



Item: AF: I-3a

AUDIT AND FINANCE COMMITTEE

Thursday, February 16, 2012

SUBJECT: REVIEW OF THE FINANCIAL STATEMENTS OF FAU DIRECT SUPPORT ORGANIZATIONS: FAU FOUNDATION INC. FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION, JUNE 30, 2011 AND 2010.

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, 2011 were presented to the Foundation Board of Directors on October 6, 2011.

IMPLEMENTATION PLAN/DATE

Not applicable.

FISCAL IMPLICATIONS

Not Applicable.

Supporting Documentation: FAU Foundation Inc. Financial Statements and Additional Information, June 30, 2011 and 2010.

Presented by:

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**FLORIDA ATLANTIC UNIVERSITY
FOUNDATION, INC.**

**FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION**

June 30, 2011 and 2010

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION
June 30, 2011 and 2010

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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, 2011 and 2010, 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 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. Those standards require that we plan and perform the audits 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 Foundation, Inc. at June 30, 2011 and 2010, 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 September 27, 2011, 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 audits.

Florida Atlantic University Foundation, Inc.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of receipts, expenditures, and endowment balances for eminent scholars program, ethics scholars program, and major gifts program are for purposes of additional analysis and are not a required part of the financial statement of the Foundation. 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 also not a required part of the basic financial statements of the Foundation. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. Further, the schedule of the Foundation's Board of Directors and Executive Committee Member is presented for informational purposes only and is not a part of the basic financial statements of the Foundation.

Keefe, McCullough & Co., LLP

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
September 27, 2011

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2011 and 2010

A S S E T S

	2011	2010
ASSETS:		
Cash and cash equivalents	\$ 12,532,682	\$ 9,211,602
Deposits	628,110	632,173
Pledges receivable, net of discount and allowance for uncollectibles of \$ 829,516 and \$ 357,431 in 2011 and 2010, respectively	3,043,064	2,803,313
Investments	189,531,883	165,085,297
Funds held in trust by others	3,106,433	2,668,552
Restricted cash	177,533	51,000
Net investment in direct financing - type leases	9,690,000	10,005,000
Real property and improvements, net	4,492,953	4,497,769
Art and library collections	4,380,954	4,824,995
Other assets	327,540	291,398
	<u>\$ 227,911,152</u>	<u>\$ 200,071,099</u>
Total assets	<u>\$ 227,911,152</u>	<u>\$ 200,071,099</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	\$ 1,761,573	\$ 1,737,326
Liability to resource providers	5,099,027	4,506,445
Refundable advances and deferred revenues	745,638	598,665
Debt	822,149	1,632,838
Certificates of participation	9,690,000	10,005,000
	<u>18,118,387</u>	<u>18,480,274</u>
Total liabilities	<u>18,118,387</u>	<u>18,480,274</u>
COMMITMENTS AND CONTINGENCIES (NOTE 18)		
	-	-
NET ASSETS:		
Unrestricted	5,968,772	3,381,718
Temporarily restricted	64,011,555	40,582,583
Permanently restricted	139,812,438	137,626,524
	<u>209,792,765</u>	<u>181,590,825</u>
Total net assets	<u>209,792,765</u>	<u>181,590,825</u>
Total liabilities and net assets	<u>\$ 227,911,152</u>	<u>\$ 200,071,099</u>

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



2010

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 1,960,711	\$ 4,910,211	\$ 1,842,955	\$ 8,713,877
321,595	2,080,490	-	2,402,085
88,949	978,442	-	1,067,391
5,331	1,474,325	-	1,479,656
<u>721,906</u>	<u>12,056,749</u>	<u>-</u>	<u>12,778,655</u>
<u>3,098,492</u>	<u>21,500,217</u>	<u>1,842,955</u>	<u>26,441,664</u>
<u>17,275,536</u>	<u>(17,220,689)</u>	<u>(54,847)</u>	<u>-</u>
<u>20,374,028</u>	<u>4,279,528</u>	<u>1,788,108</u>	<u>26,441,664</u>
2,160,300	-	-	2,160,300
665,719	-	-	665,719
8,637,285	-	-	8,637,285
2,378,043	-	-	2,378,043
1,927,138	-	-	1,927,138
779,747	-	-	779,747
<u>16,548,232</u>	<u>-</u>	<u>-</u>	<u>16,548,232</u>
3,825,796	4,279,528	1,788,108	9,893,432
<u>(444,078)</u>	<u>36,303,055</u>	<u>135,838,416</u>	<u>171,697,393</u>
<u>\$ 3,381,718</u>	<u>\$ 40,582,583</u>	<u>\$ 137,626,524</u>	<u>\$ 181,590,825</u>

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2011 and 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 28,201,940	\$ 9,893,432
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Provision for uncollectible pledges receivable, net	1,880,403	665,719
Write down of impaired art collections	691,392	2,160,300
Transfer of construction in progress projects to FAU	51,228	596,568
Provision for depreciation	4,816	4,816
Contributions restricted for long-term purposes (restricted cash), net	(24,000)	(25,000)
Donations received of art and library collections	(247,351)	(109,536)
Net realized and unrealized (gains) losses on investments	(27,291,406)	(12,778,655)
Changes in assets and liabilities:		
(Increase) decrease in deposits	4,063	(1,164)
(Increase) decrease in pledges receivable, net	(2,120,154)	970,671
(Increase) decrease in restricted cash	(102,533)	-
(Increase) decrease in other assets	(36,142)	(31,704)
Increase (decrease) in accounts payable and other liabilities	24,247	(1,411,199)
Increase (decrease) in liability to resource providers	592,582	(294,586)
Increase (decrease) in refundable advances and deferred revenues	146,973	245,187
	<u>1,776,058</u>	<u>(115,151)</u>
Net cash provided by (used in) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales and maturities of investments	91,121,745	76,673,363
Collection of principal on direct financing-type leases	315,000	305,000
Payments made for construction in progress (stadium)	(51,228)	(26,568)
Purchases of investments	(88,714,806)	(71,961,090)
	<u>2,670,711</u>	<u>4,990,705</u>
Net cash provided by investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on certificates of participation	(315,000)	(305,000)
Principal payments on debt	(810,689)	(817,266)
	<u>(1,125,689)</u>	<u>(1,122,266)</u>
Net cash used in financing activities		
Net increase in cash and cash equivalents	3,321,080	3,753,288
CASH AND CASH EQUIVALENTS, beginning of year	<u>9,211,602</u>	<u>5,458,314</u>
CASH AND CASH EQUIVALENTS, end of year	\$ <u><u>12,532,682</u></u>	\$ <u><u>9,211,602</u></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, 2011 and 2010

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 the Florida Atlantic University (the "University" or "FAU"). Our mission is to receive, hold, invest and administer private gifts on behalf of the University. We operate independently from the University, and have 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, 2011 and 2010

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 a 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 (Note 2). 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 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 \$ 459,700 and \$ 1,217,900 and were recorded at their fair value for the years ended June 30, 2011 and 2010, 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 property and equipment 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 are held for future sale.

(h) Contributed services (Note 14):

The value of certain administrative and other support services provided to the Foundation by the University and by our 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 primarily in domestic and international equity, fixed income securities, and alternative investments such as hedge funds, private equity and real asset funds, 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 our bank custodian "for the benefit of the Foundation."

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

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 for each fund. 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. 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:

Donated art and library collections are capitalized at their estimated 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.

In fiscal year 2010, management determined that it was likely that the value of an art collection donated in 2006 for \$ 2,222,700 could be impaired. Upon the reevaluation of the collection by appraisers, management recorded an impairment loss of \$ 1,996,050, which reduced the recorded value of the collection to \$ 226,650. Other impairments totaling \$ 164,250 were also recorded in 2010. During 2011, substantially most of the remainder of the Foundation's art collections was appraised, and an additional noncash impairment loss of \$ 691,392 was recorded.

(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. The present value of the estimated future payments is \$ 471,051 and \$ 486,305 at June 30, 2011 and 2010, respectively, using discount rates ranging from 2% to 9.4% and applicable mortality tables. On an annual basis, the Foundation reevaluates the amount of estimated future payments. For the years ended June 30, 2011 and 2010, the Foundation reported a change in value of split-interest agreements of (\$ 28,018) and (\$ 50,246), respectively. Split interest agreements are recorded as temporarily restricted or permanently restricted depending on donor imposed stipulations. 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, 2011 and 2010

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

(m) Restricted cash:

Restricted cash represents claims to amounts that are restricted as to withdrawal or use for other than current operations. At June 30, 2011, there was \$ 177,533 in restricted cash which is comprised of \$ 102,533 pledged toward University debt (Note 15) and \$ 75,000 from advances on conditional pledges (Note 2). At June 30, 2010, there was \$ 50,000 in restricted cash from advances on conditional pledges and \$ 1,000 in miscellaneous restrictions.

(n) Refundable advances and deferred revenues:

Any cash collected on conditional pledges is recorded as a refundable advance until such time as the condition has been met. Refundable advances as of June 30, 2011 and 2010 were \$ 75,000 and \$ 50,000, respectively (Note 2). Deferred revenues represent resources received by the Foundation before it has earned the revenues, including grants and other agreements. Deferred revenues as of June 30, 2011 and 2010 were \$ 670,638 and \$ 548,665, respectively.

(o) 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. Management and the Board have evaluated the unrelated business income tax implications and believe that the effects, if any, are immaterial to the Foundation's financial statements. Accordingly, no provision for income taxes is required.

(p) 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.

(q) Advertising costs:

The total costs of advertising in 2011 and 2010 were \$ 54,462 and \$ 65,050 respectively. These costs include advertising for special events, vacant positions, and requests for proposals. The Foundation invests in direct response solicitations through the annual fund program. The Foundation expects to solicit an immediate response from its constituents. Therefore, all advertising and solicitation costs are expensed immediately and are not capitalized. Printing and postage, which totaled \$ 570,500 in 2011 and \$ 381,115 in 2010, normally include solicitation costs related to fundraising activities.

(r) 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 and 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.

(s) Date of management review:

Management has evaluated subsequent events through September 27, 2011, which is the date the financial statements were available for issuance.

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 2 - PLEDGES RECEIVABLE

Pledges receivable are summarized as of June 30, 2011 and 2010 as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2011 Total</u>
In one year or less	\$ 737,301	\$ 210,000	\$ 947,301
Between one to five years	2,509,446	245,000	2,754,446
Greater than five years	<u>170,833</u>	<u>-</u>	<u>170,833</u>
 Total unconditional pledges at face value	 3,417,580	 455,000	 3,872,580
Less unamortized discount	(61,748)	(7,002)	(68,750)
Less allowance for uncollectible pledges	<u>(643,485)</u>	<u>(117,281)</u>	<u>(760,766)</u>
 Net unconditional pledges	 \$ <u>2,712,347</u>	 \$ <u>330,717</u>	 \$ <u>3,043,064</u>
	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2010 Total</u>
In one year or less	\$ 1,706,384	\$ 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>-</u>	<u>120,000</u>
 Total unconditional pledges at face value	 2,448,544	 712,200	 3,160,744
Less unamortized discount	(13,851)	(6,423)	(20,274)
Less allowance for uncollectible pledges	<u>(282,106)</u>	<u>(55,051)</u>	<u>(337,157)</u>
 Net unconditional pledges	 \$ <u>2,152,587</u>	 \$ <u>650,726</u>	 \$ <u>2,803,313</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 written off at the beginning of the following fiscal year. All other pledges are generally provided for if they are (a) delinquent for one year and (b) the remaining pledge balance is determined uncollectible. The Foundation provided for \$ 1,880,403 pledges receivable in 2011 and \$ 665,719 in 2010. In 2011, the provision for uncollectible pledges was primarily comprised of a pledge from one donor. Management estimated that twenty percent of all current and future pledges would be established as part of the 2011 allowance for uncollectible pledges; eleven percent was estimated for the 2010 allowance. Additionally, pledges are recorded at their present value. The current Federal Reserve discount rate of 0.75% was applied to future cash flows for pledges made in 2011 and 0.50% for all pledges made before July 1, 2010.

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, 2011 the Foundation had pledges conditional upon legislative appropriation from the Florida Department of Education's Major Gifts Program, of approximately \$ 8,507,000. 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 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, 2011 and 2010

NOTE 2 – PLEDGES RECEIVABLE (continued)

No receivable was recorded for bequests and conditional pledges, nor was the future support recognized. As of June 30, 2011 the Foundation was made aware of approximately \$ 32 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 football stadium. The University financed the project in the 2011 fiscal year. Because pledges toward the stadium are conditioned upon the building and completion 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 Foundation has a total of \$ 175,000 and \$ 200,000 in conditioned pledges at June 30, 2011 and 2010, respectively. Cash received toward this goal has been recorded as restricted cash in the amount of \$ 75,000 and \$ 50,000 for June 30, 2011 and 2010, respectively, (Note 1(m and n)) until the condition for its intended purpose has been met.

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 asset funds, according to specified allocations, except where donor restrictions may apply.

Investments at June 30, 2011 and 2010 consisted of the following at their fair value:

Type	2011	2010
United States large cap stocks	\$ 47,323,992	\$ 36,273,116
United States small cap stocks	37	22
Total United States stocks	<u>47,324,029</u>	<u>36,273,138</u>
International large and mid cap stocks	27,515,231	21,189,030
International emerging markets	9,778,555	7,543,589
Total international stocks	<u>37,293,786</u>	<u>28,732,619</u>
Total equities	<u>84,617,815</u>	<u>65,005,757</u>
United States fixed income	36,799,040	34,992,813
Certificates of deposit	5,000,000	10,003,234
International fixed income	2,832,170	2,852,769
Total fixed income	<u>44,631,210</u>	<u>47,848,816</u>
Hedge funds	38,327,553	34,592,016
Real asset funds	11,945,107	8,907,351
Private equity	10,010,198	8,731,357
Total other	<u>60,282,858</u>	<u>52,230,724</u>
Total investments	<u>\$ 189,531,883</u>	<u>\$ 165,085,297</u>

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 3 – INVESTMENTS AND INVESTMENTS RETURN (continued)

The Foundation had net unrealized gains of \$ 24,518,611 and net realized gains of \$ 2,772,795 at June 30, 2011; and net unrealized gains of \$ 18,463,610 and net realized losses of (\$ 5,684,955) at June 30, 2010. These amounts are included in the statements of activities under net realized and unrealized gains on investments.

Interest and dividend income reflected in the statements of activities for the years ended June 30, 2011 and 2010 were net of the estimated investment manager fees of approximately \$ 1,780,000 and \$ 1,418,000, respectively. The total investment expenses, including those of mutual funds, custodian and consulting fees, were approximately 110 basis points (1.10%) and 106 basis points (1.06%) of the total fair value of investments for years ending June 30, 2011 and 2010, respectively.

Investments in common stocks (equities) and exchange-traded funds 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 carried at market value, as reported by the issuers. Alternative investments consist of hedge funds, private equity and real asset funds. 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 methods for providing estimated fair values on these financial instruments are reasonable. Alternative investments often do not have readily determinable market values and their estimated value is subject to uncertainty. Therefore, there may be a 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 two years. The Foundation typically selects the shortest lock-up period available when initiating a purchase. Certain private equity and real asset fund 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 and its hedge fund managers may invest in derivative instruments. At June 30, 2011, the Foundation invested approximately 18.4% 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 its possession or under its 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 Notes 5 and 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.
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 June 30, 2011 and 2010

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

Funds held in trust by others at June 30, 2011 and 2010 consisted of the following at their fair value:

	<u>2011</u>	<u>2010</u>
United States large cap stocks	\$ 1,117,012	\$ 955,224
United States mid cap stocks	246,481	247,464
United States small cap stocks	<u>118,615</u>	<u>140,063</u>
Total United States stocks	<u>1,482,108</u>	<u>1,342,751</u>
International large and mid cap stocks	264,884	271,103
International emerging markets	<u>109,979</u>	<u>32,298</u>
Total international stocks	<u>374,863</u>	<u>303,401</u>
Total equities	<u>1,856,971</u>	<u>1,646,152</u>
United States fixed income	926,101	903,499
International fixed income	<u>112,083</u>	<u>14,585</u>
Total fixed income	<u>1,038,184</u>	<u>918,084</u>
Commodities	101,924	51,843
Cash and equivalents	75,250	36,368
Real asset funds	<u>34,104</u>	<u>16,105</u>
Total other	<u>211,278</u>	<u>104,316</u>
Total funds held in trust	<u>\$ 3,106,433</u>	<u>\$ 2,668,552</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*, 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, 2011 and 2010

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).

Accounting Standards Update (ASU) 2009-12 *Guidance for Measuring Fair Value of Certain Alternative Investments* 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 in the year ended June 30, 2010. During the year ended June 30, 2011, investments valued at \$ 5,125,735 were reclassified from level 3 to level 2 as their lock-up periods expired.

The following table presents the Foundation's investments measured at fair value as of June 30, 2011 and 2010, which include investments and funds held in trust by others, on the statement of financial position. The assets are classified by ASC No. 820 fair value hierarchy as follows:

<u>Investments in:</u>	<u>Level (1)</u>	<u>Level (2)</u>	<u>Level (3)</u>	<u>Total 2011</u>
Equities	\$ 76,696,232	\$ 9,778,554	\$ -	\$ 86,474,786
Fixed income	20,008,417	25,660,977	-	45,669,394
Other	<u>5,407,598</u>	<u>18,544,739</u>	<u>36,541,799</u>	<u>60,494,136</u>
Total investments	\$ <u>102,112,247</u>	\$ <u>53,984,270</u>	\$ <u>36,541,799</u>	\$ <u>192,638,316</u>
<u>Investments in:</u>	<u>Level (1)</u>	<u>Level (2)</u>	<u>Level (3)</u>	<u>Total 2010</u>
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>

For the years ended June 30, 2011 and 2010, there were no transfers between Level 1 and Level 2.

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 5 – FAIR VALUE MEASUREMENT (continued)

The following tables include a roll forward of the amounts for the year ended June 30, 2011 and 2010 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.

Reconciliation of Level 3 investments at June 30, 2011:

	<u>Hedge Funds</u>	<u>Real Assets and Private Equity</u>	<u>Total</u>
Beginning balance as of July 1, 2010	\$ 22,770,910	\$ 14,092,594	\$ 36,863,504
Purchases	4,018,000	1,868,629	5,886,629
Unrealized gains/(losses)	1,166,967	2,446,190	3,613,157
Realized gains/(losses)	1,296,576	23,923	1,320,499
Transfers into Level 3	-	-	-
Transfers out of Level 3	(5,125,735)	-	(5,125,735)
Sales	<u>(4,268,655)</u>	<u>(1,747,600)</u>	<u>(6,016,255)</u>
Ending balance as of June 30, 2011	<u>\$ 19,858,063</u>	<u>\$ 16,683,736</u>	<u>\$ 36,541,799</u>

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
Purchases	13,700,000	1,654,135	15,354,135
Unrealized gains/(losses)	2,162,290	(39,696)	2,122,594
Realized gains/(losses)	(25,885)	42,648	16,763
Transfers into Level 3	-	-	-
Transfers out of Level 3	(11,821,106)	-	(11,821,106)
Sales	<u>(754,262)</u>	<u>(1,057,531)</u>	<u>(1,811,793)</u>
Ending balance as of June 30, 2010	<u>\$ 22,770,910</u>	<u>\$ 14,092,594</u>	<u>\$ 36,863,504</u>

The Foundation's policy is to recognize transfers in and out as of the actual date of the event or change in circumstance that caused the transfer.

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.

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 5 – FAIR VALUE MEASUREMENT (continued)

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, 2011:

Strategy	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Absolute return (a.)	\$ 10,808,107	\$ -	Quarterly and Annually	45 to 70 days
Long-short strategy (b.)	10,529,237	-	Quarterly and Annually	30 to 45 days
Private equity (c.)	10,010,198	3,666,066	Duration of Partnership	N/A
Distressed strategy (d.)	6,696,171	-	One to Two Years	45 to 65 days
Real assets (e.)	6,673,537	1,152,401	Duration of Partnership	N/A
Multi - strategy (f.)	6,227,656	982,000	Semi-Annually	60 to 65 days
Global macro strategy (g.)	3,082,029	-	Quarterly	90 days
Short credit (h.)	984,353	-	Monthly	30 days
Total	\$ <u>55,011,289</u>	\$ <u>5,800,467</u>		

(a.) 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 term equities, long and short term credit, distressed funds, arbitration, private investments, and special situations. 65% of investments can be redeemed quarterly, 30% of investments can be redeemed annually, and 5% of investments are currently in extended liquidation.

(b.) Long-short strategy: This class includes investments in hedge funds that invest in both long and short equity securities. 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. 70% of investments can be redeemed quarterly and 30% of investments can be redeemed annually.

(c.) 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. 100% of investments are held through the duration of the partnership which range from 5 to 15+ years.

(d.) Distressed strategy: This class invests in long and short term credit as well as directional strategies that take advantage of the distressed markets. 65% of investments can be redeemed annually (paid throughout the year at 25% per quarter) and the remaining 35% of investments can be redeemed every 24 months.

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
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NOTE 5 – FAIR VALUE MEASUREMENT (continued)

(e.) 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. Distributions from each fund will be received as the underlying investments of the funds are liquidated. 100% of investments are held through the duration of the partnership which range from 5 to 15+ years.

(f.) Multi strategy: This class invests in long and short term credit as well as distressed and special situations. 100% of investments can be redeemed every six months. 50% of these funds are subject to a lock-up period which is expected to expire by June 2012.

(g.) Global macro strategy: This class invests in long and short term positions, fixed income, current and futures based primarily on an overall economic and political view of various countries. 100% of investments can be redeemed quarterly.

(h.) Short credit: This class invests in long and short term credit primarily in North America. 100% of investments can be redeemed monthly.

NOTE 6 – ENDOWMENTS

The Foundation has approximately 365 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 and its Board classify 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.

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 6 – ENDOWMENTS (continued)

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, 2011 and 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2011 Total</u>
Donor-restricted endowment funds	\$ (76,639)	\$ 34,735,021	\$ 139,235,587	\$ 173,893,969
Board-designated endowment funds	<u>5,844,567</u>	<u>-</u>	<u>-</u>	<u>5,844,567</u>
Total endowment funds	<u>\$ 5,767,928</u>	<u>\$ 34,735,021</u>	<u>\$ 139,235,587</u>	<u>\$ 179,738,536</u>
	<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>

(1) The unrestricted net assets at June 30, 2010 were \$ 3,381,718 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, 2011 and 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2011 Total</u>
Endowment net assets, July 1, 2010	\$ <u>4,527,557</u>	\$ <u>14,913,993</u>	\$ <u>136,975,798</u>	\$ <u>156,417,348</u>
Investment return:				
Interest and dividend income, net of fees	81,364	2,280,717	-	2,362,081
Net appreciation (realized and unrealized)	<u>943,662</u>	<u>24,866,473</u>	<u>-</u>	<u>25,810,135</u>
Total investment return	1,025,026	27,147,190	-	28,172,216
Contributions	82,000	-	3,179,626	3,261,626
Expenditures	(962,105)	(7,385,384)	-	(8,347,489)
Other transfers	<u>1,095,450</u>	<u>59,222</u>	<u>(919,837)</u>	<u>234,835</u>
Total change in endowment funds	<u>1,240,371</u>	<u>19,821,028</u>	<u>2,259,789</u>	<u>23,321,188</u>
Endowment net assets, June 30, 2011	<u>\$ 5,767,928</u>	<u>\$ 34,735,021</u>	<u>\$ 139,235,587</u>	<u>\$ 179,738,536</u>

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2011 and 2010

NOTE 6 – ENDOWMENTS (continued)

	<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 depreciation (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>

Description of Amounts Classified as Permanently Restricted Net Assets and Temporarily Restricted Net Assets (Endowments Only) at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Permanently restricted net assets required to be retained permanently	\$ <u>139,235,587</u>	\$ <u>136,975,798</u>
Temporarily restricted net assets The portion of perpetual endowment funds subject to a time restricted under FUMIFA:		
With purpose restrictions	\$ <u>34,735,021</u>	\$ <u>14,913,993</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 0.19% of the Foundation's endowment funds totaling (\$ 76,639) as of June 30, 2011 and 18% of the Foundation's endowment funds totaling (\$ 1,172,088) as of June 30, 2010.

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

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 consults with its investment advisors and it is expected that endowment funds on a long-term horizon will provide an average rate of return of approximately 8.5% annually. This estimate is periodically reevaluated.

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 has implemented a spending policy focused on protecting the corpus; the policy is a three pronged approach to determining an 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 2011 and 2010, fees were set at 1.7% and amounted to \$ 2,438,988 and \$ 1,592,509 respectively.

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
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NOTE 7 – CONCENTRATION OF RISK

Custodial Credit Risk – Custodial credit risk is the risk that the Foundation will not be able to recover its cash and equivalents from the financial institution in the event of the financial institution’s failure. The Foundation had cash and equivalents in excess of FDIC insurance of \$ 8,949,485 and \$ 8,961,602 at June 30, 2011 and 2010, 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 nonredundant banks throughout the United States, thereby protecting all funds with FDIC insurance. At June 30, 2011 and 2010, the Foundation had \$ 5,000,000 and \$ 10,000,000, respectively, in the CDARS program. An additional \$ 5,000,000 was subsequently invested in CDARS on July 7, 2011.

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, 2011 the Foundation had no investments greater than 10% 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, 2011 and June 30, 2010:

		2011		2010
Buildings and improvements	\$	237,000	\$	237,000
Less accumulated depreciation		183,686		178,870
Buildings and improvements, net		53,314		58,130
Land		4,439,639		4,439,639
Real property and improvements, net	\$	4,492,953	\$	4,497,769

The provision for depreciation was \$ 4,816 for both 2011 and 2010 fiscal years.

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2011 and 2010

NOTE 8 – REAL PROPERTY AND IMPROVEMENTS (continued)

Construction in Progress

The Foundation transferred the construction in progress related to the stadium to the University during the 2010-2011 fiscal years. Although the Foundation provides support for the construction of the stadium, it will be owned and capitalized by the University.

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, 2011 and 2010 consists of the following:

	2011	2010
Note payable to a bank in semiannual installments of \$ 400,000 plus interest at 4.20% until May 2012.	\$ 800,000	\$ 1,600,000
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.	22,149	32,838
Total	\$ 822,149	\$ 1,632,838

Principal and Interest Requirements

Minimum principal and estimated interest payments required under all loan agreements at June 30, 2011, are summarized as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 814,650	\$ 26,192	\$ 840,842
2013	7,499	89	7,588
Total	\$ 822,149	\$ 26,281	\$ 848,430

Interest Expense

Interest expense on debt was approximately \$ 54,700 and \$ 86,700 for the years ended June 30, 2011 and 2010, respectively.

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2011 and 2010

NOTE 9 - DEBT (continued)

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.

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, 2011 and 2010.

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 the Foundation 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 the Foundation with a monthly base rent from the commencement of the ground lease through its expiration on May 2073. The base rent increases by 6% 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. The square footage provision in the contract increased the rental income by approximately \$ 83,700 annually. The lease provided rental income of \$ 984,300 in 2011 and \$ 971,600 in 2010 relating to this agreement.

Future minimum rentals to be received under this sub-leasing arrangement at June 30, 2011 are estimated to be approximately as follows:

<u>Year ending June 30,</u>	<u>Minimum future rentals</u>
2012	\$ 1,026,300
2013	1,026,300
2014	1,026,300
2015	1,026,300
2016	1,026,300
2017 - 2026	10,602,800
2027 - 2036	11,215,000
2037 - 2046	12,983,900
2047 - 2056	14,151,700
2057 - 2066	14,880,800
2067 - 2073	<u>9,539,200</u>
	<u>\$ 78,504,900</u>

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

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 self-imposed limit is the expendable portion of our unrestricted net assets, which is \$ 5,968,772 as of June 30, 2011. The payment of this guarantee cannot exceed approximately \$ 858,200 in any year. Financial guarantee insurance policies are maintained to provide for any such non-payment.

At June 30, 2011, 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>
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
2016	215,000	195,000	410,000
Thereafter	<u>3,600,000</u>	<u>4,235,000</u>	<u>7,835,000</u>
Total	\$ <u>4,580,000</u>	\$ <u>5,110,000</u>	\$ <u>9,690,000</u>

At June 30, 2011, 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>
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
2016	410,000	443,691	853,691
Thereafter	<u>7,835,000</u>	<u>3,312,195</u>	<u>11,147,195</u>
Total	\$ <u>9,690,000</u>	\$ <u>5,730,493</u>	\$ <u>15,420,493</u>

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2011 and 2010

NOTE 12 - SUPPLEMENTAL CASH FLOW INFORMATION

Cash Inflow

For the fiscal year 2011, the Foundation received cash of \$ 3,033,087 derived from interest and dividend income as well as received cash of \$ 535,389 from interest income derived from the direct finance type lease (Note 11). Total supplemental cash flows received for fiscal year 2011 were \$ 3,568,476.

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 \$ 538,155 from interest income derived from the direct finance type lease (Note 11). Total supplemental cash flows received for fiscal year 2010 were \$ 3,189,077.

Cash Outflow

For the fiscal year 2011, the Foundation made interest payments of \$ 71,914 as well as cash payments of \$ 535,389 for interest expense resulting from the direct finance type lease (Note 11). Total supplemental cash flow outlays for interest payments in fiscal year 2011 totaled \$ 607,303. For the fiscal year 2010, the Foundation made cash payments of \$ 93,473 for interest expense as well as payments of \$ 538,155 for interest from the direct finance type lease (Note 11). Total supplemental cash outlays for interest in fiscal year 2010 totaled \$ 631,628.

NOTE 13 - RESTRICTED NET ASSETS

At June 30, 2011, temporarily restricted net assets consisted of cash, pledges, receivables from unrestricted funds (see below), investments, funds held in trust by others, real property and improvements, collections, and other assets of \$ 81,187,882 less annuities payable and other liabilities and debt of \$ 17,176,327. Permanently restricted net assets consisted of pledges and investment of \$ 139,812,348.

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 investments of \$ 137,626,524 at June 30, 2010.

These assets are restricted by donors for the following purposes for years ended 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Student financial support	\$ 16,405,700	\$ 9,950,150
Faculty and staff support	15,783,986	8,841,234
Academic divisions	14,757,920	7,595,345
Plant, equipment and maintenance	10,153,575	9,809,239
Other	3,725,193	1,888,012
Library resources	2,172,527	1,800,738
Research	1,012,654	697,865
	<u>64,011,555</u>	<u>40,582,583</u>
Total temporarily restricted net assets	\$ <u>64,011,555</u>	\$ <u>40,582,583</u>

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 13 - RESTRICTED NET ASSETS (continued)

	2011	2010
Student financial support	\$ 50,651,088	\$ 48,925,258
Academic divisions	49,522,951	48,791,865
Faculty and staff support	35,107,484	35,139,978
Library resources	1,792,034	1,782,278
Research	1,692,745	1,689,686
Plant, equipment and maintenance	546,866	435,765
Other	499,270	861,694
	<u>\$ 139,812,438</u>	<u>\$ 137,626,524</u>
Total permanently restricted net assets	\$ <u>139,812,438</u>	\$ <u>137,626,524</u>

At June 30, 2011 and 2010, net assets released from restrictions totaled \$ 14,057,940 and \$ 17,275,536 respectively:

Year Ending	Unrestricted	Net Assets Temporarily Restricted	Permanently Restricted
2011	\$ 14,057,940	\$ (13,270,189)	\$ (787,751)
2010	\$ 17,275,536	\$ (17,220,689)	\$ (54,847)

Amounts due to the Temporarily Restricted fund from the Unrestricted fund totaled \$ 1,401,666 at June 30, 2011. This is a return of fees which will be paid over the course of ten years at \$ 140,167 per year beginning in fiscal year 2012.

NOTE 14 - IN-KIND TRANSACTIONS

The Foundation is supported in its goals by the University's Departments of Advancement. Support from the University includes office space, equipment and funding for 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 \$ 2,247,000 in 2011 and \$ 1,855,000 in 2010. 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, 2011, the total amount due to the University was \$ 781,205 which is reflected in accounts payable and the amount due from the University was \$ 628,110. At June 30, 2010 the amounts due to and from the University were \$ 920,192 and \$ 632,173, respectively.

NOTE 15 - RELATED PARTY TRANSACTIONS

Florida Atlantic University:

The Foundation has committed \$ 500,000 to the University in fiscal year 2012 for tuition waivers from earnings from the University Commons rent revenues (Note 10) and has a continuing commitment to provide First Generation funds for scholarships from University Commons rent revenues.

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 15 – RELATED PARTY TRANSACTIONS (continued)

In fiscal year 2011, the Florida Atlantic University Finance Corp (FAUFC), a separate direct support organization of the University, entered into a loan agreement for the construction of an on-campus football stadium. The stadium is expected to host its first home game on October 15, 2011. Among other operating revenues of the stadium, the agreement requires that all revenues associated with priority and premium seating of the stadium are to be pledged toward this credit facility. During the year ended June 30, 2011, the Foundation collected approximately \$ 642,000 of seating revenues.

In compliance with the loan agreement, the Foundation transferred these pledged revenues to the lending financial institution on a monthly basis. As of June 30, 2011, \$ 102,533 is included in restricted cash (Note 1(m)) and in accounts payable and other liabilities, representing June 2011 collections, which were subsequently transferred to the lender in July 2011.

The Foundation records the gift portion, associated with seating fees, as contribution revenue; however, proceeds related to goods and services of the stadium are treated as agency transactions not affecting the Statements of Activities.

The Foundation is neither a borrower nor a guarantor on this construction loan. The University retains the obligation to fulfill commitments entered into in connection with the sales of goods and services, including sales tax, and for the construction of the stadium.

Board of Directors

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 our 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, 2011:

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 of the University. Dr. Ira J. Gelb is an Assistant Dean with the Charles E. Schmidt College of Medicine and receives no compensation. 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. Peter LoBello is a member of the Board of Directors to the newly established FAU Finance Corp., and owns land in the FAU Research Park. Mrs. Patricia McKay is a Partner with Templeton & Co. which audits a separate direct service organization of the University. Mr. Rhys L. Williams is involved with FAU and HBOI (Note 17) professors in an early stage biotechnology company, and holds an option on a license to an FAU owned patent. Mr. Christopher Wheeler is on the Board of Trustees to several entities of the Boca Raton Regional Hospital which may negotiate with FAU in the normal course of business. Several board members are also volunteer advisory board members to FAU Colleges and, or the Alumni Association.

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 15 – RELATED PARTY TRANSACTIONS (continued)

Investment Advisor

Hammond Associates/MERCER is the third party contracted investment advisor to the Foundation which holds certain investments on behalf of the Foundation of approximately \$ 1,606,000 at June 30, 2011.

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, 2011 a liability of \$ 136,476 was recorded for the leave payments that the Foundation would be obligated to reimburse the University and \$ 181,019 for the liability that would be paid through the University funds. For the year ended June 30, 2010, the Foundation's leave liability was \$ 130,489 and \$ 139,387 as the amount to be provided from the University funds.

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 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.

The Foundation has agreed with the HBOIF to expand our 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 future donations will continue to be 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, 2011 and 2010 was \$ 5,099,027 and \$ 4,506,445, 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. Management believes that the amount of liability resulting from such activities, if any, would not materially impact the Foundation. At June 30, 2011, 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, 2011 as a result of this arrangement were \$ 244,565.

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 19 – SUBSEQUENT EVENTS

Subsequent to the Foundation's fiscal year ending June 30, 2011, the global financial markets have experienced significant declines in values. The Foundation's investment portfolio provides for strategies and an allocation methodology to minimize its exposure to market declines. As of August 31, 2011, the Foundation's investment portfolio suffered an approximate 3% decline in value and the market remains volatile. No adjustments have been made to the accompanying financial statements as a result of subsequent declines in value.



**SUPPLEMENTAL INFORMATION
AND SCHEDULES**

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
SCHEDULE OF BOARD OF DIRECTORS AND
EXECUTIVE COMMITTEE MEMBERS
 June 30, 2011

At June 30, 2011, the membership of the Foundation's Board of Directors was comprised of the following individuals, along with their respective terms:

<u>MEMBER</u>	<u>TERM EXPIRES</u>
Bruce H. Allen '71**	April 2013
Barry S. Berg*	April 2012
Daniel Cane	April 2014
Joseph W. Collard	April 2014
Stephen Constantine '82	April 2014
Howard R. Cooper	April 2014
Michael L. Davis*	April 2012
Christopher Fluehr	April 2014
Marleen Forkas	April 2013
Ira J. Gelb, M.D.*	April 2013
David J. Gury**	April 2013
Cecelia James**	April 2012
J. Randy Justice '73**	April 2014
Michael I. Kaufman*	April 2012
Gary Lesser	April 2014
Allen McGee	April 2014
Patricia McKay '78*	April 2012
Raymond Monteleone '92	April 2014
William Morris	April 2014
Neale J. Poller '66	April 2014
Charles E. Rutherford	April 2014
Edward Sabin	April 2014
Neil Schiller	April 2014
Christopher Wheeler	April 2013
Rhys L. Williams	April 2013

EX-OFFICIO MEMBERS

M. J. Saunders	University President
Randy Talbot**	Executive Director FAUF
Alene Brewer	University Club President
Romayne Berry '98	Alumni President
William McDaniel	Faculty Senate President
Peter LoBello	Liaison of Stadium Project
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

EMERITUS

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, 2011

Fund Name	Corpus Balance at 07/01/10	Endowment Balance at 07/01/10	Matching State Funds	Contributions	Income	Expenditures	Interfund Transfer	Endowment Balance at 06/30/11	Corpus Balance at 06/30/11
Fully endowed:									
Dorothy F. Schmidt Eminent Scholar Schmidt Chair in Humanities	\$ 5,006,000	\$ 6,428,414	\$ -	\$ -	\$ 1,128,271	\$ (281,184)	(1,254)	\$ 7,274,247	\$ 5,006,000
Dorothy F. Schmidt Distgd Eminent School Chair of Performing Arts	5,001,255	6,008,457	-	-	1,084,777	(271,714)	-	6,821,520	5,001,255
John M. DeGrove Eminent Scholar Chair in Growth Mng & Dev	2,274,000	2,710,820	-	-	481,810	(87,235)	-	3,105,395	2,274,000
Helen Karpelenia Persson Eminent Scholar Chair in Com Caring	1,758,721	1,910,401	-	-	344,972	(91,599)	-	2,163,774	1,758,721
Eugene and Christine E. Lynn Eminent Scholar Chair in Business	999,900	1,631,527	-	-	280,257	(69,206)	-	1,842,578	999,900
Charles E. Schmidt Eminent Scholar Chair in Engineering	1,148,560	1,400,579	-	-	247,209	(32,093)	-	1,615,695	1,148,560
John Thomas Ladue McGinty Eminent Scholar Chair in Biology	1,060,336	1,399,669	-	-	243,063	(52,895)	-	1,589,837	1,060,336
Glenwood and Martha Creech Eminent Scholar Chair in Science	1,028,466	1,343,801	-	-	228,584	(55,815)	(165)	1,516,405	1,028,466
Raddock Family Eminent Scholar Chair in Holocaust Studies	1,133,811	1,309,945	-	-	237,599	(83,122)	559	1,464,981	1,133,811
Dr. Robert J. Morrow Eminent Scholar Chair in Social Science	1,053,125	1,316,817	-	-	230,798	(53,252)	-	1,494,363	1,053,125
Office Depot Eminent Scholar Chair Small Business Research	1,020,000	1,222,677	-	-	216,231	(74,534)	(91)	1,364,283	1,020,000
Christine E. Lynn Eminent Scholar Chair in Nursing	1,033,725	1,170,393	-	-	211,738	(73,260)	-	1,308,871	1,033,725
Herbert & Elaine Gimelstob Eminent Scholar Chair in Judaic Std	1,116,050	1,207,091	-	5,000	213,694	(54,050)	-	1,371,735	1,116,050
Eminent Scholar Chair in Turkish Studies	889,800	1,284,157	-	-	225,431	(55,551)	-	1,454,037	889,800
Charles Stewart Mott Eminent Scholar Chair in Comm Education	1,010,355	1,248,421	-	-	215,237	(24,196)	-	1,439,462	1,010,355
Dorothy F. Schmidt Eminent Scholar Chair in the Performing Arts	1,035,674	1,182,171	-	-	209,874	(27,501)	-	1,364,544	1,035,674
William F. Dietrich Eminent Scholar Chair in Philosophy	1,045,505	1,159,941	-	-	210,364	(73,229)	-	1,297,076	1,045,505
Total	\$ 27,615,283	\$ 33,935,281	\$ -	\$ 5,000	\$ 6,009,909	\$ (1,460,436)	\$ (951)	\$ 38,488,803	\$ 27,615,283

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
SCHEDULE OF RECEIPTS, EXPENDITURES AND
ENDOWMENT BALANCES FOR ETHICS SCHOLARS PROGRAM
For the Year Ended June 30, 2011

Fund Name	Corpus Balance at 07/01/10	Endowment Balance at 07/01/10	Matching State Funds	Contributions	Income	Expenditures	Interfund Transfer	Endowment Balance at 06/30/11	Corpus Balance at 06/30/11
Fully endowed:									
Dr. Floyd Koch Business Ethics Scholarship Fund	\$ 500,000	\$ 527,251	\$ -	\$ -	\$ 92,428	\$ (33,577)	\$ -	\$ 586,102	\$ 500,000
Edward E. Shoaf Honors College Ethics Scholarship Fund	300,000	335,867	-	-	58,610	(24,088)	-	370,389	300,000
J.M. Rubin Foundation Honors College Ethics Scholarship Fund	210,000	217,319	-	-	38,433	(10,296)	-	245,456	210,000
Hilda A Krinzman Ethics Scholarship Fund	212,688	211,993	-	-	37,486	(10,489)	-	238,990	212,688
Mildred A. Becker Ethics Scholarship Endowment Fund	200,000	207,753	-	-	36,761	(10,407)	-	234,107	200,000
Edward E. Shoaf Ethics Scholarship Fund	200,000	201,770	-	-	35,685	(11,299)	-	226,156	200,000
Total	\$ <u>1,622,688</u>	\$ <u>1,701,953</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>299,403</u>	\$ <u>(100,156)</u>	\$ <u>-</u>	\$ <u>1,901,200</u>	\$ <u>1,622,688</u>

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
SCHEDULE OF RECEIPTS, EXPENDITURES AND
ENDOWMENT BALANCES FOR MAJOR GIFTS PROGRAM
For the Year Ended June 30, 2011

Fund Name	Corpus Balance at 07/01/10	Endowment Balance at 07/01/10	Matching State Funds	Contributions	Income	Expenditures	Interfund Transfer	Endowment Balance at 06/30/11	Corpus Balance at 06/30/11
Endowed Professorships:									
Lucy Henderson Edmondson Professorship in Elementary Education	\$ 2,760,997	\$ 3,280,588	\$ -	\$ -	\$ 566,766	\$ (86,681)	\$ -	\$ 3,760,673	\$ 2,760,997
Alan B. Larkin Endowed Fund	1,745,819	1,767,137	-	-	315,466	(134,100)	24,217	1,972,720	1,745,819
Henry Epstein Professorship in Urban and Regional Planning	150,262	266,014	-	-	35,934	(19,832)	-	282,116	150,262
Nona and Peter Gordon Endowed Professorship in Early Childhood Education	199,319	258,407	-	-	44,941	(9,042)	-	294,306	199,319
Ronald and Elizabeth Blake Professorship in Nursing	225,000	282,791	-	-	48,616	(6,725)	-	324,682	225,000
Lifelong Learning Society Professorship in Social Science	150,000	272,783	-	-	43,090	(4,827)	-	311,046	150,000
Lifelong Learning Society Professorship in Science	150,000	200,083	-	950	35,635	(12,229)	(500)	223,939	150,000
Bingharn Professorship in Creative Writing	150,000	198,913	-	-	34,634	(9,931)	-	223,616	150,000
SunTrust/South Florida Professorship in Finance	150,000	182,137	-	-	32,656	(6,896)	-	207,897	150,000
Adelaide R. Snyder Professorsip in Ethics	160,775	185,583	-	-	33,552	(3,774)	-	215,361	160,775
Charles E. Schmidt Professorship in Engineering	157,784	203,407	-	-	34,746	(1,943)	-	236,210	157,784
Lifelong Learning Society Professorship in Arts and Humanities	150,215	184,563	-	-	32,098	(4,581)	-	212,080	150,215
Rabbi Ario S. Hyams Library Professorship	150,000	181,595	-	-	32,146	(15,750)	-	197,991	150,000
Frances and Milton Levenson Professorship in Japanese Studies	150,200	176,053	-	-	31,645	(9,865)	500	198,333	150,200
John Wymer Endowed Professorship in Nursing	184,321	220,309	-	-	37,118	(7,953)	-	249,474	184,321
Motorola Endowed Professorship for Electrical and Computer Engineering	162,000	178,735	-	-	31,294	(3,521)	-	206,508	162,000
Sensormatic Professorship in Marketing	150,000	182,575	-	-	31,190	(3,495)	-	210,270	150,000
William F. Dietrich Professorship in Philosophy	150,013	174,911	-	-	30,600	(6,642)	-	198,869	150,013
Sharon Phillips Raddock Professorship in Holistic Nursing	152,821	195,260	-	-	29,738	(3,331)	-	221,667	152,821
J.M. Rubin Foundation Professorship in Engineering	150,000	148,395	-	-	26,579	(2,983)	-	171,991	150,000

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
SCHEDULE OF RECEIPTS, EXPENDITURES AND
ENDOWMENT BALANCES FOR MAJOR GIFTS PROGRAM
For the Year Ended June 30, 2011
(continued)

Fund Name	Corpus Balance at 07/01/10	Endowment Balance at 07/01/10	Matching State Funds	Contributions	Income	Expenditures	Intertund Transfer	Endowment Balance at 06/30/11	Corpus Balance at 06/30/11
Endowed Scholarships and Fellowships:									
Harriet L. Wilkes College Scholarship Fund	17,961,799	20,027,550	-	-	3,540,335	(527,835)	-	23,040,050	17,961,799
Henry Morrison Flagler Scholarship Fund	5,280,052	5,570,875	-	-	990,193	(345,304)	-	6,215,764	5,280,052
Essie C. Crain Nursing Scholarship Fund	1,821,861	2,355,352	-	-	400,918	(153,620)	-	2,602,650	1,821,861
Davimos Family Endowment for excellence in Science	1,750,752	1,922,245	-	-	340,607	(72,431)	-	2,190,421	1,750,752
Libby Dodson Endowment for Nursing Excellence	1,760,931	1,832,115	-	-	315,863	(40,622)	-	2,107,356	1,760,931
Daniel B. and Aurel B. Newell Doctoral Fellowships	645,518	763,139	-	-	134,543	(50,221)	-	847,461	645,518
Mary Fraser Scholastic Trust Fund	651,012	678,652	-	-	117,218	(26,256)	-	769,614	651,012
William Fabricant Scholarship James and Zita Hayes and Zita W. DePan Memorial Scholarship	450,000	527,502	-	-	91,765	(16,379)	-	602,888	450,000
Edward E. Shoaf Scholarship Fund	280,319	359,818	-	-	61,120	(20,916)	-	400,022	280,319
Founders Honors Scholarship Edgewater Pointe Estates Scholarship	458,668	456,325	-	-	80,881	(18,221)	-	518,985	458,668
David Neil Krinzman Memorial Scholarship Fund	335,068	352,048	-	-	62,505	(7,068)	-	407,485	335,068
Goizueta Foundation Scholars Fund	320,572	345,038	-	-	60,071	(10,791)	-	394,318	320,572
Nathan & Marion Crosby Holocaust and Judaic Studies Scholarship Fund	304,247	314,500	-	-	55,650	(14,293)	-	355,857	304,247
Milton & Gladys Meisner Scholarships	300,000	309,394	-	-	53,997	(17,804)	-	345,587	300,000
Virginia & Douglas Stewart Ethics Scholarship Endowment	211,644	259,303	-	-	44,125	(14,316)	-	289,112	211,644
Helen Shoaf Memorial Scholarship	250,549	260,359	-	-	45,924	(15,194)	-	291,089	250,549
	434,000	492,553	-	-	87,407	(24,283)	-	555,677	434,000

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
SCHEDULE OF RECEIPTS, EXPENDITURES AND
ENDOWMENT BALANCES FOR MAJOR GIFTS PROGRAM
For the Year Ended June 30, 2011
(continued)

Fund Name	Corpus Balance at 07/01/10	Endowment Balance at 07/01/10	Matching State Funds	Contributions	Income	Expenditures	Intertund Transfer	Endowment Balance at 06/30/11	Corpus Balance at 06/30/11
Endowed Scholarships and Fellowships (continued):									
M. Brenn Green Scholarship in Social Science	168,949	236,332	-	-	40,210	(7,574)	-	268,968	168,949
Christine E. Lynn Nursing Assistance Program	200,000	240,869	-	-	37,017	(4,147)	-	273,739	200,000
James P. and Eloise M Latham Scholarship in Geography	173,259	227,824	-	-	38,818	(14,800)	-	251,842	173,259
Annette Van Howe Women's Studies Scholarship	196,660	217,055	-	-	37,105	(12,196)	49	242,013	196,660
Fanjul Academic and Community Excellence Award	150,000	209,951	-	-	35,840	(6,526)	-	239,265	150,000
Ernest O. Melby Fellowships	151,065	193,447	-	-	33,110	(8,746)	-	217,811	151,065
James A. Woodruff, Jr. Scholarship in Memory of Hazel Gates Woodruff	160,000	188,896	-	-	33,350	(12,572)	-	209,674	160,000
Angelos Langadas Scholarship	157,500	185,340	-	-	32,800	(7,710)	-	210,430	157,500
FAU National Alumni Association Scholarship	154,232	182,390	-	570	32,169	(7,559)	(5,000)	202,570	154,802
Frances and Victor Ginsberg Scholarship	154,750	178,316	-	-	32,234	(4,376)	-	206,174	154,750
Howard Guggenheim Endowed Scholarship	152,214	179,386	-	-	31,712	(3,587)	-	207,511	152,214
Mrs. Charles "Binny" Foster Scholarship	149,735	176,586	-	-	31,208	(11,280)	-	196,514	149,735
Joseph Conaway Undergraduate Theater Scholarship	150,300	172,762	-	-	30,923	(3,684)	-	200,001	150,300
Joshua Logan Graduate Scholarship	152,000	160,003	-	-	29,581	(3,315)	-	186,269	152,000
Eleanor R. Baldwin Genesis Scholarship Fund	150,270	170,669	-	-	29,685	(3,357)	-	196,997	150,270
Fields Genesis Scholarship	150,000	166,958	-	-	29,646	(9,297)	-	187,307	150,000
Genesis Belle Glade Teachers Scholarship	150,000	169,851	-	-	29,638	(12,611)	-	186,878	150,000

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
SCHEDULE OF RECEIPTS, EXPENDITURES AND
ENDOWMENT BALANCES FOR MAJOR GIFTS PROGRAM
For the Year Ended June 30, 2011
(continued)

Fund Name	Corpus Balance at 07/01/10	Endowment Balance at 07/01/10	Matching State Funds	Contributions	Income	Expenditures	Intertund Transfer	Endowment Balance at 06/30/11	Corpus Balance at 06/30/11
Endowed Scholarships and Fellowships (continued):									
Toppel Family Foundation Endowed Genesis Scholarship	150,000	174,001	-	-	29,253	(18,604)	-	184,650	150,000
Lee J. and Esther Steindel Scholarship	153,909	155,924	-	-	27,482	(10,608)	-	172,798	153,909
Blue Cross Blue Shield Health Scholars	150,000	171,849	-	-	29,444	(12,313)	-	188,980	150,000
Dr. Floyd F. Koch Honors Scholarship	150,000	153,484	-	-	27,241	(8,500)	-	172,225	150,000
Dorothy & Marshall Andersen Scholarship Endowment	150,857	157,215	-	-	27,841	(7,647)	-	177,409	150,857
Marian Altman Memorial Honors Scholarship	151,060	153,371	-	-	27,202	(9,576)	-	170,997	151,060
Mildred and Rudy Reis Endowed Scholarship	150,000	151,049	-	-	26,846	(8,035)	-	169,860	150,000
Cindy & Stuart Markowitz MD End Fund for Biomed Science	194,100	186,691	-	-	34,054	(2,207)	-	218,538	194,100
Hank Watson Scholarship Fund	103,610	106,808	-	-	18,895	(4,637)	-	121,066	103,610
Dr. Floyd F. Koch Graduate Scholarship in Science/ Medicine	150,671	155,537	-	-	26,400	(7,979)	-	173,958	150,671
The Marsh Scholarship Fund	150,000	138,949	-	-	25,939	(1,681)	-	163,207	150,000
Fred and Kit Bigony Scholarship Fund	195,000	296,132	-	30,000	36,704	(84,995)	-	277,841	195,000
Eric Alexander Engineering and Computer Science Scholarship	200,051	173,070	-	-	32,350	(1,299)	-	204,121	200,051
LLS College of Nursing Graduate Stipend Endowment	250,000	218,579	-	-	40,857	(1,641)	-	257,795	250,000
Excellence in Honors Faculty Award	250,000	243,366	-	5,000	44,563	(9,116)	-	283,813	252,000
Dr. Vincent R Saurino Fellowship for Graduate Students	268,093	288,142	-	30,000	52,437	(18,558)	-	352,021	298,093
Andrew R. and Marjorie C. Buglione Endowed Scholarship Fund	-	-	-	250,841	4,896	(6,491)	-	249,246	250,841

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
SCHEDULE OF RECEIPTS, EXPENDITURES AND
ENDOWMENT BALANCES FOR MAJOR GIFTS PROGRAM
For the Year Ended June 30, 2011
(continued)

Fund Name	Corpus Balance at 07/01/10	Endowment Balance at 07/01/10	Matching State Funds	Contributions	Income	Expenditures	Interfund Transfer	Endowment Balance at 06/30/11	Corpus Balance at 06/30/11
Program Endowments:									
Lawrence P. and Dorothy E. DeLisle Memorial Scholarship Fund	1,526,170	1,429,289	-	-	266,823	(17,295)	-	1,678,817	1,526,170
LLS College of Nursing Graduate Stipend Endowment	250,000	218,579	-	-	40,857	(1,641)	-	257,795	250,000
Ann C. Kunkel Endowment for the Pine Jog Environmental Center	10,149,433	10,907,897	-	-	1,978,676	(222,604)	(476,700)	12,187,269	10,149,433
Charles E. Schmidt Biomedical Endowment	10,000,075	9,598,579	-	-	1,766,458	(155,444)	-	11,209,593	10,000,075
Christine Lynnn Endowment Fund	4,000,001	4,775,358	-	-	836,817	(201,212)	-	5,410,963	4,000,001
Carl DeSantis Business and Economics Center for the Study and Development of the Motion Picture and Entertainment Industry Endowment	4,000,826	4,120,537	-	-	742,867	(87,898)	-	4,775,506	4,000,826
Abacoa Fund	4,000,752	4,211,269	-	-	740,458	(258,603)	-	4,693,124	4,000,752
Adams Center for IT Product Management and Entrepreneurship	1,811,771	1,887,903	-	88,732	343,944	(142,075)	(938)	2,177,566	1,811,771
Christine E. Lynn Center for Caring Endowed Fund	1,275,000	1,357,718	-	-	242,898	(36,826)	-	1,563,790	1,275,000
Pine Jog Endowment Fund	1,021,700	1,115,981	-	-	202,471	(22,778)	(48,400)	1,247,274	1,021,700
Esther Saylor Rothenberger Scholarship	1,020,078	1,022,926	-	-	182,368	(21,561)	(31,214)	1,152,519	1,020,078
Lucille B. and Jacob Friedland Art Endowment	158,760	885,045	-	-	32,260	(6,434)	-	910,871	158,760
Carole & Barry Kaye Integrative Art Education/ Outreach	750,200	737,847	-	30	133,279	(28,242)	(4,329)	838,585	750,230
June and Ira Gelb M.D. Scholarship Fund	817,615	792,260	-	3,000	147,499	(12,906)	-	929,853	821,615
Mark Swiatlo Judaica Library Acquisition Fund	229,621	354,376	-	-	53,808	(3,327)	-	404,857	229,621
Chastain-Johnston Middle East Studies Enhancement Project Endowment	300,455	315,101	-	-	54,988	(7,511)	(2,500)	360,078	300,455

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
SCHEDULE OF RECEIPTS, EXPENDITURES AND
ENDOWMENT BALANCES FOR MAJOR GIFTS PROGRAM
For the Year Ended June 30, 2011
(continued)

Fund Name	Corpus Balance at 07/01/10	Endowment Balance at 07/01/10	Matching State Funds	Contributions	Income	Expenditures	Interfund Transfer	Endowment Balance at 06/30/11	Corpus Balance at 06/30/11
Program Endowments (continued):									
Kresge Foundation Science Initiative Challenge Fund	259,789	283,358	-	-	50,368	(23,256)	-	310,470	259,789
Center for Study of Values and Violence	247,892	272,265	-	-	46,655	(14,633)	-	304,287	247,892
LLS Distinguished Professorship in Current Affairs	250,000	265,909	-	-	46,122	(5,184)	-	306,847	250,000
University Club Library Endowment	195,180	259,042	-	-	43,852	(7,130)	-	295,764	195,180
LLS Distinguished Professorship in Arts & Humanities	250,000	252,496	-	-	44,217	(3,891)	-	292,822	250,000
George and Wilma Elmore Scientific and Technical Equipment Endowment	150,500	189,540	-	-	32,848	(3,708)	-	218,680	150,500
University Club Library Galaxy Endowment	171,640	187,231	-	-	33,237	(3,758)	(7,900)	208,810	171,640
Lawrence A. Sanders Memorial Fellowship in English	150,000	176,835	-	-	30,883	(9,610)	-	198,108	150,000
Herbert and Elaine Gimelstob Judaic Studies	160,100	183,888	-	-	31,827	(11,576)	-	204,139	160,100
Margaret S. Kramer Chemistry Endowment	150,000	166,033	-	-	29,301	(14,711)	-	180,623	150,000
Emanuel Erwin Halpern Fund	151,100	189,637	-	-	32,253	(3,613)	-	218,277	151,100
J.M. Rubin Foundation Ocean Engineering Endowment	150,000	173,843	-	-	28,560	(5,699)	-	196,704	150,000
James M. Cox, Jr./Palm Beach Post Scholarship in Journalism	151,500	173,140	-	-	29,680	(3,356)	-	199,464	151,500
Fields Music Equipment Endowment	155,000	157,304	-	-	28,190	(5,743)	(3,794)	175,957	155,000
Lawrence A. Sanders Writer in Residence	231,500	263,934	-	-	40,591	(12,509)	-	292,016	231,500
FAU National Alumni Association Library Endowment	102,055	124,130	-	-	21,850	(2,458)	-	143,522	102,055

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
SCHEDULE OF RECEIPTS, EXPENDITURES AND
ENDOWMENT BALANCES FOR MAJOR GIFTS PROGRAM
For the Year Ended June 30, 2011
(continued)

Fund Name	Corpus Balance at 07/01/10	Endowment Balance at 07/01/10	Matching State Funds	Contributions	Income	Expenditures	Interfund Transfer	Endowment Balance at 06/30/11	Corpus Balance at 06/30/11
Program Endowments (continued):									
May Smith Lecture Series on Post-Holocaust Christian - Jewish	163,210	166,149	-	9,475	29,591	(17,686)	(1,409)	186,120	163,310
Janice and Julian Weiss Endowment	1,797,950	1,612,047	-	-	300,922	(19,505)	-	1,893,464	1,797,950
Lawrence and Florence A. DeGeorge C Trust Honors Scholarship	100,000	90,475	-	-	16,834	(1,391)	-	105,918	100,000
Lawrence A. Sanders Memorial Fellowship in Creative Writing	150,000	134,933	-	-	25,065	(1,625)	-	158,373	150,000
Pine Jog Friends	-	267,090	-	14,675	45,926	(559,617)	525,100	293,174	-
Robin B. Smith Honors Innovation Fund	141,518	124,691	-	-	23,307	(1,061)	-	146,937	141,518
Sir Richard Doll Chair	600,000	515,760	-	-	96,445	(1,366)	-	610,839	600,000
Edward W. and Lee Hill Snowdon Harbor Branch Manned Submersibles	631,371	970,439	-	-	169,500	(19,341)	262,500	1,383,098	721,371
Helen Shoaf Memorial Nursing Scholarship	100,000	165,210	-	-	29,527	(3,334)	-	191,403	100,000
Reid Nix Endowed Scholarship Fund	123,000	138,019	-	-	24,177	(2,730)	-	159,466	123,000
Alice Griffin AAUW Graduate Fellowship Endowment	100,000	148,905	-	-	27,447	(2,415)	-	173,937	100,000
John Q. Adams and Ann B. Adams Fund Endowment (Mayan Studies)	300,000	462,944	-	-	84,163	(15,406)	-	531,701	300,000
Tecore Endowment Fund	100,000	350,011	-	-	27,836	(6,802)	-	371,045	100,000
The Anne Boykin Institute- Advancement of Caring Nursing	-	-	-	789,670	50,496	(15,465)	51,000	875,701	790,870
The Anne Boykin Healing Garden	-	-	-	10,410	10,303	(384)	122,500	142,829	11,570
Dr. Charles W. Finkl Jr. Opportunities Endowment Fund	-	-	-	100,000	8,093	(2,657)	-	105,436	100,000
Total	\$ 95,002,298	\$ 104,258,230	\$ -	\$ 1,333,353	\$ 18,430,197	\$ (4,110,996)	\$ 403,182	\$ 120,313,966	\$ 96,282,279

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 For the Year Ended June 30, 2011

<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	--	\$ 2,173,929
State of Florida Department of Highway Safety and Motor Vehicles			
Specialty License Plate Fund	76.031	--	<u>69,436</u>
Total expenditures of state financial assistance			\$ <u><u>2,243,365</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.

NOTE 2 - CONTINGENCY

Grant expenditures are subject to audit and adjustment by the grantor agencies. 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, 2011, and have issued our report thereon dated September 27, 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.

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.

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*.

Florida Atlantic University Foundation, Inc.

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
September 27, 2011



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR STATE PROJECT AND ON 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 Florida Atlantic University Foundation, Inc.'s (the "Foundation") compliance with the types of compliance requirements described in the Florida Department of Financial Services' 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, 2011. 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, 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 that could have a direct and material effect on its major state project for the year ended June 30, 2011.

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 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 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, significant 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
September 27, 2011

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011

A. SUMMARY OF AUDITORS' 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 on 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:

<u>State Project</u>	<u>State CSFA No.</u>
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. No management letter is required because there were no findings required to be reported in a separate 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.