



Item: AF: I-4a

AUDIT AND FINANCE COMMITTEE

Tuesday, February 18, 2014

SUBJECT: REVIEW OF THE FINANCIAL STATEMENTS FOR FAU DIRECT SUPPORT ORGANIZATIONS: FAU FOUNDATION INC. FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION, JUNE 30, 2013 AND 2012.

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, 2013 were presented to the Foundation Board of Directors on October 19, 2013.

IMPLEMENTATION PLAN/DATE

Not applicable.

FISCAL IMPLICATIONS

Not Applicable.

Supporting Documentation: FAU Foundation Inc. Financial Statements and Additional Information, June 30, 2013 and 2012.

Presented by:

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**FLORIDA ATLANTIC UNIVERSITY
FOUNDATION, INC.**

**FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION**

June 30, 2013 and 2012

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION
June 30, 2013 and 2012

TABLE OF CONTENTS

PAGES

FINANCIAL STATEMENTS

Independent Auditors' Report	1-2
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Cash Flows	6
Notes to Financial Statements	7-28

SUPPLEMENTAL INFORMATION AND SCHEDULES

Schedule of Board of Directors and Executive Committee Members	29
Schedule of Receipts, Expenditures and Endowment Balances for Eminent Scholars Program	30
Schedule of Receipts, Expenditures and Endowment Balances for Ethics Scholars Program	31
Schedule of Receipts, Expenditures and Endowment Balances for Major Gifts Program	32-38
Schedule of Expenditures of State Financial Assistance	39

INTERNAL CONTROLS AND COMPLIANCE

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	40-41
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 In Accordance with Chapter 10.650, the Rules of the Auditor General	42-43
Schedule of Findings and Questioned Costs	44

FINANCIAL STATEMENTS



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Florida Atlantic University Foundation, Inc. (a non-profit organization) (the "Foundation"), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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. as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

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, as required by Section 215.97, Florida Statutes and Chapter 10.650, Rules of the Auditor General, is presented for purposes of additional analysis and is also not a required part of the financial statements. 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 audit 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 Members is presented for informational purposes only and is not a part of the basic financial statements of the Foundation.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2013, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Keefe, McCullough & Co., LLP

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
October 14, 2013

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2013 and 2012

A S S E T S

	2013	2012
ASSETS:		
Cash and cash equivalents	\$ 18,799,460	\$ 3,615,796
Deposits	607,020	608,865
Pledges receivable, net of discount and allowance for uncollectibles of \$ 484,967 and \$ 568,853 in 2013 and 2012, respectively	4,704,702	4,931,283
Investments	192,604,872	192,826,659
Funds held in trust by others	3,084,120	2,971,349
Restricted cash and cash equivalents	937,431	106,533
Net investment in direct financing - type lease	8,276,630	9,355,000
Real property and improvements, net	4,483,321	5,768,137
Art and library collections	4,505,351	4,491,672
Other assets	166,508	257,963
	<u>238,169,415</u>	<u>224,933,257</u>
Total assets	\$ <u>238,169,415</u>	\$ <u>224,933,257</u>

LIABILITIES AND NET ASSETS

LIABILITIES:		
Accounts payable and other liabilities	\$ 1,499,356	\$ 1,987,457
Liability to resource providers	171,951	4,729,443
Deferred revenues	1,180,765	1,339,058
Certificates of participation	9,149,000	9,355,000
	<u>12,001,072</u>	<u>17,410,958</u>
Total liabilities	12,001,072	17,410,958
COMMITMENTS AND CONTINGENCIES (NOTE 17)	-	-
NET ASSETS:		
Unrestricted	8,036,251	6,140,818
Temporarily restricted	73,156,471	59,865,604
Permanently restricted	144,975,621	141,515,877
	<u>226,168,343</u>	<u>207,522,299</u>
Total net assets	226,168,343	207,522,299
Total liabilities and net assets	\$ <u>238,169,415</u>	\$ <u>224,933,257</u>

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

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2013 and 2012

	2013			Total
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
REVENUES, GAINS, AND OTHER SUPPORT:				
Contributions	\$ 2,424,339	\$ 8,168,690	\$ 3,545,406	\$ 14,138,435
Interest and dividends, net of fees	328,030	2,460,994	-	2,789,024
Rental income	-	1,139,011	-	1,139,011
Other income	2,066	2,266,996	-	2,269,062
Net realized and unrealized gains (losses) on investments	<u>1,695,934</u>	<u>17,005,389</u>	<u>-</u>	<u>18,701,323</u>
 Total revenues, gains and other support	 <u>4,450,369</u>	 <u>31,041,080</u>	 <u>3,545,406</u>	 <u>39,036,855</u>
 Net assets released from restrictions	 <u>17,835,875</u>	 <u>(17,750,213)</u>	 <u>(85,662)</u>	 <u>-</u>
 Total revenues, gains, other support and net assets released from restrictions	 <u>22,286,244</u>	 <u>13,290,867</u>	 <u>3,459,744</u>	 <u>39,036,855</u>
EXPENSES:				
Provision (recovery) for uncollectible pledges receivable, net (Note 2)	414,242	-	-	414,242
Program services	11,224,231	-	-	11,224,231
Supporting services:				
Fundraising	3,439,754	-	-	3,439,754
Management and general	2,273,761	-	-	2,273,761
Funding of University's infrastructure	<u>3,038,823</u>	<u>-</u>	<u>-</u>	<u>3,038,823</u>
 Total expenses	 <u>20,390,811</u>	 <u>-</u>	 <u>-</u>	 <u>20,390,811</u>
 Change in net assets	 1,895,433	 13,290,867	 3,459,744	 18,646,044
 NET ASSETS, beginning of year	 <u>6,140,818</u>	 <u>59,865,604</u>	 <u>141,515,877</u>	 <u>207,522,299</u>
 NET ASSETS, end of year	 <u>\$ 8,036,251</u>	 <u>\$ 73,156,471</u>	 <u>\$ 144,975,621</u>	 <u>\$ 226,168,343</u>

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

2012

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 2,366,024	\$ 9,638,247	\$ 852,880	\$ 12,857,151
393,072	2,333,753	-	2,726,825
-	1,150,135	-	1,150,135
11,377	2,044,123	-	2,055,500
<u>(252,202)</u>	<u>(2,214,305)</u>	<u>-</u>	<u>(2,466,507)</u>
<u>2,518,271</u>	<u>12,951,953</u>	<u>852,880</u>	<u>16,323,104</u>
<u>16,247,345</u>	<u>(17,097,904)</u>	<u>850,559</u>	<u>-</u>
<u>18,765,616</u>	<u>(4,145,951)</u>	<u>1,703,439</u>	<u>16,323,104</u>
(36,049)	-	-	(36,049)
10,866,282	-	-	10,866,282
3,157,351	-	-	3,157,351
2,166,846	-	-	2,166,846
<u>2,439,140</u>	<u>-</u>	<u>-</u>	<u>2,439,140</u>
<u>18,593,570</u>	<u>-</u>	<u>-</u>	<u>18,593,570</u>
172,046	(4,145,951)	1,703,439	(2,270,466)
<u>5,968,772</u>	<u>64,011,555</u>	<u>139,812,438</u>	<u>209,792,765</u>
<u>\$ 6,140,818</u>	<u>\$ 59,865,604</u>	<u>\$ 141,515,877</u>	<u>\$ 207,522,299</u>

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 18,646,044	\$ (2,270,466)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Provision (recovery) for uncollectible pledges receivable, net	414,243	(36,049)
Transfer of construction projects to FAU	1,290,835	3,470
Provision for depreciation	4,816	4,816
Donations received of art and library collections, net	(20,921)	(110,718)
Net realized and unrealized losses (gains) on investments	(18,701,323)	2,466,507
Donations received of land	-	(1,280,000)
Changes in assets and liabilities:		
(Increase) decrease in deposits	1,845	19,245
(Increase) decrease in pledges receivable, net	(187,662)	(1,852,171)
(Increase) decrease in restricted cash and cash equivalents	(830,898)	71,000
(Increase) decrease in other assets	91,455	69,577
Increase (decrease) in accounts payable and other liabilities	(488,101)	225,884
Increase (decrease) in liability to resource providers	(4,557,492)	(369,584)
Increase (decrease) in refundable advances and deferred revenues	(158,293)	593,420
	<u>(4,495,452)</u>	<u>(2,465,069)</u>
Net cash used in operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales and maturities of investments	52,066,891	32,207,307
Proceeds from sale of land	1,074,089	-
Transfer of debt service reserve funds, net of expenses, related to direct financing-type lease	687,370	-
Collections of principal on direct financing-type lease	391,000	335,000
Payments made for construction projects (FAU)	(1,290,835)	(3,470)
Purchases of investments	(33,043,399)	(37,833,505)
	<u>19,885,116</u>	<u>(5,294,668)</u>
Net cash provided by (used in) investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of Certificates of Participation (2012)	9,540,000	-
Principal payments on certificates of participation	(391,000)	(335,000)
Retirement of Certificates of Participation (1999 and 2000)	(9,355,000)	(822,149)
	<u>(206,000)</u>	<u>(1,157,149)</u>
Net cash used in financing activities		
Net increase (decrease) in cash and cash equivalents	15,183,664	(8,916,886)
CASH AND CASH EQUIVALENTS, beginning of year	<u>3,615,796</u>	<u>12,532,682</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 18,799,460</u>	<u>\$ 3,615,796</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, 2013 and 2012

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

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

(b) Basis of accounting:

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

(c) Basis of presentation:

The Foundation follows the recommendation of the Financial Accounting Standards Board's (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, 2013 and 2012

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 a financial institution in excess of federally insured amounts (FDIC). As of June 30, 2013, cash equivalents include short-term investments in money market mutual funds and money market deposit accounts through the Insured Cash Sweep program of \$ 10,627,392 and \$ 5,048,717, respectively. As of June 30, 2012, cash equivalents include short-term investments in money market mutual funds of \$ 2,374,780.

(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. 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. In February 2013, the Foundation received a pledge of \$ 6,000,000 for the naming rights of the football stadium; however, in April 2013 the pledge was rescinded by the donor. Neither the pledge nor the subsequent withdrawal is reflected in the accompanying statement of activities.

(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 \$ 100,500 and \$ 589,300 and were recorded at their estimated fair value for the years ended June 30, 2013 and 2012, respectively.

Donated real property and improvements are recorded at the estimated fair value on the date of the donation. During the fiscal year ended June 30, 2012, the Foundation was the beneficiary of 156 acres of unimproved land in Indiantown, Florida. The land was capitalized and recorded by the Foundation at \$ 1,280,000, representing the average of the fair value of two recent appraisals. During the fiscal year ended June 30, 2013, the Foundation sold the donated property, net of expenses, at approximately \$ 1,074,000.

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) 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, 2013 and 2012

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

(h) 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

(i) Contributed services (Note 13):

The value of certain support services provided to the Foundation by its volunteer Board Members has not been reflected in the accompanying financial statements.

(j) Real property and improvements:

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

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

(k) Art and library collections:

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 estimated fair value, the Foundation records an impairment loss in the accompanying statements of activities. Because of the particular purpose of the donation, some collections are transferred immediately to the University. Management recorded no write-down for collections during the years ended June 30, 2013 and 2012.

(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 \$ 357,136 and \$ 420,765 at June 30, 2013 and 2012, respectively, using discount rates ranging from 2.3% to 11.8% and applicable mortality tables. On an annual basis, the Foundation reevaluates the amount of estimated future payments. For the years ended June 30, 2013 and 2012, the Foundation reported a change in the estimated obligation for split-interest agreements of approximately (\$ 52,000) and (\$ 65,000), 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. The Foundation currently makes annuity payments of approximately \$ 78,000 annually.

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

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, 2013, there was \$ 937,431 in restricted cash and cash equivalents comprised of \$ 64,120 pledged towards University debt and \$ 873,311 in a deposit "project" account with a trustee to be used for future construction projects. At June 30, 2012, there was \$ 106,533 in restricted cash pledged towards University debt.

(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. There were no refundable advances as of June 30, 2013 and 2012. 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, 2013 and 2012 were \$ 1,180,765 and \$ 1,339,058, 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 has been made to these financial statements.

(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 2013 and 2012 were approximately \$ 99,900 and \$ 93,000 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. Solicitation costs are normally included in printing and postage, which totaled approximately \$ 447,900 in 2013 and \$ 429,900 in 2012.

(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 October 14, 2013, which is the date the financial statements were available for issuance.

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE 2 – PLEDGES RECEIVABLE

Pledges receivable are summarized as of June 30, 2013 and 2012 as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2013 Total</u>
In one year or less	\$ 1,845,663	\$ 166,878	\$ 2,012,541
Between two to five years	2,138,074	161,000	2,299,074
Greater than five years	<u>848,054</u>	<u>30,000</u>	<u>878,054</u>
Total unconditional pledges at face value	4,831,791	357,878	5,189,669
Less unamortized discount	(92,470)	(5,530)	(98,000)
Less allowance for uncollectible pledges	<u>(360,188)</u>	<u>(26,779)</u>	<u>(386,967)</u>
Net unconditional pledges	\$ <u>4,379,133</u>	\$ <u>325,569</u>	\$ <u>4,704,702</u>
	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2012 Total</u>
In one year or less	\$ 1,322,454	\$ 218,059	\$ 1,540,513
Between two to five years	2,610,624	264,000	2,874,624
Greater than five years	<u>1,054,999</u>	<u>30,000</u>	<u>1,084,999</u>
Total unconditional pledges at face value	4,988,077	512,059	5,500,136
Less unamortized discount	(120,320)	(8,048)	(128,368)
Less allowance for uncollectible pledges	<u>(405,056)</u>	<u>(35,429)</u>	<u>(440,485)</u>
Net unconditional pledges	\$ <u>4,462,701</u>	\$ <u>468,582</u>	\$ <u>4,931,283</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 reported a provision for uncollectible pledges of approximately \$ 414,000 in 2013. The Foundation reduced its net allowance for uncollectible pledges by approximately \$ 36,000 in 2012. Management estimated that 7.60% of all current and future pledges would be established as the 2013 allowance; 8.20% was estimated for the 2012 allowance. Additionally, pledges are recorded at their present value. The Federal Reserve discount rate of 0.75% was applied to future cash flows for pledges made in 2011 and later and 0.50% for all pledges made before July 1, 2010.

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE 2 - PLEDGES RECEIVABLE (continued)

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 \$ 8,770,000. 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 2013, 2012 or the 2011 fiscal years. Accordingly, these pledges have not been recorded as receivables. Effective July 1, 2011 the state matching gift program was temporarily suspended until the backlog of approximately \$200 million of eligible matches are paid by the State of Florida. Since July 1, 2011 the Foundation has received approximately \$ 2,183,000 in gifts that would have been eligible for match.

No receivable was recorded for bequests and conditional pledges, nor was the future support recognized. As of June 30, 2013 the Foundation was made aware of approximately \$ 42 million in potential bequests and other conditional pledges.

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, 2013 and 2012 consisted of the following at their fair value:

<u>Type</u>	<u>2013</u>	<u>2012</u>
United States large cap stocks	\$ <u>46,790,545</u>	\$ <u>44,314,023</u>
Total United States stocks	<u>46,790,545</u>	<u>44,314,023</u>
International large and mid cap stocks	28,419,430	24,482,194
International emerging markets	<u>6,902,830</u>	<u>7,243,817</u>
Total international stocks	<u>35,322,260</u>	<u>31,726,011</u>
Total Equities	<u>82,112,805</u>	<u>76,040,034</u>
United States fixed income	35,146,351	37,495,377
Certificates of deposit	5,024,931	10,008,459
International fixed income	<u>3,061,818</u>	<u>3,194,805</u>
Total Fixed Income	<u>43,233,100</u>	<u>50,698,641</u>
Hedge funds	47,819,304	41,389,681
Private equity	9,917,841	10,853,701
Real asset funds	<u>9,521,822</u>	<u>13,844,602</u>
Total Other	<u>67,258,967</u>	<u>66,087,984</u>
Total Investments	\$ <u><u>192,604,872</u></u>	\$ <u><u>192,826,659</u></u>

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE 3 – INVESTMENTS AND INVESTMENTS RETURN (continued)

The Foundation had net unrealized gains of \$ 14,034,528 and net realized gains of \$ 4,666,795 at June 30, 2013; and net unrealized losses of \$ (2,541,454) and net realized gains of \$ 74,947 at June 30, 2012. 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, 2013 and 2012 is presented net of the estimated investment manager/custodian fees of approximately \$ 1,766,000 and \$ 1,751,000, respectively. The total investment expenses, including those of mutual funds, custodian and consulting fees, were approximately 105 basis points (1.05%) and 111 basis points (1.11%) of the total fair value of investments for years ending June 30, 2013 and 2012, 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. Alternative investments (nontraditional, not readily-marketable assets), some of which are structured such that the Foundation holds limited partnership interests, are stated at fair value as estimated in an unquoted market. Individual investment holdings within the alternative investments may in turn include investments in both nonmarketable and market-traded securities. Valuation of these investments and, therefore Foundation holdings, are determined by the investment manager or general partner. Values may be based on historical costs, appraisals, or other estimates that require varying degrees of judgment. While these financial instruments may contain varying degrees of risk, the Foundation's risk with respect to such transactions is limited to its capital balance, and any remaining commitments, in each investment. The financial statements of the investees are audited annually by certified public accounting firms.

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 material difference between their estimated value and the value 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 an initial lock-up period from one to three 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, 2013, the Foundation invested 24.5% of the managed portfolio with hedge fund managers. For additional information on hedge funds and other alternative investment strategies and unfulfilled commitments as of the year-end, reference should be made to Note 5.

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

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.

Funds held in trust by others at June 30, 2013 and 2012 consisted of the following at their fair value:

	<u>2013</u>	<u>2012</u>
United States large cap stocks	\$ 1,102,803	\$ 968,641
United States small cap stocks	241,707	142,312
United States mid cap stocks	<u>180,929</u>	<u>186,278</u>
Total United States stocks	<u>1,525,439</u>	<u>1,297,231</u>
International large and mid cap stocks	227,258	171,862
International emerging markets	<u>186,946</u>	<u>118,517</u>
Total international stocks	<u>414,204</u>	<u>290,379</u>
Total Equities	<u>1,939,643</u>	<u>1,587,610</u>
United States fixed income	388,550	914,671
International fixed income	<u>96,247</u>	<u>151,994</u>
Total Fixed Income	<u>484,797</u>	<u>1,066,665</u>
Hedge funds	258,321	-
Commodities	164,602	88,813
Real asset funds	140,739	14,787
Cash and equivalents	<u>96,018</u>	<u>213,474</u>
Total Other	<u>659,680</u>	<u>317,074</u>
Total Funds Held in Trust	<u>\$ 3,084,120</u>	<u>\$ 2,971,349</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).

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE 5 – FAIR VALUE MEASUREMENT (continued)

Inputs broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. An investment’s classification within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The 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 can access at the measurement date.
- 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. During the year ended June 30, 2013, investments valued at \$ 8,880,902 were reclassified from Level 3 to Level 2 as their lock-up periods expired or the redemption frequency was reduced to quarterly intervals.

The following table presents the Foundation’s investments measured at fair value as of June 30, 2013 and 2012, 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>2013 Total</u>
Equities	\$ 77,149,618	\$ 6,902,830	\$ -	\$ 84,052,448
Fixed income	20,017,598	23,700,299	-	43,717,897
Other	<u>3,593,468</u>	<u>28,658,748</u>	<u>35,666,431</u>	<u>67,918,647</u>
Total investments	<u>\$ 100,760,684</u>	<u>\$ 59,261,877</u>	<u>\$ 35,666,431</u>	<u>\$ 195,688,992</u>

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE 5 – FAIR VALUE MEASUREMENT (continued)

<u>Investments in:</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>2012 Total</u>
Equities	\$ 70,383,827	\$ 7,243,817	\$ -	\$ 77,627,644
Fixed income	21,356,748	30,408,558	-	51,765,306
Other	<u>5,729,434</u>	<u>20,187,909</u>	<u>40,487,715</u>	<u>66,405,058</u>
Total investments	<u>\$ 97,470,009</u>	<u>\$ 57,840,284</u>	<u>\$ 40,487,715</u>	<u>\$ 195,798,008</u>

For the years ended June 30, 2013 and 2012, there were no transfers between Level 1 and Level 2.

The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value:

Reconciliation of Level 3 investments at June 30, 2013:

	<u>Hedge Fund</u>	<u>Private Equity</u>	<u>Real Asset Funds</u>	<u>2013 Total</u>
Beginning Balance	\$ 25,512,921	\$ 10,853,702	\$ 4,121,092	\$ 40,487,715
Total gains (losses) included in change in net assets:				
Net realized and unrealized gains (losses) on investments	5,008,808	234,707	141,718	5,385,233
Capital contributions	-	664,250	268,565	932,815
Distributions/redemptions	(106,169)	(1,834,818)	(317,443)	(2,258,430)
Transfers out of Level 3	<u>(8,880,902)</u>	<u>-</u>	<u>-</u>	<u>(8,880,902)</u>
Ending Balance	<u>\$ 21,534,658</u>	<u>\$ 9,917,841</u>	<u>\$ 4,213,932</u>	<u>\$ 35,666,431</u>
Change in unrealized gains (losses) for the year ended included in change in net assets for assets held at the end of the reporting period	<u>\$ 3,047,831</u>	<u>\$ (683,227)</u>	<u>\$ 153,681</u>	<u>\$ 2,518,285</u>

Reconciliation of Level 3 investments at June 30, 2012:

	<u>Hedge Funds</u>	<u>Private Equity</u>	<u>Real Asset Funds</u>	<u>2012 Total</u>
Beginning Balance	\$ 19,858,063	\$ 10,010,199	\$ 6,673,537	\$ 36,541,799
Total gains (losses) included in change in net assets:				
Net realized and unrealized gains (losses) on investments	(920,260)	372,114	862,602	314,456
Capital contributions	6,714,815	1,739,500	930,690	9,385,005
Distributions/redemptions	(139,697)	(1,268,111)	(248,061)	(1,655,869)
Transfers out of Level 3	<u>-</u>	<u>-</u>	<u>(4,097,676)</u>	<u>(4,097,676)</u>
Ending Balance	<u>\$ 25,512,921</u>	<u>\$ 10,853,702</u>	<u>\$ 4,121,092</u>	<u>\$ 40,487,715</u>

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE 5 – FAIR VALUE MEASUREMENT (continued)

	<u>Hedge Funds</u>	<u>Private Equity</u>	<u>Real Asset Funds</u>	<u>2012 Total</u>
Change in unrealized gains (losses) for the year ended included in change in net assets for assets held at the end of the reporting period	\$ <u>(932,071)</u>	\$ <u>125,501</u>	\$ <u>380,216</u>	\$ <u>(426,354)</u>

Except as noted in the tables above, there were no transfers into or out of Level 3. The Foundation's policy is to recognize transfers in and out as of the actual date of the event or change in circumstances that caused the transfer.

The following table provides additional disclosures of alternative investments held by the Foundation as of June 30, 2013.

<u>Strategy</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Multi - strategy (a)	\$ 21,729,116	\$ -	Quarterly to Over One Year	60 to 65 days
Long-short strategy (b)	13,189,741	-	Monthly, Quarterly and Annually	45 to 180 days
Private equity (c)	9,917,841	3,077,316	Duration of Partnership	N/A
Distressed strategy (d)	9,006,300	-	Quarterly and Two Years	45 to 65 days
Real assets (e)	6,492,015	1,931,056	Quarterly and Duration of Partnership	90 days, as applicable
Global macro strategy (f)	3,213,705	-	Quarterly	90 days
Short credit (g)	<u>680,442</u>	<u>-</u>	Monthly	30 days
Total	<u>\$ 64,229,160</u>	<u>\$ 5,008,372</u>		

- (a) **Multi strategy:** This class invests in long and short term credit as well as distressed and special situations. 37% of investments can be redeemed quarterly, 23% of investments can be redeemed in a period of over one year, 22% of investments can be redeemed every six months, and 18% can be redeemed annually.
- (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. 53% of investments can be redeemed quarterly, 30% of investments can be redeemed annually, and 17% of investments can be redeemed monthly.

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE 5 – FAIR VALUE MEASUREMENT (continued)

- (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. 57% of investments can be redeemed quarterly and the remaining 43% of investments can be redeemed every 24 months.
- (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. 52% of investments are held through the duration of the partnership which range from 5 to 15+ years, 35% of investments can be redeemed quarterly, and 13% of investments report redemptions that are currently suspended.
- (f) 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.
- (g) 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 395 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 Prudent Management of Institutional Funds Act (FUPMIFA), 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 FUPMIFA. The Foundation allocated approximately \$ 5.0 million in spending for the endowment funds in fiscal year 2013 and approximately \$ 5.4 million in 2012. The cash balance from endowment funds included in temporarily restricted net assets in the accompanying statements of financial position in primarily the unspent allocation from the endowment funds. This balance was approximately \$ 7.5 million in 2013 and \$ 6.7 million in 2012.

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE 6 – ENDOWMENTS (continued)

In accordance with FUPMIFA, the Board considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

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

Endowment Net Asset Composition by Type of Fund as of June 30, 2013 and 2012:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2013 Total</u>
Donor-restricted endowment funds	\$ (4,139)	\$ 39,302,484	\$ 144,582,943	\$ 183,881,288
Board-designated endowment funds	<u>5,405,314</u>	<u>-</u>	<u>-</u>	<u>5,405,314</u>
Total endowment funds	<u>\$ 5,401,175</u>	<u>\$ 39,302,484</u>	<u>\$ 144,582,943</u>	<u>\$ 189,286,602</u>

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2012 Total</u>
Donor-restricted endowment funds	\$ (73,329)	\$ 26,382,043	\$ 141,019,654	\$ 167,328,368
Board-designated endowment funds	<u>4,902,492</u>	<u>-</u>	<u>-</u>	<u>4,902,492</u>
Total endowment funds	<u>\$ 4,829,163</u>	<u>\$ 26,382,043</u>	<u>\$ 141,019,654</u>	<u>\$ 172,230,860</u>

Changes in Endowment Net Assets for the years ended June 30, 2013 and 2012:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2013 Total</u>
Endowment net assets, July 1, 2012	\$ <u>4,829,163</u>	\$ <u>26,382,043</u>	\$ <u>141,019,654</u>	\$ <u>172,230,860</u>
Investment return:				
Interest and dividend income, net of fees	59,200	2,066,854	-	2,126,054
Net appreciation (realized and unrealized)	<u>518,288</u>	<u>17,148,692</u>	<u>-</u>	<u>17,666,980</u>
Total investment return	577,488	19,215,546	-	19,793,034

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE 6 – ENDOWMENTS (continued)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2013 Total</u>
Contributions	-	1,254,061	3,637,985	4,892,046
Expenditures	(89,341)	(7,700,064)	-	(7,789,405)
Other transfers	<u>83,865</u>	<u>150,898</u>	<u>(74,696)</u>	<u>160,067</u>
Total change in endowment funds	<u>572,012</u>	<u>12,920,441</u>	<u>3,563,289</u>	<u>17,055,742</u>
Endowment net assets, June 30, 2013	<u>\$ 5,401,175</u>	<u>\$ 39,302,484</u>	<u>\$ 144,582,943</u>	<u>\$ 189,286,602</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2012 Total</u>
Endowment net assets, July 1, 2011	<u>\$ 5,767,928</u>	<u>\$ 34,735,021</u>	<u>\$ 139,235,587</u>	<u>\$ 179,738,536</u>
Investment return:				
Interest and dividend income, net of fees	71,417	2,324,049	-	2,395,466
Net depreciation (realized and unrealized)	<u>(93,408)</u>	<u>(2,202,717)</u>	<u>-</u>	<u>(2,296,125)</u>
Total investment return (loss)	(21,991)	121,332	-	99,341
Contributions	-	-	907,937	907,937
Expenditures	(920,084)	(8,034,680)	-	(8,954,764)
Other transfers	<u>3,310</u>	<u>(439,630)</u>	<u>876,130</u>	<u>439,810</u>
Total change in endowment funds	<u>(938,765)</u>	<u>(8,352,978)</u>	<u>1,784,067</u>	<u>(7,507,676)</u>
Endowment net assets, June 30, 2012	<u>\$ 4,829,163</u>	<u>\$ 26,382,043</u>	<u>\$ 141,019,654</u>	<u>\$ 172,230,860</u>

Description of Amounts Classified as Permanently Restricted Net Assets and Temporarily Restricted Net Assets (Endowments Only) at June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Permanently restricted net assets required to be retained permanently	<u>\$ 144,582,943</u>	<u>\$ 141,019,654</u>
Temporarily restricted net assets The portion of perpetual endowment funds subject to a time/purpose restriction under FUMIFA:		
With purpose restrictions	<u>\$ 39,302,484</u>	<u>\$ 26,382,043</u>

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE 6 – ENDOWMENTS (continued)

Funds with Deficiencies:

From time to time, the fair value of certain endowments may fall under historical cost values (original gift/book value), and therefore, are considered to be underwater. The fair value deficiencies of underwater endowment were (\$ 4,139) and (\$ 73,329) at June 30, 2013 and 2012, respectively. These deficiencies have been recorded as reductions in unrestricted net assets in accordance with accounting principles generally accepted in the United States of America. Future gains will be used to restore these deficiencies in unrestricted net assets before any net appreciation above the historical cost value of such funds increases temporarily restricted net assets.

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 of Directors, in consultation with its investment advisors, monitors the Foundation's target goal of 8.1% compared to the expected long-term return, which 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 2013 and 2012, fees were set at 1.7% and amounted to approximately \$ 2,665,000 and \$ 2,530,000 respectively.

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
 June 30, 2013 and 2012

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 approximately \$ 3,214,900 for the year ended June 30, 2013. This amount is maintained with what management believes to be a quality financial institution. 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 and the Insured Cash Sweep "ICS" program. These programs place funds in increments of up to \$ 250,000 with non-redundant banks throughout the United States, thereby protecting all funds with FDIC insurance. At June 30, 2013 and 2012, the Foundation had total deposits of \$ 10,073,648 and \$ 10,008,459, respectively, in these programs.

Interest Rate Risk – Interest rate risk is the risk that an increase in interest rates will adversely affect the fair value of a debt-type 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 to reduce the potential of a single security, or single sector of securities from having a significant impact on the portfolio. At June 30, 2013 the Foundation had no investments greater than 13% 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, 2013 and June 30, 2012:

	2013	2012
Buildings and improvements	\$ 237,000	\$ 237,000
Less accumulated depreciation	193,318	188,502
Buildings and improvements, net	43,682	48,498
Land	4,439,639	5,719,639
Real property and improvements, net	\$ 4,483,321	\$ 5,768,137

The provision for depreciation was \$ 4,816 for both 2013 and 2012 fiscal years.

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.

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
 June 30, 2013 and 2012

NOTE 8 – REAL PROPERTY AND IMPROVEMENTS (continued)

During the fiscal year ended June 30, 2012, the Foundation received 156 acres of land in Indiantown, Florida which was recorded as a contribution at the estimated fair value of \$ 1,280,000. The Foundation, with the approval of its Board of Directors, sold the land during fiscal year 2013, for approximately \$ 1,074,000, net of expenses.

NOTE 9 - 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 date through its expiration in January, 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 current excess square footage provision in the contract increases the base rental income by approximately \$ 95,000 annually. The lease provided rental income of \$ 1,036,700 in 2013 and \$ 1,034,400 in 2012 relating to this agreement.

Future minimum rentals to be received under this sub-leasing arrangement at June 30, 2013 are estimated to be approximately as follows:

Year Ending June 30,	Minimum Future Rentals
2014	\$ 1,037,900
2015	1,037,900
2016	1,037,900
2017	1,037,900
2018	1,037,900
2019 - 2028	10,843,200
2029 - 2038	11,469,800
2039 - 2048	13,573,900
2049 - 2058	14,438,000
2059 - 2068	15,184,300
2069 - 2073	6,564,500
	\$ 77,263,200

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
 June 30, 2013 and 2012

NOTE 10 - DIRECT FINANCING-TYPE LEASE AND CERTIFICATES OF PARTICIPATION

Effective November 30, 2012, the Foundation caused its trustee to issue the 2012 Certificates of Participation ("Certificates") to refund the then existing 1999 and 2000 Certificates. In support of the University's needs, the funds provided by the original issuances were used to finance the cost to construct an honors college dormitory facility on the John D. MacArthur Campus located in Jupiter, Florida. The 2012 Certificates are payable in annual principal installments ranging from \$ 391,000 to \$ 661,000 with semi-annual interest payments at a 2.41% fixed rate through maturity, May 2030. The interest rate on the refunded certificates ranged from 3.50% to 5.875%.

The Foundation previously 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 and shall maintain minimum unrestricted expendable net assets of \$ 1,300,000; provided; it shall not constitute an event of default if the amount of such net assets fall below the minimum threshold due to the application of certain current accounting standards. In the event that the Foundation is unable to maintain the required minimum net assets and cure such deficiency as set forth in the agreement, the Foundation may alternatively defray an event of default by depositing with the trustee (debt service reserve fund account) an amount equal to the maximum annual debt service of the 2012 Certificates. Further, the University has agreed to timely fund such reserve account, if required, to avoid an event of default by the Foundation under its guarantee.

At June 30, 2013, the minimum lease payments to be received from the University and the payments due on the 2012 Certificates for each of the five succeeding fiscal years and thereafter are estimated to be approximately as follows:

<u>Year Ending June 30,</u>	<u>Total Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 474,000	\$ 220,500	\$ 694,500
2015	486,000	209,100	695,100
2016	497,000	197,400	694,400
2017	507,000	185,400	692,400
2018	517,000	173,200	690,200
Thereafter	<u>6,668,000</u>	<u>1,014,200</u>	<u>7,682,200</u>
Total	<u>9,149,000</u>	<u>\$ 1,999,800</u>	<u>\$ 11,148,800</u>
Minus restricted funds (Note 1(m)):	<u>(873,000)</u>		
	<u>\$ 8,276,000</u>		

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE 11 - SUPPLEMENTAL CASH FLOW INFORMATION

Cash Inflow

For the fiscal year 2013, the Foundation received cash of \$ 2,744,201 derived from interest and dividend income as well as received cash of \$ 432,294 from interest income derived from the direct finance type lease (Note 10). Total supplemental cash flows received for fiscal year 2013 were \$ 3,176,495.

For the fiscal year 2012, the Foundation received cash of \$ 3,053,126 derived from interest and dividend income as well as received cash of \$ 518,646 from interest income derived from the direct finance type lease (Note 10). Total supplemental cash flows received for fiscal year 2012 were \$ 3,571,772.

Cash Outflow

For the fiscal year 2013, the Foundation made interest payments of \$ 432,294 resulting from the certificates of participation (Note 10).

For the fiscal year 2012, the Foundation made interest payments of \$ 20,054 as well as cash payments of \$ 518,646 for interest expense resulting from the certificates of participation (Note 10). Total supplemental cash flow outlays for interest payments in fiscal year 2012 totaled \$ 538,700.

NOTE 12 - RESTRICTED NET ASSETS

At June 30, 2013, 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 \$ 83,749,060 less annuities payable and other liabilities and debt of \$ 10,592,589. Permanently restricted net assets consisted of pledges and investment of \$ 145,021,916 less annuities payable of \$ 46,295.

At June 30, 2012, 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 \$ 75,746,334 less annuities payable and other liabilities and debt of \$ 15,880,730. Permanently restricted net assets consist of pledges and investments of \$ 141,566,247 less annuities payable of \$ 50,370.

These assets are restricted by donors for the following purposes for years ended 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Student financial support	\$ 19,547,287	\$ 14,789,319
Faculty and staff support	16,080,457	12,648,845
Academic divisions	16,661,804	12,091,065
Plant, equipment and maintenance	10,394,508	12,439,036
Other	6,742,449	4,692,335
Library resources	2,511,447	2,176,220
Research	1,218,519	1,028,784
Total temporarily restricted net assets	<u>\$ 73,156,471</u>	<u>\$ 59,865,604</u>

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE 12 - RESTRICTED NET ASSETS (continued)

	2013	2012
Student financial support	\$ 53,572,841	\$ 51,098,491
Academic divisions	50,544,366	50,346,365
Faculty and staff support	35,622,178	35,621,878
Library resources	2,245,716	1,795,370
Research	1,696,311	1,694,722
Other	746,252	411,121
Plant, equipment and maintenance	547,957	547,930
Total permanently restricted net assets	\$ 144,975,621	\$ 141,515,877

Amounts due to the Temporarily Restricted fund from the Unrestricted fund totaled \$ 1,121,332 at June 30, 2013 and \$ 1,261,499 at June 30, 2012 respectively. This is a return of fees, which began in fiscal year 2012, and is being paid to the endowed funds over the course of ten years at \$ 140,167 per year.

NOTE 13 - IN-KIND TRANSACTIONS

The Foundation is supported in its goals by the University's Division of Community Engagement, Development Department. 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 \$ 2,356,000 in 2013 and \$ 2,334,000 in 2012. This support is reported 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, 2013 and 2012, the total amount due to the University was approximately \$ 703,800 and \$ 1,177,200, respectively, and is reflected in accounts payable and other liabilities in the accompanying statements of financial position.

NOTE 14 - RELATED PARTY TRANSACTIONS

Florida Atlantic University

The Foundation has committed \$ 500,000 to the University in fiscal year 2014 for tuition waivers from earnings from the University Commons rent revenues (Note 9) 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, 2013 and 2012

NOTE 14 – 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 hosted 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 years ended June 30, 2013 and 2012, the Foundation collected approximately \$ 478,600, and \$ 982,900 of priority 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, 2013 and 2012, respectively, \$ 64,120 and \$ 106,533 was included in restricted cash (Note 1(m)) and in accounts payable and other liabilities, representing June collections which were subsequently transferred to the lender in July of each year. 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.

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 the Foundation's 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, 2013:

A former board member is the owner and President of a general contractor firm, who 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. A board member is the 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 the Senior Vice President becoming a board member. Several trusts are also managed by Bank of America. A board member's spouse is an adjunct teacher at the University. A board member is an Assistant Dean with the Charles E. Schmidt College of Medicine and receives no compensation for his work. A board member invests in technology and patents developed by the University and the board member's spouse contracts with the University to provide continuing education in Project Management. A former board member is the Vice President and Principal Partner with an engineering and planning consulting firm, which has contracted with the University in the past. This board member's spouse is a key staff person with the Division of Community Engagement and was hired subsequent to the board member rolling off the board.

A board member is a member of the Board of Directors to the FAU Finance Corp., and owns land in the FAU Research Park. A board member is involved with FAU and HBOI (Note 16) professors in an early stage biotechnology company, and holds an option on a license to an FAU owned patent. A board member 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. The Foundation leases a vehicle for the Executive Director from a car dealership owned by a board member. A board member's company works with the Foundation on grants and other collaborations. A board member is a trustee of another foundation which provides grants to the Foundation.

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE 14 – RELATED PARTY TRANSACTIONS (continued)

Investment Advisor

The third party contracted investment advisor to the Foundation holds certain investments on behalf of the Foundation of approximately \$ 3,909,000 at June 30, 2013. The remaining unfunded commitment to these investments is approximately \$ 3,068,000 at June 30, 2013.

NOTE 15 – 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, 2013 a liability of \$ 150,895 was recorded for the leave payments that the Foundation would be obligated to reimburse the University and \$ 190,291 the liability that would be paid through the University funds. For the year ended June 30, 2012, the Foundation's leave liability was \$ 150,126 and \$ 178,581 as the amount to be provided from the University.

NOTE 16 – 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 had agreed with the HBOIF to expand operations and provide for the administration of HBOIF funds and fundraising activities. The HBOIF continues to operate to take in revenue from license plates and administer its endowment, but the majority of all donations continue to be solicited and collected by the Foundation.

In accordance with this agreement, HBOIF transferred 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, 2013 and 2012 was \$ 171,951 and \$ 4,729,443, respectively.

At the end of the 2012 fiscal year, HBOIF and the University's Division of Sponsored Research (DSR) had entered into an agreement whereby HBOIF would send the proceeds from the four HBOI specialty license plates directly to DSR instead of sending the funds to the Foundation. This change allows for a more efficient grant approval process. As a result of this agreement, the Foundation transferred approximately \$ 4,290,000 to DSR in fiscal year 2013.

NOTE 17 – 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, 2013, 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 contract allows for annual advances of \$ 120,000, which is established as deferred revenue until the revenue is earned. Deferred revenues for the year ended June 30, 2013, as a result of this arrangement, were \$ 377,069.

**SUPPLEMENTAL INFORMATION
AND SCHEDULES**

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
SCHEDULE OF BOARD OF DIRECTORS AND
EXECUTIVE COMMITTEE MEMBERS
 June 30, 2013

At June 30, 2013, 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 2015
Daniel Cane	April 2014
Andrew Clark, Ph.D.	April 2016
Stephen Constantine	April 2014
Howard Cooper*	April 2014
John Duffy	April 2014
Christopher Fluehr*	April 2014
Ira J. Gelb, M.D.*	April 2014
Kathleen (Kathi) Grace	April 2015
Brett Greenberg**	April 2015
Dale Gregory	April 2015
J. Randy Justice '73*	April 2014
Bonnie Kaye	April 2014
Mary Beth McDonald	April 2016
Gary Lesser	April 2014
Lewis Long	April 2016
Pete LoBello	April 2016
Stewart Martin '89	April 2015
Allen McGee	April 2014
Patricia McKay '78**	April 2015
Raymond Monteleone '92	April 2014
William Morris	April 2014
Neale J. Poller '66	April 2014
Robert R. Rollins	April 2015
Charles E. Rutherford	April 2014
Edward Sabin*	April 2014
Neil Schiller	April 2014
Phil Smith '69	April 2016
Jay Weinberg**	April 2015
Marilyn Weinberg*	April 2015
Christopher Wheeler	April 2016
Rhys L. Williams	April 2014

EX-OFFICIO MEMBERS

Dennis Crudele	Interim University President
Alene Brewer	University Club President
Jorge Cabrera '98	Alumni President
Ron Nyhan Ph.D.	Faculty Staff Representative
Pedro (Peter) Amirato	Student Government President
The Honorable Dr. Jeffrey Feingold*	Board of Trustees Representative
Louis Sandler	Lifelong Learning Representative

EMERITUS

Kathleen Assaf	Director Emeritus
Ronald Assaf	Director Emeritus
Eleanor R. Baldwin	Director Emeritus
Jacqueline Becker	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, 2013

Fund Name	Corpus Balance at 07/01/2012	Endowment Balance at 07/01/2012	Contributions	Income	Expenditures	Interfund Transfer	Endowment Balance at 06/30/2013	Corpus Balance at 06/30/2013
Fully endowed:								
Dorothy F. Schmidt Eminent Scholar	\$ 5,006,000	\$ 7,099,651	\$ -	\$ 812,491	\$ (198,096)	\$ -	\$ 7,714,046	\$ 5,006,000
Schmidt Chair in Humanities								
Dorothy F. Schmidt Distgd Eminent	5,001,255	6,653,326	-	781,660	(179,581)	-	7,255,405	5,001,255
School Chair of Performing Arts								
John M. DeGrove Eminent Scholar	2,274,050	2,970,269	-	330,287	(97,254)	-	3,203,302	2,274,050
Chair in Growth Ming & Dev								
Helen Karpelena Persson Eminent	1,758,721	2,080,281	-	234,562	(128,808)	-	2,186,035	1,758,721
Scholar Chair in Com Caring								
Eugene and Christine E. Lynn	999,900	1,769,735	-	196,501	(69,852)	-	1,896,384	999,900
Eminent Scholar Chair in Business								
Charles E. Schmidt Eminent Scholar	1,148,560	1,587,065	-	172,985	(27,803)	-	1,732,247	1,148,560
Chair in Engineering								
Eminent Scholar Chair in Turkish	889,800	1,490,646	-	168,167	(18,241)	-	1,640,572	889,800
Studies								
John Thomas Ladue McGinty Eminent	1,060,336	1,538,819	-	171,398	(84,096)	-	1,626,121	1,060,336
Scholar Chair in Biology								
Dr. Robert J. Morrow Eminent Scholar	1,053,125	1,433,915	-	159,903	(55,579)	-	1,538,239	1,053,125
Chair in Social Science								
Glenwood and Martha Creech Eminent	1,028,466	1,433,601	-	163,774	(63,416)	-	1,533,959	1,028,466
Scholar Chair in Science								
Charles Stewart Mott Eminent Scholar	1,010,355	1,374,088	-	153,728	(71,636)	-	1,456,180	1,010,355
Chair in Comm Education								
Raddock Family Eminent Scholar	1,133,811	1,375,185	100	161,152	(87,378)	-	1,449,059	1,133,911
Chair in Holocaust Studies								
Office Depot Eminent Scholar Chair	1,020,000	1,301,903	-	146,802	(25,575)	-	1,423,130	1,020,000
Small Business Research								
Herbert & Elaine Gmelstob Eminent	1,116,050	1,300,754	-	145,123	(56,910)	-	1,388,967	1,116,050
Scholar Chair in Judaic Std								
Dorothy F. Schmidt Eminent Scholar	1,035,674	1,308,610	-	142,432	(67,793)	-	1,383,249	1,035,674
Chair in the Performing Arts								
Christine E. Lynn Eminent Scholar	1,033,725	1,229,824	-	143,683	(73,356)	-	1,300,151	1,033,725
Chair in Nursing								
William F. Dietrich Eminent Scholar	1,045,505	1,225,536	-	142,732	(79,538)	-	1,288,730	1,045,505
Chair in Philosophy								
Total	\$ 27,615,333	\$ 37,173,208	\$ 100	\$ 4,227,380	\$ (1,384,912)	\$ -	\$ 40,015,776	\$ 27,615,433

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
SCHEDULE OF RECEIPTS, EXPENDITURES AND
ENDOWMENT BALANCES FOR ETHICS SCHOLARS PROGRAM
For the Year Ended June 30, 2013

Fund Name	Corpus Balance at 07/01/2012	Endowment Balance at 07/01/2012	Contributions	Income	Expenditures	Interfund Transfer	Endowment Balance at 06/30/2013	Corpus Balance at 06/30/2013
Fully endowed:								
Dr. Floyd Koch Business Ethics Scholarship Fund	\$ 500,000	\$ 553,357	\$ -	\$ 62,953	\$ (32,711)	\$ -	\$ 583,599	\$ 500,000
Edward E. Shoaf Honors College Ethics Scholarship Fund	300,000	348,893	-	39,913	(21,174)	-	367,632	300,000
Edward E. Shoaf Ethics Scholarship Fund	200,000	214,733	-	131,900	(14,836)	-	331,797	200,000
J.M. Rubin Foundation Honors College Ethics Scholarship Fund	210,000	228,195	-	52,745	(13,021)	-	267,919	210,000
Mildred A. Becker Ethics Scholarship Endowment Fund	200,000	222,531	-	25,043	(9,062)	-	238,512	200,000
Hilda A Krimzman Ethics Scholarship Fund	<u>212,688</u>	<u>225,854</u>	<u>-</u>	<u>25,664</u>	<u>(14,162)</u>	<u>-</u>	<u>237,356</u>	<u>212,688</u>
Total	<u>\$ 1,622,688</u>	<u>\$ 1,793,563</u>	<u>\$ -</u>	<u>\$ 338,218</u>	<u>\$ (104,966)</u>	<u>\$ -</u>	<u>\$ 2,026,815</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, 2013

Fund Name	Corpus Balance at 07/01/2012	Endowment Balance at 07/01/2012	Contributions	Income	Expenditures	Interfund Transfer	Endowment Balance at 06/30/2013	Corpus Balance at 06/30/2013
Endowed Professorships:								
Lucy Henderson Edmondson Professorship in Elementary Education Ronald and Elizabeth Blake Professorship in Nursing LLS Distinguished Professorship in Current Affairs Lifelong Learning Society Professorship in Social Science LLS Distinguished Professorship in Arts & Humanities Nona and Peter Gordon Endowed Professorship in Early Childhood Education Henry Epstein Professorship in Urban and Regional Planning Charles E. Schmidt Professorship in Engineering John Wyrner Endowed Professorship in Nursing Adelaide R. Snyder Professorship in Ethics Sensorimatic Professorship in Marketing Sharon Phillips Raddock Professorship in Holistic Nursing Motorola Endowed Professorship for Electrical and Computer Engineering Lifelong Learning Society Professorship in Science Bingham Professorship in Creative Writing Lifelong Learning Society Professorship in Arts and Humanities William F. Dietrich Professorship in Philosophy SunTrust/South Florida Professorship in Finance Frances and Milton Levenson Professorship in Japanese Studies Rabbi Arlo S. Hyams Library Professorship J.M. Rubin Foundation Professorship in Engineering	\$ 2,760,997	\$ 3,484,519	\$ 200	\$ 400,982	\$ (193,859)	-	\$ 3,691,842	\$ 2,761,197
	225,000	305,604	-	34,734	(19,822)	-	320,516	225,000
	250,000	291,746	-	32,508	(7,008)	-	317,246	250,000
	150,000	289,228	-	30,581	(4,915)	-	314,894	150,000
	250,000	279,238	-	31,287	(7,902)	-	302,623	250,000
	199,319	282,040	-	31,358	(16,556)	-	296,842	199,319
	150,262	269,195	-	26,491	(19,329)	-	276,357	150,262
	157,784	240,042	-	27,422	3,420	-	270,884	157,784
	184,321	232,449	-	26,804	(12,904)	-	246,349	184,321
	160,775	208,927	-	22,980	(3,708)	-	228,199	160,775
	150,000	206,716	-	22,944	(3,688)	-	225,972	150,000
	152,821	213,596	-	21,923	(11,361)	-	224,158	152,821
	162,000	202,939	-	22,262	(3,578)	-	221,623	162,000
	150,050	213,605	-	23,582	(15,619)	-	221,568	150,050
	150,000	210,536	-	23,439	(13,585)	(200)	220,190	150,000
	150,215	196,912	-	22,371	(4,925)	-	214,358	150,215
	150,013	192,352	-	21,006	(8,563)	(1,000)	203,795	150,013
	150,000	194,341	-	22,399	(13,312)	-	203,428	150,000
	150,200	189,770	-	21,476	(8,073)	-	203,173	150,200
	150,000	185,455	-	21,784	(13,440)	7,665	201,464	150,000
	150,000	169,583	-	18,680	(3,005)	-	185,258	150,000

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
SCHEDULE OF RECEIPTS, EXPENDITURES AND
ENDOWMENT BALANCES FOR MAJOR GIFTS PROGRAM
For the Year Ended June 30, 2013
(continued)

Fund Name	Corpus Balance at 07/01/2012	Endowment Balance at 07/01/2012	Contributions	Income	Expenditures	Interfund Transfer	Endowment Balance at 06/30/2013	Corpus Balance at 06/30/2013
Endowed Scholarships and Fellowships:								
Harriet L. Wilkes College Scholarship Fund	17,961,799	22,077,679	-	2,434,058	(762,287)	-	23,749,450	17,961,799
Henry Morrison Flagler Scholarship Fund	5,280,352	5,879,003	-	676,662	(336,651)	-	6,219,014	5,280,352
Essie C. Crain Nursing Scholarship Fund	1,821,861	2,454,325	-	272,772	(203,249)	-	2,523,848	1,821,861
Lawrence P. and Dorothy E. DeLisle Memorial Scholarship Fund	1,526,170	1,656,353	-	185,155	(29,993)	-	1,811,515	1,526,170
Helen Shoaf Memorial Scholarship	434,000	530,851	100,000	127,024	(47,554)	463,862	1,174,183	992,668
Esther Saylor Rothenberger Scholarship	1,020,078	1,077,922	-	104,658	(45,199)	-	1,137,381	1,020,078
June and Ira Gelb M.D. Scholarship Fund	825,765	900,828	11,000	103,397	(75,595)	-	939,630	836,765
Daniel B. and Aurel B. Newell Doctoral Fellowships	645,518	797,560	-	91,456	(39,857)	-	849,179	645,518
Mary Fraser Scholastic Trust Fund	651,012	746,484	-	82,516	(20,854)	-	808,146	651,012
William Fabricant Scholarship	450,000	583,916	-	64,378	(18,652)	-	629,642	450,000
Edgewater Pointe Estates Scholarship	320,572	383,614	-	42,523	(8,851)	-	417,286	320,572
W. DePan Memorial Scholarship	280,319	377,245	-	41,589	(15,748)	-	403,086	280,319
James and Zita Hayes and Zita Founders Honors Scholarship	335,068	373,555	-	42,582	(24,107)	-	392,030	335,068
Nathan & Marton Crosby Holocaust and Judaic Studies Scholarship Fund	301,733	356,235	-	39,028	(6,290)	-	388,973	301,733
Dr. Vincent R Saurimo Fellowship for Graduate Students	330,093	363,088	-	42,098	(17,616)	-	387,570	330,093
David Neil Krinzman Memorial Scholarship Fund	304,247	332,188	-	37,910	(17,149)	-	352,949	304,247
Goizueta Foundation Scholars Fund	300,000	325,440	-	36,938	(18,066)	-	344,312	300,000
Angelos Langadas Scholarship	157,500	198,795	100,000	29,800	(14,880)	-	313,715	257,500
Fred and Kit Bigony Scholarship Fund	275,000	302,478	-	34,659	(17,853)	-	319,284	275,000
Excellence in Honors Faculty Award	252,000	275,533	-	30,625	(15,115)	-	291,043	252,000

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
SCHEDULE OF RECEIPTS, EXPENDITURES AND
ENDOWMENT BALANCES FOR MAJOR GIFTS PROGRAM
For the Year Ended June 30, 2013
(continued)

Fund Name	Corpus Balance at 07/01/2012	Endowment Balance at 07/01/2012	Contributions	Income	Expenditures	Interfund Transfer	Endowment Balance at 06/30/2013	Corpus Balance at 06/30/2013
Endowed Scholarships and Fellowships (continued):								
Ethics Scholarship Endowment Virginia & Douglas Stewart Milton & Gladys Meisner Scholarships	250,549	274,748	-	31,287	(17,574)	-	288,461	250,549
M. Brenn Green Scholarship in Social Science	211,644	270,682	-	30,090	(20,936)	-	279,836	211,644
Andrew R. and Marjorie C. Buglione Endowed Scholarship Fund	168,949	259,417	-	28,731	(9,638)	-	278,510	168,949
LLS College of Nursing Graduate Stipend Endowment	250,841	247,899	-	29,489	(4,771)	-	272,617	250,841
Christine E. Lynn Nursing Assistance Program	200,000	255,371	-	29,463	(13,584)	-	271,250	200,000
James P. and Eloise M Latham Scholarship in Geography Panjul Academic and Community Excellence Award	173,259	245,424	-	27,407	(10,326)	-	262,505	173,259
Annette Van Howe Women's Studies Scholarship	150,000	233,958	-	25,977	(6,680)	-	253,255	150,000
Alice Griffin AAUW Graduate Fellowship Endowment	196,660	229,901	-	25,393	(17,208)	-	238,086	196,660
Lawrence A. Sanders Memorial Fellowship in English	150,000	166,896	50,000	18,868	(5,554)	-	230,210	200,000
Eric Alexander Engineering and Computer Science Scholarship	150,000	188,685	-	46,031	(10,039)	-	224,677	150,000
James M. Cox, Jr./Palm Beach Post Scholarship in Journalism	200,051	200,290	-	23,572	(2,947)	-	220,915	200,051
Joseph Conaway Undergraduate Theater Scholarship	151,500	196,089	-	21,762	(3,498)	-	214,353	151,500
James A. Woodruff, Jr. Scholarship in Memory of Hazel Gates Woodruff	150,300	196,374	-	21,102	(6,408)	-	211,068	150,300
Ernest O. Melby Fellowships FAU National Alumni Association Scholarship	160,000	197,824	-	22,695	(10,681)	-	209,838	160,000
Eleanor R. Baldwin Genesis Scholarship Fund	151,065	199,144	-	22,506	(13,651)	-	207,999	151,065
Howard Guggenheim Endowed Scholarship	155,572	193,962	1,148	22,078	(13,151)	-	204,037	156,062
	150,270	187,707	-	20,207	(7,278)	-	200,636	150,270
	152,214	196,990	-	21,747	(18,524)	-	200,213	152,214

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
SCHEDULE OF RECEIPTS, EXPENDITURES AND
ENDOWMENT BALANCES FOR MAJOR GIFTS PROGRAM
For the Year Ended June 30, 2013
(continued)

Fund Name	Corpus Balance at 07/01/2012	Endowment Balance at 07/01/2012	Contributions	Income	Expenditures	Interfund Transfer	Endowment Balance at 06/30/2013	Corpus Balance at 06/30/2013
Endowed Scholarships and Fellowships (continued):								
Frances and Victor Ginsberg Scholarship	154,750	188,421	-	21,524	(10,991)	-	198,954	154,750
Mrs. Charles "Binny" Foster Scholarship	149,735	185,558	-	21,223	(9,118)	-	197,663	149,735
Joshua Logan Graduate Scholarship	152,000	182,987	-	20,189	(7,524)	-	195,652	152,000
Helen Shoaf Memorial Nursing Scholarship	150,000	185,119	-	22,200	(14,759)	-	192,560	150,000
Lawrence A. Sanders Memorial Fellowship in Creative Writing	150,000	176,399	-	18,099	(2,909)	-	191,589	150,000
Genesis Belle Glade Teachers Scholarship	150,000	176,095	-	21,096	(8,921)	-	188,270	150,000
Fields Genesis Scholarship	150,000	176,020	-	20,202	(9,276)	-	186,946	150,000
Blue Cross Blue Shield Health Scholars	150,000	176,962	-	20,112	(10,861)	-	186,213	150,000
Toppel Family Foundation Endowed Genesis Scholarship	150,000	175,401	-	20,007	(10,244)	-	185,164	150,000
Dr. Floyd F. Koch Graduate Scholarship in Science/Medicine	150,671	166,746	-	18,109	(2,937)	-	181,918	150,671
Dorothy & Marshall Andersen Scholarship Endowment	150,857	166,323	-	18,966	(10,076)	-	175,213	150,857
Lee J. and Esther Steindel Scholarship	153,909	165,498	-	18,815	(10,551)	-	173,762	153,909
Marian Altman Memorial Honors Scholarship	151,060	162,121	-	18,608	(9,218)	-	171,511	151,060
Dr. Floyd F. Koch Honors Scholarship	150,000	161,706	-	18,548	(9,009)	-	171,245	150,000
Mildred and Rudy Reis Endowed Scholarship	150,000	161,614	-	18,368	(9,479)	-	170,503	150,000
The Marsh Scholarship Fund	150,000	156,682	-	18,042	(8,524)	-	166,200	150,000
Reid Nix Endowed Scholarship Fund	123,000	151,467	-	16,878	(12,735)	-	155,610	123,000
Hank Watson Scholarship Fund	103,610	113,971	-	12,871	(7,088)	-	119,754	103,610
Lawrence and Florence A. DeGeorge C Trust Honors Scholarship	100,000	101,330	-	11,738	(5,000)	-	108,068	100,000
Edward E. Shoaf Scholarship Fund	458,668	498,374	-	-	(34,512)	(463,862)	-	-

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
SCHEDULE OF RECEIPTS, EXPENDITURES AND
ENDOWMENT BALANCES FOR MAJOR GIFTS PROGRAM
For the Year Ended June 30, 2013
(continued)

Fund Name	Corpus Balance at 07/01/2012	Endowment Balance at 07/01/2012	Contributions	Income	Expenditures	Interfund Transfer	Endowment Balance at 06/30/2013	Corpus Balance at 06/30/2013
Program Endowments:								
Ann C. Kunkel Endowment for the Pine Jog Environmental Center Charles E. Schmidt	10,149,433	11,485,697	-	1,342,820	(217,224)	(460,600)	12,150,693	10,149,433
Biomedical Endowment	10,000,075	10,785,503	-	1,224,264	(319,654)	-	11,690,113	10,000,075
Christine Lynn Endowment Fund	4,000,001	5,181,673	-	573,338	(207,987)	-	5,547,024	4,000,001
Carl DeSantis Business and Economics Center for the Study and Development of the Motion Picture and Entertainment	4,000,826	4,663,764	-	513,175	(193,120)	-	4,983,819	4,000,826
Industry Endowment	4,000,752	4,485,477	-	503,101	(205,123)	-	4,783,455	4,000,752
Abacoa Fund	1,811,771	2,120,405	-	358,551	(241,440)	-	2,237,516	1,811,771
Adams Center for IT Product Management and Entrepreneurship	1,750,752	2,133,843	-	235,968	(143,095)	-	2,226,716	1,750,752
Davimos Family Endowment for excellence in Science	1,973,792	2,048,368	1,000	232,735	(62,691)	-	2,219,412	1,974,792
Janice and Julian Weiss Endowment	1,760,931	2,066,626	-	229,682	(81,628)	-	2,214,680	1,760,931
Libby Dodson Endowment for Nursing Excellence	1,747,819	1,906,694	2,050	215,852	(90,591)	18,354	2,052,359	1,747,819
Alan B. Larkin Endowed Fund	1,275,000	1,488,653	-	165,711	(74,458)	-	1,579,906	1,275,000
Christine E. Lynn Center for Caring Endowed Fund	864,925	1,362,050	-	143,473	(26,201)	-	1,479,322	1,012,500
Edward W. and Lee Hill Snowdon Harbor Branch Manned Submersibles	1,021,700	1,175,535	-	137,437	(22,233)	(47,100)	1,243,639	1,021,700
Pine Jog Endowment Fund	1,001,390	1,086,163	520	123,249	(54,352)	-	1,155,580	1,001,910
The Anne Boykin Institute- Advancement of Caring Nursing	158,760	903,249	-	22,769	(11,577)	-	914,441	158,760
Lucille B. and Jacob Friedland Art Endowment	750,230	812,211	-	91,955	(45,563)	-	858,603	750,230
Carole & Barry Kaye Integrative Art Education/ Outreach	700,455	726,747	-	83,848	(23,588)	(2,500)	784,507	700,455
Chastain-Johnston Middle East Studies Enhancement	600,000	604,986	-	71,136	(11,478)	-	664,644	600,000
Project Endowment								
Sir Richard Doll Chair								

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
SCHEDULE OF RECEIPTS, EXPENDITURES AND
ENDOWMENT BALANCES FOR MAJOR GIFTS PROGRAM
For the Year Ended June 30, 2013
(continued)

Fund Name	Corpus Balance at 07/01/2012	Endowment Balance at 07/01/2012	Contributions	Income	Expenditures	Interfund Transfer	Endowment Balance at 06/30/2013	Corpus Balance at 06/30/2013
Program Endowments (continued):								
John Q. Adams and Ann B. Adams Fund Endowment (Mayan Studies)	450,000	517,020	-	58,181	(24,928)	(2,677)	547,596	450,000
Pine Jog Friends	-	316,152	108,430	-	(386,307)	507,700	545,975	-
Mark Swiatlo Judaica Library Acquisition Fund	229,621	398,714	-	39,667	(33,023)	-	405,358	229,621
Center for Study of Values and Violence	247,892	295,112	400	32,685	(10,092)	-	318,105	248,192
Kresge Foundation Science Initiative Challenge Fund	259,789	296,705	-	34,223	(15,392)	-	315,536	259,789
University Club Library Endowment	195,180	290,758	-	32,327	(5,196)	(7,665)	310,224	195,180
Lawrence A. Sanders Writer in Residence	231,500	275,530	-	29,924	(15,055)	-	290,399	231,500
Emanuel Erwin Halpern Fund	151,100	214,595	-	23,777	(3,822)	-	234,550	151,100
George and Wilma Elmore Scientific and Technical Equipment Endowment	150,500	214,979	-	23,805	(11,326)	-	227,458	150,500
Cindy & Stuart Markowitz MD End Fund for Biomed Science	194,100	213,421	-	23,952	(11,372)	-	226,001	194,100
University Club Library Galaxy Endowment	171,640	202,126	-	22,647	(6,673)	(3,850)	214,250	171,640
Herbert and Elaine Gimmelstob Judaic Studies	160,100	192,889	-	21,736	(4,816)	-	209,809	160,100
J.M. Rubin Foundation Ocean Engineering Endowment	150,000	189,444	-	21,054	(3,384)	-	207,114	150,000
Fields Music Equipment Endowment	155,000	172,237	-	19,152	(5,430)	-	185,959	155,000
May Smith Lecture Series on Post-Holocaust Christian - Jewish	163,410	176,320	1,100	20,254	(11,980)	-	185,694	163,660
Tecore Endowment Fund	150,000	167,949	-	19,488	(3,149)	-	184,288	150,000
Margaret S. Kramer								

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
SCHEDULE OF RECEIPTS, EXPENDITURES AND
ENDOWMENT BALANCES FOR MAJOR GIFTS PROGRAM
For the Year Ended June 30, 2013
(continued)

Fund Name	Corpus Balance at 07/01/2012	Endowment Balance at 07/01/2012	Contributions	Income	Expenditures	Interfund Transfer	Endowment Balance at 06/30/2013	Corpus Balance at 06/30/2013
Program Endowments (continued):								
Robin B. Smith Honors Innovation Fund	141,518	145,440	5,000	16,755	(2,222)	-	164,973	141,518
FAU National Alumni Association Library Endowment	102,055 12,135	141,016 132,854	- -	15,482 14,008	(2,488) (15,001)	- -	154,010 131,861	102,055 12,135
The Anne Boykin Healing Garden Dr. Charles W. Finkl Jr. Opportunities Endowment Fund	100,000	104,837	-	12,080	(3,488)	-	113,429	100,000
Total	\$ 97,382,130	\$ 115,737,780	\$ 380,848	\$ 13,048,301	\$ (5,133,827)	\$ 8,127	\$ 124,041,229	\$ 97,793,465

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2013

<u>Grantor/Project Title</u>	<u>State CSFA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>
State Agency Name:			
Direct Project:			
State of Florida,			
Department of Education -			
University Major Gifts Program	48.074	-	\$ 2,628,327
State of Florida,			
Department of Highway Safety			
and Motor Vehicles -			
Specialty License Plate			
Fund	76.031	-	<u>56,240</u>
Total expenditures of state financial assistance			\$ <u><u>2,684,567</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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Florida Atlantic University Foundation, Inc. (a non-profit organization) (the "Foundation"), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 14, 2013.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of this Report

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

Keefe, McCullough & Co., LLP

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
October 14, 2013



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 IN ACCORDANCE WITH CHAPTER 10.650, THE RULES
OF THE AUDITOR GENERAL

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

Report on Compliance for Each Major State Project

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, 2013. The Foundation's major state project is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Foundation's major state project based on our audit of the types of compliance requirements referred to above. 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 on compliance for the major state project. However, our audit does not provide a legal determination of the Foundation's compliance.

Opinion on the Major State Project

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state project for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to in the first paragraph. In planning and performing our audit of compliance, we considered the Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on a major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for its major state project 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.

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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Keefe, McCullough & Co., LLP

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
October 14, 2013

FLORIDA ATLANTIC UNIVERSITY FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013

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 Chapter 10.650, 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.