1. ROLL CALL AND APPROVAL OF A. DRAFT MINUTES OF THE OCTOBER 17, 2011 AND B. REVISED MINUTES OF NOVEMBER 13, 2009 FAU FINANCE CORPORATION BOARD OF DIRECTORS (FAUFC BOD) MEETINGS.

The meeting of the FAUFC BOD was convened by Mr. Dennis Crudele, Executive Director, at 2:05 p.m. Roll call commenced, confirming a quorum, with the following FAUFC BOD members participating:

- Mr. Scott Adams, Mr. Anthony Barber and Mr. Peter LoBello.

The following FAUFC officer was present:

- Ms. Stacey Semmel, FAUFC Secretary/Treasurer.

The following guests were in attendance:

- Mr. Donnovan Maginley and Mr. Anil Harris of McGladrey Pullen LLC; Ms. Elizabeth Rubin, FAU Associate General Counsel; and, Ms. Myrlande Dessalines, FAU Paralegal.

Upon call, motion was made to approve the minutes of the October 17, 2011 meeting without change or correction. The motion passed unanimously.

A motion was made by Mr. Scott Adams and seconded by Mr. Anthony Barber to have the November 13, 2009 minutes revised to clearly reflect the election of Mr. LoBello. The motion was approved unanimously.

2. REVIEW OF APPOINTEES TO THE FAU FINANCE CORPORATION.

Mr. Crudele reminded members that in November 2011 the FAU Board of Trustees (BOT) approved amendments to the By-Laws of the FAUFC BOD, Article III, Board of Directors, Section 3.3, Appointment and Election of Directors. A review of the changes commenced to articulate for the record the associated appointments and elections to the FAUFC BOD:

- One appointed Director shall be the President of the University or the President’s designee: Mr. Scott Adams, effective December 8, 2011;
• One appointed Director shall be appointed by the chair of the University Board of Trustees: Mr. Anthony Barbar, effective December 14, 2011; and,
• A minimum of one (1) and maximum of five (5) elected Directors shall be elected by majority vote of the Board of Directors from the nominations of the Corporation’s Nominations Committee or from nominations made from the floor and must be approved by the University’s Board of Trustees (BOT): Mr. Peter LoBello, effective November 13, 2009.

In addition, Article V was incorporated to create the position of Executive Director to be selected and appointed by the President of the University in consultation with the Board of Directors. Mr. Dennis Crudele received this appointment effective December 8, 2011.

No questions or comments followed.

3. ELECTION OF OFFICERS OF THE FAU FINANCE CORPORATION.
Handout: Nominees and Election of FAUFC Officers Form.

Mr. Crudele noted that with the reorganization of the FAUFC BOD, nominating and electing officers is now required.

• The floor was opened to nominations for Chair; Mr. Barbar was nominated.
• The floor was opened to nominate a Vice Chair; Mr. Adams was nominated.
• The floor was opened to nominate a Secretary/Treasurer; Ms. Semmel was nominated.

Upon call, a vote was taken on the slate of nominees as presented and with no objections the nominees were approved unanimously.


Ms. Semmel introduced the auditors of McGladrey & Pullen, LLP who performed this audit and informed members of the presentation of a separate report that is required to be presented to this Board.

Mr. Maginley distributed a report (See ATTACHMENT A) which is issued in conjunction with the financial statements and summarizes matters required to be communicated to those with oversight responsibility for FAUFC’s financial reporting. A review ensued on the information provided in the report including a statement of the auditor’s responsibilities under professional standards; accounting practices utilized in the audit; management’s judgments and accounting estimates; financial statement disclosures; audit adjustments; disagreements with management; consultations with other accountants; significant issues discussed with management; difficulties encountered in performing the audit; a letter communicating internal control matters; and, certain written communications between management and McGladrey & Pullen, LLP.
Review began on all aspects of the financial report including their opinion that the financial statements were presented fairly and that changes in financial position and cash flows ended in conformity with accepted accounting principles. He reviewed the financial highlights of events occurring during the audit period; the balance sheet articulating current and noncurrent assets and current and long-term liabilities; the statement of revenue, expenses and changes in net assets; the statement of cash flows; and, ended with a review of the notes to the financial statements.

Concluding his presentation, Mr. Maginley noted the Auditors Report on Internal Control over Financial Reporting and on Compliance and Other Matters (See Attachment B) and informed members that no deficiencies in internal controls or instances of noncompliance were found; the auditing opinion is ‘unqualified’ or ‘clean’ reflecting the highest auditing level.

Discussions occurred on topics including verifying revenue sources and clarification that net assets will increase since construction continued on both the stadium and housing after the June 30 end date of this report.

It was noted that next year’s report will be substantially different with the inclusion of first year operational data from the stadium and Innovation Village Housing (IVH). A suggestion was made that performance metrics should be reviewed at FAUFC BOD level to ensure the FAUFC BOD stays abreast of any operational and/or financial deficiencies.

Conversation continued on the status of occupancy rate and funding of University housing. Mr. Crudele noted that occupancy is in good shape at over 95 percent and is consistent with historical occupancy rates. He further advised that freshman housing is the next step since enrollments are growing at that level and that the University is currently exploring the feasibility of constructing new freshman housing.

Upon query, members were informed that the ability exists to fund this new housing through the Division of Bond Finance (DBF) and that Governor Scott has realized that a lack of PECO funding doesn’t affect auxiliary facilitates such as housing, since auxiliaries are required to be self-sufficient and can meet required parity testing. Nevertheless, since FAU’s housing indenture through the DBF was closed with financing strategy of IVH, the DBF has indicated that they prefer the facility to be financed through the FAUFC. An acceptable option with the exception that it forces an earlier timetable than anticipated to meet bonding processes and associated proceeds to ensure construction is complete and the facility is able to open for the Fall 2013 semester. The feasibility study has been completed; the students and off-campus market surveys are in progress, and the design/build is underway utilizing available housing resources.
Mr. Crudele advised that the financing of the parking garage is being simultaneously pursued but will go through the DBF processes as all other parking facilities have done.

Ms. Semmel concurred that the housing system is on track with revenues of $25 million, although not all of that has yet been collected since the due date is this month, and expenses are running at approximately $15 million.

A request was made that intermittent summary financial reporting be provided to the FAUFC BOD especially prior to a BOD meeting. It was further articulated to have the report kept fairly simple to include cash/expense projections; the various accounts containing data comparing budgeted financial data to actual to-date data.

An additional request was made to receive information on stadium special event planning. Another query produced the information that no revenue associated with the stadium is included in the FAUFC financials as that facility is an FAU asset; only the debt service remains with the FAUFC.

Further discussion followed on being provided performance report on the housing systems management partner, i.e. to learn of any student complaints, maintenance deficiencies, etc. as associated with the tri-party management agreement. Mr. Crudele agreed to contact Jill Eckardt to produce quarterly reports.

Members also learned of FAU’s Environmental Health and Safety department that performs monthly inspections to ascertain any safety hazards and provide safety preventative directives. A request was made to receive an annual report on any safety issues associated with IVH.

Conversation followed regarding deficiencies in cellular capabilities within IVH. Mr. Adams informed the Board of the continuing issues being experience in the FAU Research Park and of the study conducted by AT&T to identify and correct these deficiencies. Mr. Adams further offered to share the study results with appropriate parties. Mr. Crudele advised that the IVH cellular issues are being addressed by FAU’s Office of Information Technology, Communication Infrastructure department and that he would forward this information to them.

5. **ADJOURNMENT OF MEETING.** With no other issues to discuss, a motion was made and seconded to adjourn the meeting. **The meeting was adjourned at 2:45 p.m.**
FAU Finance Corporation
(A component unit of Florida Atlantic University)

Report to the Board of Directors
January 20, 2012
Board of Directors
FAU Finance Corporation
777 Glades Road, 10/158
Boca Raton, FL 33431

Ladies and Gentlemen:

We are pleased to present this report related to our audit of the financial statements of FAU Finance Corporation (thereafter the Corporation) as of and for the year ended June 30, 2011. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Corporation’s financial reporting process.

This report is intended solely for the information and use of the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to the Corporation.

McGladrey & Pullen, LLP

Fort Lauderdale, Florida
January 20, 2012
Contents

Required Communications ............................................................................................................. 1

Summary of Recorded Audit Adjustments .................................................................................. 3

Exhibit A – Certain Written Communications between Management and Our Firm

   Arrangement Letter

   Representation Letter
Required Communications

Statement on Auditing Standards No. 114 requires the auditor to communicate certain matters to keep those charged with governance adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. The following summarizes these communications.

<table>
<thead>
<tr>
<th>Area</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auditor’s Responsibility Under Professional Standards</td>
<td>The financial statements are the responsibility of management. Our responsibility under auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States, has been described to you in our arrangement letter dated July 15, 2011. Our audit was conducted 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, to obtain reasonable, rather than absolute assurance about whether the financial statements are free of material misstatements. We have issued an unqualified opinion on the corporation’s financial statements as of and for the year ended June 30, 2011, dated October 14, 2011.</td>
</tr>
</tbody>
</table>
| Accounting Practices                      | Adoption of, or Change in, Accounting Policies  
Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Corporation. The Corporation did not adopt any significant new accounting policies nor have there been any significant changes in existing accounting policies during the current period.  
Significant or Unusual Transactions  
We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.  
Alternative Treatments Discussed with Management  
We did not discuss with management any alternative treatments within generally accepted accounting principles for accounting policies and practices related to material items during the current audit period. |
<p>| Management’s Judgments and Accounting Estimates | No significant accounting estimates                                                                                                                                                                                                                                                                                                     |</p>
<table>
<thead>
<tr>
<th>Area</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Statement Disclosures</td>
<td>We have reviewed the basic financial statements to ensure they are complete and fairly stated.</td>
</tr>
<tr>
<td>Audit Adjustments</td>
<td>Audit adjustments recorded by the Corporation are shown on the attached “Summary of Recorded Audit Adjustments”.</td>
</tr>
<tr>
<td>Disagreements with Management</td>
<td>We encountered no disagreements with management over the application of significant accounting principles, the basis for management’s judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.</td>
</tr>
<tr>
<td>Consultations with Other Accountants</td>
<td>We are not aware of any consultations management had with other accountants about accounting or auditing matters.</td>
</tr>
<tr>
<td>Significant Issues Discussed with Management</td>
<td>No significant issues arising from the audit were discussed or were the subject of correspondence with management.</td>
</tr>
<tr>
<td>Difficulties Encountered in Performing the Audit</td>
<td>We did not encounter any difficulties in performing the audit, resulting from:</td>
</tr>
<tr>
<td></td>
<td>• Delays in management provisions requested information;</td>
</tr>
<tr>
<td></td>
<td>• An unreasonable brief time within which to complete the audit;</td>
</tr>
<tr>
<td></td>
<td>• The unavailability of expected information; and/or</td>
</tr>
<tr>
<td></td>
<td>• Restrictions imposed on us by management.</td>
</tr>
<tr>
<td>Letter Communicating Internal Control matters</td>
<td>There were no material weaknesses identified during our audit of the financial statements.</td>
</tr>
<tr>
<td>Certain Written Communications Between Management and Our Firm</td>
<td>Copies of certain written communications between our firm and the management of the Entity are attached as Exhibit A.</td>
</tr>
</tbody>
</table>
## Summary of Recorded Audit Adjustments

### Year Ended June 30, 2011

<table>
<thead>
<tr>
<th>Number</th>
<th>Name</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Construction Work in Progress</td>
<td>$1,135,072</td>
<td>$1,135,072</td>
</tr>
<tr>
<td></td>
<td>Due to Other Departments</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PBC Entry - To record additional</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>accrual for Requisition 20 construction</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>costs.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Due From Comp.Unit/Primary Govt.</td>
<td>151,274</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Due From Comp.Unit/Primary Govt.</td>
<td></td>
<td>516</td>
</tr>
<tr>
<td></td>
<td>Due to Other Departments</td>
<td>151,274</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Due to Other Departments</td>
<td>516</td>
<td></td>
</tr>
<tr>
<td></td>
<td>PBC entry - To reduce liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>for services provided after YE.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Deferred Revenues-Other</td>
<td>693,129</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Premium Seating Contribution</td>
<td></td>
<td>693,129</td>
</tr>
<tr>
<td></td>
<td>Entry to defer stadium premium</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>seating revenues collected in advance.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Construction Work in Progress</td>
<td>5,999,003</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Construction Work in Progress</td>
<td>810,269</td>
<td></td>
</tr>
<tr>
<td></td>
<td>CIP - Capitalized Interest</td>
<td>5,999,003</td>
<td></td>
</tr>
<tr>
<td></td>
<td>CIP - Capitalized Interest</td>
<td>810,269</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To break out Capitalized Interest Balance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number</td>
<td>Name</td>
<td>Debit</td>
<td>Credit</td>
</tr>
<tr>
<td>--------</td>
<td>-------------------------------------------</td>
<td>----------</td>
<td>----------</td>
</tr>
<tr>
<td>5</td>
<td>CIP - Capitalized Interest</td>
<td></td>
<td>2,596,222</td>
</tr>
<tr>
<td></td>
<td>Interest expense</td>
<td>2,596,222</td>
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</tr>
<tr>
<td></td>
<td>Interest expense</td>
<td>2,876,531</td>
<td></td>
</tr>
<tr>
<td></td>
<td>IRS interest credit</td>
<td></td>
<td>2,876,531</td>
</tr>
<tr>
<td></td>
<td>To adjust interest capitalized on</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>the Series 2010A &amp; B Innovation Village</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bonds. To record interest expense and IRS</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>credit as gross balances.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Accrued Accounts Payable</td>
<td></td>
<td>6,108,798</td>
</tr>
<tr>
<td></td>
<td>Due to Other Departments</td>
<td></td>
<td>6,108,798</td>
</tr>
<tr>
<td></td>
<td>To reclassify accrued interest</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>balance expenses from Due to FAU to</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Accrued Expenses Account</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Due From Comp.Uni/Primary Govt.</td>
<td></td>
<td>17,088,993</td>
</tr>
<tr>
<td></td>
<td>Contributions to University</td>
<td></td>
<td>17,088,993</td>
</tr>
<tr>
<td></td>
<td>To record contribution of Stadium</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Facility to University</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Due From Comp.Uni/Primary Govt.</td>
<td></td>
<td>1,022,052</td>
</tr>
<tr>
<td></td>
<td>Interest expense</td>
<td></td>
<td>1,022,052</td>
</tr>
<tr>
<td></td>
<td>Interest expense</td>
<td></td>
<td>542,641</td>
</tr>
<tr>
<td></td>
<td>IRS interest credit</td>
<td></td>
<td>542,641</td>
</tr>
<tr>
<td></td>
<td>To record interest expense and IRS</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>subsidy for Stadium bonds</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

$39,024,500 $39,024,500
Exhibit A - Certain Written Communications between Management and Our Firm
July 15, 2011

Ms. Stacey Semmel, CPA, MAC, CBM
Assistant Vice President for Financial Affairs and University Controller/Secretary (FAU Finance Corp.)
Florida Atlantic University
Controller’s Office
777 Glades Road
Adm 10/161
Boca Raton, FL 33431

Attention: Ms. Semmel

This letter is to explain our understanding of the arrangements for the services we are to perform for The FAU Finance Corporation ("FAU Finance Corp") for the year ended June 30, 2011. We ask that you either confirm or amend this understanding.

We will perform the following:

- An audit of the financial statements as of and for the year ended June 30, 2011.
- We will perform an audit to satisfy the audit requirements imposed by the Single Audit Act and the U.S. Office of Management and Budget (OMB) Circular No. A-133.

Audit Services

We understand that the financial statements will be prepared in accordance with accounting principles generally accepted in the United States of America. The objective of an audit of financial statements is to express an opinion on those statements.

We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of the board of directors are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

We will conduct the 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, rather than absolute, assurance about whether the financial statements are free of material misstatement whether caused by error or fraud. Accordingly, a material misstatement, may remain undetected. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements.

An audit of financial statements also includes obtaining an understanding of the entity and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements, and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, we will communicate to management and the board of directors any significant deficiencies or material weaknesses that become known to us during the course of the audit.
We will also communicate to the board of directors (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements, (b) any illegal acts that come to our attention (unless they are clearly inconsequential), (c) any disagreements with management and other serious difficulties encountered in performing the audits, and (d) various matters related to the entity’s accounting policies and financial statements.

FAU Finance Corp’s Responsibilities

Management is responsible for the financial statements, including the selection and application of accounting policies, adjusting the financial statements to correct material misstatements, and for making all financial records and related information available to us. Management is responsible for providing us with a written management representation letter confirming certain representations made during the course of our audit of the financial statements and affirming to us that it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for establishing and maintaining effective internal control over financial reporting and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge.

Management is responsible for identifying and ensuring that the FAU Finance Corp complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the entity involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.

The board of directors is responsible for informing us of its views about the risks of fraud within the entity, and its knowledge of any fraud or suspected fraud affecting the entity.

If, in connection with our audit, you request us to perform accounting services necessary for the preparation of the financial statements (such as maintaining depreciation schedules, computing the provision for income taxes, drafting the financial statements, etc.), you agree to designate an appropriate individual to oversee the services, make all management decisions involved in those services, evaluate the adequacy and results of the services, and accept responsibility for the results of the services.

The FAU Finance Corp agrees that it will not associate us with any public or private securities offering without first obtaining our consent. Therefore, the FAU Finance Corp agrees to contact us before it includes our reports or otherwise makes reference to us, in any public or private securities offering. We may conclude that we are not otherwise associated with the proposed offering and that our Firm with the proposed offering is not necessary, providing the FAU Finance Corp agrees to clearly indicate that we are not associated with the contents of the official statement the Company agrees that the following disclosure will be prominently displayed in the official statement:

McGladrey & Pullen, LLP, our independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial
Our Firm with an official statement is a matter for which separate arrangements will be necessary. The FAU Finance Corp agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing and with a copy of the final reproduced material for our approval before it is distributed. In the event our auditor/client relationship has been terminated when the Company seeks such consent, we will be under no obligation to grant such consent or approval.

Because McGladrey & Pullen, LLP will rely on the FAU Finance Corp and its management and Board of Directors to discharge the foregoing responsibilities, the FAU Finance Corp holds harmless and releases McGladrey & Pullen, LLP, its partners and employees from all claims, liabilities, losses, and costs arising in circumstances where there has been a knowing misrepresentation by a member of the FAU Finance Corp's management which has caused, in any respect, McGladrey & Pullen, LLP's breach of contract or negligence. This provision shall survive the termination of this arrangement for services.

The FAU Finance Corp's Records and Assistance

If circumstances arise relating to the condition of the entity's records, the availability of appropriate audit evidence, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion, issue a report, or withdrawal from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in the entity's books and records. The entity will determine that all such data, if necessary, will be so reflected. Accordingly, the entity will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by the FAU Finance Corp personnel, including the preparation of schedules and analyses of accounts, will be discussed and coordinated with you prior to the start of our fieldwork. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

From time to time and depending upon the circumstances, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In addition, we may provide financial information you have provided to us in connection with this engagement to RSM McGladrey Inc. for purposes of creating benchmarking data to be used by McGladrey & Pullen, LLP and RSM McGladrey Inc. professionals and other clients. This benchmarking data is aggregated with data from a minimum of five other entities so that users of the data are unable to associate the data with any single entity in the database.

Fees, Costs, and Access to Workpapers

Our fees for the audit and accounting services described in this letter are $15,750 and are based upon the time required by the individuals assigned to the engagement, plus direct expenses. Interim billings
will be submitted as work progresses and as expenses are incurred. We will submit our bill for these services promptly upon rendering the report. Billings are due upon submission.

Our professional standards require that we perform certain additional procedures on current and previous years’ engagements, whenever a partner or professional employee leaves the Firm and is subsequently employed by or associated with a client. Accordingly, the entity agrees it will compensate McGladrey & Pullen, LLP for any additional costs incurred as a result of the entity’s employment of a partner or professional employee of McGladrey & Pullen, LLP.

In the event we are requested or authorized by the FAU Finance Corp or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our engagements for the FAU Finance Corp, the FAU Finance Corp will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as fees and expenses of our counsel, incurred in responding to such requests.

Claims Resolution

The FAU Finance Corp and McGladrey & Pullen, LLP agree that no claim arising out of services rendered pursuant to this agreement shall be filed more than two years after the date of the audit report issued by McGladrey & Pullen, LLP or the date of this arrangement letter if no report has been issued. The FAU Finance Corp waives any claim for punitive damages. McGladrey & Pullen, LLP’s liability for all claims, damages, and costs of the FAU Finance Corp arising from this engagement is limited to the amount of fees paid by the FAU Finance Corp to McGladrey & Pullen, LLP for the services rendered under this arrangement letter.

This letter constitutes the complete and exclusive statement of agreement between McGladrey & Pullen, LLP and the FAU Finance Corp, superseding all proposals, oral or written, and all other communications, with respect to the terms of the engagement between the parties.

In accordance with Government Auditing Standards, a copy of our most recent peer review report has been provided to you, for your information.

If this letter defines the arrangements as the FAU Finance Corp understands them, please sign and date the enclosed copy and return it to us.

McGladrey & Pullen, LLP

[Signature]

Donnavan Maginley
Engagement Partner

Confirmed on behalf of the FAU Finance Corp:

[Signature]
Title: Chair, FAU Finance Corp
Date: 7/20/2011

APPROVED AS TO FORM
AND LEGALITY:

General Counsel
Florida Atlantic University
System Review Report

To the Partners of
McGladey & Pullen, LLP
and the National Peer Review Committee
of the American Institute of Certified
Public Accountants Peer Review Board

We have reviewed the system of quality control for the accounting and auditing practice of McGladey & Pullen, LLP (the firm) applicable to non-SEC issuers in effect for the year ended April 30, 2010. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm’s compliance therewith based on our review. The nature, objectives, scope, limitations of and the procedures performed in a System Review are described in the standards at www.aicpa.org/summary.

As required by the standards, engagements selected for review included engagements performed under Government Auditing Standards, audits of employee benefit plans and audits performed under FIDICIA.

In our opinion, the system of quality control for the accounting and auditing practice of McGladey & Pullen, LLP applicable to non-SEC issuers in effect for the year ended April 30, 2010, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. McGladey & Pullen, LLP has received a peer review rating of pass.

December 2, 2010

McGladey & Pullen, LLP

experienceBKD
October 14, 2011

McGladrey & Pullen, LLP
100 N.E. Third Avenue, Suite 300
Fort Lauderdale, FL 33301

In connection with your audit of the basic financial statements of the FAU Finance Corporation (the "Corporation"), a direct support Corporation and component unit of Florida Atlantic University (the "University"), as of June 30, 2011, we confirm that we are responsible for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America.

We confirm to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America.

2. There are no organizations that are a part of this reporting entity or with which we have a relationship, as those organizations are defined in Section 2100 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards that are:
   a. Component units.
   b. Other organizations for which the nature and significance of their relationship with the Corporation are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.
   c. Jointly governed organizations in which we participated.

3. We are a component unit of Florida Atlantic University as this term is defined in section 2100 of the governmental Accounting Standards Board’s Codification of Governmental Accounting and Financial Reporting Standards.

4. We are responsible for compliance with laws and regulations applicable to the Corporation.

5. We have identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts including legal and contractual provisions for reporting specific activities in separate funds.

6. We have made available to you (if applicable):
   a. All financial records and related data of all funds and activities, including those of all special funds, programs, departments, projects, activities, etc., in existence at any time during the period covered by your audit.
   b. All minutes of the meetings of the governing board and committees of board members or summaries of actions of recent meetings for which minutes have not yet been prepared.

7. We have no knowledge of fraud or suspected fraud affecting the entity involving:
a. Management or employees who have significant roles in the internal control.
b. Others where the fraud could have a material effect on the financial statements.

8. We acknowledge our responsibility for the design and implementation of programs and controls to provide reasonable assurance that fraud is prevented and detected.

9. We have no knowledge of any allegations of fraud or suspected fraud affecting the Corporation received in communications from employees, former employees, regulators, vendors or others.

10. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the entity's ability to record, process, summarize, and report financial data, other than those noted during the audit.

11. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

12. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

13. The following have been properly recorded and/or disclosed in the financial statements:
   a. Related party transactions, including those with other organizations for which the nature and significance of their relationship with the Corporation are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete, including accounts and advances receivable and payable, sale and purchase transactions, long-term loans, leasing arrangements and guarantees, all of which have been recorded in accordance with the economic substance of the transaction and appropriately classified and reported.
   b. Debt issue provisions and bond amounts.
   c. Risk financing activities.
   d. We do not believe any disclosure of unadopted standards is necessary.
   e. Deposits and investment securities categories of risks.
   f. All leases and material amounts of rental obligations under long-term leases.
   g. Any other liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way.
   h. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.
   i. Amounts of contractual obligations and commitments.
   j. The fair value of investments.

14. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made to reduce receivables to their estimated net collectable amounts.

15. There are no:
a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

b. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Federal Environmental Protection Agency or any equivalent state agencies in connection with any environmental contamination.

c. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by Accounting Standards Code No. 450 and/or GASB Statement No. 10.

d. Guarantees, whether written or oral, under which the Corporation is contingently liable.

e. Agreements to repurchase assets previously sold.

f. Line of credit or similar arrangements.

g. Debt issue repurchase options or agreements, or sinking fund debt repurchase ordinance requirements.

h. Authorized but unissued bonds and/or notes.

i. Special and extraordinary items.

j. Impairment of capital assets.

k. Material losses to be sustained in the fulfillment of, or from the inability to fulfill, any service commitments.

l. Material losses to be sustained as a result of purchase commitments.

m. Environmental cleanup obligations or GASB 49 obligations.

n. Arbitrage liabilities.

o. Amounts of contractual obligations for purchase of real property or equipment not included in the liabilities or encumbrances recorded on the books.

p. Liabilities which are subordinated in any way to any other actual or possible liabilities.

q. Derivative financial instruments.

r. Defined benefit pension amounts.

s. Other post-employment benefit amounts.

t. Communications from grantors, lenders, other funding sources or regulatory agencies concerning noncompliance with:

(1) Statutory, regulatory or contractual provisions or requirements.

(2) Financial reporting practices that could have a material effect on the financial statements.
16. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No. 5 and/or GASB Statement No. 10.

17. We have no direct or indirect, legal or moral, obligation for any debt of any organization, public or private, or to special assessment bond holders that is not disclosed in the financial statement.

18. We have satisfactory title to all owned assets.

19. We have complied with all aspects of contractual agreements and (specifically the bond indentures) that would have a material effect on the financial statements in the event of noncompliance.

20. Net asset components (invested in capital assets, net of related debt; restricted; and unrestricted) are properly classified.

21. Expenses and revenues have been appropriately classified in the statements of revenues, expenses, and changes in net assets.

22. Capital assets are properly capitalized and reported.

23. Management’s discussion and analysis is properly measured and presented.

24. We are exempt from federal income taxes as a Section 501(c)(3) not-for-profit corporation.

25. We are responsible for determining that significant events or transactions that have occurred since the balance sheet date and through the date of this letter. No events or transactions have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial statements.

26. We are responsible for and have reviewed and approved the proposed adjustments to the trial balances identified during the audit and have posted all adjustments accordingly. We have reviewed, approved, and are responsible for overseeing the preparation and completion of the basic financial statements and related notes.

27. We have determined that the University’s Board can unilaterally allow for a decertification of the Corporation and cause for dissolution of the entity, resulting in all assets reverting to the University.

28. All costs incurred for construction of the Stadium Facility for the University is properly accounted for as a Contribution from the Corporation to the University. The University has and will retain title and ownership rights to the Stadium Facility.

29. We have determined that the IRS credit associated with the BAB bonds is properly excluded from the computation of capitalized interest in accordance with ASC 835-20 – Capitalization of Interest Costs.

30. The University established and maintains a $6 million deposit (exclusive of amounts held by the Trustee under the Indenture) with Regions Bank pursuant to the Construction Disbursement Agreement.

31. The amounts remitted from the University to the Corporation, representing stadium seating fees and ticket sales are not considered to be earned, as all the eligibility requirements have not been
met consistent with a nonexchange transaction. Amounts are therefore classified as “Advance from University”.

In connection with your audit, conducted in accordance with Government Auditing Standards, we confirm:

32. We are responsible for:
   a. Compliance with the laws, regulations, or provisions of contracts applicable to the Corporation.
   b. Establishing and maintaining effective internal control over financial reporting.

32. We have identified and disclosed to you:
   a. All laws, regulations, and provisions of contracts that have a direct and material effect on the determinations of financial statement amounts or other financial data significant to audit objectives.

33. We know of no violations of contractual provisions, or State, or Federal statutory regulatory provisions.

During the course of your audit, you may have accumulated records containing data which should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

FAU Finance Corporation

Dennis Crudele, Chair of FAU Finance Corporation

Date Signed

Stacey Semmel, Assistant Vice President of Financial Affairs and University Controller

Date Signed 10/26/11