



Item: AF: I-3b

AUDIT AND FINANCE COMMITTEE

Thursday, February 16, 2012

SUBJECT: REVIEW OF THE FINANCIAL STATEMENTS OF FAU DIRECT SUPPORT ORGANIZATIONS: FLORIDA ATLANTIC UNIVERSITY RESEARCH CORPORATION FOR FISCAL YEARS ENDED JUNE 30, 2011 AND 2010.

PROPOSED COMMITTEE ACTION

Information Only.

BACKGROUND INFORMATION

The audited financial statements for the Florida Atlantic University Research Corporation are presented to keep the Board of Trustees informed about the financial status of the Corporation. The audited financial statements for the period ending June 30, 2011 were forwarded to the Research Corporation Board on February 8, 2012 for review at their next Board meeting.

IMPLEMENTATION PLAN/DATE

Not Applicable.

FISCAL IMPLICATIONS

Not Applicable.

Supporting Documentation: FAURC, a component Unit of FAU, Report on Audits of Financial Statements for Fiscal Years Ended June 30, 2011 and 2010.

Presented by: Mr. Dennis Crudele, Sr. VP-Financial Affairs
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**FLORIDA ATLANTIC UNIVERSITY
RESEARCH CORPORATION,
A DIRECT SUPPORT ORGANIZATION OF
FLORIDA ATLANTIC UNIVERSITY**

REPORT ON AUDITS OF FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

**FLORIDA ATLANTIC UNIVERSITY RESEARCH CORPORATION,
A DIRECT SUPPORT ORGANIZATION OF FLORIDA ATLANTIC UNIVERSITY**

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Independent Auditors' Report

To the Board of Directors
Florida Atlantic University Research Corporation

We have audited the accompanying basic financial statements of Florida Atlantic University Research Corporation (the Corporation), a direct support organization of Florida Atlantic University, as of and for the years ended June 30, 2011 and 2010. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America. 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 audits 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 Research Corporation as of June 30, 2011 and 2010, and the changes in its financial position 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 September 30, 2011, on our consideration of Florida Atlantic University Research Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 2-3 is not a required part of the basic financial statements but is supplementary information required by *Government Auditing Standards*. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion thereon.

Templeton & Company, LLP

West Palm Beach, Florida
September 30, 2011



**FLORIDA ATLANTIC UNIVERSITY RESEARCH CORPORATION,
A DIRECT SUPPORT ORGANIZATION OF FLORIDA ATLANTIC UNIVERSITY**

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management's discussion and analysis of the Florida Atlantic University Research Corporation (the Corporation) financial statements provides an overview of the Corporation's financial activities for the fiscal year ended June 30, 2011. The financial statements are comprised of the following:

- Management's discussion and analysis
- Basic financial statements:
 - Statement of net assets
 - Statement of revenues, expenses, and changes in net assets
 - Statement of cash flows
- Notes to financial statements

The management's discussion and analysis is designed to focus on current activities, resulting change, and currently known facts. Please read it in conjunction with the basic financial statements and the notes to financial statements. Responsibility for the completeness and fairness of this information rests with the Corporation's management.

One of the most important questions asked about the Corporation's finances is whether the Corporation, as a whole, is better off or worse off as a result of the year's activities. The statement of net assets and the statement of revenues, expenses, and changes in net assets report information on the Corporation as a whole and on its activities in a way that help answer this question. These statements present financial information in a form similar to that used by corporations. Examining the Corporation's net assets is one way to evaluate the Corporation's financial health. Over time, increases or decreases in net assets can indicate the improvement or deterioration of the Corporation's financial condition when considered along with nonfinancial information.

The statement of net assets presents the assets, liabilities, and net assets of the Corporation as of the end of the fiscal year. The statement of net assets portrays the Corporation's financial condition at only one point in time, i.e., June 30, 2011. The purpose of the statement of net assets is to present to the readers of the financial statements a fiscal snapshot of Florida Atlantic University Research Corporation. The statement of net assets presents end-of-year data concerning assets (current and noncurrent), liabilities, and net assets (assets minus liabilities).

From the data presented, readers of the statement of net assets are able to determine the assets available to continue the operations of the Corporation. They are also able to determine how much the Corporation owes vendors and other entities. Finally, the statement of net assets provides a picture of the net assets (assets minus liabilities) and their availability for use by the Corporation.

The Corporation has net assets of \$350,623 as of June 30, 2011, representing an increase of \$25,944 in net assets over June 30, 2010.

The Governmental Accounting Standards Board (GASB) is the governing entity that issues guidelines under which the Corporation reports its financial statements. This annual report consists of a series of financial statements, prepared in accordance with the GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*.

**FLORIDA ATLANTIC UNIVERSITY RESEARCH CORPORATION,
A DIRECT SUPPORT ORGANIZATION OF FLORIDA ATLANTIC UNIVERSITY**

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

Net assets are divided in two categories. The first category, restricted net assets, are available for use by the Corporation, but must be spent for the purpose as determined by grantors and external entities that have placed time or purpose restrictions on the use of the assets. The second category is unrestricted net assets, which are net assets available to the Corporation for any lawful purpose. For details of the Corporation's net assets, the reader should review the statement of net assets and notes to the financial statements.

Changes in total net assets are summarized based on the related types of financial activity, and are presented in the statement of revenues, expenses, and changes in net assets. The purpose of the statement is to present the revenues, both operating and nonoperating, and expenses and explain how the Corporation's net assets changed between fiscal years. For details of the Corporation's financial activities, the reader should review the statement of revenues, expenses, and changes in net assets and notes to financial statements.

The primary purpose of the statement of cash flows is to provide an understanding of the Corporation's cash activity and its relationship to its various financial activities, operations, and overall changes in cash balances. This statement presents information in the form of cash inflows and outflows summarized by operating, investing, and financing activities. Analyzing the statement is another way to assess the financial health of the Corporation. The statement of cash flows also helps users assess the Corporation's ability to generate cash in the future and its ability to meet obligations as they come due. Cash and cash equivalents are fully explained in notes to financial statements. For details of the Corporation's cash activity, the reader should review the statement of cash flows.

The economic position of the Florida Atlantic University Research Corporation is strong and closely tied to the research efforts of Florida Atlantic University. The Corporation is not aware of any currently known facts, decisions, or conditions that are expected to have a significant adverse effect on the financial position or results of operations during the current fiscal year other than those uncertainties having the potential for the interruption of virtually all types of normal business operations.

Nature of activities

Florida Atlantic University Research Corporation (the Corporation) is a Florida not-for-profit corporation established by Florida Atlantic University (the University) in 1990 as a university direct support organization. The Corporation was organized for the purpose of promoting, encouraging, and providing assistance to the research activities of the University's faculty, staff and students. The Corporation has been granted certain rights and responsibilities for the development, protection and commercial application of defined intellectual property. The Corporation is entitled to a portion of the royalties and/or license fees associated with the intellectual property for the benefit of the University.

During 2004, the Corporation formed Hoot/Wisdom Recordings, LLC, Hoot/Wisdom Music Publishing, LLC, and Hoot/Insight Music Publishing, LLC (collectively, the LLCs) to benefit the University's research and educational programs. During 2011, the LLCs generated \$2,528 in revenue. The LLCs held no assets and had no activity during 2010. As the LLCs generate financial activity, such activity will be consolidated with the Corporation's activities.

The Corporation also accepts and administers contracts and grants from private industry, foundations, and other agencies.

**FLORIDA ATLANTIC UNIVERSITY RESEARCH CORPORATION,
A DIRECT SUPPORT ORGANIZATION OF FLORIDA ATLANTIC UNIVERSITY**

STATEMENTS OF NET ASSETS

June 30, 2011 and 2010

	2011	2010
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 483,042	\$ 545,848
Due from FAU	55,396	36,950
Interest receivable	1,028	1,249
Total current assets	539,466	584,047
Capital assets:		
Property and equipment, net	3,651	3,827
Patent costs, net	-	250
Total capital assets	3,651	4,077
Total assets	\$ 543,117	\$ 588,124
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 12,982	\$ 77,869
Royalties payable	30,895	31,749
Deferred revenue	121,066	153,827
Due to FAU	27,551	-
Total current liabilities	192,494	263,445
Net assets:		
Invested in capital assets	3,651	4,077
Unrestricted	346,972	320,602
Total net assets	350,623	324,679
Total liabilities and net assets	\$ 543,117	\$ 588,124

See accompanying notes to financial statements.

**FLORIDA ATLANTIC UNIVERSITY RESEARCH CORPORATION,
A DIRECT SUPPORT ORGANIZATION OF FLORIDA ATLANTIC UNIVERSITY**
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating revenues:		
Nongovernmental grants and contracts	\$ 192,935	\$ 64,087
Program revenue	14,674	89,241
Royalties	<u>14,051</u>	<u>96,226</u>
Total operating revenues	<u>221,660</u>	<u>249,554</u>
Operating expenses:		
Contractual and program expenses	93,928	38,429
Royalty expenses	30,060	89,505
Depreciation expense	177	177
Amortization expense	250	335
Other operating expenses	<u>82,053</u>	<u>96,300</u>
Total operating expenses	<u>206,468</u>	<u>224,746</u>
Operating income	15,192	24,808
Non-operating revenues:		
Investment income	<u>10,752</u>	<u>32,006</u>
Increase in net assets	25,944	56,814
Net assets, beginning of year	<u>324,679</u>	<u>267,865</u>
Net assets, end of year	<u><u>\$ 350,623</u></u>	<u><u>\$ 324,679</u></u>

See accompanying notes to financial statements.

**FLORIDA ATLANTIC UNIVERSITY RESEARCH CORPORATION,
A DIRECT SUPPORT ORGANIZATION OF FLORIDA ATLANTIC UNIVERSITY**

**STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2011 and 2010**

	2011	2010
Cash flows from operating activities:		
Grants and contracts	\$ 158,469	\$ 71,076
Program revenue	14,671	177,604
Royalties	14,905	89,815
Payments to suppliers for goods and services	(270,928)	(156,577)
Net cash provided by (used in) operating activities	(82,883)	181,918
Cash flows from investing activities:		
Interest received	10,972	32,109
Cash flows from financing activities:		
Net advances from (repayments to) FAU	9,105	(295,560)
Net decrease in cash and cash equivalents	(62,806)	(81,533)
Cash and cash equivalents, beginning of year	545,848	627,381
Cash and cash equivalents, end of year	\$ 483,042	\$ 545,848
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income	\$ 15,192	\$ 24,808
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation and amortization	427	512
Changes in operating assets and liabilities:		
Accounts receivable	-	88,366
Accounts payable	(64,887)	67,657
Deferred revenue	(32,761)	(5,836)
Royalties payable	(854)	6,411
Net cash provided by (used in) operating activities	\$ (82,883)	\$ 181,918

See accompanying notes to financial statements.

**FLORIDA ATLANTIC UNIVERSITY RESEARCH CORPORATION,
A DIRECT SUPPORT ORGANIZATION OF FLORIDA ATLANTIC UNIVERSITY**

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

Basis of presentation

The Corporation's accounting policies conform to generally accepted accounting principles applicable to colleges and universities as prescribed by the Governmental Accounting Standards Board (GASB). The National Association of College and University Business Officers (NACUBO) also provides the University with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB and the Financial Accounting Standards Board (FASB). In November 1999, the GASB issued Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. The statement includes public colleges and universities within the financial reporting guidelines of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. GASB Statement No. 34 allows public colleges and universities the option of reporting as a special-purpose government unit either engaged in only business-type activities, engaged in only governmental activities, or engaged in both governmental and business-type activities. The public universities of the State of Florida, including Florida Atlantic University, elect to report as entities engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and entity-wide reporting, including the following components:

- Management's discussion and analysis
- Basic financial statements:
 - Statement of net assets
 - Statement of revenues, expenses, and changes in net assets
 - Statement of cash flows
- Notes to financial statements

Basis of accounting

The Corporation's financial statements are presented on the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met.

The Corporation's principal operating activity consists of research and development. Operating revenues and expenses generally include all transactions directly related to these activities plus administration and depreciation on capital assets. Non-operating revenues include investment income.

The Corporation follows FASB statements and interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

The statements of net assets are presented in a classified format to distinguish between current and long-term assets and liabilities. When both restricted and unrestricted resources are available to fund specific programs, grants, etc., it is the Corporation's policy to apply the restricted resources to such programs first, followed by the use of the unrestricted resources. The statements of revenues, expenses, and changes in net assets are presented by major sources. The statements of cash flows are presented using the direct method in compliance with GASB Statement No. 9, *Reporting Cash Flow for Proprietary and Non-expendable Trust Funds*.

**FLORIDA ATLANTIC UNIVERSITY RESEARCH CORPORATION,
A DIRECT SUPPORT ORGANIZATION OF FLORIDA ATLANTIC UNIVERSITY**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 1 – Summary of Significant Accounting Policies, Continued

Cash and cash equivalents

The Corporation's excess cash is placed in an interest-bearing account at a qualified depository bank and with the Florida State Treasury. At each year-end, the Corporation's cash and cash equivalents are comprised as follows:

	2011	2010
Equity in the State of Florida's Local Government Treasury Investment Pool	<u>\$ 483,042</u>	<u>\$ 545,848</u>

Florida Statutes provide guidelines within which units of local governments may invest their surplus funds. The carrying amount of deposits and equity in the investment pool is a reasonable estimate of fair value at June 30, 2011 and 2010.

Property and equipment

Property and equipment is recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of each of the respective assets. Property and equipment consists of the following at June 30, 2011 and 2010:

	2011	2010	Estimated Useful Life
Signs	\$ 5,302	\$ 5,302	30 years
Less: accumulated depreciation	<u>(1,651)</u>	<u>(1,475)</u>	
Property and equipment, net	<u>\$ 3,651</u>	<u>\$ 3,827</u>	

Patent costs

The cost of patents acquired is amortized using the straight-line method over the benefit life of the agreement. Amortization expense for the years ended June 30, 2011 and 2010 was \$250 and \$335, respectively.

Revenue recognition

Revenue is reported as an increase in unrestricted net assets unless use of the related assets is limited by sponsor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. The expirations of temporary sponsor-imposed restrictions on net assets are reported as reclassifications to unrestricted net assets in the period in which the restriction expires. A restriction expires when the stipulated time period has elapsed and/or the stipulated purpose has been fulfilled. Unrestricted net assets are presently available for use by the Corporation at the discretion of the Board of Directors.

Program service fees are recognized as revenue in the period in which the related program services are provided. Program service fees that are received in advance are deferred until the related services have been performed.

**FLORIDA ATLANTIC UNIVERSITY RESEARCH CORPORATION,
A DIRECT SUPPORT ORGANIZATION OF FLORIDA ATLANTIC UNIVERSITY**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 1 – Summary of Significant Accounting Policies, Continued

Research and development

Research and development costs are charged to expense when incurred and are included in operating expenses.

Income taxes

The Corporation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is provided in the accompanying financial statements.

Management analyzes tax positions in jurisdictions where it is required to file income tax returns. Interest and penalties attributable to income taxes, if any, are included in operating expenses. No such interest or penalties were recorded for the years 2011 and 2010. Based on its evaluation, management did not identify any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates.

Note 2 – Patent Costs

Patent costs consist of the following at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Patents	\$ 6,697	\$ 6,697
Less: accumulated amortization	<u>(6,697)</u>	<u>(6,447)</u>
Total patent costs	<u>\$ -</u>	<u>\$ 250</u>

The patents had an original term of 20 years and were fully amortized as of June 30, 2011.

Note 3 – Government Grants

In May 2005, the Corporation received a \$25,000 grant from the Florida Atlantic Research and Development Authority of which \$8,000 was restricted for “Leeza’s Place” to establish research for caregiver support at the Memory and Wellness Center.

Note 4 – Nongovernmental Grants and Contracts

Nongovernmental grants and contracts revenue consist of reimbursements under contracts with various entities totaling \$192,935 and \$64,087 for the years ended June 30, 2011 and 2010, respectively.

**FLORIDA ATLANTIC UNIVERSITY RESEARCH CORPORATION,
A DIRECT SUPPORT ORGANIZATION OF FLORIDA ATLANTIC UNIVERSITY**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 5 – Royalty Agreements

The Corporation has several royalty agreements with third parties for the use of certain patents that expire through 2012. The royalty agreements generally provide for sales-based royalties with specific minimum requirements, and may include a patent purchase option.

Under separate agreements with the University and the patent's inventor, portions of the royalty proceeds are shared between the inventor and the University. During 2011 and 2010, approximately \$31,000 and \$46,000, respectively, was disbursed or accrued as payable to patent inventors and approximately \$11,065 and \$20,000, respectively, was disbursed or accrued to the University under these agreements.

Note 6 – Related Party Transactions

The Corporation is a direct support organization for the University and transactions between the Corporation and University are varied and material. The Corporation's Board is comprised primarily of University representatives. The University performs certain research projects on behalf of the Corporation pursuant to separate agreements between the University and the Corporation. The Corporation also reimburses the University for legal and other costs the University incurs in patenting technologies.

Related to a lawsuit settlement prior to 2009, the Corporation received certain funds to administer for related parties, primarily the College of Medicine, which were recorded as revenue. In turn, the Corporation committed to support the College of Medicine with a portion of the proceeds. During 2011 and 2010, the Corporation paid \$21,185 and \$72,000, respectively, of support which was recorded as other operating expenses in the accompanying statements of revenues, expenses and changes in net assets.

Note 7 – Federal Grants and Contracts

Grants are subject to annual renewal and periodic amendment and require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the Grantor. Although that is a possibility, the Corporation deems the contingency remote.

Note 8 – Interest Rate and Credit Risks

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in interest rates. The Corporation measures interest rate risk inherent in its portfolio by measuring the modified duration of its excess cash invested in the State of Florida's Treasury Investment Pool (the Treasury Pool). The Corporation has no specific limitations with respect to this metric. The modified duration for the Corporation's investment in the Treasury Pool is 2.13 years.

Credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Treasury Pool's rating from Standard and Poors is A as of June 30, 2011.

**FLORIDA ATLANTIC UNIVERSITY RESEARCH CORPORATION,
A DIRECT SUPPORT ORGANIZATION OF FLORIDA ATLANTIC UNIVERSITY**

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 9 – Subsequent Events

Management evaluated activity of the Corporation subsequent to June 30, 2011 through September 30, 2011 for events that require recognition in the 2011 financial statements or disclosure in the notes thereto.

**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***

The Board of Directors
Florida Atlantic University Research Corporation

We have audited the basic financial statements of Florida Atlantic University Research Corporation (the Corporation), a direct support organization of Florida Atlantic University, as of and for the year ended June 30, 2011 and have issued our report thereon dated September 30, 2011. 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 of America.

Internal control over financial reporting

In planning and performing our audit, we considered the Corporation'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 Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 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 the 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.

Compliance and other matters

As part of obtaining reasonable assurance about whether the Corporation'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 in accordance with *Government Auditing Standards*.



This report is intended for the information of the Board of Directors, management, and Auditor General of the State of Florida and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Templeton & Company, LLP

West Palm Beach, Florida
September 30, 2011