

**Florida Atlantic University
Foundation, Inc.**

Financial Statements
and Additional Information
For the Years Ended June 30, 2016 and 2015

Florida Atlantic University Foundation, Inc.

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INDEPENDENT AUDITOR'S 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 nonprofit organization) (the "Foundation"), which comprise the statements of financial position as of June 30, 2016 and 2015, 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.

Auditor's 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 auditor's 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, 2016 and 2015, 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 statements. 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 Board of Directors and Executive Committee Members is presented for informational purposes only and is not a part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2016, 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

Fort Lauderdale, Florida
October 14, 2016

FINANCIAL STATEMENTS

Florida Atlantic University Foundation, Inc.
Statements of Financial Position
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets:		
Cash and cash equivalents	\$ 25,646,121	\$ 25,957,698
Deposits	605,651	604,771
Pledges receivable, net of discount and allowance for uncollectibles of \$ 2,046,716 and \$ 1,233,067 in 2016 and 2015, respectively	25,266,495	14,791,329
Investments	204,193,216	210,333,897
Funds held in trust by others	3,011,590	3,227,836
Restricted cash and cash equivalents	143,842	89,596
Net investment in direct financing - type lease	7,643,466	8,145,590
Real property and improvements, net	4,542,873	4,540,789
Art and library collections	4,628,386	4,607,655
Other assets	260,399	151,785
	<u>275,942,039</u>	<u>272,450,946</u>
Total assets	\$ <u>275,942,039</u>	\$ <u>272,450,946</u>
Liabilities:		
Accounts payable and other liabilities	\$ 2,065,486	\$ 1,439,360
Liability to resource providers	36,577	74,893
Deferred revenues	1,881,408	1,684,137
Certificates of participation	7,692,000	8,189,000
	<u>11,675,471</u>	<u>11,387,390</u>
Total liabilities	<u>11,675,471</u>	<u>11,387,390</u>
Net Assets:		
Unrestricted	9,871,746	10,480,361
Temporarily restricted	105,525,021	102,816,869
Permanently restricted	148,869,801	147,766,326
	<u>264,266,568</u>	<u>261,063,556</u>
Total net assets	<u>264,266,568</u>	<u>261,063,556</u>
Total liabilities and net assets	\$ <u>275,942,039</u>	\$ <u>272,450,946</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, 2016 and 2015

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenues, Gains, and Other Support:				
Contributions	\$ 4,560,006	\$ 21,208,038	\$ 1,644,901	\$ 27,412,945
Interest and dividends, net of fees	566,425	3,528,586	-	4,095,011
Rental income	-	1,156,376	-	1,156,376
Other income	-	2,237,158	-	2,237,158
Net realized and unrealized gains (losses) on investments	<u>(623,089)</u>	<u>(6,139,628)</u>	<u>-</u>	<u>(6,762,717)</u>
 Total revenues, gains and other support	 <u>4,503,342</u>	 <u>21,990,530</u>	 <u>1,644,901</u>	 <u>28,138,773</u>
 Net assets released from restrictions	 <u>19,823,804</u>	 <u>(19,282,378)</u>	 <u>(541,426)</u>	 <u>-</u>
 Total revenues, gains, other support and net assets released from restrictions	 <u>24,327,146</u>	 <u>2,708,152</u>	 <u>1,103,475</u>	 <u>28,138,773</u>
Expenses:				
Provision for uncollectible pledges receivable, net	690,042	-	-	690,042
Program services	16,334,421	-	-	16,334,421
Supporting services:				
Fundraising	4,186,799	-	-	4,186,799
Management and general	2,969,671	-	-	2,969,671
Funding of University's infrastructure	<u>754,828</u>	<u>-</u>	<u>-</u>	<u>754,828</u>
 Total expenses	 <u>24,935,761</u>	 <u>-</u>	 <u>-</u>	 <u>24,935,761</u>
 Change in net assets	 (608,615)	 2,708,152	 1,103,475	 3,203,012
 Net Assets, beginning of year	 <u>10,480,361</u>	 <u>102,816,869</u>	 <u>147,766,326</u>	 <u>261,063,556</u>
 Net Assets, end of year	 <u>\$ 9,871,746</u>	 <u>\$ 105,525,021</u>	 <u>\$ 148,869,801</u>	 <u>\$ 264,266,568</u>

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

2015

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 2,664,665	\$ 24,668,833	\$ 1,568,065	\$ 28,901,563
301,519	2,597,081	-	2,898,600
-	1,149,814	-	1,149,814
91	2,201,740	-	2,201,831
26,896	307,467	-	334,363
2,993,171	30,924,935	1,568,065	35,486,171
19,786,124	(19,786,124)	-	-
22,779,295	11,138,811	1,568,065	35,486,171
906,862	-	-	906,862
13,841,274	-	-	13,841,274
4,274,519	-	-	4,274,519
2,333,968	-	-	2,333,968
1,348,545	-	-	1,348,545
22,705,168	-	-	22,705,168
74,127	11,138,811	1,568,065	12,781,003
10,406,234	91,678,058	146,198,261	248,282,553
\$ 10,480,361	\$ 102,816,869	\$ 147,766,326	\$ 261,063,556

Florida Atlantic University Foundation, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 3,203,012	\$ 12,781,003
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net realized and unrealized losses (gains) on investments	6,762,717	(334,363)
Provision for uncollectible pledges receivable, net	690,042	906,862
Provision for depreciation	4,816	4,816
Transfer of construction projects to FAU	-	186,907
Donations received of art and library collections, net	-	(35,000)
Changes in assets and liabilities:		
(Increase) decrease in deposits	(880)	4,191
(Increase) decrease in pledges receivable, net	(11,165,208)	(11,454,635)
(Increase) decrease in restricted cash and cash equivalents	(54,246)	770,167
(Increase) decrease in other assets	(108,614)	65,246
Increase (decrease) in accounts payable and other liabilities	626,126	(425,937)
Increase (decrease) in liability to resource providers	(38,316)	(125,234)
Increase (decrease) in deferred revenues	197,271	565,916
	<u>116,720</u>	<u>2,909,939</u>
Net cash provided by (used in) operating activities		
Cash Flows from Investing Activities:		
Sales and maturities of investments	52,765,646	179,880,067
Collections of principal on direct financing-type lease	497,000	486,000
Transfer of debt service reserve funds, net of expenses, related to direct financing-type lease	5,124	(759,871)
Payments made for construction projects (FAU)	-	(186,907)
Purchases of property and equipment	(6,900)	(67,100)
Purchases of library collections	(20,731)	(39,912)
Purchases of investments	(53,171,436)	(177,476,056)
	<u>68,703</u>	<u>1,836,221</u>
Net cash provided by (used in) investing activities		
Cash Flows from Financing Activities:		
Principal payments on certificates of participation	(497,000)	(486,000)
	<u>(497,000)</u>	<u>(486,000)</u>
Net cash provided by (used in) financing activities		
	<u>(497,000)</u>	<u>(486,000)</u>
Net increase (decrease) in cash and cash equivalents	(311,577)	4,260,160
Cash and Cash Equivalents, beginning of year	<u>25,957,698</u>	<u>21,697,538</u>
Cash and Cash Equivalents, end of year	<u>\$ 25,646,121</u>	<u>\$ 25,957,698</u>

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

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.

(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.

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, 2016, cash equivalents include short-term investments in money market mutual funds and money market deposit accounts through the Insured Cash Sweep program of approximately \$ 7,628,000 and \$ 7,771,000, respectively. As of June 30, 2015, cash equivalents include short-term investments in money market mutual funds and money market deposit accounts through the Insured Cash Sweep program of approximately \$ 8,531,000 and \$ 15,229,000, respectively.

Additionally, the Foundation's cash and cash equivalents include the State of Florida Special Purpose Investments ("SPIA") accounts, which the Foundation began investing during fiscal year 2016. SPIA funds are combined with State funds and are invested as part of the Treasury Investment Pool. The Treasury Investment Pool invests in a combination of short-term liquid instruments and intermediate term fixed income securities. SPIA funds are not considered to be a deposit within a financial institution and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. As of June 30, 2016, cash equivalents included SPIA of approximately \$ 8,362,000.

(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.

(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 \$ 631,000 and \$ 311,000 and were recorded at their estimated fair value for the years ended June 30, 2016 and 2015, respectively.

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.

Note 1 - Reporting Entity and Significant Accounting Policies (continued)

(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 its bank custodian "for the benefit of the Foundation."

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:

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 impairment loss for collections during the years ended June 30, 2016 and 2015.

Note 1 - Reporting Entity and Significant Accounting Policies (continued)

(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 estimated 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 approximately \$ 254,000 and \$ 260,000 at June 30, 2016 and 2015, respectively, using discount rates ranging from 2.7% to 11.0% and applicable mortality tables. On an annual basis, the Foundation reevaluates the amount of estimated future payments. For the years ended June 30, 2016 and 2015, the Foundation reported an increase in the estimated obligation for split-interest agreements of approximately \$ 27,000 and \$ 32,000, 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 \$ 45,000 annually.

(m) Restricted cash and cash equivalents:

Restricted cash and cash equivalents represent claims to amounts that are restricted as to withdrawal or use for other than current operations. At June 30, 2016, there was approximately \$ 144,000 in restricted cash and cash equivalents comprised of approximately \$ 81,000 pledged towards University debt, approximately \$ 14,000 restricted by donor request, and approximately \$ 49,000 in a deposit "project" account with a trustee to be used for future construction projects. At June 30, 2015, there was approximately \$ 90,000 in restricted cash and cash equivalents comprised of approximately \$ 33,000 pledged towards University debt, approximately \$ 14,000 restricted by donor request, and approximately \$ 43,000 in a deposit "project" account with a trustee to be used for future construction projects.

(n) Deferred revenues:

Any cash collected on conditional pledges is recorded as a refundable advance until such time as the condition has been met. 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, 2016 and 2015 were approximately \$ 1,881,000 and \$ 1,684,000, respectively.

(o) Income taxes:

The Foundation qualifies as a nonprofit 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 has evaluated the unrelated business income tax implications and believes that the effects, if any, are immaterial to the Foundation's financial statements. Accordingly, no provision for income taxes has been made to these financial statements.

Note 1 - Reporting Entity and Significant Accounting Policies (continued)

(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 2016 and 2015 were approximately \$ 106,000 and \$ 127,000 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 \$ 352,000 in 2016 and \$ 370,000 in 2015.

(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, 2016, which is the date the financial statements were available for issuance.

Note 2 – Pledges Receivable

Pledges receivable are summarized as of June 30, 2016 and 2015 as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2016 Total</u>
In one year or less	\$ 14,171,698	\$ 220,718	\$ 14,392,416
Between two to five years	9,567,566	166,229	9,733,795
Greater than five years	<u>3,187,000</u>	<u>-</u>	<u>3,187,000</u>
Total unconditional pledges at face value	26,926,264	386,947	27,313,211
Less unamortized discount	(497,067)	(113,021)	(610,088)
Less allowance for uncollectible pledges	<u>(1,415,810)</u>	<u>(20,818)</u>	<u>(1,436,628)</u>
Net unconditional pledges	<u>\$ 25,013,387</u>	<u>\$ 253,108</u>	<u>\$ 25,266,495</u>

Note 2 – Pledges Receivable (continued)

	Temporarily Restricted	Permanently Restricted	2015 Total
In one year or less	\$ 6,875,963	\$ 207,185	\$ 7,083,148
Between two to five years	8,055,006	315,575	8,370,581
Greater than five years	<u>560,667</u>	<u>10,000</u>	<u>570,667</u>
Total unconditional pledges at face value	15,491,636	532,760	16,024,396
Less unamortized discount	(146,989)	(76,427)	(223,416)
Less allowance for uncollectible pledges	<u>(976,133)</u>	<u>(33,518)</u>	<u>(1,009,651)</u>
Net unconditional pledges	<u>\$ 14,368,514</u>	<u>\$ 422,815</u>	<u>\$ 14,791,329</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 \$ 690,000 and \$ 907,000 in 2016 and 2015, respectively. Management estimated that 5.4% and 6.4% of all current and future pledges would be established as the 2016 and 2015 allowances, respectively. Additionally, pledges are recorded at their present value. The Federal Reserve discount rate of 1.00% was applied to future cash flows for pledges made in 2016, 0.75% for all pledges made between years 2011 and 2015, as well as 0.50% for all pledges made before July 1, 2010.

The Foundation is the beneficiary of numerous conditional promises to give. A conditional promise is one that requires an event in the future to take place before the promise becomes binding to the donor. At June 30, 2011 the Foundation had pledges conditional upon legislative appropriation from the Florida Department of Education’s Major Gifts Program, of approximately \$ 9,273,000. Some of the outstanding matching gifts have been on the priority list since the 2006–2007 fiscal year. The Florida Legislature did not appropriate funding for the fiscal years 2011 through 2016. 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 eligible matches are paid by the State of Florida.

No receivable was recorded for bequests and conditional pledges, nor was the future support recognized. As of June 30, 2016 the Foundation was made aware of approximately \$ 38 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.

Note 3 – Investments and Investments Return (continued)

Investments at June 30, 2016 and 2015 consisted of the following at their fair value:

Type	2016	2015
United States large cap stocks	\$ 27,042,998	\$ 44,525,556
United States SMID cap stocks	<u>13,508,490</u>	<u>17,086,431</u>
Total United States Stocks	<u>40,551,488</u>	<u>61,611,987</u>
International large and mid cap stocks	36,165,646	30,423,435
International emerging markets	<u>16,655,250</u>	<u>11,705,680</u>
Total International Stocks	<u>52,820,896</u>	<u>42,129,115</u>
Total Equities	<u>93,372,384</u>	<u>103,741,102</u>
United States fixed income	32,621,025	36,683,224
International fixed income	<u>2,380,000</u>	<u>3,145,079</u>
Total Fixed Income	<u>35,001,025</u>	<u>39,828,303</u>
Hedge funds	39,870,595	30,603,922
Real asset funds	24,328,337	25,129,258
Private equity funds	<u>11,620,875</u>	<u>11,031,312</u>
Total Other	<u>75,819,807</u>	<u>66,764,492</u>
Total Investments	<u>\$ 204,193,216</u>	<u>\$ 210,333,897</u>

Interest and dividend income reflected in the statements of activities for the years ended June 30, 2016 and 2015 is presented net of the estimated investment manager/custodian fees of approximately \$ 1,544,000 and \$ 1,512,000, 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 significant difference between their estimated value and the value that would have been used had a readily determinable fair market value for such investments existed.

Note 3 – Investments and Investments Return (continued)

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, 2016, the Foundation invested approximately 19% 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.

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, 2016 and 2015 consisted of the following at their fair value:

	<u>2016</u>	<u>2015</u>
United States large cap stocks	\$ 957,917	\$ 1,043,171
United States small cap stocks	182,058	251,678
United States mid cap stocks	<u>133,259</u>	<u>199,543</u>
Total United States Stocks	<u>1,273,234</u>	<u>1,494,392</u>
International large and mid cap stocks	417,295	547,109
International emerging markets	<u>218,521</u>	<u>173,986</u>
Total International Stocks	<u>635,816</u>	<u>721,095</u>
Total Equities	<u>1,909,050</u>	<u>2,215,487</u>
United States fixed income	460,033	357,670
International fixed income	<u>120,677</u>	<u>105,948</u>
Total Fixed Income	<u>580,710</u>	<u>463,618</u>

Note 4 – Funds Held in Trust by Others (continued)

	<u>2016</u>	<u>2015</u>
Hedge funds	215,972	268,486
Real asset funds	138,059	128,691
Cash and equivalents	100,459	82,866
Commodities	<u>67,340</u>	<u>68,688</u>
Total Other	<u>521,830</u>	<u>548,731</u>
Total Funds Held in Trust	\$ <u><u>3,011,590</u></u>	\$ <u><u>3,227,836</u></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).

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).

For the year ended June 30, 2016, the Foundation has adopted Accounting Standards Update 2015-07, *Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)*. Consequently, investments reported at net asset value, are no longer included in the fair value hierarchy. As application is retrospective, prior period financial information has been restated to conform to the current year presentation.

Note 5 – Fair Value Measurement (continued)

The following table presents the Foundation’s investments measured at fair value as of June 30, 2016 and 2015, which include investments and funds held in trust by others, on the statements of financial position. The assets are classified by ASC No. 820 fair value hierarchy as follows:

Investments in:	Level 1	Level 2	Level 3	Investments Valued at NAV	2016 Total
Equities	\$ 95,281,434	\$ -	\$ -	\$ -	\$ 95,281,434
Other	15,702,611	100,459	-	60,538,567	76,341,637
Fixed income	<u>33,201,735</u>	<u>2,380,000</u>	<u>-</u>	<u>-</u>	<u>35,581,735</u>
Total investments	<u>\$ 144,185,780</u>	<u>\$ 2,480,459</u>	<u>\$ -</u>	<u>\$ 60,538,567</u>	<u>\$ 207,204,806</u>

Investments in:	Level 1	Level 2	Level 3	Investments Valued at NAV	2015 Total
Equities	\$ 105,956,589	\$ -	\$ -	\$ -	\$ 105,956,589
Other	17,109,558	82,866	-	50,120,799	67,313,223
Fixed income	<u>37,146,842</u>	<u>3,145,079</u>	<u>-</u>	<u>-</u>	<u>40,291,921</u>
Total investments	<u>\$ 160,212,989</u>	<u>\$ 3,227,945</u>	<u>\$ -</u>	<u>\$ 50,120,799</u>	<u>\$ 213,561,733</u>

For the years ended June 30, 2016 and 2015, there were no transfers between Levels. 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, 2016:

Strategy	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Long-short strategy (a)	\$ 18,013,085	\$ -	Quarterly and Semi-Annually	60 to 180 days
Private equity (b)	11,620,874	9,214,182	Duration of Partnership	N/A
Multi - strategy (c)	10,346,505	-	Quarterly, Over One Year and Duration of Partnership	60 to 70 days and N/A
Real assets (d)	9,047,098	1,718,597	Monthly and Duration of Partnership	30 days and N/A

Note 5 – Fair Value Measurement (continued)

Strategy	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Global macro strategy (e)	4,732,850		Monthly	60 days
Relative value credit strategy (f)	4,319,820	-	Quarterly	45 days
Small/Micro cap healthcare strategy (g)	2,159,400	-	Semi-Annually	30 days
Distressed strategy (h)	<u>298,935</u>	<u>-</u>	Duration of Partnership	N/A
Total	<u>\$ 60,538,567</u>	<u>\$ 10,932,779</u>		

As of June 30, 2015:

Strategy	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Long-short strategy	\$ 15,325,260	\$ -	Monthly, Quarterly and Semi-Annually	45 to 180 days
Private equity	11,031,312	6,462,530	Duration of Partnership	N/A
Multi - strategy	10,129,825	-	Quarterly to Over One Year	45 to 70 days
Real assets	8,485,565	1,255,283	Monthly and Duration of Partnership	30 days and N/A
Relative value credit strategy	4,554,500	-	Quarterly	45 days
Distressed strategy	414,456	-	Quarterly	45 to 65 days
Frontier market strategy	<u>179,881</u>	<u>-</u>	Quarterly	N/A
Total	<u>\$ 50,120,799</u>	<u>\$ 7,717,813</u>		

- (a) Long-short strategy: This class includes investments in hedge funds that invest in both long and short term 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. 76% of investments can be redeemed quarterly, and 24% of investments can be redeemed every six months.
- (b) 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.
- (c) Multi strategy: This class invests in long and short term credit as well as distressed and special situations. 57% of investments can be redeemed in a period of over one year, 38% of investments can be redeemed quarterly, and 5% of investments are held through the duration of the partnership.

Note 5 – Fair Value Measurement (continued)

- (d) 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. 53% of investments can be redeemed monthly and 47% of investments are held through the duration of the partnership which range from 5 to 15+ years and.
- (e) Global macro strategy: This class includes investments in hedge funds strategies, which utilizes top-down fundamental approach to identify and exploit economic and financial imbalances in asset markets. The funds will invest in global interest rates, fixed-income instruments, credit instruments, currencies, commodities, equities, and their associate derivatives. 100% of investments can be redeemed monthly.
- (f) Relative value credit strategy: This class invests in both long and short term vehicles, primarily in the credit space. 100% of investments can be redeemed quarterly.
- (g) Small/Micro cap healthcare strategy: This class invests primarily in a long-only strategy, which invests in small and micro capitalization healthcare companies which are publicly listed. 100% of investments can be redeemed semi-annually.
- (h) Distressed strategy: This class invests in long and short term credit as well as directional strategies that take advantage of the distressed markets. 100% of investments are held through the duration of the partnership.

Note 6 – Endowments

The Foundation has over 400 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 \$ 5.5 million in spending for the endowment funds in fiscal year 2016 and approximately \$ 4.9 million in fiscal year 2015. The cash balance from endowment funds included in temporarily restricted net assets in the accompanying statements of financial position is primarily the unspent allocation from the endowment funds. This balance was approximately \$ 7.7 million in 2016 and \$ 7.1 million in 2015.

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, 2016 and 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2016 Total</u>
Donor-restricted endowment funds	\$ -	\$ 40,368,617	\$ 148,535,715	\$ 188,904,332
Board-designated endowment funds	<u>5,850,965</u>	-	-	<u>5,850,965</u>
Total endowment funds	<u>\$ 5,850,965</u>	<u>\$ 40,368,617</u>	<u>\$ 148,535,715</u>	<u>\$ 194,755,297</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2015 Total</u>
Donor-restricted endowment funds	\$ -	\$ 51,505,395	\$ 147,265,197	\$ 198,770,592
Board-designated endowment funds	<u>6,028,528</u>	-	-	<u>6,028,528</u>
Total endowment funds	<u>\$ 6,028,528</u>	<u>\$ 51,505,395</u>	<u>\$ 147,265,197</u>	<u>\$ 204,799,120</u>

Changes in Endowment Net Assets for the years ended June 30, 2016 and 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2016 Total</u>
Endowment net assets, July 1, 2015	<u>\$ 6,028,528</u>	<u>\$ 51,505,395</u>	<u>\$ 147,265,197</u>	<u>\$ 204,799,120</u>
Investment return:				
Interest and dividend income, net of fees	102,330	3,327,349	-	3,429,679
Net appreciation (depreciation), realized and unrealized	<u>(178,341)</u>	<u>(6,126,786)</u>	-	<u>(6,305,127)</u>
Total investment return	(76,011)	(2,799,437)	-	(2,875,448)

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Note 6 – Endowments (continued)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2016 Total</u>
Contributions	-	-	1,802,140	1,802,140
Expenditures	(99,696)	(8,394,643)	-	(8,494,339)
Other transfers	<u>(1,856)</u>	<u>57,302</u>	<u>(531,622)</u>	<u>(476,176)</u>
Total change in endowment funds	<u>(177,563)</u>	<u>(11,136,778)</u>	<u>1,270,518</u>	<u>(10,043,823)</u>
Endowment net assets, June 30, 2016	<u>\$ 5,850,965</u>	<u>\$ 40,368,617</u>	<u>\$ 148,535,715</u>	<u>\$ 194,755,297</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2015 Total</u>
Endowment net assets, July 1, 2014	<u>\$ 6,047,597</u>	<u>\$ 56,788,102</u>	<u>\$ 145,685,066</u>	<u>\$ 208,520,765</u>
Investment return:				
Interest and dividend income, net of fees	71,068	2,379,593	-	2,450,661
Net appreciation, realized and unrealized	<u>11,998</u>	<u>309,161</u>	<u>-</u>	<u>321,159</u>
Total investment return	83,066	2,688,754	-	2,771,820
Contributions	-	-	1,580,131	1,580,131
Expenditures	(102,078)	(8,009,618)	-	(8,111,696)
Other transfers	<u>(57)</u>	<u>38,157</u>	<u>-</u>	<u>38,100</u>
Total change in endowment funds	<u>(19,069)</u>	<u>(5,282,707)</u>	<u>1,580,131</u>	<u>(3,721,645)</u>
Endowment net assets, June 30, 2015	<u>\$ 6,028,528</u>	<u>\$ 51,505,395</u>	<u>\$ 147,265,197</u>	<u>\$ 204,799,120</u>

Description of Amounts Classified as Permanently Restricted Net Assets and Temporarily Restricted Net Assets (Endowments Only) at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Permanently restricted net assets required to be retained permanently	<u>\$ 148,535,715</u>	<u>\$ 147,265,197</u>
Temporarily restricted net assets The portion of perpetual endowment funds subject to a time/purpose restriction under FUPMIFA:		
With purpose restrictions	<u>\$ 40,368,617</u>	<u>\$ 51,505,395</u>

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. There were no underwater endowments at June 30, 2016 and 2015. Deficiencies, if any, are recorded as reductions in unrestricted net assets in accordance with accounting principles generally accepted in the United States of America. Future gains are 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.

Note 6 – Endowments (continued)

Return Objectives and Risk Parameters: The goal of the investment program for the endowment assets is to provide a total return equivalent to or greater than the endowment's financial requirements over the "Time Horizon." The endowment's financial requirements are the sum of the spending rate, the long-term inflation rate, the aggregate costs of portfolio management, and any growth factor, which the Foundation's Investment Committee may, from time to time, determine appropriate. The Board of Directors, in consultation with its investment advisors, monitors the Foundation's target goal of 7.6% 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 2016 and 2015, fees were set at 1.7% and amounted to approximately \$ 2,963,000 and \$ 3,127,000, respectively.

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 deposits in excess of FDIC insurance of approximately \$ 2,437,000 and \$ 2,102,000 for the years ended June 30, 2016 and 2015, respectively. 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).

Note 7 – Concentration of Risk (continued)

The Foundation seeks to mitigate custodial risk by investing in the Insured Cash Sweep “ICS” program. This program places 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, 2016 and 2015, the Foundation had total deposits of approximately \$ 7,771,000 and \$ 15,229,000, respectively, in this program.

Additionally, in order to mitigate risk, the Foundation began investing in the Florida Treasury Investment Pool (SPIA). Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.575, Florida Statutes. SPIA pooled investments are recorded at fair value based on net asset value of the pool, which is consistent with the treatment of “2a-7 like” pool.

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. Additionally, the Foundation invests in the Florida Treasury Investment Pool, as a SPIA participant. As of June 30, 2016, the effective duration of the Florida Treasury Investment Pool is 2.61 years.

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, 2016, the Foundation had various ETF’s and index funds with one investment company. Investments with this company made up approximately 30% of the portfolio. The Foundation has one other investment which makes up approximately 9% of the investment portfolio.

Credit Risk – Credit risk is the risk that an issuer of debt will not fulfill its obligations. As a SPIA participant, the Foundation invests in the Florida Treasury Investment Pool. The Florida Treasury Investment Pool is rated A+f by Standard and Poor’s as of June 30, 2016. The schedules in Notes 3, 4 and 5 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, 2016 and June 30, 2015:

	2016	2015
Buildings and improvements	\$ 237,000	\$ 237,000
Less accumulated depreciation	207,766	202,950
Buildings and improvements, net	<u>29,234</u>	<u>34,050</u>
Land	4,439,639	4,439,639
Construction in progress	<u>74,000</u>	<u>67,100</u>
Real property and improvements, net	<u>\$ 4,542,873</u>	<u>\$ 4,540,789</u>

The provision for depreciation was \$ 4,816 for both 2016 and 2015 fiscal years.

Note 8 – Real Property and Improvements (continued)

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

Note 9 - 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 \$ 99,000 annually. The lease provided rental income of approximately \$ 1,053,000 in 2016 and in 2015 relating to this agreement.

Future minimum rentals to be received under this sub-leasing arrangement are estimated to be approximately as follows:

Year Ending <u>June 30,</u>	Estimated Future Minimum Rentals
2017	\$ 1,053,000
2018	1,053,000
2019	1,053,000
2020	1,053,000
2021	1,068,000
2022 - 2031	11,144,000
2032 - 2041	12,219,000
2042 - 2051	14,653,000
2052 - 2061	15,367,000
2062 - 2071	16,124,000
2072 - 2073	<u>2,756,000</u>
	<u>\$ 77,543,000</u>

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, 2016, 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:

Year Ending June 30,	Total Principal	Interest	Total
2017	\$ 507,000	\$ 185,400	\$ 692,400
2018	517,000	173,200	690,200
2019	534,000	160,700	694,700
2020	547,000	147,800	694,800
2021	559,000	134,600	693,600
Thereafter	<u>5,028,000</u>	<u>571,000</u>	<u>5,599,000</u>
Total	7,692,000	<u>\$ 1,372,700</u>	<u>\$ 9,064,700</u>
Minus restricted funds (Note 1(m)):	<u>(49,000)</u>		
	<u>\$ 7,643,000</u>		

Note 11 - Supplemental Cash Flow Information

Cash Inflow: For the fiscal year 2016, the Foundation received cash of \$ 4,040,669 derived from interest and dividend income as well as received cash of \$ 197,355 from interest income derived from the direct finance type lease (Note 10). Total supplemental cash flows received for fiscal year 2016 were \$ 4,238,024.

For the fiscal year 2015, the Foundation received cash of \$ 2,925,893 derived from interest and dividend income as well as received cash of \$ 208,424 from interest income derived from the direct finance type lease (Note 10). Total supplemental cash flows received for fiscal year 2015 were \$ 3,134,317.

Cash Outflow: For the fiscal year 2016, the Foundation made interest payments of \$ 197,355 resulting from the certificates of participation (Note 10).

For the fiscal year 2015, the Foundation made interest payments of \$ 208,424 resulting from the certificates of participation (Note 10).

Note 12 - Restricted Net Assets

At June 30, 2016, temporarily restricted net assets consisted of cash, cash equivalents, pledges, receivables from unrestricted funds (see below), investments, funds held in trust by others, real property and improvements, collections, and other assets of \$ 116,150,868 less annuities payable and other liabilities and debt of \$ 10,625,847. Permanently restricted net assets consisted of pledges and investment of \$ 148,869,851 less other payables of \$ 50.

At June 30, 2015, temporarily restricted net assets consisted of cash, cash equivalents, pledges, receivables from unrestricted funds (see below), investments, funds held in trust by others, real property and improvements, collections, and other assets of \$ 113,106,727 less annuities payable and other liabilities and debt of \$ 10,289,858. Permanently restricted net assets consisted of pledges and investment of \$ 147,766,401 less other payables of \$ 75.

These assets are restricted by donors for the following purposes for years ended 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Athletics	\$ 26,962,549	\$ 15,493,829
Academic divisions	21,364,742	24,036,753
Student financial support	19,558,783	24,047,844
Faculty and staff support	16,967,956	19,232,562
Plant, equipment and maintenance	8,402,020	8,802,411
Other	7,356,993	7,015,415
Library resources	2,732,239	2,825,078
Research	<u>2,179,739</u>	<u>1,362,977</u>
Total temporarily restricted net assets	<u>\$ 105,525,021</u>	<u>\$ 102,816,869</u>

Note 12 - Restricted Net Assets (continued)

	<u>2016</u>	<u>2015</u>
Student financial support	\$ 56,555,686	\$ 55,501,807
Academic divisions	51,378,275	50,834,969
Faculty and staff support	35,075,026	35,745,698
Library resources	2,260,737	2,260,060
Research	1,744,148	1,798,355
Other	1,307,912	1,077,429
Plant, equipment and maintenance	<u>548,017</u>	<u>548,008</u>
Total permanently restricted net assets	<u>\$ 148,869,801</u>	<u>\$ 147,766,326</u>

Amounts due to the Temporarily Restricted fund from the Unrestricted fund totaled \$ 700,833 at June 30, 2016 and \$ 840,999 at June 30, 2015. 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 \$ 140,166 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 \$ 4,492,000 in 2016 and \$ 2,619,000 in 2015. 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, 2016 and 2015, the total amount due to the University was approximately \$ 1,118,000 and \$ 751,000, 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 \$ 650,000 to the University in fiscal year 2016 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.

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, 2016 and 2015, the Foundation collected approximately \$ 394,000 and \$ 416,000 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, 2016 and 2015, respectively, approximately \$ 81,000 and \$ 33,000 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. 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.

Note 14 – Related Party Transactions (continued)

The Foundation is neither a borrower nor a guarantor on this infrastructure 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, 2016:

A 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 (0.5%) in the partnership of the limited liability company that has the ground lease at the University Commons. The Foundation has an affinity contract with a major financial institution in which a board member is a Senior Vice President. The affinity contract was in place prior to the Senior Vice President becoming a board member. Several trusts are also managed by the same major financial institution. 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 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 University, from a car dealership owned by a board member. A board member is a trustee of another foundation which provides grants to the Foundation.

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, 2016, a liability of approximately \$ 233,000 was recorded for the leave payments that the Foundation would be obligated to reimburse the University and approximately \$ 245,000 for the liability that would be paid through the University funds. For the year ended June 30, 2015, the Foundation's leave liability was approximately \$ 226,000 and \$ 236,000 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.

Funds managed on behalf of HBOIF are recorded on the Foundation's Statements of Financial Position as a "liability to resource provider." The amount of this liability at June 30, 2016 and 2015 were approximately \$ 37,000 and \$ 75,000, respectively.

Note 17 – Commitments and Contingencies

The Foundation may be 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, 2016, management did not know of any pending or potential litigation, audits 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, 2016 and 2015, as a result of this arrangement, were approximately \$ 266,000 and \$ 309,000, respectively.

**SUPPLEMENTAL INFORMATION
AND SCHEDULES**

**Florida Atlantic University Foundation, Inc.
 Schedule of Board of Directors and
 Executive Committee Members
 June 30, 2016**

At June 30, 2016, 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**	June 2017
Zach Berg '97, '00	June 2019
Cheryl Budd	June 2019
Stephen Constantine '82	June 2017
Christopher Fluehr**	June 2017
Phyllis Gladstein	June 2018
Brett Greenberg*	June 2018
Dale Gregory	June 2018
Bonnie Kaye	June 2017
Michael Kaufman	June 2018
Gary Lesser	June 2017
Lewis Long	June 2018
Stewart I. Martin '89**	June 2018
Patricia A. McKay '78***	June 2020
Melissa Miller	June 2018
Raymond Monteleone '92	June 2017
Maurice Plough Jr.	June 2019
Brian Poulin	June 2018
Dr. Marta Rendon	June 2017
Robert Robes '93	June 2019
Edward Sabin*	June 2017
Phil Smith '69	June 2019
Sue Skemp '81	June 2018
Jay Weinberg	June 2019
Dr. Lorna Sohn Williams	June 2017
Dr. Richard Yules	June 2019
John Zells	June 2018

**Florida Atlantic University Foundation, Inc.
 Schedule of Board of Directors and
 Executive Committee Members
 (continued)
 June 30, 2016**

LIMITED PURPOSE DIRECTORS

Keith Arnold	June 2019
Howard R. Cooper (Investment)	June 2017
Michael J. Crowley '80, '81 (Investment)	June 2017
Richard Etner, Jr., SIOR (Real Estate)	June 2017
Ira J. Gelb, M.D.*	June 2019
Steven Oyer (Investment)	June 2017
Jay Shein (Investment)	June 2017
J. Michael Woody	June 2019

EX-OFFICIO MEMBERS

Dr. John Kelly	University President
David Kian**	Interim Chief Executive Officer
Bill Deigan	Lifelong Learning Representative
Terry Fedele	Chairman, Caring Hearts Auxiliary
Kathryn Edmunds	Student Government President
Tiffany Weimar	FAU Alumni Association
Daniel Cane*	Board of Trustees Representative
Marlis Hadeed	University Club President
Chris Beetle, Ph.D.	Faculty Staff Representative
Audrey Sterenfeld	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's Board of Directors

Florida Atlantic University Foundation, Inc.
Schedule of Receipts, Expenditures and
Endowment Balances for Eminent Scholars Program
For the Year Ended June 30, 2016

<u>Fund Name</u>	<u>Corpus Balance at 07/01/2015</u>	<u>Endowment Balance at 07/01/2015</u>	<u>Contributions</u>	<u>Income (Loss)</u>	<u>Expenditures</u>	<u>Interfund Transfer</u>	<u>Endowment Balance at 06/30/2016</u>	<u>Corpus Balance at 06/30/2016</u>
Fully endowed:								
Dorothy F. Schmidt Eminent Scholar Schmidt Chair in Humanities	\$ 5,006,000	\$ 8,495,930	\$ -	\$ (102,599)	\$ (175,329)	\$ -	\$ 8,218,002	\$ 5,006,000
Dorothy F. Schmidt Distgd Eminent School Chair of Performing Arts	5,001,255	7,967,320	-	(98,767)	(193,042)	-	7,675,511	5,001,255
John M. DeGrove Eminent Scholar Chair in Growth Mng & Dev	2,274,070	3,360,232	-	(41,471)	(140,542)	-	3,178,219	2,274,070
Helen Karpelenia Persson Eminent Scholar Chair in Com Caring	1,758,721	2,245,750	-	(28,415)	(126,813)	-	2,090,522	1,758,721
Eugene and Christine E. Lynn Eminent Scholar Chair in Business	999,900	2,088,267	-	(22,425)	(31,704)	-	2,034,138	999,900
Charles E. Schmidt Eminent Scholar Chair in Engineering	1,148,560	1,916,881	-	(21,411)	(30,271)	-	1,865,199	1,148,560
John Thomas Ladue McGinty Eminent Scholar Chair in Biology	1,060,336	1,716,487	-	(21,134)	(30,235)	1,413	1,666,531	1,060,336
Dr. Robert J. Morrow Eminent Scholar Chair in Social Science	1,053,125	1,622,392	-	(20,051)	(74,573)	(200)	1,527,568	1,053,125
Glenwood and Martha Creech Eminent Scholar Chair in Science	1,028,466	1,618,052	-	(19,824)	(53,829)	-	1,544,399	1,028,466
Office Depot Eminent Scholar Chair Small Business Research	1,020,000	1,574,883	-	(16,654)	(23,546)	-	1,534,683	1,020,000
Charles Stewart Mott Eminent Scholar Chair in Comm Education	1,010,355	1,510,937	-	(18,808)	(89,134)	-	1,402,995	1,010,355
Raddock Family Eminent Scholar Chair in Holocaust Studies	1,139,665	1,504,940	-	(19,512)	(86,996)	-	1,398,432	1,139,665
Dorothy F. Schmidt Eminent Scholar Chair in the Performing Arts	1,035,674	1,495,042	-	(16,765)	(117,631)	-	1,360,646	1,035,674
Herbert & Elaine Gimelstob Eminent Scholar Chair in Judaic Std	1,116,050	1,450,864	-	(17,787)	(82,286)	-	1,350,791	1,116,050
William F. Dietrich Eminent Scholar Chair in Philosophy	1,045,505	1,426,871	-	(16,708)	(61,978)	-	1,348,185	1,045,505
Christine E. Lynn Eminent Scholar Chair in Nursing	1,033,725	1,358,634	-	(17,399)	(70,138)	-	1,271,097	1,033,725
Eminent Scholar Chair in Turkish Studies	889,800	1,795,042	(479,800)	(21,551)	(20,930)	(245,000)	1,027,761	165,000
Total	\$ 27,621,207	\$ 43,148,524	\$ (479,800)	\$ (521,281)	\$ (1,408,977)	\$ (243,787)	\$ 40,494,679	\$ 26,896,407

**Florida Atlantic University Foundation, Inc.
Schedule of Receipts, Expenditures and
Endowment Balances for Ethics Scholars Program
For the Year Ended June 30, 2016**

<u>Fund Name</u>	<u>Corpus Balance at 07/01/2015</u>	<u>Endowment Balance at 07/01/2015</u>	<u>Contributions</u>	<u>Income (Loss)</u>	<u>Expenditures</u>	<u>Interfund Transfer</u>	<u>Endowment Balance at 06/30/2016</u>	<u>Corpus Balance at 06/30/2016</u>
Fully endowed:								
Dr. Floyd Koch Business Ethics Scholarship Fund	\$ 500,000	\$ 602,247	\$ -	\$ (6,988)	\$ (29,974)	\$ -	\$ 565,285	\$ 500,000
Edward E. Shoaf Ethics Scholarship Fund	350,000	400,920	100,000	(1,067)	(17,049)	-	482,804	450,000
Edward E. Shoaf Honors College Ethics Scholarship Fund	300,000	384,013	-	(4,430)	(19,922)	-	359,661	300,000
J.M. Rubin Foundation Honors College Ethics Scholarship Fund	295,000	340,919	25,000	(3,609)	(18,664)	-	343,646	320,000
Mildred A. Becker Ethics Scholarship Endowment Fund	200,000	251,234	-	(2,815)	(14,018)	-	234,401	200,000
Hilda A Krinzman Ethics Scholarship Fund	<u>212,688</u>	<u>246,212</u>	<u>-</u>	<u>(2,849)</u>	<u>(9,067)</u>	<u>-</u>	<u>234,296</u>	<u>212,688</u>
Total	\$ <u>1,857,688</u>	\$ <u>2,225,545</u>	\$ <u>125,000</u>	\$ <u>(21,758)</u>	\$ <u>(108,694)</u>	\$ <u>-</u>	\$ <u>2,220,093</u>	\$ <u>1,982,688</u>

Florida Atlantic University Foundation, Inc.
Schedule of Receipts, Expenditures and
Endowment Balances for Major Gifts Program
For the Year Ended June 30, 2016

<u>Fund Name</u>	<u>Corpus Balance at 07/01/2015</u>	<u>Endowment Balance at 07/01/2015</u>	<u>Contributions</u>	<u>Income (Loss)</u>	<u>Expenditures</u>	<u>Interfund Transfer</u>	<u>Endowment Balance at 06/30/2016</u>	<u>Corpus Balance at 06/30/2016</u>
Endowed Professorships:								
Lucy Henderson Edmondson Professorship in Elementary Education	\$ 2,761,197	\$ 3,849,229	\$ -	\$ (47,916)	(152,596)	\$ (5,000)	\$ 3,643,717	\$ 2,761,197
Lifelong Learning Society Professorship in Social Science	150,000	344,332	-	(3,785)	(7,335)	-	333,212	150,000
Ronald and Elizabeth Blake Professorship in Nursing	225,000	352,549	-	(3,936)	(18,547)	-	330,066	225,000
LLS Distinguished Professorship in Current Affairs	250,000	340,700	-	(4,043)	(8,490)	-	328,167	250,000
Charles E. Schmidt Professorship in Engineering	157,784	318,250	-	(3,531)	3,420	-	318,139	157,784
LLS Distinguished Professorship in Arts & Humanities	250,000	323,252	-	(3,777)	(9,116)	-	310,359	250,000
Nona and Peter Gordon Endowed Professorship in Early Childhood Education	199,319	314,742	-	(3,731)	(11,920)	-	299,091	199,319
Henry Epstein Professorship in Urban and Regional Planning	150,262	272,378	-	(3,446)	(6,703)	-	262,229	150,262
John Wymer Endowed Professorship in Nursing	184,321	261,135	-	(3,257)	(7,982)	-	249,896	184,321
Sensormatic Professorship in Marketing	150,000	250,220	-	(2,662)	(3,764)	-	243,794	150,000
Adelaide R. Snyder Professorship in Ethics	160,775	246,787	-	(2,908)	(7,995)	-	235,884	160,775
Sharon Phillips Raddock Professorship in Holistic Nursing	152,821	230,073	-	(2,883)	(3,787)	-	223,403	152,821
Lifelong Learning Society Professorship in Arts and Humanities	150,215	230,306	-	(2,589)	(5,306)	-	222,411	150,215
Lifelong Learning Society Professorship in Science	150,050	227,775	4,128	(2,856)	(7,617)	-	221,430	153,333
Motorola Endowed Professorship for Electrical and Computer Engineering	162,000	238,568	-	(3,012)	(14,586)	-	220,970	162,000
Bingham Professorship in Creative Writing	150,000	226,825	-	(2,835)	(9,157)	-	214,833	150,000
SunTrust/South Florida Professorship in Finance	150,000	218,216	-	(2,713)	(3,538)	-	211,965	150,000
Frances and Milton Levenson Professorship in Japanese Studies	150,200	214,340	-	(2,601)	(4,038)	-	207,701	150,200
William F. Dietrich Professorship in Philosophy	150,013	212,296	200	(2,622)	(9,210)	250	200,914	150,213
Rabbi Ario S. Hyams Library Professorship	150,000	209,879	-	(2,636)	(15,422)	-	191,821	150,000
J.M. Rubin Foundation Professorship in Engineering	150,000	197,922	-	(2,484)	(9,922)	-	185,516	150,000

Florida Atlantic University Foundation, Inc.
Schedule of Receipts, Expenditures and
Endowment Balances for Major Gifts Program
(continued)
For the Year Ended June 30, 2016

<u>Fund Name</u>	<u>Corpus Balance at 07/01/2015</u>	<u>Endowment Balance at 07/01/2015</u>	<u>Contributions</u>	<u>Income (Loss)</u>	<u>Expenditures</u>	<u>Interfund Transfer</u>	<u>Endowment Balance at 06/30/2016</u>	<u>Corpus Balance at 06/30/2016</u>
Endowed Scholarships and Fellowships:								
Harriet L. Wilkes College Scholarship Fund	17,961,799	25,114,768	10,222	(282,520)	(1,154,593)	(55,522)	23,632,355	17,972,021
Henry Morrison Flagler Scholarship Fund	5,280,752	6,528,297	-	(74,940)	(456,478)	55,522	6,052,401	5,280,752
Essie C. Crain Nursing Scholarship Fund	1,821,861	2,617,834	-	(30,261)	(148,892)	-	2,438,681	1,821,861
Lawrence P. and Dorothy E. DeLisle Memorial Scholarship Fund	1,527,375	2,011,014	-	(22,654)	(153,562)	-	1,834,798	1,527,375
Helen Shoaf Memorial Scholarship Fund	992,668	1,225,639	-	(12,260)	(67,842)	70,000	1,215,537	1,062,668
June and Ira Gelb M.D. Scholarship Fund	892,028	1,241,093	3,336	(10,257)	(63,126)	-	1,171,046	895,364
Esther Saylor Rothenberger Scholarship	1,020,078	1,181,647	-	(34,796)	(41,643)	-	1,105,208	1,020,078
Mary Fraser Scholastic Trust Fund	651,012	882,334	-	(9,957)	(25,538)	-	846,839	651,012
Daniel B. and Aurel B. Newell Doctoral Fellowships	645,518	878,056	-	(10,146)	(35,681)	-	832,229	645,518
William Fabricant Scholarship Fund	450,000	651,771	-	(7,443)	(43,966)	-	600,362	450,000
Fred and Kit Bigony Scholarship Fund	500,000	560,621	-	(6,573)	(9,365)	-	544,683	500,000
Edgewater Pointe Estates Scholarship	320,572	460,476	-	(5,189)	(12,343)	-	442,944	320,572
Nathan & Marion Crosby Holocaust and Judaic Studies Scholarship Fund	301,733	430,213	-	(4,758)	(6,560)	-	418,895	301,733
W. DePan Memorial Scholarship Fund	280,319	436,530	-	(4,905)	(14,965)	-	416,660	280,319
Christine E. Lynn Nursing Assistance Program	300,000	373,382	50,000	(3,872)	(17,735)	-	401,775	350,000
Dr. Vincent R Saurino Fellowship for Graduate Students	330,093	407,678	-	(4,727)	(18,543)	-	384,408	330,093
James and Zita Hayes and Zita Founders Honors Scholarship	335,168	407,712	100	(4,722)	(18,751)	-	384,339	335,268
Helen Shoaf Memorial Nursing Scholarship	350,000	400,045	-	(4,699)	(16,058)	-	379,288	350,000
David Neil Krinzman Memorial Scholarship Fund	304,247	374,877	-	(4,208)	(29,006)	-	341,663	304,247
Goizueta Foundation Scholars Fund	300,000	363,501	-	(4,102)	(21,854)	-	337,545	300,000

Florida Atlantic University Foundation, Inc.
Schedule of Receipts, Expenditures and
Endowment Balances for Major Gifts Program
(continued)
For the Year Ended June 30, 2016

<u>Fund Name</u>	<u>Corpus Balance at 07/01/2015</u>	<u>Endowment Balance at 07/01/2015</u>	<u>Contributions</u>	<u>Income (Loss)</u>	<u>Expenditures</u>	<u>Interfund Transfer</u>	<u>Endowment Balance at 06/30/2016</u>	<u>Corpus Balance at 06/30/2016</u>
Endowed Scholarships and Fellowships (continued):								
Lawrence A. Sanders Memorial Fellowship in Creative Writing	175,000	237,390	11,797	(642)	(4,069)	75,000	319,476	261,797
Angelos Langadas Scholarship	257,500	332,065	-	(3,834)	(15,464)	-	312,767	257,500
Andrew R. and Marjorie C. Buglione Endowed Scholarship Fund	250,841	302,315	-	(3,394)	(4,800)	-	294,121	250,841
Excellence in Honors Faculty Award	252,000	303,720	-	(3,834)	(14,097)	-	285,789	252,000
M. Brenn Green Scholarship in Social Science	168,949	298,138	-	(3,351)	(9,262)	-	285,525	168,949
Ethics Scholarship Endowment	250,549	303,589	-	(3,474)	(14,958)	-	285,157	250,549
Virginia & Douglas Stewart Milton & Gladys Meisner Scholarships	211,644	297,725	-	(3,338)	(14,033)	-	280,354	211,644
LLS College of Nursing Graduate Stipend Endowment	250,000	283,010	-	(3,287)	(12,291)	-	267,432	250,000
Fanjul Academic and Community Excellence Award	150,000	273,200	-	(3,074)	(8,122)	-	262,004	150,000
James P. and Eloise M Latham Scholarship in Geography	173,259	272,981	-	(3,073)	(10,386)	-	259,522	173,259
Lawrence A. Sanders Memorial Fellowship in English	175,000	256,677	-	(2,899)	(11,587)	-	242,191	175,000
Annette Van Howe Women's Studies Scholarship	196,660	252,189	-	(2,823)	(11,139)	-	238,227	196,660
Eric Alexander Engineering and Computer Science Scholarship	200,051	239,197	-	(2,686)	(7,813)	-	228,698	200,051
James M. Cox, Jr./Palm Beach Post Scholarship in Journalism	151,500	227,573	-	(2,537)	(3,612)	-	221,424	151,500
Joseph Conaway Undergraduate Theater Scholarship	150,300	222,700	-	(2,703)	(9,887)	-	210,110	150,300
FAU National Alumni Association Scholarship	158,802	214,787	3,455	(2,411)	(11,588)	1,282	205,525	162,257
James A. Woodruff, Jr. Scholarship in Memory of Hazel Gates Woodruff	160,000	217,135	-	(2,518)	(10,594)	-	204,023	160,000
Mrs. Charles "Binny" Foster Scholarship	149,735	214,753	-	(2,381)	(10,798)	-	201,574	149,735
Ernest O. Melby Fellowships	151,065	215,307	-	(2,497)	(11,565)	-	201,245	151,065
Eleanor R. Baldwin Genesis Scholarship Fund	150,270	211,487	-	(2,374)	(17,400)	-	191,713	150,270

Florida Atlantic University Foundation, Inc.
Schedule of Receipts, Expenditures and
Endowment Balances for Major Gifts Program
(continued)
For the Year Ended June 30, 2016

<u>Fund Name</u>	<u>Corpus Balance at 07/01/2015</u>	<u>Endowment Balance at 07/01/2015</u>	<u>Contributions</u>	<u>Income (Loss)</u>	<u>Expenditures</u>	<u>Interfund Transfer</u>	<u>Endowment Balance at 06/30/2016</u>	<u>Corpus Balance at 06/30/2016</u>
Endowed Scholarships and Fellowships (continued):								
Mildred and Rudy Reis Endowed Scholarship	150,000	181,864	278,317	835	(21,878)	-	439,138	428,317
Frances and Victor Ginsberg Scholarship	154,750	206,050	-	(2,388)	(3,409)	-	200,253	154,750
Howard Guggenheim Endowed Scholarship	152,214	208,047	-	(2,415)	(11,046)	-	194,586	152,214
Genesis Belle Glade Teachers Scholarship	151,500	197,123	-	(2,506)	(4,625)	-	189,992	151,500
Joshua Logan Graduate Scholarship	152,000	201,404	-	(2,324)	(10,816)	-	188,264	152,000
Dr. Floyd F. Koch Graduate Scholarship in Science/Medicine	150,671	196,170	-	(2,100)	(7,994)	-	186,076	150,671
Blue Cross Blue Shield Health Scholars	150,000	193,883	-	(2,235)	(8,040)	-	183,608	150,000
Alice Griffin AAUW Graduate Fellowship Endowment	150,000	192,348	-	(2,161)	(8,072)	-	182,115	150,000
Toppel Family Foundation Endowed Genesis Scholarship	150,000	192,726	-	(2,223)	(9,173)	-	181,330	150,000
Fields Genesis Scholarship	150,000	193,692	-	(2,242)	(10,201)	-	181,249	150,000
Lee J. and Esther Steindel Scholarship	153,909	182,089	-	(2,089)	(2,982)	-	177,018	153,909
Dorothy & Marshall Andersen Scholarship Endowment	150,857	187,589	-	(2,105)	(15,005)	-	170,479	150,857
Marian Altman Memorial Honors Scholarship	151,060	178,417	-	(2,065)	(9,047)	-	167,305	151,060
Dr. Floyd F. Koch Honors Scholarship	150,000	177,338	-	(2,058)	(9,237)	-	166,043	150,000
The Marsh Scholarship Fund	150,000	173,163	-	(2,009)	(8,667)	-	162,487	150,000
DeGeorge C Trust Honors Scholarship	100,000	112,545	-	68	(5,969)	50,000	156,644	150,000
Reid Nix Endowed Scholarship Fund	123,000	162,242	-	(1,877)	(7,679)	-	152,686	123,000
Hank Watson Scholarship Fund	103,610	125,468	-	(1,429)	(7,039)	-	117,000	103,610
Lawrence and Florence A.								

Florida Atlantic University Foundation, Inc.
Schedule of Receipts, Expenditures and
Endowment Balances for Major Gifts Program
(continued)
For the Year Ended June 30, 2016

<u>Fund Name</u>	<u>Corpus Balance at 07/01/2015</u>	<u>Endowment Balance at 07/01/2015</u>	<u>Contributions</u>	<u>Income (Loss)</u>	<u>Expenditures</u>	<u>Interfund Transfer</u>	<u>Endowment Balance at 06/30/2016</u>	<u>Corpus Balance at 06/30/2016</u>
Program Endowments:								
Charles E. Schmidt Biomedical Endowment	10,000,075	12,867,831	-	(139,088)	(367,405)	-	12,361,338	10,000,075
Ann C. Kunkel Endowment for the Pine Jog Environmental Center	10,149,433	12,632,172	-	(630,327)	(212,098)	-	11,789,747	10,149,433
Christine Lynnn Endowment Fund	4,000,001	5,755,712	-	(72,047)	(290,142)	-	5,393,523	4,000,001
Carl DeSantis Business and Economics Center for the Study and Development of the Motion Picture and Entertainment Industry Endowment	4,000,876	5,175,550	-	(63,722)	(101,446)	-	5,010,382	4,000,876
Abacoa Fund	4,000,752	4,948,174	-	(62,080)	(185,624)	-	4,700,470	4,000,752
Davimos Family Endowment for Excellence in Science	1,750,752	2,360,248	-	(29,308)	(79,344)	-	2,251,596	1,750,752
Adams Center for IT Product Management and Entrepreneurship	1,811,771	2,334,993	-	(25,268)	(49,753)	(33,650)	2,226,322	1,811,771
Libby Dodson Endowment for Nursing Excellence	1,760,931	2,307,247	100	(28,806)	(85,015)	-	2,193,526	1,761,031
Janice and Julian Weiss Endowment	1,974,792	2,327,555	-	(26,187)	(181,361)	-	2,120,007	1,974,792
Alan B. Larkin Endowed Fund	1,748,539	2,118,003	-	(26,312)	(107,527)	2,079	1,986,243	1,748,539
Edward W. and Lee Hill Snowdon Harbor Branch Manned Submersibles	1,012,500	1,641,093	-	(19,083)	(26,431)	-	1,595,579	1,012,500
Christine E. Lynn Center for Caring Endowed Fund	1,275,000	1,671,593	-	(20,297)	(65,676)	-	1,585,620	1,275,000
Pine Jog Endowment Fund	1,021,700	1,292,912	-	(64,546)	(21,708)	-	1,206,658	1,021,700
The Anne Boykin Institute- Advancement of Caring Nursing	1,002,975	1,201,907	520	(15,187)	(53,022)	-	1,134,218	1,003,495
Pine Jog Friends	-	960,568	141,694	523,813	(34,795)	(413,677)	1,177,603	-
Lucille B. and Jacob Friedland Art Endowment	158,760	916,032	-	(2,538)	(11,733)	-	901,761	158,760
Carole & Barry Kaye Integrative Art Education/ Outreach	750,230	870,452	1,755	(11,061)	(43,727)	(5,000)	812,419	751,985
Chastain-Johnston Middle East Studies Enhancement Project Endowment	700,455	832,490	-	(10,373)	(17,707)	(5,076)	799,334	700,455
Sir Richard Doll Chair	600,000	676,735	-	(7,327)	(35,558)	50,000	683,850	650,000

Florida Atlantic University Foundation, Inc.
Schedule of Receipts, Expenditures and
Endowment Balances for Major Gifts Program
(continued)
For the Year Ended June 30, 2016

<u>Fund Name</u>	<u>Corpus Balance at 07/01/2015</u>	<u>Endowment Balance at 07/01/2015</u>	<u>Contributions</u>	<u>Income (Loss)</u>	<u>Expenditures</u>	<u>Interfund Transfer</u>	<u>Endowment Balance at 06/30/2016</u>	<u>Corpus Balance at 06/30/2016</u>
Program Endowments (continued):								
John Q. Adams and Ann B. Adams Fund Endowment (Mayan Studies)	450,000	576,644	-	(7,142)	(39,504)	-	529,998	450,000
Mark Swiatlo Judaica Library Acquisition Fund	229,621	447,141	-	(4,664)	(6,594)	-	435,883	229,621
Center for Study of Values and Violence	248,192	339,627	-	(4,050)	(6,040)	-	329,537	248,192
University Club Library Endowment	195,180	326,347	-	(4,012)	(5,275)	10,250	327,310	199,180
Kresge Foundation Science Initiative Challenge Fund	259,789	337,046	-	(4,144)	(15,256)	-	317,646	259,789
Lawrence A. Sanders Writer in Residence	231,500	298,259	-	(3,737)	(16,372)	-	278,150	231,500
George and Wilma Elmore Scientific and Technical Equipment Endowment	150,500	252,832	-	(2,921)	(4,022)	-	245,889	150,500
Emanuel Erwin Halpern Fund	151,100	249,894	-	(2,961)	(3,996)	-	242,937	151,100
J.M. Rubin Foundation Ocean Engineering Endowment	150,000	229,586	-	(2,590)	(3,666)	-	223,330	150,000
Cindy & Stuart Markowitz MD End Fund for Biomed Science	194,300	236,303	-	(2,915)	(13,805)	-	219,583	194,300
Herbert and Elaine Gimelstob Judaic Studies	160,100	219,751	-	(2,464)	(3,502)	-	213,785	160,100
University Club Library Galaxy Endowment	171,640	221,260	-	(2,533)	(6,589)	(13,500)	198,638	167,640
Margaret S. Kramer Chemistry Endowment	150,000	203,958	-	(2,277)	(10,819)	-	190,862	150,000
Tecore Endowment Fund	150,000	199,891	-	(2,440)	(15,301)	-	182,150	150,000
Fields Music Equipment Endowment	155,000	196,397	-	(2,404)	(11,843)	-	182,150	155,000
May Smith Lecture Series on Post-Holocaust Christian - Jewish	163,810	191,943	300	(2,452)	(9,528)	-	180,263	164,110
Robin B. Smith Honors Innovation Fund	141,518	177,835	-	(2,152)	(7,873)	-	167,810	141,518
FAU National Alumni Association Library Endowment	102,055	162,305	-	(1,913)	(2,705)	-	157,687	102,055
The Anne Boykin Healing Garden	12,135	135,856	-	(1,728)	(7,786)	-	126,342	12,135
Dr. Charles W. Finkl Jr. Opportunities Endowment Fund	100,000	124,829	-	(1,403)	(4,172)	(1,050)	118,204	100,000
Total	\$ 98,381,858	\$ 132,084,329	\$ 505,924	\$ (1,534,311)	\$ (5,209,176)	\$ (218,092)	\$ 125,628,674	\$ 98,990,243

Florida Atlantic University Foundation, Inc.
Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2016

<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	-	\$ 2,800,645
State of Florida,			
Department of Highway Safety			
and Motor Vehicles -			
Specialty License Plate			
Fund	76.031	-	<u>56,367</u>
Total expenditures of state financial assistance			\$ <u><u>2,857,012</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 AUDITOR'S 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 nonprofit organization) (the "Foundation"), which comprise the statement of financial position as of June 30, 2016, 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, 2016.

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 Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
October 14, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY CHAPTER 10.650, 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 the Florida Atlantic University Foundation, Inc.'s (the "Foundation") compliance with the types of compliance requirements described in the *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, 2016. The Foundation's major state project is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with State statutes, regulations, and the terms and conditions of its state awards applicable to its state projects.

Auditor's 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, 2016.

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 above. 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 the major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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.

Purpose of this Report

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

Fort Lauderdale, Florida
October 14, 2016

**Florida Atlantic University Foundation, Inc.
 Schedule of Findings and Questioned Costs
 For The Year Ended June 30, 2016**

A. Summary of Auditor’s Results

1. The auditor’s report expresses an unmodified 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 Auditor’s 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 Auditor’s Report on Compliance with for Each Major State Project and on Internal Control Over Compliance Required by Chapter 10.650, *Rules of the Auditor General*.
5. The auditor’s report on compliance for the major state project for the Foundation expresses an unmodified 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 Gifts Program	48.074

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

B. Findings - Financial Statements Audit

No matters are reported.

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

No matters are 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.