underlying assets of the fund.

(h.) Real assets: This class includes several real estate funds that invest primarily in public REITS, private open end core real estate funds and a portfolio of directly held properties. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. 87% of the value of these assets has suspended redemptions, and the remaining investments cannot be liquidated until the termination of the partnership. Because it is not possible that any individual investment will be sold, the fair value of each individual investment has been estimated using the net asset value of the company's ownership interest in partners capital.

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2010 and 2009

NOTE 6 – ENDOWMENTS

The Foundation has approximately 350 fully endowed funds established for the support of the students, programs and faculty of the various colleges at Florida Atlantic University. Endowments include both donor restricted endowment funds and funds designated by the Foundation or college to function as endowments. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated to function as endowments are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Foundation interprets the State of Florida’s Uniform Management of Institutional Funds Act (FUMIFA), as requiring the Board to use reasonable care, skill, and caution as exercised by a prudent investor, in considering the investment, management, and expenditures of endowment funds. The spending policy is set with the goal of the preservation of the long term purchasing power of the endowment fund, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by FUMIFA. In accordance with FUMIFA, the Board considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

The following tables present the Foundation’s endowments composition, changes, and net asset classifications for the indicated years.

Endowment Net Asset Composition by Type of Fund as of June 30, 2010 and 2009:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2010 Total</u>
Donor-restricted endowment funds	\$ (1,172,088)	\$ 14,913,993	\$ 136,975,798	\$ 150,717,703
Board-designated endowment funds (1)	<u>5,699,645</u>	<u>-</u>	<u>-</u>	<u>5,699,645</u>
Total endowment funds	<u>\$ 4,527,557</u>	<u>\$ 14,913,993</u>	<u>\$ 136,975,798</u>	<u>\$ 156,417,348</u>

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2010 and 2009

NOTE 6 – ENDOWMENTS (continued)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2009 Total</u>
Donor-restricted endowment funds	\$ (4,412,380)	\$ 6,315,748	\$ 134,670,812	\$ 136,574,180
Board-designated endowment funds (1)	<u>5,699,802</u>	<u>-</u>	<u>-</u>	<u>5,699,802</u>
Total endowment funds	\$ <u>1,287,422</u>	\$ <u>6,315,748</u>	\$ <u>134,670,812</u>	\$ <u>142,273,982</u>

- (1) The unrestricted net assets at June 30, 2010 and 2009 were \$ 3,381,718 and (\$ 444,078) respectively and the Foundation acknowledges that the funds were not entirely available to fulfill the Board's intended designation at the year-end.

Changes in Endowment Net Assets for the years ended June 30, 2010 and 2009:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2010 Total</u>
Endowment net assets, July 1, 2009	\$ <u>1,287,422</u>	\$ <u>6,315,748</u>	\$ <u>134,670,812</u>	\$ <u>142,273,982</u>
Investment return:				
Interest and dividend income, net of fees	83,881	2,064,822	-	2,148,703
Net appreciation (realized and unrealized)	<u>606,812</u>	<u>11,951,439</u>	<u>-</u>	<u>12,558,251</u>
Total investment return	690,693	14,016,261	-	14,706,954
Contributions	-	-	2,409,111	2,409,111
Expenditures	(107,217)	(2,328,474)	-	(2,435,691)
Other transfers	<u>2,656,659</u>	<u>(3,089,542)</u>	<u>(104,125)</u>	<u>(537,008)</u>
Total change in endowment funds	<u>3,240,135</u>	<u>8,598,245</u>	<u>2,304,986</u>	<u>14,143,366</u>
Endowment net assets, June 30, 2010	\$ <u>4,527,557</u>	\$ <u>14,913,993</u>	\$ <u>136,975,798</u>	\$ <u>156,417,348</u>

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 6 - ENDOWMENTS (continued)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2009 Total</u>
Endowment net assets, July 1, 2008	\$ <u>9,108,837</u>	\$ <u>39,943,297</u>	\$ <u>133,740,849</u>	\$ <u>182,792,983</u>
Investment return:				
Interest and dividend income, net of fees	138,458	2,654,370	-	2,792,828
Net depreciation (realized and unrealized)	<u>(2,023,299)</u>	<u>(35,588,838)</u>	<u>-</u>	<u>(37,612,137)</u>
Total investment return	(1,884,841)	(32,934,468)	-	(34,819,309)
Contributions	-	-	1,605,315	1,605,315
Expenditures	(5,936,574)	(1,127,058)	-	(7,063,632)
Other transfers	<u>-</u>	<u>433,977</u>	<u>(675,352)</u>	<u>(241,375)</u>
Total change in endowment funds	<u>(7,821,415)</u>	<u>(33,627,549)</u>	<u>929,963</u>	<u>(40,519,001)</u>
Endowment net assets, June 30, 2009	\$ <u><u>1,287,422</u></u>	\$ <u><u>6,315,748</u></u>	\$ <u><u>134,670,812</u></u>	\$ <u><u>142,273,982</u></u>

Description of Amounts Classified as Permanently Restricted Net Assets and Temporarily Restricted Net Assets (Endowment Only) at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Permanently restricted net assets required to be retained permanently	\$ <u><u>136,975,798</u></u>	\$ <u><u>134,670,812</u></u>
Temporarily restricted net assets The portion of perpetual endowment funds subject to a time restricted under FUMIFA:		
With purpose restrictions	\$ <u><u>14,913,993</u></u>	\$ <u><u>6,315,748</u></u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or FUMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature that are reported in unrestricted or temporarily restricted net assets were 19% of the Foundation's endowment funds totaling (\$ 1,172,088) as of June 30, 2010 and 36% of the Foundation's endowment funds totaling (\$ 4,412,380) as of June 30, 2009.

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 6 - ENDOWMENTS (continued)

Return Objectives and Risk Parameters

The goal of the investment program for the endowment assets is to provide a total return equivalent to or greater than the endowment's financial requirements over the "Time Horizon." The endowment's financial requirements are the sum of the spending rate, the long-term inflation rate, the aggregate costs of portfolio management, and any growth factor, which the Foundation's Investment Committee may, from time to time, determine appropriate. The Board expects endowment funds over time, to provide an average rate of return of approximately 8.4% annually.

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). Because the endowment funds of the Foundation are expected to endure into perpetuity, and because inflation is a key component in the performance objective, the long-term risk of not investing in securities offering real growth potential outweighs the short-term volatility risk. The Foundation targets a diversified asset allocation that places a greater emphasis on equity based investments to achieve the long-term return objective within prudent risk constraints. Fixed income securities are used to lower the short-term volatility of the portfolio and to provide income stability, especially during periods of weak or negative equity markets. Alternative assets are used to mitigate the risk of traditional asset classes. Other asset classes are included to provide diversification and incremental return.

Spending Policy and How Investment Objectives Relate to Spending Policy

The Foundation implemented a spending policy focused on protecting the corpus; the policy is a three pronged approach to determining and endowment's spending distribution.

1. Hibernation - The endowment must generate earnings for one year before spending is distributed.
2. Cash balance carry-forward limitations - A limited or restricted spending distribution is implemented if the fund has an adequate cash balance to accommodate operations.
3. Prohibition - The fund receives no spending distribution and the Foundation assesses no administration fees on endowments with a total balance less than the original gift's fair market value.

The Foundation has a policy to distribute typically 3.9% (spending rate) of the average fair value of the prior 20 quarters of an endowment that has satisfied the three criteria for corpus protection. The Foundation calculates spending at the end of the third quarter prior to the new fiscal year. Administrative and investment fees are assessed on a quarterly basis on funds that are not deficient. In 2010 and 2009, fees were set at 1.7% and amounted to \$ 1,592,509 and \$ 1,757,761 respectively.

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2010 and 2009

NOTE 7 – CONCENTRATION OF RISK

Custodial Credit Risk – Custodial credit risk is the risk that the Foundation will not be able to recover its deposits from the financial institution in the event of the financial institution’s failure. The Foundation had deposits in excess of FDIC insurance of \$ 9,079,354 and \$ 4,945,903 at June 30, 2010 and 2009, respectively. These amounts are maintained with what management believes to be quality financial institutions. The Foundation also has protection, with limits, under the Securities Investor Protection Corporation (SIPC).

The Foundation seeks to mitigate custodial risk by investing in the Certificate of Deposit Registry Account Service "CDARS" program which places funds in \$ 250,000 increments in certificates of deposits with non redundant banks throughout the United States, thereby protecting all funds with FDIC insurance. At June 30, 2010 and 2009, the Foundation had approximately \$ 10,000,000 and \$ 15,000,000, respectively, in the CDARS program.

Interest Rate Risk – Interest rate risk is the risk that an increase in interest rates will adversely affect the fair value of a debt investment. The Foundation’s investment policy limits investment maturities as a means of managing exposure to fair value losses arising from increased interest rates.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of an entity’s investment in a single issuer. The Foundation’s investment policy requires diversification of investments sufficient to reduce the potential of a single security, or single sector of securities from having a significant impact on the portfolio. At June 30, 2010 the Foundation had investments not greater than 11% of its portfolio with any one money manager.

Credit Risk – Credit risk is the risk that an issuer of debt will not fulfill its obligations. The schedules in Notes 3 and 4 provide further details on the fixed income instruments held by the Foundation.

NOTE 8 – REAL PROPERTY AND IMPROVEMENTS

Real property and improvements and the related accumulated depreciation consist of the following at June 30, 2010 and June 30, 2009:

		2010		2009
Buildings and improvements	\$	237,000	\$	237,000
Less accumulated depreciation		178,870		174,054
Buildings and improvements, net		58,130		62,946
Land		4,439,639		4,439,639
Construction in progress (stadium)		-		570,000
Real property and improvements, net	\$	4,497,769	\$	5,072,585

The provision for depreciation was \$ 4,816 for both 2010 and 2009 fiscal years.

Construction in Progress

The Foundation transferred the construction in progress related to the stadium to the University during the 2010 fiscal year. Although the Foundation will support the construction of the stadium, it will be owned and capitalized by the University.

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2010 and 2009

NOTE 8 - REAL PROPERTY AND IMPROVEMENTS (continued)

Land Preserves

Approximately 25 percent of the 150 acres known as Pine Jog (included in land) have reversion clauses where the ownership of the land reverts to the donor or the county if the land does not remain in its natural state. Other parcels of the land have deed restrictions with the same intent to preserve this land as a nature area.

NOTE 9 - DEBT

Debt as of June 30, 2010 and 2009 consists of the following:

	2010	2009
Note payable to a bank in semiannual installments of \$ 400,000 plus interest at 4.20% until May 2012.	\$ 1,600,000	\$ 2,400,000
Note payable to a bank for the purchase of a piano in quarterly installments of \$ 3,793, including interest at 3.15% until October 2012. The note is collateralized by the piano, which was contributed to the University.	32,838	50,104
Total	\$ 1,632,838	\$ 2,450,104

Principal and Interest Requirements

Minimum principal and estimated interest payments required under all loan agreements at June 30, 2010, are summarized as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 810,689	\$ 60,379	\$ 871,068
2012	814,650	26,192	840,842
2013	7,499	89	7,588
Total	\$ 1,632,838	\$ 86,660	\$ 1,719,498

Interest Expense

Interest expense on debt was approximately \$ 86,700 and \$ 121,000 for the years ended June 30, 2010 and 2009, respectively.

Covenants

Loan covenants exist and remain in effect until the note payable is paid off in May 2012. The covenants require, among other requirements, that the Foundation furnish the bank with audited financial statements annually and unaudited financial statements quarterly.

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2010 and 2009

NOTE 9 - DEBT (continued)

Financial covenants require that the Foundation maintain as of the last day of each June and December a ratio of current assets to total liabilities of not less than 3 to 1. Current assets shall include pooled cash and investments and pledged receivables aged less than thirty-six months. Also, net assets must show an average increase of \$ 5 million each year from the initial \$ 100 million base net assets in 2001. The Foundation was in compliance with all debt covenants as of June 30, 2010 and 2009.

NOTE 10 - SUB-LEASING ARRANGEMENT

The Foundation previously entered into a sub-leasing agreement with the Florida Board of Education (the Board). Upon entering into this agreement, two master leases between the Board and the Board of Trustees of the Internal Improvement Trust Fund were assumed by the Foundation. The subleasing agreement provides for the sublease of a certain parcel of real property located on Glades Road in Boca Raton, Florida, at no charge to us through January, 2073.

The Foundation then entered into a ground lease agreement with a developer whereby the developer agreed to construct a retail complex on the site and lease the space to various entities. Pursuant to the ground lease agreement, the developer is to provide us with a monthly base rent from the commencement of the ground lease through its expiration on May, 2073. The base rent is subject to 6% increases every ten years. The lease also provides for an additional \$ 5 per square foot in excess of 152,000 square feet of consumer services area during years 1 through 10, and shall be adjusted upward by 6% every ten years thereafter. The square footage provision in the contract increased the rental income by approximately \$ 82,400 annually. The lease provided rental income to the Foundation of approximately \$ 971,600 in 2010 and \$ 978,300 in 2009 relating to this agreement.

Future minimum rentals to be received under this sub-leasing arrangement at June 30, 2010 are estimated to be approximately as follows:

Year ending <u>June 30,</u>	Minimum future <u>rentals</u>
2011	\$ 1,027,400
2012	1,027,400
2013	1,027,400
2014	1,027,400
2015	1,027,400
2016 - 2025	10,550,500
2026 - 2035	11,158,800
2036 - 2045	12,791,800
2046 - 2055	14,134,100
2056 - 2065	14,858,700
2066 - 2073	<u>11,099,500</u>
Total future minimum rentals	<u>\$ 79,730,400</u>

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 11- DIRECT FINANCING-TYPE LEASES AND CERTIFICATES OF PARTICIPATION

In support of the University's needs, the Foundation previously raised \$ 6,230,000 and \$ 6,300,000 in exchange for issuing 1999 and 2000 Certificates of Participation (the "Certificates"), respectively, and used the funds to build dormitory buildings on the John D. MacArthur Campus in Jupiter, Florida. The interest rate on the 1999 Certificates ranges from 3.5% to 5.0% while the interest rate on the 2000 Certificates ranges from 4.7% to 5.875%.

The Foundation also entered into master lease agreements with the Florida Board of Education (the Board), whereby the Foundation is obligated to pay the Board \$ 1 per year for each dormitory until the later of May 2029 or the date that the certificates are paid in full. The Foundation further entered into agreements to lease the buildings to the University, in exchange for the University's paying all amounts due under the Certificates.

The Foundation guarantees the Certificates unconditionally; the only limit is the expendable portion of our unrestricted net assets, which is \$ 3,381,718 as of June 30, 2010. The payment of this guarantee cannot exceed \$ 858,785 in any year. Financial guarantee insurance policies are maintained to provide for any such non-payment.

At June 30, 2010, the minimum lease payments to be received from the University as base rent and the principal payment due on the 1999 and 2000 Certificates for each of the five succeeding fiscal years and thereafter are as follows:

Year ending <u>June 30.</u>	1999 <u>Certificates</u>	2000 <u>Certificates</u>	Total <u>Principal</u>
2011	\$ 170,000	\$ 145,000	\$ 315,000
2012	180,000	155,000	335,000
2013	185,000	165,000	350,000
2014	195,000	175,000	370,000
2015	205,000	185,000	390,000
Thereafter	<u>3,815,000</u>	<u>4,430,000</u>	<u>8,245,000</u>
Total	<u>\$ 4,750,000</u>	<u>\$ 5,225,000</u>	<u>\$ 10,005,000</u>

At June 30, 2010, the principal payment and the interest due to be received from the University on the 1999 and 2000 Certificates for each of the five succeeding fiscal years and thereafter are as follows:

Year ending <u>June 30.</u>	Total <u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 315,000	\$ 537,340	\$ 852,340
2012	335,000	521,171	856,171
2013	350,000	503,785	853,785
2014	370,000	484,841	854,841
2015	390,000	464,810	854,810
Thereafter	8,245,000	3,755,886	12,000,886
Total	<u>\$ 10,005,000</u>	<u>\$ 6,267,833</u>	<u>\$ 16,272,833</u>

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2010 and 2009

NOTE 12 - SUPPLEMENTAL CASH FLOW INFORMATION

Cash Inflow

For the fiscal year 2010, the Foundation received cash of \$ 2,650,922 derived from interest and dividend income as well as received cash of \$ 551,558 from interest income derived from the direct finance type lease (Note 11). Total supplemental cash flows received for fiscal year 2010 total \$ 3,189,077.

For the fiscal year 2009, the Foundation received cash of \$ 3,551,355 derived from interest and dividend income as well as received cash of \$ 564,805 from interest income derived from the direct finance type lease (Note 11). Total supplemental cash flows received for fiscal year 2009 total \$ 4,116,160.

Cash Outflow

For the fiscal year 2010, the Foundation made interest payments of \$ 93,473 as well as cash payments of \$ 551,558 for interest expense resulting from the direct finance type lease (Note 11). Total supplemental cash flow outlays for interest payments in fiscal year 2010 totaled \$ 694,551. For the fiscal year 2009, the Foundation made cash payments of \$ 129,746 for interest expense as well as payments of \$ 564,805 for interest from the direct finance type lease (Note 11). Total supplemental cash outlays for interest in fiscal year 2009 totaled \$ 694,551.

NOTE 13 - RESTRICTED NET ASSETS

At June 30, 2010, temporarily restricted net assets consisted of cash, pledges, investments, funds held in trust by others, real property and improvements, collections, and other assets of \$57,389,927 less annuities payable and other liabilities and debt of \$16,807,344. Permanently restricted net assets consisted of pledges and investment of \$137,626,524.

At June 30, 2009, temporarily restricted net assets consisted of cash, pledges, investments, funds held in trust by others, real property and improvements, collections, and other assets of \$ 55,074,448 less annuities payable and other liabilities and debt of \$ 18,771,393. Permanently restricted net assets consist of pledges and investments of \$ 135,838,416 at June 30, 2009. These assets are restricted by donors for the following purposes for years ended 2010 and 2009:

		<u>2010</u>		<u>2009</u>
Student financial support	\$	9,950,150	\$	7,355,257
Plant, equipment and maintenance		9,809,239		12,133,497
Faculty and staff support		8,841,234		6,579,347
Academic divisions		7,595,345		8,019,070
Other		1,888,012		384,901
Library resources		1,800,738		1,611,399
Research		<u>697,865</u>		<u>219,584</u>
 Total temporarily restricted net assets	 \$	 <u>40,582,583</u>	 \$	 <u>36,303,055</u>

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 13 - RESTRICTED NET ASSETS (continued)

	2010	2009
Student financial support	\$ 48,925,258	\$ 48,672,753
Academic divisions	48,791,865	47,230,200
Faculty and staff support	35,139,978	35,263,012
Library resources	1,782,278	1,782,498
Research	1,689,686	1,658,411
Other	861,694	795,777
Plant, equipment and maintenance	435,765	435,765
 Total permanently restricted net assets	 \$ 137,626,524	 \$ 135,838,416

At June 30, 2010 and 2009, net assets released from restrictions totaled \$ 17,275,536 and \$ 23,692,335 respectively:

Year Ending	Unrestricted	Net Assets Temporarily Restricted	Permanently Restricted
2010	\$ 17,275,536	\$ (17,220,689)	\$ (54,847)
2009	23,692,335	(12,155,525)	(11,536,810)

NOTE 14 - IN-KIND TRANSACTIONS

The Foundation is supported in its goals by the University's Departments of Advancement and the FAU Alumni Affairs. Support from the University includes office space, equipment and operating expenses and salaries for advancement personnel who are critical in the operations of the Foundation. The Foundation has estimated the cost of operational support from the University to be approximately \$ 1,855,063 in 2010 and \$ 2,056,000 in 2009. This support appears on the statements of activities as contributions and expenses.

The Foundation is a direct support organization of Florida Atlantic University, and as such transfers funds to support the academic programs, scholarships and salaries of faculty members on a monthly basis. At June 30, 2010, the total amount due to the University was \$ 920,192 which is reflected in accounts payable and the amount due from the University was \$ 632,173. At June 30, 2009 the amounts due to and from the University were \$ 2,510,516 and \$ 631,009, respectively.

NOTE 15 - RELATED PARTY TRANSACTIONS

The Foundation has committed \$ 500,000 to the University in fiscal year 2011 for tuition waivers from earnings from the University Commons rent revenues.

The Foundation adheres to a conflict of interest policy with the board members. During the course of business, the Foundation may purchase supplies and/or services at fair market value from companies which have affiliations with the board members. All such transactions are undertaken in the best interest of the Foundation and follow established procedures. In the interest of full disclosure, the following business transactions existed as of June 30, 2010:

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 15 - RELATED PARTY TRANSACTIONS (continued)

Mr. Michael I. Kaufman is the owner and President of Kaufman Lynn, Inc. General Contractors, which has a working contract with the University and has a small interest (2%) in the partnership of the limited liability company that has the ground lease at the University Commons. Board member Mr. Bruce H. Allen is a Senior Vice President of US Trust, Bank of America Private Wealth Management. The Foundation has an affinity contract with Bank of America, which was in place prior to Mr. Allen's becoming a Board member. Several trusts are also managed by Bank of America. Mr. Allen's wife is an adjunct teacher at FAU. Mr. Joseph W. Collard invests in technology and patents developed by the University and Mr. Collard's wife contracts with the University to provide continuing education in Project Management. Mr. Michael L. Davis is a Vice President and Principal Partner with Keith and Schnars, P.A., engineering and planning consulting firm, which has contracted with the University in the past.

Mr. Rhys L. Williams is an advisor and agent for Leadership Florida, which was contracted with the University to produce the 2009 Presidential debates on campus. This contract was paid by the Foundation in the amount of \$ 111,045. Mr. Williams also invests in University technology licenses. Mrs. Louise Grant, is the Chief Executive Officer of an organization that awards grants to the Foundation and the University. Mrs. Cecilia James' company, C & C International Computers and Consultants, is a vendor of the University performing technology equipment repair services. Board members Mr. J. Randy Justice, Mr. David L. Gury, Mr. Peter LoBello, Mr. Michael Davis, Mrs. Louise Grant, Mrs. Patricia McKay, and Dr. Ira Gelb are on various advisory boards at the University.

Former board member, Mr. M.J. Arts was a Boca Raton City Councilman and a board member for the FAU Research and Development Corporation. Former board member Mr. Thomas Lynch is the president of the Foundation's insurance broker, Plastridge Insurance Company. Total amounts of \$ 25,895 and \$ 12,202 were paid to Plastridge in 2010 and 2009, respectively. Last year a request for proposal was issued in search of quotes for insurance coverage. Plastridge retained the majority of the insurance coverage, but a separate agent was selected to for rider insurance. Vendor selections were made based on costs and were performed at arm's length.

The Foundation's Investment Consulting firm also manages a small allocation of the investment portfolio. The Foundation committed a total of \$ 3,000,000 to two separate funds that manage Private Equity and Real Assets. At the close of the fiscal year, \$ 972,888 had been funded. The commitment represents less than 2% of investments, and was properly authorized by the Investment Committee.

NOTE 16 - LEAVE LIABILITY

Liabilities are recorded for annual sick leave payments that would be paid at the resignation or termination of an employee. For the year ended June 30, 2010 a liability of \$ 130,489 was recorded for the leave payments that the Foundation is obligated to reimburse the University and \$ 139,387 for the liability that would be paid through the University funds. For the year ended June 30, 2009, the Foundation's leave liability was \$ 147,307 and \$ 143,505 as the amount to be provided from the University.

NOTE 17 - HARBOR BRANCH OCEANOGRAPHIC INSTITUTE FOUNDATION

The University acquired Harbor Branch Oceanographic Institute (HBOI) on January 1, 2008. HBOI functions as a college of the University and is now the northernmost campus of the University. HBOI is supported by its separate foundation, the Harbor Branch Oceanographic Institute Foundation, (HBOIF). The HBOIF was certified as an official Direct Support Organization (DSO) of the University in May 2008.

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2010 and 2009

NOTE 17 - HARBOR BRANCH OCEANOGRAPHIC INSTITUTE FOUNDATION (continued)

The Foundation had previously agreed with the HBOIF to expand the Foundation's operations to include administration of HBOIF funds and fundraising activities. The HBOIF continues to operate to take in minimum revenues for license tags and to administer its endowment, but the majority of all donations are solicited and collected by the Foundation.

In accordance with this agreement, HBOIF transfers funds from their four Specialty License Plate revenues to fund research projects and marketing with the University. These transfers are recorded on the Foundation's Statements of Financial Position as a "liability to resource provider." The amount of this liability at June 30, 2010 and 2009 was \$ 4,506,445 and \$ 4,801,031 respectively.

NOTE 18 - COMMITMENTS AND CONTINGENCIES

The Foundation is routinely involved in litigation, audits and tax examinations which arise in the normal course of operations. Our management believes that the amount of liability resulting from such activities, if any, would not materially impact the Foundation. At June 30, 2010, management did not know of any pending or potential litigation or tax examinations against the Foundation.

The Foundation previously entered into an affinity agreement with a bank, whereby the bank would solicit credit card business from the FAU Alumni Association's "members" and in return pay royalties. The renewed contract allows for annual advances of \$ 120,000, which is established as "refundable advances" until the revenue is earned. Refundable advances on June 30, 2010 as a result of this arrangement were \$ 64,134.

NOTE 19 - PRIOR PERIOD ADJUSTMENT

Accounting Standards Codification (ASC) 250-10-50, *Accounting Changes and Error Corrections*, requires that the entity disclose when a previously issued financial statement has been restated due to a correction of an error, along with a description of the nature of the error.

The Foundation's Board of Directors determined that an outstanding note payable and several other obligations previously classified as temporarily restricted should be reclassified as unrestricted. The note payable and other obligations were originally recorded as temporarily restricted since restricted donations were expected to satisfy the liabilities. The Board of Directors concluded that expected donations would not be adequate to satisfy these liabilities, and consequently unrestricted assets are being used to fulfill these obligations. The determination to reclassify these obligations to the unrestricted category was not made until the current fiscal year 2010. As a result of this reclassification, the *Statement of Activities and Change in Net Assets* reports an adjustment to the 2009 unrestricted beginning net assets of (\$ 5,193,762) and a corresponding increase to the temporarily restricted net assets in the same amount.

The effect on the net assets due to the correction discussed above is summarized as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets, July 1, 2008, as previously reported	\$ 14,242,135	\$ 67,284,176	\$ 145,299,605	\$ 226,825,916
Prior period adjustment	<u>(5,193,762)</u>	<u>5,193,762</u>	<u>-</u>	<u>-</u>
Net assets, July 1, 2008, as restated	\$ <u>9,048,373</u>	\$ <u>72,477,938</u>	\$ <u>145,299,605</u>	\$ <u>226,825,916</u>

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 19 – PRIOR PERIOD ADJUSTMENT (continued)

For the year ended year June 30, 2009, the above correction affected the change in unrestricted net assets in the amount of \$ 634,129, and accordingly, the change in temporarily restricted net assets decreased in the same amount. In addition, an error was made in the calculation of the underwater portion of endowment funds which caused the unrestricted net assets to be understated by \$ 1,449,295 in 2009. The total deficit in the endowment funds was classified to the corresponding net assets category as promulgated by Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*; however, the deficiency was not offset by the funds available for appropriation in the temporarily restricted net assets. This reclassification resulted in an increase to the change in unrestricted net assets of \$ 1,449,295 and a decrease the change in temporarily restricted net assets in the same amount for 2009.

The effect on the change in net assets of the corrections discussed above is summarized as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Change in net assets for the year ended June 30, 2009, as previously reported	\$ (11,575,875)	\$ (34,091,459)	\$ (9,461,189)	\$ (55,128,523)
Effect of reclassification of certain obligations	634,129	(634,129)	-	-
Effect of reclassification of underwater endowment funds	<u>1,449,295</u>	<u>(1,449,295)</u>	<u>-</u>	<u>-</u>
Change in net assets for the year ended June 30, 2009, as restated	\$ <u><u>(9,492,451)</u></u>	\$ <u><u>(36,174,883)</u></u>	\$ <u><u>(9,461,189)</u></u>	\$ <u><u>(55,128,523)</u></u>

**SUPPLEMENTAL INFORMATION
AND SCHEDULES**

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
 SCHEDULE OF BOARD OF DIRECTORS AND
 EXECUTIVE COMMITTEE MEMBERS
 June 30, 2010

At June 30, 2010, the membership of the Foundation's Board of Directors was comprised of the following individuals, along with their respective terms:

MEMBER	TERM EXPIRES
Bruce H. Allen '71**	April 2013
Barry S. Berg*	April 2012
William Bernstein	April 2013
Joseph W. Collard	April 2011
Brian J. Cooke	April 2011
Howard R. Cooper	April 2011
Michael L. Davis*	April 2012
Marleen Forkas	April 2013
Ira J. Gelb, M.D.	April 2013
Louise Grant	April 2012
David J. Gury*	April 2013
Cecelia James**	April 2012
J. Randy Justice '73**	April 2011
Michael I. Kaufman***	April 2012
Judith T. Kaye	April 2011
Peter LoBello*	April 2011
Patricia McKay '78	April 2012
William Morris	April 2011
Neale J. Poller '66	April 2011
Charles E. Rutherford	April 2011
Steven R. Sponder	April 2011
Christopher Wheeler	April 2013
Rhys L. Williams	April 2011
<u>EX-OFFICIO MEMBERS</u>	
M. J. Saunders	University President
Randy Talbot**	Executive Director FAUF
Marlis Hadeed	University Club President
Romayne Berry '98	Alumni President
Timothy Lenz, Ph.D	Faculty Senate President
Ayden Maher	Student Government President
Thomas Workman '71	Board of Trustees Representative
Donna Grubman	Lifelong Learning Representative
James Seitz	Harbor Branch Oceanographic Institute Foundation Representative
<u>EMERITUS</u>	
Kathleen Assaf	Director Emeritus
Ronald Assaf	Director Emeritus
Eleanor R. Baldwin	Director Emeritus
Herman Becker	Director Emeritus
Marjorie Pearlson	Director Emeritus
Lois Pope	Director Emeritus
Brian Utley	Director Emeritus
Elizabeth S. Zinman	Director Emeritus

* Indicates members of the Executive Committee
 ** Indicates Officer
 *** Indicates the Chairman of the Foundation Board

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
SCHEDULE OF RECEIPTS, EXPENDITURES AND
ENDOWMENT BALANCES FOR EMINENT SCHOLARS PROGRAM
For the Year Ended June 30, 2010

Fund Name	Corpus Balance at 7/1/2009	Endowment Balance at 7/1/2009	Matching State Funds	Contributions	Income	Expenditures	Interfund Transfer	Corpus Balance at 6/30/2010	Endowment Balance at 6/30/2010
Fully endowed:									
Dorothy F. Schmidt Eminent Scholar Schmidt Chair in Humanities	\$ 5,006,000	\$ 6,111,951	\$ -	\$ -	\$ 612,791	\$ (296,328)	-	\$ 5,006,000	\$ 6,428,414
Dorothy F. Schmidt Distgd Eminent Sch Chair of Performing Arts	5,001,255	5,683,082	-	-	583,755	(258,380)	-	5,001,255	6,008,457
John M. DeGrove Eminent Scholar Chair in Growth Mng & Dev	2,274,000	2,626,055	-	-	255,869	(171,104)	-	2,274,000	2,710,820
Helen Karpelenia Persson Eminent Scholar Chair in Com Caring	1,758,721	1,792,319	-	-	183,157	(65,075)	-	1,758,721	1,910,401
Eugene and Christine E. Lynn Eminent Scholar Chair in Business	999,900	1,533,764	-	-	154,896	(57,133)	-	999,900	1,631,527
Charles E. Schmidt Eminent Scholar Chair in Engineering	1,148,560	1,321,340	-	-	137,439	(58,200)	-	1,148,560	1,400,579
John Thomas Ladue McGinty Eminent Scholar Chair in Biology	1,060,336	1,322,708	-	-	128,474	(51,513)	-	1,060,336	1,399,669
Glenwood and Martha Creech Eminent Scholar Chair in Science	1,028,466	1,265,939	-	-	126,228	(48,366)	-	1,028,466	1,343,801
Raddock Family Eminent Scholar Chair in Holocaust Studies	1,133,811	1,208,295	-	-	126,279	(45,342)	20,713	1,133,811	1,309,945
Dr. Robert J. Morrow Eminent Scholar Chair in Social Science	1,053,125	1,250,691	-	-	123,756	(57,630)	-	1,053,125	1,316,817
Office Depot Eminent Scholar Chair Small Business Research	1,020,000	1,140,613	-	-	114,878	(31,451)	(1,363)	1,020,000	1,222,677
Chrisitne E. Lynn Eminent Scholar Chair in Nursing	1,033,725	1,094,069	-	-	112,518	(36,194)	-	1,033,725	1,170,393
Herbert & Elaine Gimelstob Eminent Scholar Chair in Judaic Std	1,225,525	1,135,254	-	-	111,598	(39,761)	-	1,225,525	1,207,091
Eminent Scholar Chair in Turkish Studies	889,800	1,199,566	-	-	97,844	(13,253)	-	889,800	1,284,157
Charles Stewart Mott Eminent Scholar Chair in Comm Education	1,010,355	1,156,179	-	-	113,329	(21,087)	-	1,010,355	1,248,421
Dorothy F. Schmidt Eminent Scholar Chair in the Performing Arts	1,035,674	1,125,929	-	-	111,521	(55,279)	-	1,035,674	1,182,171
William F. Dietrich Eminent Scholar Chair in Philosophy	1,045,505	1,068,917	-	-	111,794	(20,770)	-	1,045,505	1,159,941
Total	<u>\$ 27,724,758</u>	<u>\$ 32,036,671</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,206,126</u>	<u>\$ (1,326,866)</u>	<u>\$ 19,350</u>	<u>\$ 27,724,758</u>	<u>\$ 33,935,281</u>

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
SCHEDULE OF RECEIPTS, EXPENDITURES AND
ENDOWMENT BALANCES FOR ETHICS SCHOLARS PROGRAM
For the Year Ended June 30, 2010

Fund Name	Corpus Balance at 7/1/2009	Endowment Balance at 7/1/2009	Matching State Funds	Contributions	Income	Expenditures	Interfund Transfer	Corpus Balance at 6/30/2010	Endowment Balance at 6/30/2010
Fully endowed:									
Dr. Floyd Koch Business Ethics Scholarship Fund	\$ 500,000	\$ 482,495	\$ -	\$ -	\$ 50,007	\$ (5,251)	\$ -	\$ 500,000	\$ 527,251
Edward E. Shoaf Honors College Ethics Scholarship Fund	300,000	308,695	-	-	31,844	(4,672)	-	300,000	335,867
J.M. Rubin Foundation Honors College Ethics Scholarship Fund	210,000	198,707	-	-	20,795	(2,183)	-	210,000	217,319
Hilda A Krinzman Ethics Scholarship Fund	212,688	193,047	-	-	20,163	(1,217)	-	212,688	211,993
Mildred A. Becker Ethics Scholarship Endowment Fund	200,000	193,701	-	-	19,890	(5,838)	-	200,000	207,753
Edward E. Shoaf Ethics Scholarship Fund	200,000	186,316	-	-	19,304	(3,850)	-	200,000	201,770
Total	<u>\$ 1,622,688</u>	<u>\$ 1,562,961</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,003</u>	<u>\$ (23,011)</u>	<u>\$ -</u>	<u>\$ 1,622,688</u>	<u>\$ 1,701,953</u>

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
SCHEDULE OF RECEIPTS, EXPENDITURES AND
ENDOWMENT BALANCES FOR MAJOR GIFTS PROGRAM
For the Year Ended June 30, 2010

Fund Name	Corpus Balance at 7/1/2009	Endowment Balance at 7/1/2009	Matching State Funds	Contributions	Income	Expenditures	Interfund Transfer	Corpus Balance at 6/30/2010	Endowment Balance at 6/30/2010
Endowed Professorships:									
Lucy Henderson Edmondson Professorship in Elementary Education	\$ 2,760,997	\$ 3,038,994	\$ -	\$ -	\$ 298,366	\$ (56,772)	\$ -	\$ 2,760,997	\$ 3,280,588
Alan B. Larkin Endowed Fund	1,745,819	1,618,506	-	17,419	169,626	(38,414)	-	1,763,238	1,767,137
Henry Epstein Professorship in Urban and Regional Planning	150,262	259,217	-	-	18,687	(11,890)	-	150,262	266,014
Nona and Peter Gordon Endowed Professorship in Early Childhood Education	199,319	243,361	-	-	23,409	(8,363)	-	199,319	258,407
Ronald and Elizabeth Blake Professorship in Nursing	225,000	262,128	-	-	25,381	(4,718)	-	225,000	282,791
Lifelong Learning Society Professorship in Social Science	150,000	256,817	-	-	22,408	(6,442)	-	150,000	272,783
Lifelong Learning Society Professorship in Science	150,000	189,533	-	-	19,741	(9,191)	-	150,000	200,083
Bingham Professorship in Creative Writing	150,000	191,289	-	-	19,216	(11,592)	-	150,000	198,913
SunTrust/South Florida Professorship in Finance	150,000	177,230	-	-	17,865	(12,958)	-	150,000	182,137
Adelaide R. Snyder Professorsip in Ethics	160,775	177,103	-	-	17,822	(8,130)	(1,212)	160,775	185,583
Charles E. Schmidt Professorship in Engineering	157,784	188,722	-	-	18,038	(3,353)	-	157,784	203,407
Lifelong Learning Society Professorship in Arts and Humanities	150,215	174,830	-	-	17,035	(7,302)	-	150,215	184,563
Rabbi Ario S. Hyams Library Professorship	150,000	173,985	-	-	17,612	(10,002)	-	150,000	181,595
Frances and Milton Levenson Professorship in Japanese Studies	150,200	162,546	-	-	16,816	(4,511)	1,202	150,200	176,053
John Wymer Endowed Professorship in Nursing	184,321	206,562	-	-	19,302	(5,555)	-	184,321	220,309
Motorola Endowed Professorship for Electrical and Computer Engineering	162,000	164,546	-	-	16,629	(2,440)	-	162,000	178,735
Sensormatic Professorship in Marketing	150,000	168,713	-	-	16,245	(2,383)	-	150,000	182,575
William F. Dietrich Professorship in Philosophy	150,013	162,905	-	-	16,258	(4,252)	-	150,013	174,911
Sharon Phillips Raddock Professorship in Holistic Nursing	152,821	181,473	-	-	15,404	(1,617)	-	152,821	195,260

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
SCHEDULE OF RECEIPTS, EXPENDITURES AND
ENDOWMENT BALANCES FOR MAJOR GIFTS PROGRAM
For the Year Ended June 30, 2010
(continued)

Fund Name	Corpus Balance at 7/1/2009	Endowment Balance at 7/1/2009	Matching State Funds	Contributions	Income	Expenditures	Intertund Transfer	Corpus Balance at 6/30/2010	Endowment Balance at 6/30/2010
Endowed Scholarships and Fellowships:									
J.M. Rubin Foundation Professorship in Engineering	150,000	134,854	-	-	13,741	(200)	-	150,000	148,395
Harriet L. Wilkes College Scholarship Fund	17,961,799	18,821,810	-	-	1,921,921	(716,181)	-	17,961,799	20,027,550
Henry Morrison Flagler Scholarship Fund	5,280,052	5,092,059	-	300	534,663	(56,147)	-	5,280,352	5,570,875
Essie C. Crain Nursing Scholarship Fund	1,821,861	2,213,766	-	-	217,371	(75,785)	-	1,821,861	2,355,352
Davimos Family Endowment for excellence in Science	1,750,752	1,816,631	-	-	180,726	(75,112)	-	1,750,752	1,922,245
Libby Dodson Endowment for Nursing Excellence	1,760,931	1,692,575	-	-	163,998	(24,458)	-	1,760,931	1,832,115
Daniel B. and Aurel B. Newell Doctoral Fellowships	645,518	723,613	-	-	73,200	(33,674)	-	645,518	763,139
Mary Fraser Scholastic Trust Fund	651,012	632,144	-	-	63,416	(16,908)	-	651,012	678,652
William Fabricant Scholarship	450,000	499,893	-	-	49,880	(22,271)	-	450,000	527,502
James and Zita Hayes and Zita W. DePan Memorial Scholarship	280,319	344,785	-	-	33,285	(18,252)	-	280,319	359,818
Edward E. Shoaf Scholarship Fund	458,668	418,292	-	-	43,388	(5,355)	-	458,668	456,325
Founders Honors Scholarship	335,068	321,794	-	-	33,803	(3,549)	-	335,068	352,048
Edgewater Pointe Estates Scholarship	320,572	326,717	-	-	32,575	(14,254)	-	320,572	345,038
David Neil Krinzman Memorial Scholarship Fund	304,247	290,553	-	-	30,108	(6,161)	-	304,247	314,500
Goizueta Foundation Scholars Fund	300,000	283,248	-	-	29,213	(3,067)	-	300,000	309,394
Nathan & Marion Crosby Holocaust and Judaic Studies Scholarship Fund	301,733	287,628	-	-	28,596	(1,726)	-	301,733	314,498
Milton & Gladys Meisner Scholarships	211,644	247,806	-	-	24,012	(12,515)	-	211,644	259,303
Virginia & Douglas Stewart Ethics Scholarship Endowment	250,549	238,119	-	-	24,849	(2,609)	-	250,549	260,359
Helen Shoaf Memorial Scholarship	434,000	452,049	-	-	47,468	(6,964)	-	434,000	492,553

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
SCHEDULE OF RECEIPTS, EXPENDITURES AND
ENDOWMENT BALANCES FOR MAJOR GIFTS PROGRAM
For the Year Ended June 30, 2010
(continued)

Fund Name	Corpus Balance at 7/1/2009	Endowment Balance at 7/1/2009	Matching State Funds	Contributions	Income	Expenditures	Intertund Transfer	Corpus Balance at 6/30/2010	Endowment Balance at 6/30/2010
Endowed Scholarships and Fellowships (continued):									
M. Brenn Green Scholarship in Social Science	168,949	223,481	-	-	21,346	(8,495)	-	168,949	236,332
Christine E. Lynn Nursing Assistance Program	200,000	223,708	-	-	19,174	(2,013)	-	200,000	240,869
James P. and Eloise M Latham Scholarship in Geography	173,259	212,989	-	-	20,689	(5,854)	-	173,259	227,824
Annette Van Howe Women's Studies Scholarship	196,660	199,854	-	-	20,158	(2,957)	-	196,660	217,055
Fanjul Academic and Community Excellence Award	150,000	197,098	-	-	18,880	(6,027)	-	150,000	209,951
Ernest O. Melby Fellowships	151,065	188,797	-	-	18,012	(13,362)	-	151,065	193,447
James A. Woodruff, Jr. Scholarship in Memory of Hazel Gates Woodruff	160,000	174,995	-	-	18,127	(4,226)	-	160,000	188,896
Angelos Langadas Scholarship	157,500	171,324	-	-	17,832	(3,816)	-	157,500	185,340
FAU National Alumni Association Scholarship	153,907	170,870	-	325	17,456	(6,261)	-	154,232	182,390
Frances and Victor Ginsberg Scholarship	154,750	164,377	-	-	17,122	(3,183)	-	154,750	178,316
Howard Guggenheim Endowed Scholarship	152,214	166,852	-	-	17,247	(4,713)	-	152,214	179,386
Mrs. Charles "Binny" Foster Scholarship	149,735	166,781	-	-	16,975	(7,170)	-	149,735	176,586
Joseph Conaway Undergraduate Theater Scholarship	150,300	160,878	-	-	16,431	(4,547)	-	150,300	172,762
Joshua Logan Graduate Scholarship	152,000	160,012	-	-	15,424	(15,433)	-	152,000	160,003
Eleanor R. Baldwin Genesis Scholarship Fund	150,270	158,910	-	-	16,125	(4,366)	-	150,270	170,669
Fields Genesis Scholarship	150,000	153,484	-	-	16,095	(2,621)	-	150,000	166,958
Genesis Belle Glade Teachers Scholarship	150,000	155,792	-	500	16,081	(2,522)	-	150,500	169,851

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
SCHEDULE OF RECEIPTS, EXPENDITURES AND
ENDOWMENT BALANCES FOR MAJOR GIFTS PROGRAM
For the Year Ended June 30, 2010
(continued)

Fund Name	Corpus Balance at 7/1/2009	Endowment Balance at 7/1/2009	Matching State Funds	Contributions	Income	Expenditures	Intertfund Transfer	Corpus Balance at 6/30/2010	Endowment Balance at 6/30/2010
Program Endowments:									
Toppel Family Foundation Endowed Genesis Scholarship	150,000	160,440	-	-	15,152	(1,591)	-	150,000	174,001
Lee J. and Esther Steindel Scholarship	153,909	142,614	-	-	14,871	(1,561)	-	153,909	155,924
Blue Cross Blue Shield Health Scholars	150,000	158,519	-	-	15,622	(2,292)	-	150,000	171,849
Dr. Floyd F. Koch Honors Scholarship	150,000	140,294	-	-	14,737	(1,547)	-	150,000	153,484
Dorothy & Marshall Andersen Scholarship Endowment	150,857	144,756	-	-	15,038	(2,579)	-	150,857	157,215
Marian Altman Memorial Honors Scholarship	151,060	140,199	-	-	14,717	(1,545)	-	151,060	153,371
Mildred and Rudy Reis Endowed Scholarship	150,000	138,068	-	-	14,504	(1,523)	-	150,000	151,049
Cindy & Stuart Markowitz MD End Fund for Biomed Science	194,100	169,639	-	-	17,304	(252)	-	194,100	186,691
Hank Watson Scholarship Fund	103,610	97,660	-	-	10,221	(1,073)	-	103,610	106,808
Dr. Floyd F. Koch Graduate Scholarship in Science/ Medicine	150,671	141,773	-	-	13,967	(203)	-	150,671	155,537
The Marsh Scholarship Fund	150,000	125,960	-	-	13,181	(192)	-	150,000	138,949
Lawrence P. and Dorothy E. DeLisle Memorial Scholarship Fund	1,526,141	1,295,652	-	29	135,580	(1,972)	-	1,526,170	1,429,289
L.S. College of Nursing Graduate Stipend Endowment	250,000	198,146	-	-	20,735	(302)	-	250,000	218,579
Ann C. Kunkel Endowment for the Pine Jog Environmental Center	10,149,433	10,010,645	-	-	1,051,523	(154,271)	-	10,149,433	10,907,897
Charles E. Schmidt Biomedical Endowment	10,000,075	8,924,035	-	-	901,904	(227,360)	-	10,000,075	9,598,579
Christine Lynn Endowment Fund	4,000,001	4,477,775	-	-	444,476	(146,893)	-	4,000,001	4,775,358
Barry Kaye Endowed Fund	1,000,001	1,023,982	-	-	-	-	(1,023,982)	-	-
Carl DeSantis Business and Economics Center for the Study and Development of the Motion Picture and Entertainment Industry Endowment	4,000,726	3,771,218	-	100	393,059	(43,949)	109	4,000,826	4,120,537

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
SCHEDULE OF RECEIPTS, EXPENDITURES AND
ENDOWMENT BALANCES FOR MAJOR GIFTS PROGRAM
For the Year Ended June 30, 2010
(continued)

Fund Name	Corpus Balance at 7/1/2009	Endowment Balance at 7/1/2009	Matching State Funds	Contributions	Income	Expenditures	Interfund Transfer	Corpus Balance at 6/30/2010	Endowment Balance at 6/30/2010
Program Endowments (continued):									
Abacoa Fund	4,000,752	3,891,571	-	-	391,713	(72,015)	-	4,000,752	4,211,269
Adams Center for IT Product Management and Entrepreneurship	1,811,771	1,741,203	-	40,900	174,896	(69,096)	-	1,852,671	1,887,903
Christine E. Lynn Center for Caring Endowed Fund	1,275,000	1,272,831	-	-	128,411	(43,524)	-	1,275,000	1,357,718
Pine Jog Endowment Fund	1,021,700	1,024,183	-	-	107,581	(15,783)	-	1,021,700	1,115,981
Esther Saylor Rothenberger Scholarship	1,020,078	937,660	-	-	97,727	(12,461)	-	1,020,078	1,022,926
Lucille B. and Jacob Friedland Art Endowment	158,760	874,907	-	-	17,211	(7,073)	-	158,760	885,045
Carole & Barry Kaye Integrative Art Education/ Outreach	750,200	676,447	-	-	69,085	(7,685)	-	750,200	737,847
June and Ira Gelb M.D. Scholarship Fund	810,615	702,128	-	7,000	72,290	10,842	-	817,615	792,260
Mark Swiatlo Judaica Library Acquisition Fund	229,621	336,689	-	-	27,982	(10,295)	-	229,621	354,376
Chastain-Johnston Middle East Studies Enhancement Project Endowment	300,455	295,561	-	-	29,095	(9,555)	-	300,455	315,101
Kresge Foundation Science Initiative Challenge Fund	259,789	265,976	-	-	26,751	(9,369)	-	259,789	283,358
Center for Study of Values and Violence	247,892	252,956	-	-	24,223	(4,914)	-	247,892	272,265
LLS Distinguished Professorship in Current Affairs	250,000	244,156	-	-	24,305	(2,552)	-	250,000	265,909
University Club Library Endowment	195,100	243,858	-	80	22,795	(7,691)	-	195,180	259,042
LLS Distinguished Professorship in Arts & Humanities	250,000	230,220	-	-	22,605	(329)	-	250,000	252,496

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
SCHEDULE OF RECEIPTS, EXPENDITURES AND
ENDOWMENT BALANCES FOR MAJOR GIFTS PROGRAM
For the Year Ended June 30, 2010
(continued)

Fund Name	Corpus Balance at 7/1/2009	Endowment Balance at 7/1/2009	Matching State Funds	Contributions	Income	Expenditures	Interfund Transfer	Corpus Balance at 6/30/2010	Endowment Balance at 6/30/2010
Program Endowments (continued):									
George and Wilma Elmore Scientific and Technical Equipment Endowment	150,500	182,978	-	-	17,703	(11,141)	-	150,500	189,540
University Club Library Galaxy Endowment	171,640	171,830	-	-	18,049	(2,648)	-	171,640	187,231
Lawrence A. Sanders Memorial Fellowship in English	150,000	165,183	-	-	16,757	(6,115)	1,010	150,000	176,835
Herbert and Elaine Gimelstob Judaic Studies	160,100	169,543	-	-	16,811	(2,466)	-	160,100	183,888
Margaret S. Kramer Chemistry Endowment	150,000	154,903	-	-	15,559	(4,429)	-	150,000	166,033
Emanuel Erwin Halpern Fund	151,100	175,982	-	-	16,773	(3,118)	-	151,100	189,637
J.M. Rubin Foundation Ocean Engineering Endowment	150,000	163,103	-	-	14,793	(4,053)	-	150,000	173,843
James M. Cox, Jr./Palm Beach Post Scholarship in Journalism	151,500	162,499	-	-	16,003	(5,362)	-	151,500	173,140
Fields Music Equipment Endowment	155,000	144,762	-	-	14,918	(5,823)	3,447	155,000	157,304
Lawrence A. Sanders Writer in Residence	231,500	237,014	-	15,000	20,679	(8,759)	-	246,500	263,934
FAU National Alumni Association Library Endowment	102,055	114,434	-	-	11,885	(2,189)	-	102,055	124,130
May Smith Lecture Series on Post-Holocaust Christian - Jewish	162,735	152,982	-	12,892	15,404	(15,129)	-	175,627	166,149
Janice and Julian Weiss Endowment	1,797,950	1,471,361	-	-	152,911	(12,225)	-	1,797,950	1,612,047
Lawrence and Florence A. DeGeorge C Trust Honors Scholarship	100,000	82,045	-	-	8,554	(124)	-	100,000	90,475
Lawrence A. Sanders Memorial Fellowship in Creative Writing	150,000	124,219	-	-	12,737	(1,013)	(1,010)	150,000	134,933

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
SCHEDULE OF RECEIPTS, EXPENDITURES AND
ENDOWMENT BALANCES FOR MAJOR GIFTS PROGRAM
For the Year Ended June 30, 2010
(continued)

Fund Name	Corpus Balance at 7/1/2009	Endowment Balance at 7/1/2009	Matching State Funds	Contributions	Income	Expenditures	Interfund Transfer	Corpus Balance at 6/30/2010	Endowment Balance at 6/30/2010
Program Endowments (continued):									
Pine Jog Friends	-	280,492	-	79,504	-	(92,906)	-	79,504	267,090
Robin B. Smith Honors Innovation Fund	135,518	107,758	-	-	17,101	(168)	-	135,518	124,691
Sir Richard Doll Chair Edward W. and Lee Hill Snowdon Harbor Branch Manned Submersibles	600,000	467,547	-	-	48,925	(712)	-	600,000	515,760
Helen Shoaf Memorial Nursing Scholarship	631,371	881,371	-	-	90,031	(963)	-	631,371	970,439
Reid Nix Endowed Scholarship Fund	100,000	150,387	-	-	15,775	(952)	-	100,000	165,210
Fred and Kit Bigony Scholarship Fund	123,000	125,875	-	-	12,924	(780)	-	123,000	138,019
Excellence in Honors Faculty Award	195,000	250,017	-	30,000	19,765	(3,650)	-	225,000	296,132
LLS College of Nursing Graduate Stipend Endowment	250,000	222,596	-	-	23,003	(2,233)	-	250,000	243,366
Eric Alexander Engineering and Computer Science Scholarship	250,000	198,146	-	-	20,735	(302)	-	250,000	218,579
Dr. Vincent R. Saurino Fellowship for Graduate Students	200,051	156,891	-	-	16,418	(239)	-	200,051	173,070
Alice Griffin AAUW Graduate Fellowship Endowment	243,093	232,834	-	35,000	23,911	(3,603)	-	278,093	288,142
John Q. Adams and Ann B. Adams Fund Endowment (Mayan Studies)	-	-	-	100,000	(1,007)	(88)	50,000	100,000	148,905
Tecore Endowment Fund	-	-	-	300,000	13,498	(554)	150,000	300,000	462,944
	-	-	-	300,000	472	(461)	50,000	300,000	350,011
Total	<u>\$ 95,463,290</u>	<u>\$ 96,885,471</u>	<u>\$ -</u>	<u>\$ 939,049</u>	<u>\$ 9,649,595</u>	<u>\$ (2,445,449)</u>	<u>\$ (770,436)</u>	<u>\$ 95,402,338</u>	<u>\$ 104,258,230</u>

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2010

<u>Grantor/Project Title</u>	<u>State CSFA Number</u>	<u>Contract Grant Number</u>	<u>Expenditures</u>
State Agency Name: Direct Project: State of Florida Department of Education			
University Major Gift Challenge Grant Program	48.074	--	\$ 1,645,798
State of Florida Department of Highway Safety and Motor Vehicles			
Specialty License Plate Fund	76.031	--	<u>90,650</u>
Total expenditures of state financial assistance			\$ <u><u>1,736,448</u></u>

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of state financial assistance includes the state project activity of Florida Atlantic University Foundation, Inc. (the "Foundation") and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Section 215.97, Florida Statutes and Chapter 10.650, Rules of the Auditor General. In connection with these grant programs, the Foundation recorded contribution revenues of \$ 59,607, which are temporarily restricted.

NOTE 2 - CONTINGENCY

Grant expenditures are subject to audit and adjustment. If any expenditures were to be disallowed by the grantor agency as a result of such an audit, any claim for reimbursement to the grantor agency would become a liability of the Foundation. In the opinion of management, all grant expenditures included on the accompanying schedule are in compliance with the terms of the grant agreements and applicable laws and regulations.

INTERNAL CONTROLS AND COMPLIANCE



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
Florida Atlantic University Foundation, Inc.
Boca Raton, Florida

We have audited the financial statements of Florida Atlantic University Foundation, Inc. (the "Foundation") as of and for the year ended June 30, 2010, and have issued our report thereon dated October 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Foundation's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Florida Atlantic University Foundation, Inc.

Compliance and Other Matters

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

We noted certain matters that we reported to the management of Florida Atlantic University Foundation, Inc. in a separate letter dated October 15, 2010.

This report is intended solely for the information and use of the Board of Directors, members of the Audit Committee, management, Board of Trustees, the Auditor General for the State of Florida, and the State of Florida Department of Education and is not intended to be and should not be used by anyone other than those specified parties.

Keefe, McCullough & Co., LLP

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
October 15, 2010



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR STATE PROJECT AND INTERNAL CONTROL OVER
COMPLIANCE WITH THE RULES OF THE AUDITOR GENERAL

To the Board of Directors
Florida Atlantic University Foundation, Inc.
Boca Raton, Florida

Compliance

We have audited the compliance of Florida Atlantic University Foundation, Inc. (the "Foundation") with the types of compliance requirements described in the Executive Office of the Governor's State Projects Compliance Supplement, that could have a direct and material effect on the Foundation's major state project for the year ended June 30, 2010. The Foundation's major state project is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major state project is the responsibility of the Foundation's management. Our responsibility is to express an opinion on the Foundation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, and Chapter 10.650, Rules of the Auditor General. Those standards and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Foundation's compliance with those requirements.

In our opinion, the Foundation complied, in all material respects, with the compliance requirements referred to above could have a direct and material effect on its major state project for the year ended June 30, 2010.

Internal Control over Compliance

Management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state projects. In planning and performing our audit, we considered the Foundation's internal control over compliance with the requirements that could have a direct and material effect on a major state project to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance and to test and report on internal control over compliance in accordance with Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over compliance.

Florida Atlantic University Foundation, Inc.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a state project on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of significant deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, members of the Audit Committee, management, Board of Trustees, the Auditor General of the State of Florida and the State of Florida Department of Education, and is not intended to be and should not be used by anyone other than these specified parties.

Keefe, McCullough & Co., LLP

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
October 15, 2010

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2010

A. Summary of Auditor's Results

1. The auditors' report expresses an unqualified opinion on the financial statements of Florida Atlantic University Foundation, Inc. (the "Foundation").
2. No material weaknesses relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of the Foundation were disclosed during the audit.
4. No material weaknesses relating to the audit of the major state project are reported in the Independent Auditors' Report on Compliance with Requirements that Could have a Direct and Material Effect on Each Major State Project and Internal Control over Compliance with the Rules of the Auditor General.
5. The auditors' report on compliance for the major state project for the Foundation expresses an unqualified opinion.
6. There are no audit findings relative to the major state project for the Foundation reported in Part C of this schedule.
7. The project tested as a major project is as follows:

State Project	State CSFA No.
State of Florida Department of Education University Major Gift Challenge Grant Program	48.074

8. The threshold for distinguishing Type A and Type B projects was \$ 300,000 for major state projects.

B. Findings - Financial Statements Audit

No matters were reported.

C. Findings and Questioned Costs - Major State Financial Assistance Project Audit

No matters were reported.

D. Other Issues

1. A separate report to management is presented; however, there are no items related to state projects in the management letter.
2. No summary schedule of prior audit findings is required because there were no prior audit findings related to state projects.
3. No corrective action plan is required because there were no findings reported under the Florida Single Audit Act.