



FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES FINANCE AND AUDIT COMMITTEE

Thursday, December 2, 2010

9:00 am

Florida International University
Modesto A. Maidique Campus
MARC International Pavilion

Committee Membership:

Albert Maury, *Chair*; Miriam López, *Vice Chair*; Michael M. Adler; Sukrit Agrawal; Thomas A. Breslin

Liaison:

Richard Brilliant, *Foundation Board of Directors*

AGENDA

- | | |
|--|---------------------------|
| 1. Call to Order and Chair's Remarks | Albert Maury |
| 2. Approval of Minutes | Albert Maury |
| 3. Action Items | |
| FA1. Debt Management Guidelines | Kenneth A. Jessell |
| FA2. FIU Direct Support Organizations Financial Audits,
 FY 2009-2010 | Kenneth A. Jessell |
| A. FIU Foundation, Inc. | |
| B. FIU Research Foundation, Inc. | |
| C. FIU Athletics Finance Corporation | |
| D. FIU Herbert Wertheim College of Medicine Health
Care Network | |
| FA3. Signature Authority | Kenneth A. Jessell |
| ▪ Authorization to Sign Checks for the University | |
| FA4. Ratification of the Wage Article of the 2007-2010
 Collective Bargaining Agreement between the Florida
 International University Board of Trustees and the Dade
 County Police Benevolent Association | Rosa L. Jones |

3. Action Items *(Continued...)*

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|---|---------------------------|
| FA5. Test Preparation Fee | Kenneth A. Jessell |
| FA6. Market Rate Tuition for Master of Arts in Global Governance | Kenneth A. Jessell |

4. Discussion Items *(No Action Required)*

- | | |
|--|---------------------------|
| 4.1 Office of Internal Audit Status Report | Allen Vann |
| 4.2 University Compliance Report | Leyda Benitez |
| 4.3 Budget Variance Analysis – First Quarter 2010 | Liane Martinez |
| 4.4 State Budget Update | Kenneth A. Jessell |

5. Reports *(For Information Only)*

- | | |
|--|-----------------------------|
| 5.1 Treasury Report | Tony Vu |
| 5.2 Environmental – Regulatory & Compliance | William Youngblut |
| 5.3 Athletics Update | Pete Garcia |
| 5.4 FIU Herbert Wertheim College of Medicine Health Care Network Patient Survey | Stephanie E. Schmidt |
| 5.5 Emergency Management Report | Robin Yang |
| 5.6 Foundation Report | Richard Brilliant |

6. New Business <i>(If Any)</i>	Albert Maury
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7. Concluding Remarks and Adjournment	Albert Maury
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**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES**

Finance and Audit Committee

December 2, 2010

Subject: Approval of Minutes of the Meeting held September 8, 2010

Proposed Committee Action:

Approval of Minutes of the Finance and Audit Committee meeting held on Wednesday, September 8, 2010, at the Modesto A. Maidique Campus, MARC International Pavilion.

Background Information:

Committee members will review and approve the Minutes of the Finance and Audit meeting held on Wednesday, September 8, 2010, at the Modesto A. Maidique Campus, MARC International Pavilion.

Supporting Documentation:

Finance and Audit Committee Meeting Minutes:
September 8, 2010

Facilitator/Presenter:

Committee Chair Albert Maury

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**FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE
MINUTES
SEPTEMBER 8, 2010**

1. Call to Order and Chair's Remarks

The Florida International University Board of Trustees' Finance and Audit Committee meeting was called to order by Committee Chair Albert Maury at 9:08 am on Wednesday, September 8, 2010, at the Modesto A. Maidique Campus, MARC International Pavilion.

The following attendance was recorded:

Present

Albert Maury, *Chair*

Miriam López, *Vice Chair*

Sukrit Agrawal

Thomas A. Breslin

Richard Brilliant, Foundation Board of Directors Liaison

Trustees Michael M. Adler and Helena Ramirez and President Mark B. Rosenberg were also in attendance.

Committee Chair Maury welcomed all Trustees, faculty and staff. He welcomed Foundation Board of Directors Vice Chairman T. Gene Prescott to the meeting. Committee Chair Maury introduced and welcomed the University's General Counsel, Kristina Raattama, noting that she joined the University in July 2010.

2. Approval of Minutes

Committee Chair Maury asked that the Committee approve the Minutes of Meetings held on February 5, 2010 and May 20, 2010. He noted that approval of the minutes of the February 5, 2010 meeting was postponed from the Committee's last meeting due to an insufficient number of Committee members in attendance at the May 20, 2010 meeting.

A motion was made and passed to approve the Minutes of the Finance and Audit Committee Meeting held on Friday, February 5, 2010 and the Minutes of the Meeting held on Thursday, May 20, 2010.

3. Action Items

FA1. 2005-2015 Campus Master Plan

Associate Vice President for Facilities Management John Cal and Director of Planning for Real Estate Development Robert Griffith presented the 2005-2015 Campus Master Plan for Committee Review, noting that Florida Statutes and the Board of Governors require that the Board adopt the University's development plans for the years 2005 to 2015 for the Modesto A. Maidique Campus, the Biscayne Bay Campus and the Engineering Center. Assoc. VP Cal and Director Griffith facilitated a presentation that contained information about current conditions on each campus and future planning activities based on studies conducted to evaluate the needs for academic, support, and parking space; roadway capacity; housing demand; open spaces; land constraints; and campus image.

Trustee Thomas A. Breslin inquired as to whether the expansion of graduate education space illustrated in the 2005-2015 Campus Master Plan considered the steady and impressive growth in the University's online education. Chief Financial Officer and Sr. Vice President for Finance & Administration Kenneth A. Jessell noted that the current full facilities survey would be comparing the existing space relative to enrollment growth and that while there has been growth in online education, growth in real-time learning has also been experienced. Provost and Executive Vice President Douglas Wartzok added that a vast majority of University students enrolled in online education classes are also enrolled in traditional learning classes.

A motion was made and passed that the FIU Board of Trustees Finance and Audit Committee recommend for Board of Trustees' approval the 2005-2015 Campus Master Plan.

FA2. Revision to Investment Policy Asset Allocation: *Addition to Real Assets*

CFO and Sr. VP Jessell presented the Revision to Investment Policy Asset Allocation for Committee review, noting that the proposed revision to the policy includes commodities as an authorized investment in accordance with allocation targets recommended by the University Investment Committee.

Trustee Miriam López noted that there are certain risks involved with commodities investments and urged the University to select a qualified and competent investment manager that had proven experience with commodities specifically.

A motion was made and passed that the FIU Board of Trustees Finance and Audit Committee recommend for Board of Trustees' approval the proposed Revision to Investment Policy Asset Allocation: *Addition to Real Assets*.

Discussion Items

4.1 Foundation Report

FIU Foundation, Inc. Board of Directors Treasurer Richard Brilliant presented the Foundation Report and provided an overview of the Capital Campaign Workshop, which, he added, took place on August 14th. He thanked Board of Trustees Chairman Albert E. Dotson, Sr. and the Board of Trustees for their support of the operational plan for FIU's Capital Campaign. He also presented the Preliminary Financial Statements Recap and provided an update on investment returns as of September 7, 2010.

4.2 FY09-10 Financial Performance Review

CFO & Sr. VP Jessell presented the FY 2009-10 Financial Performance Review and provided a state economic outlook. He noted that despite the economic uncertainty that remained surrounding the housing market, the oil spill, unemployment, and consumer confidence, the General Revenue (GR) Estimating Conference is cautiously optimistic of a slow and steady recovery. He added that the University would continue to monitor the State economy to determine if reassessment of critical investments and unit level plans will be necessary.

4.3 Business Services Update

Associate Vice President for Business and Finance Liane Martinez presented an overview of three of the most successful venues that opened in the fall semester: Chili's Too; Barnes & Noble at FIU; and PG 5 Market Station. She noted that Chili's Too is South Florida's largest in seating capacity with over 310 seats. She added that the Barnes & Noble at FIU was renovated with \$1.2 million and featured additional indoor and outdoor seating, a larger convenience store, and a new GameStop. She further noted that the PG 5 Market Station was a multi-use retail and food service center that offered six food service venues, three large volume classrooms, a cyber-lounge, indoor and outdoor seating.

4.4 Construction Status Report

Committee Chair Maury requested to move the Construction Status Report to the Reports section of the Agenda. There were no objections.

4.5 University Compliance Report

University Compliance Officer Leyda Benitez provided an update on the implementation and effectiveness of the Compliance Program along with its operational responsibilities. She noted that in order to further promote a culture of ethics and compliance, two new policies were implemented: University Policy #140.105, Ethics in Purchasing and Gift Policy (effective 8/3/09); and University Policy #140.110, Fraud Prevention and Mitigation/University Responsibility and Response (effective 11/8/09).

Committee Chair Maury requested to review and discuss the reporting structure of the Compliance Office and the role of a compliance committee at a future meeting of the Finance and Audit Committee.

4.6 Office of Internal Audit Status Report

Director of Internal Audit Allen Vann presented the Internal Audit Report, providing updates on several recently completed investigations. He noted that the recruitment for the selection of the information technology auditor had concluded. He further noted that the Office of Internal Audit welcomed auditor Ms. Vivian Ferradaz and two (2) new interns.

5. Reports

Committee Chair Maury requested that the Construction Status Report, Division of Research Report, Treasury Report, Environmental – Regulatory & Compliance Report and the Athletics Update be accepted as written. There were no objections.

6. New Business

Committee Chair Maury noted that as is stipulated in the Finance and Audit Committee Charter, the Committee shall meet with Senior Management, without the presence of the Office of Internal Audit, to discuss any matters the Committee or these individuals believe should be discussed privately. He further noted that as a meeting conducted in the Sunshine, no one present was required to leave during the discussion with Senior Management, adding that this was strictly voluntary. He requested to postpone this discussion until the next regularly scheduled Committee meeting. There were no objections.

7. Concluding Remarks and Adjournment

With no other business, Committee Chair Albert Maury adjourned the meeting at 10:59 am.

<i>Trustee Request</i>	<i>Follow-up</i>	<i>Completion Date</i>
<i>Committee Chair Maury requested to review and discuss the reporting structure of the Compliance Office and the role of a compliance committee at a future meeting of the Finance and Audit Committee.</i>	<i>Kristina Raattama</i>	<i>Fall 2010</i>

MB
9.28.10

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

December 2, 2010

Subject: Debt Management Guidelines

Proposed Committee Action:

Recommend to the Florida International University Board of Trustees adoption of the Florida Board of Governors Debt Management Guidelines as the Florida International University Guidelines for issuance of debt.

Background Information:

On April 27, 2006, the Florida Board of Governors (BOG) developed debt management guidelines for State universities and direct support organizations (DSOs). These guidelines were developed in accordance with Section 1010.62 F.S., which delegated to the BOG certain bonding and borrowing authority which is articulated in the guidelines. The purpose of the guidelines is to confirm that the state universities and their DSOs engage in sound debt management practices. Florida International University adopted these guidelines on December 5, 2006.

On September 16, 2010, the BOG adopted revised Debt Management Guidelines to provide clarification and better written guidance to universities on matters concerning debt management and issuance. In furtherance of this objective, the provisions of these guidelines shall be followed in connection with the authorization, issuance and sale of university and DSO debt.

Each state university board of trustees is required to adopt a debt management policy consistent with the BOG guidelines and which shall be approved by the BOG.

Florida Board of Governors Regulation 1.001, University Board of Trustees Powers and Duties (6)(d) states:

Each board of trustees shall engage in sound debt management practices for the issuance of debt by the university and its direct support organizations, and shall comply with the guidelines established by the Board of Governors in connection with the authorization, issuance and sale of university and direct support organization debt.

Supporting Documentation:	Florida Board of Governors Debt Management Guidelines
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Facilitator/Presenter:	Kenneth A. Jessell
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STATE
UNIVERSITY
SYSTEM
of FLORIDA
Board of Governors

DEBT MANAGEMENT GUIDELINES

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DEBT MANAGEMENT GUIDELINES FOR CAPITAL OUTLAY PROJECTS

I. INTRODUCTION

The Need for and Purpose of Debt Management Guidelines

The state universities of Florida and their direct support organizations (“DSOs”) have funded significant investments in infrastructure, such as buildings, equipment, land, and technology, to meet the needs of a growing student population and to upgrade and maintain existing capital assets. A significant amount of the funding for this investment in infrastructure has been provided through the issuance of debt by the State for the benefit of the state universities and by the state universities’ direct support organizations (“DSOs”).

The purpose of these guidelines is to confirm that the state universities and their DSOs must engage in sound debt management practices and, to that end, the Board of Governors (“Board”) has formalized guiding principles for the issuance of debt by the state universities and their DSOs. Each state university shall adopt a debt management policy which is consistent with these guidelines and which shall be approved by the Board.

The following guidelines set forth guiding principles regarding state university and DSO debt-related decisions related to:

- a) The amount of debt which may prudently be issued.
- b) The purposes for which debt may be issued.
- c) Structural features of debt being issued.
- d) The types of debt permissible.
- e) Compliance with securities laws and disclosure requirements.
- f) Compliance with federal tax laws and arbitrage compliance.

These principles will facilitate the management, control and oversight of debt issuances, for the purpose of facilitating ongoing access to the capital markets which is critical to the financing of needed infrastructure.

In furtherance of this objective, the provisions of these guidelines shall be followed in connection with the authorization, issuance and sale of university and DSO debt. However, exceptions to the general principles set forth herein may be appropriate under certain circumstances. Also, additional guidelines and policies may be necessary as new financial products and debt structures evolve over time.

For purposes of these guidelines:

- i) “debt” means bonds, loans, promissory notes, lease-purchase agreements, certificates of participation, installment sales, leases, or any other financing mechanism or financial arrangement, whether or not a debt for legal purposes, for financing or refinancing, for or on behalf of a state university or a direct support organization, the acquisition, construction, improvement or purchase of capital outlay projects;
- ii) “capital outlay project” means (i) any project to acquire, construct, improve or change the functional use of land, buildings, and other facilities, including furniture and equipment necessary to operate a new or improved building or facility, and (ii) any other acquisition of equipment or software; and
- iii) “financing documents” means those documents and other agreements entered into by the state university or the DSO establishing the terms, conditions and requirements of the debt issuance.
- iv) “auxiliary enterprise” means any activity defined in section 1011.47(1), Florida Statutes, and performed by a university or a direct-support organization.

II. DEBT AFFORDABILITY AND CAPITAL PLANNING

Concept of Affordability

One of the most important components of an effective debt management policy is an analysis of what level of debt is affordable given a particular set of circumstances and assumptions. More comprehensive than simply an analysis of the amount of debt that may be legally issued or supported by a security pledge, the level of debt should be analyzed in relation to the financial resources available to the university and its DSOs, on a consolidated basis, to meet debt service obligations and provide for operating the university.

An analysis of debt affordability should address the impact of existing and proposed debt levels on an issuer’s operating budget and offer guidelines or ranges to policymakers for their use in allocating limited resources within the guidelines.

Debts That May Be Issued Without Board of Governors' Approval

The following types of financings may be engaged in by the state universities and their DSOs, as applicable, without Board approval:

- o Universities may finance the acquisition of equipment and software provided such financings are accomplished in accordance with the deferred-purchase provisions in Chapter 287, Florida Statutes.
- o DSOs may finance the acquisition of equipment and software financings provided the overall term of the financing, including any extension, renewal or refinancings, hereof, does not exceed five years or the estimated useful life of the equipment or software, whichever is shorter.
- o DSOs may issue promissory notes and grant conventional mortgages for the acquisition of real property. However, no mortgage or note shall exceed 30 years.
- o University and DSO debt secured solely with gifts and donations and pledges of gifts so long as the maturity of the debt, including extensions, renewals and refundings, does not exceed five years and so long as the facilities being financed have been included in the university's five-year capital improvement plan that has been approved by the Board.
- o Refundings for debt service savings where final maturities are not extended.
- o Fully collateralized lines of credit intended to be used for temporary cash flow needs.
- o Energy Performance-Based Contracts, in accordance with the provisions of section 1013.23, Florida Statutes, not to exceed \$10,000,000.
- o Universities may borrow up to \$20,000,000 from a university DSO on a non-recourse basis to finance a capital project. The term of the borrowing may not exceed thirty (30) years, and the interest rate, if any, may not exceed current market interest rates. The university retains legal title to any capital project financed in whole or in part by such loan irrespective of whether the loan is repaid. The DSO is prohibited from transferring the note or any other instrument associated with the borrowing to any other entity.

III. GENERAL DEBT ISSUANCE GUIDELINES

Process for Submitting Debt for Approval

Timing. The submission of proposed debt for approval by the Board shall be governed by the following process¹:

- a) The university shall formally transmit to the Board Office a request for debt approval no later than 60 days prior to the next regularly scheduled meeting of the Board. The university shall also provide a copy to the State Division of Bond Finance ("DBF"). The formal transmittal to the Board Office shall be in duplicate, hard copy, and bound in a three-ring binder, and include all the information required by these guidelines. Electronic copies of supporting documentation should be provided to the Board Office and the DBF, to the extent available. The formal letter of transmission must be signed by the official point of contact for the university, and any exceptions to these Debt Guidelines shall be noted and explained. If the university board of trustees has not yet formally approved the debt being requested, the proposed board of trustees meeting date shall be provided.
- b) During the review period, the Board Office shall review the information submitted for compliance with these Guidelines and State law, analyze general credit issues associated with the proposed indebtedness, and review any analysis provided by DBF staff.
- c) Board and DBF staff shall jointly discuss with the university or DSO any issues, concerns or suggestions resulting from the review during the review period. As a result of these discussions, the university may amend the information submitted or explain why the suggestions were not incorporated. The Board Office will advise the university if it believes that any amended information is so significant that re-authorization by the board of trustees and/or DSO is required. During this period, if the debt being requested for approval is to be issued by DBF on behalf of a state university, DBF shall submit to the Board Office a form of a resolution for adoption requesting that DBF issue the debt.
- d) After the review period, the Board Office shall submit the agenda item with supporting documentation and all appropriate and required analyses to the Board for consideration at its next meeting. Supporting documentation for the agenda item shall also include the resolution to be adopted by the Board requesting issuance of the debt by DBF or a resolution approving issuance of the debt by the DSO.

¹ Although not required, universities are encouraged to consult with the Board Office and the State Division of Bond Finance 30 days prior to formal approval of debt by the university board of trustees or the DSO, particularly for any debt with unusual features.

Information Required for Submission. The following information shall be submitted to the Board Office in support of a request for approval of the issuance of debt. Additionally, the university or DSO shall complete the "Checklist of Information Required for Submission to the Board Pursuant to Debt Management Guidelines," and provide any additional information requested by the Board Office or DBF staff in connection with review of any proposed debt issuance.

- a) A resolution of the DSO board of directors approving the debt issuances, if applicable, and a resolution of the university board of trustees approving the debt issuance and authorizing the university to request Board approval of the debt issuance. For debt to be issued by DBF, at the request of the university, DBF staff will work with the university to determine a not-to-exceed amount of debt to be included in the board of trustees requesting resolution to the Board and in preparing required debt service and source-and-use schedules.
- b) The project program, feasibility studies or consultant reports (if available), and an explanation of how the project being proposed is consistent with the mission of the university.
- c) Estimated project cost, with schedules drawn by month and including start and completion dates, estimated useful life, and the date bond proceeds are required.
- d) The sources-and-uses of funds, clearly depicting all costs, funding sources expected to be used to complete the project and the estimated amount of the debt to be issued.
- e) An estimated debt service schedule with the assumed interest rate on the debt clearly disclosed. If the proposed debt service is not structured on a level debt service basis, an explanation shall be provided which gives the reason why it is desirable to deviate from a level debt structure.
- f) One consolidated debt service schedule separately showing all outstanding debt related to or impacting the debt being proposed, the proposed debt and the new estimated total debt service.
- g) A description of the security supporting the repayment of the proposed debt and the lien position the debt will have on that security. If the lien is junior to any other debt, the senior debt must be described. Furthermore, a description of why the debt is proposed to be issued on a junior lien basis must be provided. A statement citing the legal authority for the source of revenues securing repayment must also be provided.
- h) If debt is to be incurred on a parity basis with outstanding debt, a schedule showing estimated compliance with any additional bonds requirement set

forth in the documents governing the outstanding debt. The applicable provisions of the documents for bonds of DSOs should be provided.

- i) Financial statements for five years, if available, for the auxiliary, if auxiliary revenues are pledged.
- j) A five-year history, if available, and five-year projection of the revenues securing payment and debt service coverage. To the extent applicable, the projections must be shown on the individual project as well as the entire system. All revenue items securing repayment must be clearly set forth as separate line items. An explanation must be provided with regard to growth assumptions, and to the amount and status of approval of any rate increases. The effect of the rate increases on the projections and expected revenues and expenses for the new facility should be clearly set forth as a separate line item. If rate increases are necessary, a commitment must be made to increase rates to the needed levels. Major categories of any operating expenses should be set forth as separate line items with an explanation of assumptions regarding increases or decreases.
- k) Evidence that the project is consistent with the university's master plan or a statement that the project is not required to be in the master plan.
- l) For variable rate debt proposals:
 - i) the expected reduction in total borrowing costs based on a comparison of fixed versus variable interest rates;
 - ii) a variable rate debt management plan that addresses liquidity and interest rate risks and provides, at a minimum: a description of budgetary controls, a description of liquidity arrangements, a discussion of why the amount of variable rate debt being proposed is appropriate, and a plan for hedging interest rate exposure. If interest rate risks are to be mitigated by the use of derivatives, then evidence that the counterparty has a long term rating of at least an A/A2 and a swap management plan as set forth in the Board's Debt Management Guidelines must be submitted;
 - iii) a pro forma showing the fiscal feasibility of the project using current market interest rates plus 200 basis points;
 - iv) the total amount of variable rate debt including the proposed debt as a percentage of the total amount of university and DSO debt outstanding; and
 - v) the individual or position that will be responsible for the reporting requirements for variable rate debt as set forth in these guidelines.

- m) If all or any portion of the financing is contemplated to be done on a taxable basis, then evidence demonstrating that the issuance of taxable debt is in the best interest of the university must be submitted.
- n) A statement explaining whether legislative approval is required, and if required, an explanation as to when legislative approval will be sought or evidence that legislative approval has already been obtained.
- o) A statement that the debt issuance is in accordance with the university's debt management policy or, if not, an explanation of the specific variances as well as the reasons supporting the variances.
- p) If a request is made to employ a negotiated method of sale, an analysis must be provided supporting the selection of this method that includes a discussion of the factors set forth in section IV of these Guidelines.
- q) A description of the process used to select each professional engaged in the transaction, showing compliance with the competitive selection process required by these Guidelines. Specific contact information for each selected professional, must be included, and at a minimum, should disclose the professional's name, firm name, address, email address, phone number and facsimile number.
- r) The most recent annual variable rate debt report.

Approval. The Board will consider the following factors in connection with its review and approval of university or DSO debt issuance.

- a) The debt is to provide funding for needed infrastructure of the university for purposes consistent with the mission of the university.
- b) The debt is being issued in compliance with the principles and guidelines set forth herein.
- c) The project information submitted is reasonable and supportable.
- d) The five-year projection of pledged revenues available to pay debt service should provide debt service coverage of at least 1.20x for both outstanding parity debt and for the proposed new debt for all years within the five-year projection period after giving credit for any capitalized interest and other revenues available for payment.
- e) Any requirements for the issuance of additional parity debt can be reasonably expected to be met.

Purposes For Which Debt May Be Issued

Debt may be issued only to finance or refinance capital outlay projects as defined in these guidelines, including equipment and software; debt may not be approved to finance or refinance operating expenses of a university or a DSO.

Refunding bonds may be issued to achieve debt service savings. Refunding bonds may also be issued to restructure outstanding debt service or to revise provisions of Financing Documents if it can be demonstrated that the refunding is in the best interest of the university.

Committing University Resources for Debt Issued by Direct Support Organizations

There may be occasions where the university considers committing its financial resources on a long-term basis in support of debt issued by a DSO or other component unit. While the nature of the commitment may not constitute a legal debt obligation of the university, it may affect the university's debt position and its available financial resources. Therefore, the university should evaluate the long-term fiscal impact upon the university's debt position and available resources before authorizing any such financial commitment. Additionally, the debt of any DSO may not be secured by an agreement or contract with the university unless the source of payments under such agreement or contract is limited to revenues that the university is authorized to use for the payment of debt service. Any such contract or agreement shall also be subject to the requirements set forth under "Security Features – Pledged Revenues" herein.

Credit Ratings

In order to access the credit markets at the lowest possible borrowing cost, it is recognized that credit ratings are critical. Therefore, for all publicly offered debt:

- a) For existing bond programs, universities and DSOs shall strive to maintain or improve current credit ratings without adversely impacting the amount of debt which may be issued for any particular program.
- b) For all new financings, the university or DSO shall seek to structure the transaction to achieve a minimum rating of "A" from at least two nationally recognized rating agencies. Credit enhancement may be used to achieve this goal.

Tax Status

The universities have traditionally issued tax exempt debt which results in significant interest cost savings compared with the interest cost on taxable debt. Accordingly, all university and DSO debt should be issued to take advantage of the

exemption from federal income taxes unless the university demonstrates that the issuance of taxable debt is in the university's best interest. With respect to debt which has a management contract with a private entity as part of the security feature, the management contract should comply, to the greatest extent practical, with tax law requirements to obtain tax exemption for the debt.

Security Features

Pledged Revenues. The debt issued by universities and their DSOs may only be secured by revenues (including fund balances and budget surpluses) authorized for such purpose. The revenues which may secure debt include the following:

- a) Activity and Service Fee, subject to the limitation that annual debt service payable from these fees does not exceed five percent of the revenues derived therefrom.
- b) Athletic Fee, subject to the limitation that annual debt service payable from these fees does not exceed five percent of the revenues derived therefrom.
- c) Health Fee.
- d) Transportation Access Fee.
- e) Hospital Revenue.
- f) Licenses and Royalties for facilities that are functionally related to the university operation or DSO reporting such royalties and licensing fees.
- g) Gifts and Donations for debt not longer than five years.
- h) Overhead and indirect costs and other monies not required for the payment of direct costs of grants.
- i) Assets of University Foundations and DSOs and earnings thereon.
- j) Auxiliary Enterprise Revenues, e.g., housing, parking, food service, athletic, retail sales, research activities.

Revenues which are not enumerated above may not be pledged to secure debt unless authorized by law for such purpose. In the case of university-issued debt, the pledge of revenues which secures debt should specifically identify the sources pledged and not use general or vague terms such as "lawfully available revenues." Specifically identifying revenues used to secure debt will provide certainty and transparency as to the revenues that are encumbered and avoid ambiguity or uncertainty as to the issuer's legal liability and universities and their DSOs should take this into consideration when determining the nature of the security it will provide in connection with a debt

issuance. The guidelines for pledging revenues and securing debt shall also apply to debt structures which involve an agreement, contract or lease with a university or its DSOs, i.e., the revenues being pledged to secure debt must be specifically identified and lawfully available for such purpose. It is preferable, whenever possible, to secure debt with system pledges comprised of multiple facilities within a system, e.g., housing and parking, rather than stand-alone project finances.

Functional Relationships. Revenues from one auxiliary enterprise (a “Supporting Auxiliary Enterprise”) may not be used to secure debt of another auxiliary enterprise unless the Board, after review and analysis, determines that the facility being financed (the “Facility”) is functionally related to the Supporting Auxiliary Enterprise’s revenues being used to secure such debt. The Board must determine whether a functional relationship exists whenever revenues from a Supporting Auxiliary Enterprise will be used to pay or secure the debt of a Facility or when proceeds of bonds issued by a Supporting Auxiliary Enterprise will be used, directly or indirectly, to pay costs relating to a Facility. When a functional relationship is established between a Facility and a Supporting Auxiliary Enterprise, only that portion of the Supporting Auxiliary Enterprise’s revenues that exceed its operating requirements and debt service, if any, may be pledged to secure such debt; provided that such pledge may be on parity with outstanding debt if permitted by the covenants and conditions of the outstanding debt.

A functional relationship exists when a nexus is established between the Facility and the Supporting Auxiliary Enterprise’s revenues. Whether a Facility is functionally related to the Supporting Auxiliary Enterprise’s revenues must be determined on a case by case basis, taking into consideration the unique facts and circumstances surrounding each individual situation.

Examples of functional relationships include, but are not limited to, a parking facility intended to provide parking to residents of a student housing facility and located within reasonably close proximity to a student housing facility; a food services facility intended to serve residents of a student housing facility and located within reasonably close proximity to a student housing facility; or shared infrastructure (e.g. water lines, sewer lines, utilities, plaza areas) located within reasonably close proximity to both the Facility and the Supporting Auxiliary Enterprise. While representations that a Facility will provide general benefits to or enhance the experience of the student body are desirable, this factor alone is not determinative in and of itself to establish a functional relationship between the Facility and the Supporting Auxiliary Enterprise’s revenues.

Lien Status. All bonds of a particular program should be secured by a first lien on specified revenues. Additionally, bonds should generally be equally and ratably secured by the revenues pledged to the payment of any outstanding bonds of a particular bond program. However, the creation of a subordinate lien is permissible if a first lien is not available or circumstances require.

Reserve Fund. Debt service reserve requirements may be satisfied by a deposit of bond proceeds, purchase of a reserve fund credit facility, or funding from available resources over a specified period of time. In the submission of a request for debt issuance, it is preferred, though not required, that the bond size for the proposed debt include provisions for funding a reserve from bond proceeds. This will ensure that in the event the university is unable to obtain a reserve fund credit facility it will still have an authorized bond amount sufficient to fund its needs. Debt service reserve requirements may also be satisfied with cash balances.

Credit Enhancement. Credit enhancement is used primarily to achieve interest cost savings. Accordingly, the state universities and their DSOs should consider the cost effectiveness of bond insurance or other credit enhancements when evaluating a debt issuance and the overall cost thereof. Any bond insurance or credit enhancement should be chosen through a competitive selection process analyzing the cost of the insurance or credit enhancement and the expected interest cost savings to result from their use. The primary determinant in selecting insurance or other credit enhancement should be price and expected interest cost savings; however, consideration may also be given to the terms of any arrangement with the provider of insurance or other credit enhancement.

Capitalized Interest. Capitalized interest from bond proceeds is used to pay debt service until a revenue producing project is completed or to manage cash flows for debt service in special circumstances. Because the use of capitalized interest increases the cost of the financing, it should only be used when necessary for the financial feasibility of the project.

Structural Features

Length of Maturity. In addition to any restriction on the final maturity imposed by the constitution or laws of the State, as a general guideline, the final maturity on bonds should not exceed thirty years.

Debt secured by gifts and donations shall not be considered long-term financing but may be used as a temporary or construction loan to accelerate construction of facilities. Accordingly, the maturity of debt secured by gifts and donations shall not exceed five years, including roll-overs or refinancings except refinancings to implement permanent financing. Debt issued to finance equipment and software may not be longer than five years or the useful life of the asset being financed, whichever is shorter. Lastly, the final maturity of the debt should not exceed the estimated useful life of the assets being financed.

Debt Service Structure. Generally, debt should be structured on a level debt basis, i.e., so that the annual debt service repayments will, as nearly as practicable, be the same in each year. A deviation from these preferences is permissible if it can be demonstrated to be in the university's best interest, such as restructuring debt to avoid a default and not to demonstrate feasibility of a particular project.

Redemption Prior to Maturity. A significant tool in structuring governmental bonds is the ability to make the bonds callable after a certain period of time has elapsed after issuance. This provides the advantage of enabling the issuer to achieve savings through the issuance of refunding bonds in the event interest rates decline. Although the ability to refund bonds for a savings is advantageous, there may be situations where a greater benefit of lower interest rates may be realized by issuing the bonds as non-callable. Accordingly, there is a strong preference that bonds issued by a university or DSO be structured with the least onerous call features as may be practical under then prevailing market conditions. Bonds of a particular issue may be sold as non-callable if it is shown to be in the best interest of the university or DSO.

Debt Issued With a Forward Delivery Date. Debt issued by a university or DSO may be issued with a delivery date significantly later than that which is usual and customary. This debt typically carries an interest rate penalty associated with the delay in delivery. There are also additional risks that delivery will not occur. Debt with a forward delivery date may be issued if the advantages outweigh the interest rate penalty which will be incurred and the university and DSO are protected from adverse consequences of a failure to deliver the debt.

Interest Accrual Features

Fixed Rate, Current Interest Debt. Fixed rate debt will continue to be the primary means of financing infrastructure and other capital needs. However, there may be circumstances where variable rate debt is more appropriate, in which case, the state university or DSO shall provide documentation as noted in these guidelines for such debt.

Derivatives. Alternative financing arrangements, generally referred to as derivatives, are available in the market as an alternative to traditional bonds. Under certain market conditions, the use of alternative financing arrangements may be more cost effective than the traditional fixed income markets. However, these alternative financing instruments, such as floating to fixed swap agreements, have characteristics and carry risks peculiar to the nature of the instrument which are different from those inherent in the typical fixed rate financing. Although the universities and their DSOs should normally continue issuing conventional fixed rate bonds, alternative financing instruments may be used when the inherent risks and additional costs are identified and proper provision is made to protect the Board, the university, and the DSO from such risks. In determining when to utilize alternative financing arrangements, the availability of the requisite technical expertise to properly execute the transaction and manage the associated risks should be evaluated along with any additional ongoing administrative costs of monitoring the transaction. Also, a comprehensive derivatives policy should be established by the university or their DSOs and approved by the Board prior to approving transactions using derivatives products.

Capital Appreciation Bonds. Normally capital appreciation bonds, which do not require current debt service payments, should not be used. However, when a

compelling university interest is demonstrated, capital appreciation bonds may be issued.

Variable Rate Bonds. Variable rate debt may be issued where, considering the totality of the circumstances, such bonds can reasonably be expected to reduce the total borrowing cost to the university or the DSO over the term of the financing. The availability of the requisite technical expertise to properly manage the risks and execution of the variable rate transaction should be evaluated along with any additional ongoing administrative costs of monitoring the transaction. There should be a solid understanding of the liquidity risk and interest rate risks associated with variable rate debt. Further, there should be a debt management plan that mitigates, to the extent possible, these risks over the life of the debt. The following guidelines should apply to the issuance of variable rate debt:

- a) *Expected reduction in total borrowing cost.* In determining reasonably expected savings, a comparison should be made between a fixed rate financing at then current interest rates and a variable rate transaction, based on an appropriate floating rate index. The cost of the variable rate transaction should take into account all fees associated with the borrowing which would not typically be incurred in connection with fixed rate bonds, such as tender agent, remarketing agent, or liquidity provider fees.
- b) *Limitation on variable rate debt.* The amount of variable rate debt and interest derivative exposure is dependent on several factors associated with these types of debts. Included in the factors associated with these instruments are the university's/DSO's operating flexibility and tightness of budget, access to short and long term capital, the likelihood of a collateral call or termination payment, and the university's/DSO's financial expertise. The level to which universities may utilize variable rate debt obligations ("VRDO") and interest derivatives (like swaps, collars, and caps) is subject to an understanding of the risks associated and a debt policy that adequately addresses the additional risks.
- c) *Budgetary controls.* To avoid a situation in which debt service on variable rate bonds exceeds the annual amount budgeted, the following guidelines should be followed in establishing a variable rate debt service budget:
 - i) A principal amortization schedule should be established, with provisions made for payment of amortization installments in each respective annual budget;
 - ii) Provide for payment of interest for each budget year using an assumed budgetary interest rate which allows for fluctuations in interest rates on the bonds without exceeding the amount budgeted. The budgetary interest rate may be established by: (1) using an artificially high interest rate given current market conditions; or (2) setting the rate based on the last 12 months actual rates of an appropriate index plus a 200 basis point cushion

or spread to anticipate interest rate fluctuations during the budget year. The spread should be determined by considering the historical volatility of short-term interest rates, the dollar impact on the budget and current economic conditions and forecasts; or, (3) any other reasonable method determined by the university or DSO and approved by the Board;

- iii) The amount of debt service actually incurred in each budget year should be monitored monthly by the university or DSO to detect any significant deviations from the annual budgeted debt service. Any deviations in interest rates which might lead to a budgetary problem should be addressed immediately; and
 - iv) As part of the effort to monitor actual variable rate debt service in relation to the budgeted amounts and external benchmarks, the university or DSO should establish a system to monitor the performance of any service provider whose role it is to periodically reset the interest rates on the debt, i.e., the remarketing agent or auction agent.
- d) *Establish a hedge with short-term investments.* In determining the appropriate amount of variable rate debt which may be issued by the universities or their DSOs, consideration should be given to mitigating the variable interest rate risk by creating a hedge with short-term investments. This “hedge” mitigates the financial impact of debt service increases due to higher interest rates because, as debt service increases, the university’s or DSO’s earnings on short-term investments also increases. Appropriate personnel should monitor the hedge monthly. Short-term investment as a hedge is one of several methods of mitigating interest rate risk. The ratio of such short-term investments to variable debt needs to be examined in conjunction with other interest rate risk hedging, striking an overall balance to minimize interest rate risk.
- e) *Variable interest rate ceiling.* The bond documents should include an interest rate ceiling of no greater than 12%.
- f) *Mitigating interest rate risks with derivatives.* Universities and DSOs are allowed to use various derivatives to mitigate the risk of rising interest rates on variable rate debt. However, the introduction of these derivatives also presents other risks for which the university must mitigate. These risks include rollover risk, basis risk, tax event risk, termination risk, counterparty credit risk and collateral posting risk. At a minimum, a university/DSO engaging in this type of interest rate risk mitigation must provide:
- i) Evidence that the counterparty has a long term rating of at least an A/A2; and
 - ii) A swap management plan that details the following:

- a) Why the university is engaging in the swap and what the objectives of the swap are.
 - b) The swap counterparty's rating.
 - c) An understanding by the issuer of the cash flow projections that detail costs and benefits for the swap.
 - d) The plan of action addressing the aforementioned risks associated with swaps.
 - e) The events that trigger an early termination (both voluntary and involuntary) under the swap documents, the cost of this event and how such would be paid.
 - f) The method for rehedging variable rate exposure should early termination be exercised.
 - g) A list of key personnel involved in monitoring the terms of the swap and counterparty credit worthiness.
- g) *Liquidity.* One of the features typical of variable rate debt instruments is the bondholder's right to require the issuer to repurchase the debt at various times and under certain conditions. This, in theory, could force the issuer to repurchase large amounts of its variable rate debt on short notice, requiring access to large amounts of liquid assets. There are generally two methods for addressing this issue. With the first method, issuers that do not have large amounts of liquid assets may establish a liquidity facility with a financial institution which will provide the money needed to satisfy the repurchase. The liquidity provider should have a rating of A1/P1 or higher. The liquidity agreement does not typically run for the life of long-term debt. Accordingly, there is a risk that the provider will not renew the agreement or that it could be renewed only at substantially higher cost. Similar issues may arise if the liquidity provider encounters credit problems or an event occurs which results in early termination of the liquidity arrangement; in either case the issuer must arrange for a replacement liquidity facility. With the second method, issuers with significant resources may choose to provide their own liquidity. This approach eliminates the costs that would be charged by a third party liquidity provider and could mitigate the renewal/replacement risk. If a university/DSO chose to provide its own liquidity, the institution must maintain liquid assets or facilities equal to 100% of the outstanding VRDOs.
- h) *Submission of periodic reports.* The university will prepare and submit to the board of trustees and the Board an annual variable rate debt report showing the position during the previous period of the university or DSO variable rate debt with respect to the following measures:

- i) the total principal amount of variable rate debt to principal amount of total debt;
- ii) the amount of debt service accrued during the reporting period in relation to the pro-rata amount of annual budgeted debt service for the reporting period. If the amount of debt service which accrued during the reporting period exceeded the pro-rata amount of annual budgeted debt service for the period, the university shall explain what actions were taken to assure that there would be sufficient revenues and budget authority to make timely payments of debt service during the subsequent years; and
- iii) the amount of variable rate debt in relation to the amount of the university's and/or DSO's short-term investments, and any other strategies used to hedge interest rate risk.

Other Types of Financings

Refunding Bonds. Generally, refunding bonds are issued to achieve debt service savings by redeeming high interest rate debt with lower interest rate debt. Refunding bonds may also be issued to restructure debt or modify covenants contained in the bond documents. Current tax law limits to one time the issuance of tax-exempt advance refunding bonds to refinance bonds issued after 1986. There is no similar limitation for tax-exempt current refunding bonds. The following guidelines should apply to the issuance of refunding bonds, unless circumstances warrant a deviation therefrom:

- a) Refunding bonds should be structured to achieve level annual debt service savings.
- b) The life of the refunding bonds should not exceed the remaining life of the bonds being refunded.
- c) Advance refunding bonds issued to achieve debt service savings should have a minimum target savings level measured on a present value basis equal to 5% of the par amount of the bonds being advance refunded. The 5% minimum target savings level for advance refundings should be used as a general guide to guard against prematurely using the one advance refunding opportunity for post-1986 bond issues. However, because of the numerous considerations involved in the sale of advance refunding bonds, the 5% target should not prohibit advance refundings when the circumstances justify a deviation from the guideline.
- d) Refunding bonds which do not achieve debt service savings may be issued to restructure debt or provisions of bond documents if such refunding serves a compelling university interest.

Certificates of Participation and Lease-Type Financing. The universities or their DSOs may utilize these financing structures for all purposes, but it shall be considered as debt for the purposes of these guidelines and the universities shall always budget and make available monies necessary to pay debt service, notwithstanding the right to cancel the lease. Additionally, for lease purchase financings of equipment, universities and DSOs should consider using the State's consolidated equipment financing program if it will reduce costs and ensure a market interest rate on the financing.

Conversions of existing variable rate debt. A conversion between interest rate modes pursuant to the provisions of variable rate financing documents does not require Board approval. However, ten days prior to the conversion, the universities or their DSOs must notify the Board Office of a conversion and provide a summary of the terms of (i.e. interest rate, debt service schedule, etc.) and reasons for the conversion. The universities and DSOs should answer all questions and provide any additional information that the Board deems necessary to fully understand the conversion.

IV. METHOD OF SALE AND USE OF PROFESSIONALS

Analysis of Method of Sale

It is in the best interests of the universities and their DSOs to use the method of sale for their debt that is expected to achieve the best sale results. Based upon the facts and circumstances with regard to each individual financing, it may be more appropriate to sell debt through either a competitive sale or through negotiation. Accordingly, the universities and their DSOs may utilize either a competitive or negotiated sale. If, however, a request is made for a DSO to sell debt using a negotiated sale, the university must provide the Board with an analysis showing that a negotiated sale is desirable. The analysis should include, but not necessarily be limited to, a consideration of the following factors:

a) Debt Structure

- i) pledged revenues – strong revenue stream vs. limited revenue base;
- ii) security structure – conventional resolution, cash flow, rate and coverage covenants vs. unusual or weak covenants;
- iii) debt instrument – traditional serial and term bonds vs. innovative, complex issues requiring special marketing; and
- iv) size – a smaller transaction of a size which can be comfortably managed by the market vs. a large size which the market cannot readily handle.

b) Credit Quality

- i) ratings – “A” or better vs. below single “A”; and
 - ii) outlook – stable vs. uncertain.
- c) Issuer
 - i) type of organization – well-known, general purpose vs. special purpose, independent authority;
 - ii) frequency of issuance – regular borrower vs. new or infrequent borrower; and
 - iii) market awareness – active secondary market vs. little or no institutional awareness.
- d) Market
 - i) interest rates – stable; predictable vs. volatile;
 - ii) supply and demand – strong investor demand, good liquidity vs. oversold, heavy supply; and
 - iii) changes in law – none vs. recent or anticipated

Bonds may also be sold through a private or limited placement, but only if it is determined that a public offering through either a competitive or negotiated sale is not in the best interests of the university or DSO.

Allocation of Bonds

In the event a negotiated sale by a DSO is determined by the university to be in the university’s best interest, syndicate rules shall be established which foster competition among the syndicate members and ensure that all members of the syndicate have an opportunity to receive a fair and proper allocation of bonds based upon their ability to sell the bonds.

Report on Sale of Bonds

The university or DSO shall prepare a report on the sale of bonds or anytime it incurs debt. The report shall be prepared and provided to the Board as soon as practicable but in no event later than one month after closing the transaction, in the format and manner provided by the Board, which at a minimum shall include the following:

- a) The amount of the debt.
- b) The interest rate on the debt.
- c) A final debt service schedule or estimated debt service schedule if a variable rate debt or the interest rate is subject to adjustment.
- d) Any aspect of the transaction that was different from the transaction submitted for approval.
- e) Itemized list of all fees and expenses incurred on the transaction, including legal fees.
- f) For negotiated sale of bonds:
 - i) the underwriters' spread detailing the management fee;
 - ii) takedown by maturity and aggregate takedown;
 - iii) any risk component and an itemized list of the expense component;
 - iv) orders placed by each underwriter and final bond allocation;
 - v) total compensation received by each underwriter; and
 - vi) any report or opinion of the financial advisor.
- g) Final official statement for publicly offered bonds.
- h) Bond insurance or any other form of credit enhancement and the terms thereof.
- i) Credit rating reports.

Selection of Financing Professionals

The use of underwriters for negotiated financings and the use of financial advisors for negotiated and competitive offerings is necessary to assist in the proper structuring and sale of debt. To assure fairness and objectivity in the selection of

professionals and to help select the most qualified professional, the selection of underwriters and financial advisors should be accomplished through a competitive selection process. A competitive selection process allows the universities and their DSOs to compare more professionals and obtain the best price and level of service.

V. DISCLOSURE

Primary Disclosure

Universities and DSOs shall use best practices in preparing disclosure documents in connection with the public offer and sale of debt so that accurate and complete financial and operating information needed by the markets to assess the credit quality and risks of each particular debt issue is provided.

The disclosure recommendations of the Government Finance Officers Association's "Disclosure for State and Local Governments Securities," and the National Federation of Municipal Analysts' "Recommended Best Practices in Disclosure for Private Colleges and Universities" should be followed to the extent practicable, specifically including the recommendation that financial statements be prepared and presented according to generally accepted accounting principles.

Continuing Disclosure

DSOs shall fulfill all continuing disclosure requirements set forth in the transaction documents and as required under Rule 15c2-12 of the Securities and Exchange Commission.

VI. POST-ISSUANCE CONSIDERATIONS

Investment of Proceeds of Debt Issued by DSOs

Construction Funds. Funds held for payment of debt service and all other funds held as required by the documents of any financing shall be invested consistent with the terms of the Financing Documents.

Arbitrage Compliance

The university will comply with federal arbitrage regulations. Any arbitrage rebate liabilities should be calculated and funded annually.

VII. EFFECT

The foregoing guidelines shall be effective immediately and may be modified from time to time by the Board as circumstances warrant. The guidelines are intended to apply prospectively to all university and DSO debt, and not to adversely affect any university or DSO debt currently outstanding or projects approved by the Board or board of trustees prior to, or existing, as of January 26, 2006.

Authority: Section 7(d), Art. IX, Fla. Const., History: New 4-27-06, Amended 9-16-10.

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THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

December 2, 2010

Subject: Florida International University Foundation, Inc. Financial Audit, 2009-2010

Proposed Committee Action:

Recommend approval by the Florida International University Board of Trustees of the Florida International University Foundation, Inc. Financial Audit for the 2009-2010 Fiscal Year and authorize the Executive Director of the FIU Foundation, Inc. to take all actions necessary pertaining to this Financial Audit, including filing the report with the Auditor General.

Background Information

Pursuant to Regulation FIU-1502 (2)(f), the FIU Foundation, Inc. must submit an independently conducted financial audit of its accounts and records, which has been approved by its governing board and recommended by the University President to the Florida International University Board of Trustees for review and approval.

The FIU Foundation, Inc. Financial Audit for 2009-2010 has been submitted and approved by the FIU Foundation, Inc. Board of Directors on October 27, 2010, and the University President is recommending its approval.

Florida Board of Governors Regulation 9.011, University Direct Support Organizations and Health Services Support Organizations (4), states in relevant part:
Support organizations shall provide for an annual audit conducted pursuant to university regulations or policies. The annual audit report shall be submitted to the university board of trustees or designee, the Board of Governors, and the Auditor General for review.

Supporting Documentation: Florida International University Foundation, Inc.
Financial Audit 2009-2010

Facilitator/Presenter: Kenneth A. Jessell

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**FLORIDA INTERNATIONAL UNIVERSITY
FOUNDATION, INC. AND SUBSIDIARY
(A Direct Support Organization)**

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

**FLORIDA INTERNATIONAL UNIVERSITY
FOUNDATION, INC. AND SUBSIDIARY
(A Direct Support Organization)**

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INDEPENDENT AUDITORS' REPORT

Members of the Board of Directors and the Finance and Audit Committee
Florida International University Foundation Inc. and Subsidiary
Miami, Florida

We have audited the accompanying consolidated statement of financial position of Florida International University Foundation, Inc. and Subsidiary (the Foundation), a direct support organization and a component unit of Florida International University, as of June 30, 2010 and the related consolidated statements of activities, functional expenses and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from the Foundation's 2009 financial statements and, in our report dated January 20, 2010, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Foundation and its subsidiary as of June 30, 2010, and the changes in their net assets and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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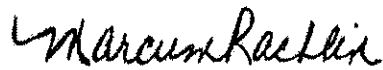
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In accordance with *Government Auditing Standards*, we have also issued a report dated November 3, 2010 on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, 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 provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in Schedules I through III is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The information identified in the table of contents as Schedules I and II have been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and, in our opinion, are fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole. The information identified in the table of contents as Schedule III has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion thereon.



a division of Marcum LLP

Miami, Florida

November 3, 2010

**FLORIDA INTERNATIONAL UNIVERSITY
FOUNDATION, INC. AND SUBSIDIARY**
(A Direct Support Organization)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2010

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2009)

	Totals	
	2010	2009
Assets		
Cash and cash equivalents	\$ 4,710,830	\$ 5,075,811
Investments	115,827,131	101,018,413
Contributions receivable, net	55,456,316	54,103,832
Due from Florida International University	850,315	--
Fixed assets, net	10,773,692	11,100,703
Bond issuance costs, net	94,946	102,972
Other assets	709,876	533,835
Total Assets	<u>\$ 188,423,106</u>	<u>\$ 171,935,566</u>
Liabilities		
Accounts payable and other liabilities	\$ 341,471	\$ 205,868
Annuities payable	269,805	282,106
Deferred revenue	429,774	230,062
Derivative liability	645,890	614,928
Due to Florida International University	501,984	--
Note payable	9,260,000	9,260,000
Total Liabilities	<u>11,448,924</u>	<u>10,592,964</u>
Net Assets		
Unrestricted	15,160,471	14,642,835
Temporarily restricted	10,906,029	4,128,312
Permanently restricted	150,907,682	142,571,455
Total Net Assets	<u>176,974,182</u>	<u>161,342,602</u>
Total Liabilities and Net Assets	<u>\$ 188,423,106</u>	<u>\$ 171,935,566</u>

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

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY
(A Direct Support Organization)

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2010

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	
				2010	2009
Revenue, Gains and Other Support					
Contributions	\$ 3,385,599	\$ 2,540,101	\$ 10,463,120	\$ 16,388,820	\$ 42,995,096
Royalty income	181,948	--	--	181,948	873,204
Rental income	1,178,248	--	--	1,178,248	1,082,914
Dues	514,710	33,225	67,591	615,526	785,849
Net investment income (loss)	1,078,974	4,278,989	--	5,357,963	(9,616,371)
Unrealized derivative loss	(30,962)	--	--	(30,962)	(148,385)
Net unrealized investment gains (losses)	1,069,571	4,578,991	--	5,648,562	(18,373,348)
Administrative fees	359,152	--	--	359,152	117,671
Other	741	27,151	--	27,892	385,100
Net assets released from restrictions	4,698,724	(4,540,740)	(157,984)	--	--
Total Revenue, Gains and Other Support	12,436,705	6,917,717	10,372,727	29,727,149	18,101,730
Expenses					
Program services	9,393,657	--	--	9,393,657	11,147,964
General and administrative	2,153,019	--	--	2,153,019	4,375,080
Fund raising	372,393	--	--	372,393	632,321
Total Expenses	11,919,069	--	--	11,919,069	16,155,366
Change in Net Assets Before Provision for Uncollectible Pledges	517,636	6,917,717	10,372,727	17,808,080	1,946,364
Provision for Uncollectible Pledges	--	(140,000)	(2,036,500)	(2,176,500)	(1,003,143)
Change in Net Assets	517,636	6,777,717	8,336,227	15,631,580	943,221
Net Assets - Beginning	14,642,835	4,128,312	142,571,455	161,342,602	160,399,381
Net Assets - Ending	\$ 15,160,471	\$ 10,906,029	\$ 150,907,682	\$ 176,974,182	\$ 161,342,602

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

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY
(A Direct Support Organization)

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2010

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

	Program Services	General and Administrative	Fund Raising	Totals	
				2010	2009
Contribution to University Building Program	\$ 1,826,064	\$ --	\$ --	\$ 1,826,064	\$ 1,448,599
College of Engineering and Computing	1,006,429	--	--	1,006,429	912,162
College of Business Administration	1,003,416	--	--	1,003,416	1,606,237
Athletics Fund - Golden Panthers	739,019	--	--	739,019	914,251
Wolfsonian Museum	715,505	--	--	715,505	649,542
Medical School	565,468	--	--	565,468	430,379
University Wide Scholarships and Programs	563,430	--	--	563,430	739,992
College of Arts and Sciences	472,064	--	--	472,064	1,069,843
College of Nursing and Health Sciences	458,701	--	--	458,701	434,853
School of Hospitality Management	451,709	--	--	451,709	429,745
President's compensation	--	429,225	--	429,225	346,256
Interest	--	405,964	--	405,964	339,263
College of Education	346,025	--	--	346,025	382,448
Depreciation and amortization	--	335,037	--	335,037	342,183
Utilities and Maintenance	--	292,505	--	292,505	316,164
FIU Alumni Association	282,035	--	--	282,035	266,309
Lobbying	--	254,900	--	254,900	261,071
Advancement operations	--	--	228,221	228,221	259,945
FIU Art Museum	222,118	--	--	222,118	438,854
Academic Affairs	204,413	--	--	204,413	300,588
Capital campaign	--	--	144,172	144,172	148,415
Business office operations	--	130,556	--	130,556	130,488
College of Law	122,559	--	--	122,559	145,600
College of Architecture & the Arts	112,268	--	--	112,268	261,134
School of Journalism	81,736	--	--	81,736	152,983
President's allowance	--	80,441	--	80,441	49,243
President's Office	60,072	--	--	60,072	40,211
Professional fees	--	53,589	--	53,589	131,187
Bank and investment fees	--	53,575	--	53,575	32,717
Stemple School of Public Health	45,267	--	--	45,267	90,747
Florida Board of Governor's Assessment	--	39,747	--	39,747	46,291
Honors College	37,531	--	--	37,531	25,770
Insurance	--	36,760	--	36,760	50,787
College of Social Work, Justice & Public Affairs	20,684	--	--	20,684	9,638
Student Affairs	19,265	--	--	19,265	32,941
Remarketing fees	--	17,332	--	17,332	10,478
FIU Libraries	15,049	--	--	15,049	36,242
License plates	13,402	--	--	13,402	197,500
FIU Vice President's allowance	--	11,788	--	11,788	24,367
Human Resources	7,604	--	--	7,604	8,932
Wolfsonian expenses	--	7,184	--	7,184	789,168
Other miscellaneous expense	--	4,416	--	4,416	2,924
Office of Sponsored Research	1,824	--	--	1,824	150
University Support	--	--	--	--	1,524,807
Marketing fees	--	--	--	--	223,961
Faculty Research Awards	--	--	--	--	100,000
Total Expenses	\$ 9,393,657	\$ 2,153,019	\$ 372,393	\$ 11,919,069	\$ 16,155,366

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

**FLORIDA INTERNATIONAL UNIVERSITY
FOUNDATION, INC. AND SUBSIDIARY
(A Direct Support Organization)**

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2010

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

	2010	2009
Cash Flows from Operating Activities		
Change in net assets	\$ 15,631,580	\$ 943,221
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	335,037	350,209
Loss on disposal of assets	--	758,828
Provision for uncollectible pledges	2,176,500	1,003,143
Net unrealized investment (gains) losses	(5,648,562)	18,373,348
Unrealized loss on derivative liability	30,962	148,385
Changes in assets and liabilities:		
(Increase) decrease in:		
Contributions receivable	(3,528,984)	(28,027,926)
Other assets	(176,041)	(14,685)
Due from FIU	(850,315)	262,206
Increase (decrease) in:		
Accounts payable and other liabilities	135,603	37,071
Annuities payable	(12,301)	(35,031)
Due to FIU	501,984	--
Deferred revenue	199,712	(445,445)
Contributions restricted for long-term investment	(9,020,243)	(6,230,603)
Net investment (income) loss restricted for reinvestment	(4,278,989)	7,356,867
Net Cash Provided by Operating Activities	<u>(4,504,057)</u>	<u>(5,520,412)</u>
Cash Flows from Investing Activities		
Purchases of investments	(104,367,930)	(155,994,833)
Sales of investments	95,207,774	157,321,351
Purchases of fixed assets	--	(245,104)
Net Cash Provided by (Used in) Investing Activities	<u>(9,160,156)</u>	<u>1,081,414</u>
Cash Flows from Financing Activities		
Proceeds from contributions restricted for long-term investment	9,020,243	6,230,603
Principal repayments	--	(520,000)
Net investment (income) loss restricted for reinvestment	4,278,989	(7,356,867)
Net Cash Provided by (Used in) for Financing Activities	<u>13,299,232</u>	<u>(1,646,264)</u>
Net Decrease in Cash and Cash Equivalents	(364,981)	(6,085,262)
Cash and Cash Equivalents - Beginning	<u>5,075,811</u>	<u>11,161,073</u>
Cash and Cash Equivalents - Ending	<u>\$ 4,710,830</u>	<u>\$ 5,075,811</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 367,142</u>	<u>\$ 321,428</u>

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

**FLORIDA INTERNATIONAL UNIVERSITY
FOUNDATION, INC. AND SUBSIDIARY
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND PURPOSE

Florida International University Foundation, Inc. (the "Foundation" or the "Organization"), is a direct support organization and a component unit of Florida International University, is organized to encourage, solicit, receive and administer gifts and bequests of property and funds for the advancement of Florida International University (the "University") and its objectives. The Foundation is a tax-exempt organization as defined by Section 501(c)(3) of the Internal Revenue Code.

The Wolfsonian, Inc. was established in 1986 to create and operate a museum and research center in Miami Beach, Florida, and to support a comprehensive program focused on the collection, exhibition, interpretation, preservation, research and publication of the decorative, design and architectural arts. The Wolfsonian, Inc. has been loaned The Mitchell Wolfson, Jr. Collection of nearly 27,000 objects of art and rare books dating from the late nineteenth to the mid-twentieth century. It encompasses furniture, sculptures, paintings, books, graphics and other works of art on paper, as well as archives relating to the period. Through a series of academic study and fellowship programs, national and international traveling exhibitions, and scholarly initiatives, the Wolfsonian, Inc. promotes public education and awareness of the social, historical, technological, political, economic, and artistic material culture of Europe and America in the 1885-1945 period.

As more fully explained in Note 2, the Foundation was party to the gift agreement (the "Agreement") on July 1, 1997 with the Wolfsonian, Inc., whereby the Wolfsonian, Inc. agreed to amend its articles of incorporation and bylaws with the intent of transferring control of the Wolfsonian, Inc., all of its assets, interest, and obligations, to the Foundation.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements of the Foundation and its subsidiary for the year ended June 30, 2010, include the accounts of the Foundation and the Wolfsonian, Inc. based on the Foundation's controlling economic interest in the Wolfsonian, Inc. The Foundation's controlling economic interest in the Wolfsonian, Inc. was the result of the gift agreement between the two entities, which became effective on March 26, 1998 (see Note 2).

All significant intercompany accounts and transactions have been eliminated in consolidation.

**FLORIDA INTERNATIONAL UNIVERSITY
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION

Financial statement presentation follows the recommendations of the Accounting Standards Codification ("ASC") 958, *Not-for-Profit Entities*, (formerly Financial Accounting Standards Board Statement ("SFAS") No. 117). Under ASC 958, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Assets are presented according to their nearness of conversion to cash. Liabilities are presented according to the nearness of their maturity and resulting use of cash.

BASIS OF ACCOUNTING

The consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets and changes therein are classified and reported as follows:

Unrestricted

Net assets which are free of donor-imposed restrictions; all revenue, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets are classified as unrestricted.

Temporarily Restricted

Net assets whose use is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the Foundation pursuant to those stipulations.

Permanently Restricted

Net assets whose use is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COMPARATIVE INFORMATION

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. In addition, select comparative financial information is included in the notes to the financial statements. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's consolidated financial statements for the year ended June 30, 2009 from which the summarized information was derived.

USE OF ESTIMATES

The consolidated financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and revenue and expenses during the period reported. These estimates include assessing the collectability of contributions receivable. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the consolidated financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

CASH EQUIVALENTS

The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

INVESTMENTS

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated statement of financial position. Investment gains and losses (including realized and unrealized gains and losses on investments as well as interest income and dividends) are included in the consolidated statement of activities as an increase or decrease in unrestricted net assets unless the gains or losses are restricted by donor or law. Restricted gains and losses and investment income where the restrictions are met in the same reporting period as the income is earned are recorded as unrestricted support.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FAIR VALUE OF FINANCIAL INSTRUMENTS

ASC 820, *Fair Value Measurements and Disclosures*, which 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 market participants at the measurement date and establishes a framework for measuring fair value, and requires financial statements preparers to disclose information about their fair value determinations in their financial statements.

CONTRIBUTIONS

Contributed goods and services are recorded as contributions at their estimated fair value at date of receipt.

PROMISES TO GIVE

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets.

The Organization records unconditional promises to give at its estimated fair value which is based on prior years' experience and management's analysis of specific promises made. The receivables are further discounted to reflect their present value. Decreases in fair value are recognized as bad debt loss in the period the decrease occurs. Increases in estimated fair value are not recognized unless they represent recoveries of previous bad debt losses incurred; increases are recognized as additional contribution revenue when the promise to give is collected.

DEFERRED REVENUE

Deferred revenue is comprised of advanced licensing and royalty fees. Bank of America has agreed to the fees in exchange for the right to use FIU's logo on credit cards and also to advertise on FIU's home page and athletic home page. In either case, that right extends to print or electronic media. In addition, Bank of America has the right to solicit for business, FIU students and alumni population, faculty, staff, ticket holders, athletic teams and athletic departments.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FOUNDATION LAND, BUILDING AND PROPERTY

Property and equipment are defined assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of 5 years and are recorded at historical cost. If contributed, the asset, with the exception of the collection of decorative and propaganda arts, is recorded at the fair market value at the time of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions are recorded as unrestricted support. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, ranging from five to forty years.

The Foundation has elected to exercise the option of not capitalizing the items that meet the definition of "collections" as prescribed by accounting principles generally accepted in the United States. Therefore, the fair value of the donated collection of decorative and propaganda arts are not reflected in the accompanying consolidated financial statements. Purchases of collection items are recorded as decreases in unrestricted net assets in the year in which the items are acquired or as temporarily or permanently restricted net assets if the assets used to purchase the items are restricted by donors. Contributed collection items are not reflected in the consolidated financial statements. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes.

DERIVATIVE FINANCIAL INSTRUMENTS

The Foundation entered into an interest rate swap agreement to reduce its exposure to market risks from changing interest rates. For interest rate swaps, the differential to be paid or received is accrued and recognized in interest expense and may change as market interest rates change. The fair value of the swap agreement is presented in the consolidated statement of financial position. The change in fair value is presented as an unrealized gain or loss in the consolidated statement of activities.

The Foundation's fair value estimate is based on its banking institution's valuation models and assumptions and available market data, some of which may be internally developed. The estimate is provided without adjustments for transactions and hedging costs, liquidity, or credit considerations or other significant factors external to the valuation models.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES

The Foundation and its subsidiary are not-for-profit corporations, as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes. There were no income taxes resulting from unrelated business income during the year ended June 30, 2010.

CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash in banks.

The Foundation places substantially all of its cash with high quality financial institutions which the Foundation believes limits this risk. At June 30, 2010, approximately \$60,400 was in excess of the Federal Depository Insurance Company (FDIC) limits.

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits, with the exception noted in the preceding paragraph, are insured or collateralized with securities held by the entity or its agent in the entity's name.

RECLASSIFICATIONS

Certain reclassifications were made to the 2009 consolidated financial statements to conform to the 2010 presentation with no affect on previously reported change in net assets.

SUBSEQUENT EVENTS

Management has evaluated subsequent events to determine if events or transactions occurring through November 3, 2010, the date the consolidated financial statements were available to be issued, require potential adjustment to or disclosure in the consolidated financial statements.

**FLORIDA INTERNATIONAL UNIVERSITY
FOUNDATION, INC. AND SUBSIDIARY
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 2 - GIFT AGREEMENT

On July 1, 1997, the Foundation entered into a gift agreement (the Agreement) with Mitchell Wolfson, Jr., the Wolfsonian, Inc. and the University, whereby Mitchell Wolfson, Jr. agreed to donate all rights, title and interest in and to all objects constituting The Mitchell Wolfson, Jr. Collection of Decorative and Propaganda Arts (the Collection) to the FIU Foundation, subject to a loan agreement made and entered into by the Wolfsonian, Inc. and Mr. Wolfson, Jr., dated July 29, 1991. The Loan Agreement was extended in July 2001 for ten years through July 2011.

As a result of the Agreement, the Wolfsonian, Inc. has amended its articles of incorporation and bylaws to provide that all of its directors be appointed and removed at any time with or without cause by the Foundation, with the intention to effect a transfer of complete control of all of the assets, interests and obligations of the Wolfsonian, Inc. to the Foundation. On May 26, 1999, the Foundation passed a revision to the bylaws of the Wolfsonian, Inc. to make the Foundation the sole voting member of the Wolfsonian, Inc.

The gifts are conditional upon the provisions outlined in the Agreement, including but not limited to the Foundation continuing the museum and educational activities and operations that were conducted by the Wolfsonian, Inc. As a result of the Agreement, the University and the Foundation have assumed all administrative functions and operating costs of the Wolfsonian activities within the University (Wolfsonian-FIU).

In order for the Foundation to be able to maintain the rights to the Collection, the University is to provide the Wolfsonian-FIU with the same financial support from its general budget, as provided to other departments, in order to continue the museum and educational activities and operations of the Wolfsonian-FIU. The University provides support for the Wolfsonian-FIU expenses which included the insurance premium for the art collection, salaries, equipment, administrative expenses, and building security. In addition, the University provides support for utilities, repairs and maintenance expenses for buildings used by the Wolfsonian-FIU.

**FLORIDA INTERNATIONAL UNIVERSITY
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 3 - INVESTMENTS

	As of June 30,	
	2010	2009
Equities	\$ 70,624,710	\$ 61,215,058
Limited partnerships	23,671,390	25,206,483
U.S. Government and municipal securities	7,668,529	3,433,986
Corporate bonds	13,564,097	10,924,057
	115,528,726	100,779,584
Plus accrued income	298,505	238,829
Total investments	\$ 115,827,231	\$ 101,018,413

Total net realized and unrealized investment gains and investment income for the year ended June 30, 2010 totaled \$11,006,525, of which \$8,803,544 was applied to individual endowments. The total net realized and unrealized investment losses and investment losses for the year ended June 30, 2009 amounted to (\$27,989,719) of which (\$20,727,905) was applied to individual endowments.

NOTE 4 - FAIR VALUE MEASUREMENTS

ASC 820 requires that an entity establish a fair value hierarchy based on the nature of data inputs for fair value determinations, under which a financial statement preparer is required to value each asset and liability using assumptions that market participants would employ to value that asset or liability. When a financial statement preparer uses significant, non-market observable assumptions to value an asset or liability, ASC 820 requires the preparer to disclose additional information about the assumptions used and the effects of the measurements on earnings or changes in net assets for the period.

The methods and assumptions used to estimate fair value of cash and cash equivalents, accounts receivable, other assets, accounts payable and other liabilities, provides for a carrying amount that is a reasonable estimate of the fair value because of the short maturity of these instruments.

To increase consistency and comparability in fair value measurements and related disclosures, the standards establish a three-level fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value. The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The levels in the fair value hierarchy are defined as follows:

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 4 - FAIR VALUE MEASUREMENTS (CONTINUED)

Level 1

Investments with quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date are categorized as Level 1 investments. These include equities (including domestic and foreign common stocks, ADR, convertible preferred stock, mutual funds, real estate investment trusts, and other exchange traded funds); U.S. government and municipal securities (including U.S. treasuries, government strips, and zero coupon bonds); and corporate bonds (including Euro and international fixed income bonds).

Level 2

Investments with inputs that are observable for the asset or liability, either directly or indirectly, are categorized as Level 2 investments. Level 2 investments include domestic bonds, government agencies and private placement bonds that are valued using the IDSI Institutional bond quotes. This is the Interactive Data Pricing Services primarily for debt issues, government and corporate bonds. The GNMA, FNMA, FHLMC pools are valued using the IDSI MBS Pricing methods, specific for mortgage backed pools. Government CMO's and REMICS use the IDSI COMO pricing method which is the Interactive Data Pricing Services – collateralized mortgage obligation evaluations. Evaluations for all of the level 2 investments are based on market driven observations and securities characteristics including ratings, coupons and redemptions.

Level 3

Investments with unobservable inputs for evaluating the asset or liability are categorized as Level 3 investments. ASC 820 states that unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity. Level 3 includes alternative investments related to fund of funds and private equity limited partnerships investments. They are valued using quarterly valuation cycles, internal balance capitalization as well as current day net asset value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**FLORIDA INTERNATIONAL UNIVERSITY
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 4 - FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by levels within the fair value hierarchy the Foundation's assets at fair value as of June 30, 2010.

Investments at Fair Value as of June 30, 2010

	Level 1	Level 2	Level 3	Total
Equities	\$ 70,171,479	\$ 453,231	\$ --	\$ 70,624,710
Limited partnerships	--	--	23,671,390	23,671,390
U.S. Government and municipal securities	4,325,263	3,343,266	--	7,668,529
Corporate bonds	1,501,778	12,062,319	--	13,564,097
Total Investments at Fair Value	\$ 75,998,520	\$ 15,858,816	\$ 23,671,390	\$ 115,528,726
Swap agreement (derivative liability) (see Note 10)	\$ --	\$ 645,890	\$ --	\$ 645,890

The table below sets forth the summary of changes in the fair value of the Foundation's Level 3 investments for the fiscal year ended June 30, 2010.

Level 3 Investments
Fiscal Year Ended June 30, 2010
Limited Partnerships

Balance, beginning of the year	\$ 25,206,483
Realized gains/ (losses)	(194,469)
Unrealized gains/ (losses)	3,004,952
Purchases, sales, issuances and settlements, net	(4,210,048)
Less cash equivalents	(135,527)
Balance, end of year	<u>\$ 23,671,390</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 5 - CONTRIBUTIONS RECEIVABLE

Unconditional promises to give, recorded at its estimated fair value and discounted to present value, are expected to be realized in the following periods:

	June 30,	
	2010	2009
Receivable in less than one year	\$ 24,654,559	\$ 6,026,633
Receivable in one to five years	33,333,296	49,197,994
Receivable in more than five years	4,035,000	4,124,500
	62,022,855	59,349,127
Less allowance for doubtful accounts	(2,912,103)	(993,492)
Less discount to present value at 1.79% and 2.40%, respectively	(3,654,435)	(4,251,803)
Promises to Give, net	<u><u>\$ 55,456,317</u></u>	<u><u>\$ 54,103,832</u></u>

STATE MATCH RECEIVABLE

In accordance with Florida Statute Chapter 1011.94, Trust Fund for Major Gifts, endowment contributions of \$100,000 or more, made after July 1, 1985, with income to be used to "support libraries and instruction and research programs", are eligible for state match. As of June 30, 2010, the Foundation has approved state matching requests that have not yet been received totaling \$18,898,915. The State of Florida did not appropriate funds to pay for this program during fiscal year 2010-11; therefore the receivable has been recorded in the accompanying consolidated financial statements discounted back over four years through 2016 since the exact year of receipt is not known. This receivable is included in the table above.

NOTE 6 - FOUNDATION FIXED ASSETS

	June 30,	
	2010	2009
MARC Building	\$ 13,080,435	\$ 13,080,435
Construction in progress	245,104	245,104
Land	2,500	2,500
Time share	3,200	3,200
	13,331,239	13,331,239
Less accumulated depreciation	(2,557,547)	(2,230,536)
Fixed Assets, net	<u><u>\$ 10,773,692</u></u>	<u><u>\$ 11,100,703</u></u>

**FLORIDA INTERNATIONAL UNIVERSITY
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 6 - FOUNDATION FIXED ASSETS (CONTINUED)

Depreciation expense was \$327,011 for the years ended June 30, 2010 and 2009, respectively.

NOTE 7 - BOND ISSUANCE COSTS

As of June 30, 2010, issuance costs related to the tax-exempt bonds (Florida International University Foundation Project – Series 1999) issued by the Miami-Dade County Educational Facilities Authority, as described in Note 9. The issuance costs will be amortized over the term of the bonds which mature in 2022.

	2010	2009
Bond issuance costs	\$ 178,772	\$ 178,772
Less accumulated amortization	<u>(83,826)</u>	<u>(75,800)</u>
Bond issuance costs, net	<u>\$ 94,946</u>	<u>\$ 102,972</u>

NOTE 8 - ANNUITIES PAYABLE

The Foundation has received, as of June 30, 2010, \$700,000 in gifts under charitable remainder annuity trust agreements. The Foundation recognized the contributions received as revenue during the period that the trust was established. The amount of the contribution was the fair value of the trust assets less the fair value of the estimated annuity payments to be paid annually over the expected life of the annuities. The Foundation recorded the present value of the annuities, plus an additional 10 percent of that amount, as required by Florida Statute Section 627.481, as the liability of annuities payable totaling \$269,805.

NOTE 9 - NOTE PAYABLE

On January 20, 2000, the Miami-Dade County Educational Facilities Authority (the Authority) issued \$13,000,000 tax-exempt revenue bonds (Florida International University Foundation Project – Series 1999). These bonds are payable from and secured by a pledge of payments to be made to the Authority under a loan agreement dated December 1, 1999, between the Foundation, Inc. and the Authority.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 9 - NOTE PAYABLE (CONTINUED)

The Bonds are secured by an irrevocable letter of credit issued by a commercial bank as described below. The Foundation will finance the payments to the Authority under the loan agreement with lease payments received from the University under an operating lease (see Note 14). The \$13,000,000 original principal amount was issued under a variable rate structure with a final maturity date of May 1, 2022. The variable rate on fifty percent of the original issue, \$6,500,000, has been synthetically fixed at 4.63 percent through February 1, 2015, by way of an interest rate swap agreement with a commercial bank (see Note 10). For the year ended June 30, 2010, total interest paid was \$405,964. The bond proceeds were used to acquire, construct and equip the multi-function support complex located on the University campus in Miami-Dade County and to pay issuance costs. As of June 30, 2010, the outstanding principal balance due under this note payable amounted to \$9,260,000. As of June 30, 2010, the fair value of the FIU Foundation's liability under the swap agreement was \$645,890.

On December 1, 1999, the Foundation entered into a letter of credit agreement with a commercial bank that permitted the Foundation to borrow up to \$13,000,000 through December 15, 2004, bearing interest at the prime rate plus 2 percent. On November 29, 2004, this agreement was extended, with the same terms and conditions, through December 15, 2009. There were two additional extensions subsequent to that date through July 30, 2010. The Foundation must pay an annual commitment fee of 0.45 percent on the unused portion of the commitment. Borrowings under the financing agreement mature 90 days after the date of the borrowing.

Under the letter of credit agreement and loan agreement noted above, the Foundation is obligated under certain debt covenants to which they are in compliance with.

SUBSEQUENT EVENT

Due to significant stress in the bank market the bonds were repurchased by the Trustee under the SunTrust Bank letter of credit due to the diminishing ability to remarket the variable rate demand bonds in the public marketplace. Subsequent to year end, on July 30, 2010, the commercial bank converted the variable rate demand bonds into a five year tax exempt qualified loan. After the initial 5 year period, the bank would have the right to require the Foundation to refinance the bank qualified loan or could agree to extend the maturity date for an additional five year period. The Foundation agrees to pay interest at a rate of 67% of one month LIBOR plus 1.68%. The bond maturity date of May 1, 2022 remains unchanged as does the swap agreement. As of June 30, 2010, the principal portion that was due was included in the refinanced amount.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 9 - NOTE PAYABLE (CONTINUED)

The aggregate maturities of the new note payable issued subsequent to June 30, 2010 are as follows:

Year Ending June 30	
2011	\$ 475,000
2012	605,000
2013	640,000
2014	670,000
2015	705,000
Thereafter	6,165,000
	<u>\$ 9,260,000</u>

NOTE 10 - DERIVATIVE FINANCIAL INSTRUMENTS

On February 1, 2000, the Foundation entered into an interest rate swap agreement (the Swap Agreement) with a commercial bank on a notional amount of \$6,500,000 which represents 50 percent of the principal amount of the bond issue, as described in Note 9. Under the original swap agreement, the Foundation agreed to pay a fixed rate of 5.03 percent per annum and receive variable rates based on 67 percent of the one-month US Dollar LIBOR rate. Effective October 1, 2005, the Foundation renegotiated the swap agreement reducing the fixed payor rate under the swap to 4.63 percent per annum. The renegotiated swap agreement expires on February 1, 2015. The derivative liability at June 30, 2010 was \$645,890.

NOTE 11 - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets of \$10,906,029 at June 30, 2010 were available for scholarships and other program specific expenses. Permanently restricted net assets of \$150,907,682 at June 30, 2010 consisted of endowment funds. Investment income earned by endowment funds are available for spending based on the Foundation's spending policy. The spending rate is determined by the Foundation's Board at its annual board meeting. The spending rate for year ending June 30, 2010 was 4.0%. The spendable earnings are recorded as either temporarily restricted or unrestricted assets, as stipulated by the donor.

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FOR THE YEAR ENDED JUNE 30, 2010

NOTE 12 - CONTRIBUTIONS TO UNIVERSITY BUILDING PROGRAM

Contributions are received by the Foundation to support construction projects of the University. These projects are handled by the University, are on University property and become assets of the University upon completion. These funds may be further matched by a State of Florida matching program for construction. Prior to the request of matching funds and the commencement of the construction project, the Foundation transfers these contributions to the University.

During the year ended June 30, 2010, the Foundation transferred \$1,826,064 to support numerous construction projects, as follows:

R. Kirk Landon Fieldhouse	\$ 1,000,000
Hospitality Management Carnival Student Center Building	500,000
Nursing and Health Sciences Building	27,064
Kovens Conference Center	40,000
Classroom renovations	259,000
	<u>\$ 1,826,064</u>

NOTE 13 - COMMITMENTS AND CONTINGENCIES

LOAN GUARANTEES

The Foundation guarantees amounts on construction projects on FIU's Maidique Campus, specifically the Pi Kappa Alpha Kappa Gamma Greek Housing facility. This guarantee is expected to retire without being funded, and are not expected to significantly impact operations or future cash flows. The outstanding loan amount is less than one million dollars.

NOTE 14 - RELATED PARTY TRANSACTIONS

On December 1, 1999, the Foundation entered into a ground lease agreement with the Board of Regents of the State University System of the State of Florida for and on behalf of the University. Under this agreement, the Foundation, the lessee, has leased the grounds on which the multi-functional support complex was built, as described in Note 9. The consideration required to be paid by the Foundation is \$10 annually. The lease will expire on December 31, 2024 or the final payment date under the letter of credit agreement, as described in Note 9. Total amounts paid to the Foundation under this agreement were \$1,178,248 and \$1,082,914 for the years ended June 30, 2010 and 2009, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 14 - RELATED PARTY TRANSACTIONS (CONTINUED)

On December 1, 1999, the Foundation also entered into an operating lease with the Board of Regents on behalf of the University to lease the 75,000 square foot multi-function support complex to the University. The financing of the payments under the letter of credit agreement and the loan agreement, as described in Note 9, will be secured by the pledged leased payments from the University. The University has agreed to pay the Foundation, as lessor, rent in the amount equal to all amounts due and payable by the Foundation under the letter of credit agreement, if any, and the loan agreement. The payments also include any costs of operating and maintaining the multi-functional support complex, in addition to amounts necessary to pay any unanticipated and extraordinary costs. The lease commenced during August 2002 when the multi-function support complex became operational. The lease expires on May 1, 2022 which is the date of maturity of the loan agreement. The cost of the leased asset is \$13,080,435 and the net book value is approximately \$ 10,522,888 at June 30, 2010. Minimum future rentals as of June 30, 2010 are approximately as follows:

Year Ending June 30

2011	\$ 1,260,000
2012	1,260,000
2013	1,260,000
2014	1,260,000
2015	1,260,000
Thereafter	8,820,000
Total Minimum Payments Required	<u>\$ 15,120,000</u>

NOTE 15 – ENDOWMENTS

The Foundation's endowment consists of funds established for a variety of purposes. Its endowment includes donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 15 – ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law

The Board of Directors of the endowment has interpreted the Florida Uniform Management of Institutional Funds Act as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor intended. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature that are reported in temporary restricted net assets were \$(5,954,733) as of June 30, 2010. These deficiencies resulted from unfavorable market fluctuations that occurred due to an unforeseen nationwide economic crisis.

As of June 30, 2010 endowment net assets consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	\$ 4,939,774	\$ (2,737,173)	\$ 150,907,682	\$ 153,110,283
Board designated quasi-endowment funds	--	--	--	--
	<u>\$ 4,939,774</u>	<u>\$ (2,737,173)</u>	<u>\$ 150,907,682</u>	<u>\$ 153,110,283</u>
Endowment net assets, June 1, 2009	<u>\$ 4,752,441</u>	<u>\$ (10,409,606)</u>	<u>\$ 142,571,455</u>	<u>\$ 136,914,290</u>
Endowment Investment Return				
Interest, dividends and realized gains	\$ --	\$ 4,284,087	\$ --	\$ 4,284,087
Unrealized gains	--	4,519,457	--	4,519,457
Total Endowment Investment	--	8,803,544	--	8,803,544
Contributions	298,248	387,896	10,530,711	11,216,855
Release of restrictions and transfers	2,335,496	(777,905)	(157,984)	1,399,607
Endowment expenses	(3,187,513)	--	(2,036,500)	(5,224,013)
Appropriation for spending 4%	382,208	(382,208)	--	--
Appropriation for administrative fee 2%	358,894	(358,894)	--	--
Endowment Net Assets, June 30, 2010	<u>\$ 4,939,774</u>	<u>\$ (2,737,173)</u>	<u>\$ 150,907,682</u>	<u>\$ 153,110,283</u>

**FLORIDA INTERNATIONAL UNIVERSITY
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 15 – ENDOWMENTS (CONTINUED)

Return Objectives and Risk Parameters

The Foundation has adopted investment policies and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for donor-specified periods. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce a long-term rate of return on assets while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time to achieve, at a minimum, a real (inflation adjusted) total return, net of investment management fees, that is consistent with spending requirements.

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). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation's spending policy states that the Finance and Audit Committee will recommend, subject to approval by the Board of Directors, the annual spending distribution to be made to endowed accounts. The spending distribution is determined as a percentage of the endowment's average yearly market value (gift corpus plus undistributed investment earnings since inception) and is distributed at the close of the Foundation's fiscal year. Spending distributions are dependent on the Foundation's investment returns and are therefore not guaranteed. If in any given year investment losses reduce the endowment's market value below original corpus, future spending distributions are contingent on first restoring the endowment to its original corpus, before any distribution is made for spending. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

SUPPLEMENTARY INFORMATION

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY

**EMINENT SCHOLARS CHAIR PROGRAM
SCHEDULE OF RECEIPTS, EXPENDITURES AND ENDOWMENT BALANCES-SCHEDULE I
YEAR ENDED JUNE 30, 2010**

	Beginning Balance July 1, 2009	Contributions	Interest and Investment Gains	Expenditures	Transfers	Ending Balance June 30, 2010
1117030						
Davidson Chair in Humanities						
Permanently Restricted	\$ 1,000,000	\$ --	\$ --	\$ --	\$ --	\$ 1,000,000
Unrestricted/Temporarily Restricted	307,996	--	113,849	89,747	(5,000)	327,099
1139070						
G Barley E-Chair Everglade Res						
Permanently Restricted	1,080,000	--	--	--	--	1,080,000
Unrestricted/Temporarily Restricted	145,235	--	93,701	50,000	--	188,936
1200220						
James L Knight MIS Chair E						
Permanently Restricted	1,031,794	--	--	--	--	1,031,794
Unrestricted/Temporarily Restricted	289,380	--	109,386	64,005	--	334,761
1270040						
Knight Ridder Global-Mrk Chr E						
Permanently Restricted	1,020,000	--	--	--	--	1,020,000
Unrestricted/Temporarily Restricted	(150,008)	--	87,111	--	--	(62,897)
1270050						
Knight Ridder Int'l Mgt E Chr						
Permanently Restricted	1,020,000	--	--	--	--	1,020,000
Unrestricted/Temporarily Restricted	(124,043)	--	87,111	6,889	--	(43,821)
1270060						
Byron Harless Mgmt E Chr						
Permanently Restricted	1,020,000	--	--	--	--	1,020,000
Unrestricted/Temporarily Restricted	(160,364)	--	87,111	--	--	(73,253)
1270070						
J K Batten Strategic Dev E Chr						
Permanently Restricted	1,020,000	--	--	--	--	1,020,000
Unrestricted/Temporarily Restricted	(154,383)	--	87,111	10,273	--	(77,546)
1270080						
Alvah Chapman Eminent Scholar						
Permanently Restricted	1,020,000	--	--	--	--	1,020,000
Unrestricted/Temporarily Restricted	(173,333)	--	85,797	--	--	(87,536)
1280060						
Ryder MIS Chair E						
Permanently Restricted	1,020,000	--	--	--	--	1,020,000
Unrestricted/Temporarily Restricted	(6,193)	--	84,669	--	--	78,476
1280070						
Ryder Business Leader E Chair						
Permanently Restricted	1,020,000	--	--	--	--	1,020,000
Unrestricted/Temporarily Restricted	(167,769)	--	86,360	--	--	(81,408)
1280080						
Ryder Dec Sciences E Chair						
Permanently Restricted	1,020,000	--	--	--	--	1,020,000
Unrestricted/Temporarily Restricted	(124,288)	--	86,360	--	--	(37,927)
1280090						
Ryder Global Log Mgmt E Chair						
Permanently Restricted	1,020,000	--	--	--	--	1,020,000
Unrestricted/Temporarily Restricted	(152,727)	--	86,360	730	--	(67,096)

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY

EMINENT SCHOLARS CHAIR PROGRAM
SCHEDULE OF RECEIPTS, EXPENDITURES AND ENDOWMENT BALANCES-SCHEDULE I
(Continued)
YEAR ENDED JUNE 30, 2010

	Beginning Balance July 1, 2009	Contributions	Interest and Investment Gains	Expenditures	Transfers	Ending Balance June 30, 2010
1410020						
JLK Chair-Ed Refrm and Innov E						
Permanently Restricted	1,022,171	--	--	--	(1,022,171)	--
Unrestricted/Temporarily Restricted	(137,717)	--	--	--	137,717	--
1410030						
JLK Chair-Educ and Tech E						
Permanently Restricted	1,022,171	--	--	--	(1,022,171)	--
Unrestricted/Temporarily Restricted	(137,717)	--	--	--	137,717	--
1410040						
JLK Chair-UrbanEd NCB Stdnts E						
Permanently Restricted	1,022,171	--	--	--	(1,022,171)	--
Unrestricted/Temporarily Restricted	(137,717)	--	--	--	137,717	--
1410050						
JLK Chair-UrbanEd Public Ed E						
Permanently Restricted	1,022,171	--	--	--	(1,022,171)	--
Unrestricted/Temporarily Restricted	(137,717)	--	--	--	137,717	--
1200630						
JLK - Ctr for Leadership E						
Permanently Restricted	--	--	--	--	4,088,685	4,088,685
Unrestricted/Temporarily Restricted	--	--	358,503	35,172	(179,160)	144,171
1500300						
H R Chaplin Bev Mgmt Chair End						
Permanently Restricted	1,020,000	--	--	--	--	1,020,000
Unrestricted/Temporarily Restricted	60,748	--	88,108	67,215	--	81,641
1600170						
WH Coulter BME Eminent Chair E						
Permanently Restricted	2,000,000	--	--	--	--	2,000,000
Unrestricted/Temporarily Restricted	(207,170)	--	177,155	132,021	183,680	21,643
1700090						
Paul L Cejas End ScholarsChair						
Permanently Restricted	1,020,000	--	--	--	--	1,020,000
Unrestricted/Temporarily Restricted	(207,490)	--	81,406	--	--	(126,084)
2400050						
MCH Pediatrics Chair Endowment						
Permanently Restricted	1,000,001	500,000	--	--	--	1,500,001
Unrestricted/Temporarily Restricted	(147,328)	--	94,850	--	--	(52,478)
2400060						
Leon Med Ctr Geriatrics Chair						
Permanently Restricted	2,006,675	2,000,000	--	--	--	4,006,675
Unrestricted/Temporarily Restricted	(448,849)	--	326,752	--	--	(122,097)
4100190						
We Will Rebuild Chair						
Permanently Restricted	1,050,000	--	--	--	--	1,050,000
Unrestricted/Temporarily Restricted	226,528	--	105,782	32,910	--	299,400
	<u>\$ 22,732,228</u>	<u>\$ 2,500,000</u>	<u>\$ 2,327,482</u>	<u>\$ 488,962</u>	<u>\$ 550,389</u>	<u>\$ 27,621,139</u>

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY
MAJOR GIFTS PROGRAM
SCHEDULE OF RECEIPTS, EXPENDITURES AND ENDOWMENT BALANCES-SCHEDULE II
YEAR ENDED JUNE 30, 2010

	Beginning Balance July 1, 2009	Contributions	Interest and Investment Gains	Expenditures	Transfers	Ending Balance June 30, 2010
1000030						
Madeline Kitts Scholarship End						
Permanently Restricted	\$ 457,093	\$ --	\$ --	\$ --	\$ --	\$ 457,093
Unrestricted/Temporarily Restricted	89,319	--	47,683	10,365	--	126,637
1000060						
Frost Professorship End						
Permanently Restricted	150,000	--	--	--	--	150,000
Unrestricted/Temporarily Restricted	78,989	--	17,251	3,750	--	92,490
1000140						
Perlman Family Faculty Grant E						
Permanently Restricted	153,176	--	--	--	--	153,176
Unrestricted/Temporarily Restricted	(22,783)	--	12,639	--	--	(10,144)
1000420						
Perry Graduate Scholarship End						
Permanently Restricted	254,552	--	--	--	--	254,552
Unrestricted/Temporarily Restricted	(26,990)	--	21,799	12,448	--	(17,639)
1000460						
Aventura Marking Council Sch E						
Permanently Restricted	207,517	--	--	--	--	207,517
Unrestricted/Temporarily Restricted	(24,119)	--	17,221	8,000	--	(14,898)
1000510						
Garcia-Zamor Haitian-Am Sch E						
Permanently Restricted	300,000	--	--	--	--	300,000
Unrestricted/Temporarily Restricted	(35,264)	--	24,556	--	--	(10,709)
1000540						
Council 100 Faculty Award End						
Permanently Restricted	103,250	13,000	--	--	--	116,250
Unrestricted/Temporarily Restricted	333	12,625	9,070	17,762	--	-4,265
1000570						
Bank of America Scholarship E						
Permanently Restricted	175,000	--	--	--	--	175,000
Unrestricted/Temporarily Restricted	(12,997)	--	15,349	8,000	--	(5,649)
1000590						
Adolfo Henriques Scholarship E						
Permanently Restricted	100,000	--	--	--	--	100,000
Unrestricted/Temporarily Restricted	(7,630)	--	8,456	6,000	--	(5,173)
1000610						
Lucille E Snaith Memorial SchE						
Permanently Restricted	152,500	--	--	--	--	152,500
Unrestricted/Temporarily Restricted	(20,517)	--	12,550	7,000	--	(14,967)
1000650						
Manuel-Mercedes Mosteiro Sch E						
Permanently Restricted	255,352	--	--	--	--	255,352
Unrestricted/Temporarily Restricted	(42,014)	--	20,482	8,000	--	(29,532)
1000710						
Sedano's Fam 1st Gen Schol End						
Permanently Restricted	150,000	--	--	--	--	150,000
Unrestricted/Temporarily Restricted	(31,843)	--	11,923	493	--	(20,412)

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY
MAJOR GIFTS PROGRAM
SCHEDULE OF RECEIPTS, EXPENDITURES AND ENDOWMENT BALANCES-SCHEDULE II
(Continued)
YEAR ENDED JUNE 30, 2010

	Beginning Balance July 1, 2009	Contributions	Interest and Investment Gains	Expenditures	Transfers	Ending Balance June 30, 2010
1100090						
J Evans Parker Envr-Biol Sch E						
Permanently Restricted	104,915	--	--	--	--	104,915
Unrestricted/Temporarily Restricted	(15,915)	--	9,014	--	--	(6,901)
1111110						
Barnes - Noble Creative Wr End						
Permanently Restricted	450,000	--	--	--	--	450,000
Unrestricted/Temporarily Restricted	(46,569)	500	37,044	7,463	--	(16,489)
1119050						
Helen J Dunnick E Natv Ame Prg						
Permanently Restricted	224,521	--	--	--	--	224,521
Unrestricted/Temporarily Restricted	(42,316)	--	18,450	--	--	(23,866)
1119070						
Sephardic-Orien Jewish Study E						
Permanently Restricted	1,020,000	--	--	--	--	1,020,000
Unrestricted/Temporarily Restricted	(122,792)	--	83,489	52,384	--	(91,687)
1131050						
Glaser Biology Professorship E						
Permanently Restricted	150,000	--	--	--	--	150,000
Unrestricted/Temporarily Restricted	33,305	--	17,077	10,995	--	39,387
1131100						
Kelly Tropical Botany Schol E						
Permanently Restricted	150,000	--	--	--	--	150,000
Unrestricted/Temporarily Restricted	(20,272)	--	12,863	--	--	(7,408)
1139040						
SE Environmental Research En						
Permanently Restricted	602,000	--	--	--	--	602,000
Unrestricted/Temporarily Restricted	(169,930)	--	42,570	4,349	--	(131,709)
1139080						
Miccosukee Everglades-SERC End						
Permanently Restricted	1,620,000	--	--	--	--	1,620,000
Unrestricted/Temporarily Restricted	(32,517)	--	134,733	500	--	101,716
1139100						
Enrironmental Preserve Endow						
Permanently Restricted	100,000	--	--	--	--	100,000
Unrestricted/Temporarily Restricted	(16,649)	--	7,965	1,560	--	(10,245)
1139110						
JM Hibbard Memorial Lectures E						
Permanently Restricted	150,000	--	--	--	--	150,000
Unrestricted/Temporarily Restricted	(30,593)	--	11,993	897	--	(19,497)
1200040						
BMI Marketing Professorship E						
Permanently Restricted	134,600	--	--	--	--	134,600
Unrestricted/Temporarily Restricted	27,123	--	15,907	5,172	--	37,858
1200070						
Macy's Retailing Prof End						
Permanently Restricted	225,000	--	--	--	--	225,000
Unrestricted/Temporarily Restricted	(22,963)	--	18,417	642	--	(5,188)

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY
MAJOR GIFTS PROGRAM
SCHEDULE OF RECEIPTS, EXPENDITURES AND ENDOWMENT BALANCES-SCHEDULE II
(Continued)
YEAR ENDED JUNE 30, 2010

	Beginning Balance July 1, 2009	Contributions	Interest and Investment Gains	Expenditures	Transfers	Ending Balance June 30, 2010
1200100						
Deloitte - Touche Acct Schol E						
Permanently Restricted	137,556	--	--	--	--	137,556
Unrestricted/Temporarily Restricted	(3,556)	--	11,772	10,000	--	(1,784)
1200110						
Drexel Burham Lambert Schol E						
Permanently Restricted	142,500	520	--	--	--	143,020
Unrestricted/Temporarily Restricted	36,425	--	16,451	9,576	--	43,300
1200140						
FIBA Professorship E						
Permanently Restricted	150,000	--	--	--	--	150,000
Unrestricted/Temporarily Restricted	(15,965)	--	12,813	94	--	(3,245)
1200150						
Wachovia Bus Ethics Schol E						
Permanently Restricted	300,000	--	--	--	--	300,000
Unrestricted/Temporarily Restricted	4,022	--	25,625	5,000	--	24,648
1200180						
Herbert Wertheim Lect Prof E						
Permanently Restricted	150,000	--	--	--	--	150,000
Unrestricted/Temporarily Restricted	15,076	--	14,981	11,278	--	18,778
1200190						
Ingersoll-Rand IB Prof E						
Permanently Restricted	150,002	--	--	--	--	150,002
Unrestricted/Temporarily Restricted	(20,971)	--	12,378	6,881	--	(15,475)
1200250						
Bank America Bus Ethics Schl E						
Permanently Restricted	300,000	--	--	--	--	300,000
Unrestricted/Temporarily Restricted	9,129	--	25,871	15,000	--	20,000
1200260						
Regions Bank Bus EthicsSch E						
Permanently Restricted	487,500	--	--	--	--	487,500
Unrestricted/Temporarily Restricted	16,659	--	41,296	30,000	--	27,955
1200280						
Suntrust Bank Professorship E						
Permanently Restricted	225,000	--	--	--	--	225,000
Unrestricted/Temporarily Restricted	(22,120)	--	18,827	17,084	--	(20,377)
1200290						
AXA Bus Ethics Scholarship E						
Permanently Restricted	210,275	--	--	--	--	210,275
Unrestricted/Temporarily Restricted	3,679	--	17,681	5,000	--	16,360
1200330						
D R Parker Business Schol End						
Permanently Restricted	100,000	--	--	--	--	100,000
Unrestricted/Temporarily Restricted	(14,900)	--	8,624	--	--	(6,277)
1200500						
R Kirk Landon General Endowmt						
Permanently Restricted	500,000	--	--	--	--	500,000
Unrestricted/Temporarily Restricted	(112,112)	--	39,306	--	--	(72,805)

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1200530						
Student Managed Investment End						
Permanently Restricted	200,000	--	--	--	--	200,000
Unrestricted/Temporarily Restricted	(32,401)	--	16,984	--	--	(15,418)
1200560						
Global Entrepreneurship Ctr E						
Permanently Restricted	2,500,000	15,000	--	--	--	2,515,000
Unrestricted/Temporarily Restricted	(407,096)	42,250	199,355	72,587	--	(238,078)
1250040						
Barry-Roger Hersker Marke SchE						
Permanently Restricted	249,878	--	--	--	(600)	249,278
Unrestricted/Temporarily Restricted	(53,516)	--	19,837	--	(400)	(34,079)
1260020						
Jerome Bain Scholar End						
Permanently Restricted	150,000	--	--	--	--	150,000
Unrestricted/Temporarily Restricted	69,308	--	15,566	3,384	--	81,491
1260030						
Jerome Bain Real Estate Inst E						
Permanently Restricted	1,020,000	--	--	--	--	1,020,000
Unrestricted/Temporarily Restricted	(111,957)	--	86,532	14,715	--	(40,139)
1270030						
Knight Ridder Center Endowment						
Permanently Restricted	548,707	--	--	--	--	548,707
Unrestricted/Temporarily Restricted	(79,917)	--	44,413	30,512	--	(66,017)
1280040						
Ryder Supply Chain SystemsCtrE						
Permanently Restricted	150,000	--	--	--	--	150,000
Unrestricted/Temporarily Restricted	138,072	62,675	15,831	60,352	--	156,225
1280050						
Ryder Professorship E						
Permanently Restricted	150,000	--	--	--	--	150,000
Unrestricted/Temporarily Restricted	33,292	--	15,849	4,297	--	44,844
1300030						
Henry Milander Publ Svc Schl E						
Permanently Restricted	524,400	--	--	--	--	524,400
Unrestricted/Temporarily Restricted	219,719	--	52,075	11,319	--	260,475
1400040						
Frost Professorship						
Permanently Restricted	150,000	--	--	--	--	150,000
Unrestricted/Temporarily Restricted	36,599	--	16,520	13,848	--	39,272
1400140						
BellSouth Scholarship Endow.						
Permanently Restricted	150,000	--	--	--	--	150,000
Unrestricted/Temporarily Restricted	(10,146)	--	13,158	6,000	--	(2,988)
1400150						
Pat Tornillo Scholarship Endow						
Permanently Restricted	370,000	--	--	206,761	--	163,239
Unrestricted/Temporarily Restricted	17,272	--	23,887	49,578	--	(8,420)

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1400180						
Mark Blum Mem. Scholar Endow						
Permanently Restricted	228,636	--	--	--	--	228,636
Unrestricted/Temporarily Restricted	(37,505)	--	18,397	2,000	--	(21,108)
1400200						
Robert R Bellamy Schol Endow						
Permanently Restricted	682,500	--	--	--	--	682,500
Unrestricted/Temporarily Restricted	(46,111)	--	56,575	9,000	--	1,464
1400250						
Lennar Corp Scholarship End						
Permanently Restricted	100,000	--	--	--	--	100,000
Unrestricted/Temporarily Restricted	(20,237)	--	7,988	--	--	(12,249)
1500020						
Hospitality Scholarships E						
Permanently Restricted	100,000	--	--	--	--	100,000
Unrestricted/Temporarily Restricted	19,848	38,062	8,485	68,066	--	(1,671)
1500030						
Hospitality Minority Schol E						
Permanently Restricted	441,496	--	--	--	--	441,496
Unrestricted/Temporarily Restricted	(67,052)	--	36,027	17,097	--	(48,122)
1500040						
NAC Professorship Endowment						
Permanently Restricted	155,000	--	--	--	--	155,000
Unrestricted/Temporarily Restricted	89,315	--	17,679	3,843	--	103,150
1500100						
Coca Cola Professorship E						
Permanently Restricted	150,000	--	--	--	--	150,000
Unrestricted/Temporarily Restricted	23,591	--	15,834	3,442	--	35,983
1500140						
Ruby Tuesday Travel-Schol E						
Permanently Restricted	150,000	--	--	--	--	150,000
Unrestricted/Temporarily Restricted	19,530	--	15,811	5,937	--	29,404
1500160						
Ernest R Graham ProfessorshipE						
Permanently Restricted	150,000	--	--	--	--	150,000
Unrestricted/Temporarily Restricted	49,861	--	17,544	10,569	--	56,836
1500180						
Metromedia Restau MinoritySchE						
Permanently Restricted	170,000	--	--	--	--	170,000
Unrestricted/Temporarily Restricted	(3,235)	--	15,350	7,350	--	4,765
1500190						
Beverage Mgmt Studies Endow						
Permanently Restricted	454,819	--	--	--	--	454,819
Unrestricted/Temporarily Restricted	(36,529)	--	37,803	--	--	1,274
1500210						
FIU Hospitality Review E						
Permanently Restricted	187,500	--	--	--	--	187,500
Unrestricted/Temporarily Restricted	(14,111)	300	17,358	4,245	--	(697)

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1500220						
Hospitality Mgt Programs Endow						
Permanently Restricted	213,152	--	--	--	--	213,152
Unrestricted/Temporarily Restricted	32,109	--	18,193	998	--	49,305
1500230						
John W Kluge Minority Schol E						
Permanently Restricted	710,000	--	--	--	--	710,000
Unrestricted/Temporarily Restricted	(22,519)	--	61,392	26,000	--	12,873
1500240						
Hospitality Computer Equipmt E						
Permanently Restricted	175,637	--	--	--	--	175,637
Unrestricted/Temporarily Restricted	2,692	--	15,058	--	--	17,751
1500260						
A G Marshall AmerDream Schol E						
Permanently Restricted	108,670	--	--	--	--	108,670
Unrestricted/Temporarily Restricted	(20,140)	2,600	8,702	2,500	--	(11,339)
1500290						
Michael E Hurst Lecture-Sch E						
Permanently Restricted	155,569	4,950	--	--	--	160,519
Unrestricted/Temporarily Restricted	12,747	1,075	13,271	6,250	--	20,843
1500370						
Marriott Scholarship Endowment						
Permanently Restricted	300,000	--	--	--	--	300,000
Unrestricted/Temporarily Restricted	(61,243)	--	23,849	2,500	--	(39,893)
1500410						
Ocean Waters HM Scholarship E						
Permanently Restricted	150,000	--	--	--	--	150,000
Unrestricted/Temporarily Restricted	(29,897)	--	11,816	2,750	--	(20,831)
1500450						
Marriott Tianjin China.Prog E						
Permanently Restricted	500,000	1,000,001	--	--	--	1,500,001
Unrestricted/Temporarily Restricted	(81,003)	125,026	118,460	76,000	--	86,483
1600020						
Engineering Scholarships						
Permanently Restricted	150,000	--	--	--	--	150,000
Unrestricted/Temporarily Restricted	(13,868)	10,000	12,935	10,800	--	(1,732)
1600030						
Professorship in Engineering						
Permanently Restricted	100,000	--	--	--	--	100,000
Unrestricted/Temporarily Restricted	55,443	--	10,002	2,174	--	63,271
1600140						
Norman Weldon Biomed Fellows E						
Permanently Restricted	150,000	--	--	--	--	150,000
Unrestricted/Temporarily Restricted	(18,588)	--	12,829	4,800	--	(10,559)
1600180						
WHC Bioinst-Biomeas Prof E						
Permanently Restricted	1,000,000	--	--	--	--	1,000,000
Unrestricted/Temporarily Restricted	(112,823)	--	87,760	64,440	90,992	1,488

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1600190						
WH Coulter BME Excellence E						
Permanently Restricted	2,000,000	--	--	--	--	2,000,000
Unrestricted/Temporarily Restricted	(234,084)	--	174,043	134,280	180,454	(13,867)
1600210						
WHC Cardiovascular Eng Ctr E						
Permanently Restricted	500,000	--	--	--	--	500,000
Unrestricted/Temporarily Restricted	(60,983)	--	43,511	31,108	45,113	(3,467)
1600220						
Lucent Tech CALA Dist. Profess						
Permanently Restricted	450,000	--	--	--	--	450,000
Unrestricted/Temporarily Restricted	(377)	--	36,833	--	--	36,457
1600240						
WHC BME Res Initiation Prog E						
Permanently Restricted	1,000,000	--	--	--	--	1,000,000
Unrestricted/Temporarily Restricted	(125,831)	--	87,022	58,351	90,227	(6,934)
1600250						
WH Coulter Grad Fellows in BME						
Permanently Restricted	1,000,000	--	--	--	--	1,000,000
Unrestricted/Temporarily Restricted	(126,966)	--	87,022	57,216	90,227	(6,934)
1600260						
WH Coulter BME Excell Schol E						
Permanently Restricted	500,000	--	--	--	--	500,000
Unrestricted/Temporarily Restricted	(60,983)	--	43,511	31,108	45,113	(3,467)
1600270						
Coulter Young Inventor Award E						
Permanently Restricted	1,500,000	--	--	--	--	1,500,000
Unrestricted/Temporarily Restricted	(138,286)	--	134,313	102,544	139,260	32,743
1600280						
WH Coulter BME LectureSeries E						
Permanently Restricted	500,000	--	--	--	--	500,000
Unrestricted/Temporarily Restricted	(56,120)	--	43,511	38,188	45,113	(5,684)
1600330						
Ware Professorship Endowment						
Permanently Restricted	150,000	--	--	--	--	150,000
Unrestricted/Temporarily Restricted	4,128	--	12,644	--	--	16,771
1600450						
Ware Foundation Research End						
Permanently Restricted	700,000	--	--	--	--	700,000
Unrestricted/Temporarily Restricted	(18,827)	--	56,414	124,461	--	(86,874)
1600480						
Kelly Fnd CM-CivilEng Schol E						
Permanently Restricted	100,000	--	--	--	--	100,000
Unrestricted/Temporarily Restricted	(21,884)	--	7,912	--	--	(13,972)
1700060						
Festival of Trees Schol Endow						
Permanently Restricted	141,584	--	--	--	--	141,584
Unrestricted/Temporarily Restricted	(20,487)	900	11,563	5,500	--	(13,524)

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1700080						
Paul L Cejas Architecture End						
Permanently Restricted	730,009	--	--	--	--	730,009
Unrestricted/Temporarily Restricted	(109,541)	--	58,208	2,880	--	(54,213)
1740040						
Evelyn Spiltany Music Gen End						
Permanently Restricted	153,181	--	--	--	--	153,181
Unrestricted/Temporarily Restricted	(7,538)	--	14,368	3,100	--	3,730
1740060						
Wertheim Performing Arts Sch E						
Permanently Restricted	1,020,000	--	--	--	--	1,020,000
Unrestricted/Temporarily Restricted	(84,969)	--	91,245	16,700	--	(10,423)
1800150						
Dresnick Nursing Scholars End						
Permanently Restricted	152,297	--	--	--	--	152,297
Unrestricted/Temporarily Restricted	(19,696)	--	13,437	--	--	(6,260)
1800170						
A Friedman Health - Nurs Sch E						
Permanently Restricted	150,000	--	--	--	--	150,000
Unrestricted/Temporarily Restricted	(25,577)	--	12,608	--	--	(12,968)
1810040						
School of Nursing Program End						
Permanently Restricted	1,589,652	--	--	--	--	1,589,652
Unrestricted/Temporarily Restricted	(247,023)	--	136,026	240	--	(111,237)
1810050						
Betty Florman Nursing Schol E						
Permanently Restricted	150,000	--	--	--	--	150,000
Unrestricted/Temporarily Restricted	(24,990)	--	12,668	--	--	(12,322)
1810110						
BC-BS Nursing Schol End						
Permanently Restricted	150,000	--	--	--	--	150,000
Unrestricted/Temporarily Restricted	(27,488)	--	12,415	--	--	(15,073)
1810130						
NDadeMed Nursing Lab Equip End						
Permanently Restricted	437,500	--	--	--	--	437,500
Unrestricted/Temporarily Restricted	(71,965)	--	55,953	10,904	--	(26,916)
1810140						
NDadeMed Nursing Scholars End						
Permanently Restricted	1,750,000	--	--	--	--	1,750,000
Unrestricted/Temporarily Restricted	(443,943)	--	223,811	65,302	--	(285,434)
1900050						
Janet Chusmir						
Permanently Restricted	313,210	--	--	--	--	313,210
Unrestricted/Temporarily Restricted	126,663	--	34,237	19,942	--	140,958
1900060						
W.R. Hearst Visiting Professio						
Permanently Restricted	300,000	--	--	--	--	300,000
Unrestricted/Temporarily Restricted	36,637	--	29,100	10,172	--	55,565

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2000050						
Judge Thomas C Britton Sch E						
Permanently Restricted	265,000	--	--	--	--	265,000
Unrestricted/Temporarily Restricted	(36,977)	--	21,811	--	--	(15,166)
2000070						
Cuban American Bar Schol E						
Permanently Restricted	111,900	--	--	--	--	111,900
Unrestricted/Temporarily Restricted	(20,276)	--	8,896	1,500	--	(12,879)
2000120						
Law Professorship Endowment						
Permanently Restricted	1,275,000	--	--	--	--	1,275,000
Unrestricted/Temporarily Restricted	(267,180)	--	101,354	--	--	(165,826)
2000160						
CAMP 4 Justice Human Rights E						
Permanently Restricted	100,000	100,000	--	--	--	200,000
Unrestricted/Temporarily Restricted	20,799	--	13,558	6,500	--	27,858
2100030						
Computer Science Prof. I						
Permanently Restricted	153,360	--	--	--	--	153,360
Unrestricted/Temporarily Restricted	106,035	--	17,456	3,794	--	119,697
2100040						
Computer Science Prof. II						
Permanently Restricted	153,360	--	--	--	--	153,360
Unrestricted/Temporarily Restricted	108,517	--	17,456	3,794	--	122,179
2100050						
Computer Sciences - Fellowship						
Permanently Restricted	153,410	--	--	--	--	153,410
Unrestricted/Temporarily Restricted	66,267	--	17,460	3,795	--	79,932
2100060						
Computer Sciences - Fellowship						
Permanently Restricted	153,360	--	--	--	--	153,360
Unrestricted/Temporarily Restricted	95,744	--	17,456	3,794	--	109,406
2100070						
Ryder Prof. Computer Science						
Permanently Restricted	150,000	--	--	--	--	150,000
Unrestricted/Temporarily Restricted	178,890	--	16,683	3,626	--	191,946
2200030						
General Library Purchase Endow						
Permanently Restricted	640,443	50	--	--	--	640,493
Unrestricted/Temporarily Restricted	91,872	--	54,929	7,082	--	139,718
2200040						
Green Library VA Res Materls E						
Permanently Restricted	801,000	--	--	--	--	801,000
Unrestricted/Temporarily Restricted	(108,604)	--	67,643	1,498	--	(42,459)
2300030						
Honors College General Endowmt						
Permanently Restricted	114,977	4,304	--	--	--	119,281
Unrestricted/Temporarily Restricted	14,694	15,360	10,089	6,883	--	33,260

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2300060						
Harvey L Young Family Sch End						
Permanently Restricted	151,000	--	--	--	--	151,000
Unrestricted/Temporarily Restricted	(7,721)	--	12,992	4,000	--	1,271
2300070						
Lucille E Snaith Mem HC Sch E						
Permanently Restricted	500,000	--	--	--	--	500,000
Unrestricted/Temporarily Restricted	(28,362)	--	42,316	12,500	--	1,455
2400030						
NDade Med Found MD Scholars E						
Permanently Restricted	5,000,000	--	--	--	--	5,000,000
Unrestricted/Temporarily Restricted	(1,244,339)	--	380,578	--	--	(863,761)
2400140						
Green Family Medicine Endowmen						
Permanently Restricted	500,000	500,000	--	--	--	1,000,000
Unrestricted/Temporarily Restricted	--	--	80,223	17,438	--	62,785
2400150						
H&N Wertheim End. Proffessorsh						
Permanently Restricted	278,958	1,211,385	--	--	--	1,490,343
Unrestricted/Temporarily Restricted	--	2,084	151,322	32,892	--	120,514
2400190						
H&N Wertheim Scholarship Fund						
Permanently Restricted	464,930	2,018,975	--	--	--	2,483,905
Unrestricted/Temporarily Restricted	--	3,474	252,204	54,821	--	200,857
2500030						
R Stempel Col of Pub Health E						
Permanently Restricted	3,298,411	--	--	--	--	3,298,411
Unrestricted/Temporarily Restricted	(94,973)	25,000	279,654	(29,792)	(1,000)	238,473
2500060						
CV Starr Public Health Schol E						
Permanently Restricted	3,396,851	--	--	--	--	3,396,851
Unrestricted/Temporarily Restricted	(231,909)	--	283,981	75,000	--	(22,928)
2530040						
Bank of Amer Soc Work Sch End						
Permanently Restricted	150,000	--	--	--	--	150,000
Unrestricted/Temporarily Restricted	9,751	--	12,713	--	--	22,464
3000080						
Dorothea - Steven Green Prog E						
Permanently Restricted	3,200,010	--	--	--	--	3,200,010
Unrestricted/Temporarily Restricted	(211,999)	200	270,225	104,829	--	(46,403)
3000100						
Jane Hsiao Asian Art Endowment						
Permanently Restricted	1,009,766	--	--	--	--	1,009,766
Unrestricted/Temporarily Restricted	(243,003)	--	77,700	--	--	(165,304)
3100100						
Wolfsonian Program Endowment						
Permanently Restricted	520,884	--	--	--	--	520,884
Unrestricted/Temporarily Restricted	(91,749)	--	41,411	--	--	(50,338)

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4020090						
Lois P. Britton Scholarship						
Permanently Restricted	184,386	--	--	--	--	184,386
Unrestricted/Temporarily Restricted	18,041	--	16,046	--	--	34,087
4020150						
Michael Felsberg Schol End						
Permanently Restricted	100,400	--	--	--	--	100,400
Unrestricted/Temporarily Restricted	(10,609)	--	7,982	--	--	(2,626)
4100030						
Homestead Campus						
Permanently Restricted	250,000	--	--	--	--	250,000
Unrestricted/Temporarily Restricted	195,328	--	26,036	5,659	--	215,705
4100200						
Hurricane Center Endowment						
Permanently Restricted	700,008	--	--	--	--	700,008
Unrestricted/Temporarily Restricted	55,555	--	70,935	15,419	--	111,071
4200070-						
ER - C Gross Scholarship Endow						
Permanently Restricted	254,755	--	--	--	--	254,755
Unrestricted/Temporarily Restricted	(1,503)	--	21,772	3,256	--	17,013
4400010						
Nat'l Alumni Assoc Program End						
Permanently Restricted	457,036	65,576	--	--	--	522,613
Unrestricted/Temporarily Restricted	(18,235)	164,608	41,034	246,697	(5,090)	(64,381)
4410020						
Camp for Justice-Scholarship E						
Permanently Restricted	150,000	--	--	--	--	150,000
Unrestricted/Temporarily Restricted	(21,165)	--	11,958	7,000	--	(16,207)
	<u>\$ 58,646,936</u>	<u>\$ 5,440,500</u>	<u>\$ 5,931,499</u>	<u>\$ 2,383,788</u>	<u>\$ 719,409</u>	<u>\$ 68,354,555</u>

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY

MAJOR GIFTS PROGRAM

SCHEDULE OF RECEIPTS, EXPENDITURES AND ENDOWMENT BALANCES - SCHEDULE II

(Continued)

YEAR ENDED JUNE 30, 2010

	Beginning Balance July 1, 2009	State Match Presented	State Match Received	Write- Offs	Ending Balance June 30, 2010
B. Priority List					
Honors College General Endowment	\$ 51,650	\$ --	\$ --	\$ --	\$ 51,650
CV Starr Scholarship Program Endowment	74,531	--	--	--	74,531
Cuban American Bar Scholarship Endowment	50,050	--	--	--	50,050
Ware Foundation Research Endowment	50,000	--	--	--	50,000
Kelly Foundation Construction & Engineering	50,000	--	--	--	50,000
North Dade Medical Foundation FIU College of Medicine (E)	5,000,000	--	--	--	5,000,000
Jane Hsiao Asian Art Endowment	751,755	--	--	--	751,755
Wolfsonian Program Endowment	53,000	--	--	--	53,000
MCH Eminent Scholars Chair in Pediatrics (E)	250,000	--	--	--	250,000
C.V. Starr Scholarship Program Endowment	125,000	--	--	--	125,000
Lennar Corporation Scholarship Endowment	50,000	--	--	--	50,000
R. Kirk Landon General Endowment	250,000	--	--	--	250,000
Pino Global Entrepreneurship Center Endowment - 3	230,000	--	--	--	230,000
Barnes & Noble Creative Writing Endowment	75,000	--	--	--	75,000
Pino Global Entrepreneurship Center Endowment - 2	150,000	--	--	--	150,000
Leon Medical Center Eminent Scholars Chair in Geriatrics	2,000,250	--	--	--	2,000,250
Green Family Medicine & Society Program Endowment	--	250,000	--	--	250,000
Anthony G. Marshall American Dream Scholarship (E)	--	54,335	--	--	54,335
MCH Eminent Scholars Chair in Pediatrics (E) - 2	--	500,000	--	--	500,000
Marriott-Tianjin China Program Endowment - 1	--	250,000	--	--	250,000
Bhagwan Mahavir Professorship of Jain Studies Endowment - 1	--	100,000	--	--	100,000
C.A.M.P for Justice Human Rights Endowment - 2	--	50,000	--	--	50,000
Carnival Scholarship Endowment - 1	--	75,000	--	--	75,000
Marriott-Tianjin China Program Endowment - 3	--	540,021	--	--	540,021
COMedicine "Neighborhood HELP" Program Endowment - Batchelor Foundation	--	250,000	--	--	250,000
Leon Medical Center 2 - Benjamin Leon, Jr. Family Center for Geriatric Research and Education (E)	--	1,600,000	--	--	1,600,000
Dr. Herbert & Nicole Wertheim Medical Scholarship Endowment -1	--	2,483,930	--	--	2,483,930
Dr. Herbert & Nicole Wertheim Endowment for Medical Education -2	--	2,483,930	--	--	2,483,930
Michael Felsberg Scholarship Endowment	--	50,464	--	--	50,464
Student Managed Investment Endowment	--	100,000	--	--	100,000
Religious Studies Endowment	--	50,000	--	--	50,000
Environmental Preserve Endowment	--	50,000	--	--	50,000
Marriott-Tianjin China Program Endowment - 2	--	450,000	--	--	450,000
C.A.M.P for Justice Human Rights Endowment - 1	--	50,000	--	--	50,000
	<u>\$ 9,211,236</u>	<u>\$ 9,387,680</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 18,598,916</u>



Foundation, Inc.

BOARD OF DIRECTORS

Fiscal Year

July 1, 2009 - June 30, 2010

Noel J. Guillama-Alvarez, *Chairperson***

T. Gene Prescott, *Vice Chairperson*

Richard Brilliant, *Treasurer***

Veronica Cervera Goeseke, *Secretary*

Nelson L. Adams, III

Jose Aldrich*

Michael M. Adler*

David F. Alfonso

Antonio Argiz

Stephen H. Bittel*

Nicholas Bustle

Carlos B. Castillo

Joseph L. Caruncho*

Thomas Cornish

Albert E. Dotson, Sr., *Ex-Officio*

Carlos Duarte

Kathryn Dinkin

Ramon Flores

Dany Garcia

Jorge J. Gonzalez

Gerald C. Grant, Jr.

John Hogan*

Morris I. Hollander, *Ex-Officio*

Peggy Hollander*

Jeffrey L. Horstmyer

Rosa L. Jones, *Ex-Officio*

S. Lawrence Kahn, III

Christopher G. Korge

Donald E. Lefton

Ray E. Marchman, Jr.

Michael R Mendez, Jr.

Albert Morrison, Jr.*

Eileen Moss

R. Chad Moss*

Marcel Navarro

Ramiro Ortiz*

Marcos A. Perez

Luis E. Perez

Jose Perez de Corcho, Jr., *Ex-Officio*

David L. Perlman

Justo L. Pozo

Enrique "Henry" Ramos*

Carolina Rendeiro

Laurie Richardson, *Ex-Officio*

Sholom Neistein, *Ex-Officio*

Carlos A. Sabater

Adalio T. Sanchez*

Ronald A. Shuffield

Mitchell Wolfson, Jr.

Isaac Zelcer

Sanford Ziff

* Served on the Board for part of the Fiscal Year

**Served in this role for part of the Fiscal Year



Foundation, Inc.

BOARD OF DIRECTORS

Executive Committee

Fiscal Year

July 1, 2009 - June 30, 2010

Noel J. Guillama-Alvarez, Chairperson for the Board of Directors*

Dates of Service: 11.27.02 – Present

Committee Affiliations:

- > *Executive Committee, Chairperson*

T. Gene Prescott, Vice Chairperson for the Board of Directors

Date of Service: 3.26.03– Present

Committee Affiliations:

- > *Executive Committee, Vice Chairperson*
- > *Finance & Audit Committee, Member*
- > *Investment Special Committee, Vice Chairperson*

Richard Brilliant, Treasurer for the Board of Directors*

Dates of Service: 9.23.08– Present

Committee Affiliations:

- > *Executive Committee, Member*
- > *Finance & Audit Committee, Chairperson*
- > *Investment Special Committee, Vice Chairperson*

Veronica Cervera Goeseke, Secretary for the Board of Directors

Dates of Service: 4.6.06 – Present

Committee Affiliations:

- > *Executive Committee, Member*
- > *Development Committee, Member*

Carlos B. Castillo*

Dates of Service: 11.28.07 – Present

Committee Affiliations:

- > *Executive Committee, Member*
- > *Development Committee, Chairperson*

Albert E. Dotson, Sr.

Dates of Service: 3.08– Present

Committee Affiliations:

- > Executive Committee, BOT Representative*

Gerald C. Grant, Jr.

Dates of Service: 4.6.06 – Present

Committee Affiliations:

- > Executive Committee, Member*
- > Investment Special Committee, Member*
- > Recruitment Committee, Chairperson*
- > Special Bylaw Committee, Chairperson*

Rosa L. Jones

Dates of Service: 9.27.06 – Present

Committee Affiliations:

- > Executive Committee, Presidential Designee*

Ray E. Marchman, Jr.

Dates of Service: 3.29.00– Present

Committee Affiliations:

- > Executive Committee, Member*
- > University & Community Relations Committee, Chairperson*

**Served on the Board for part of the Fiscal Year*

COMPLIANCE REPORT

**Independent Auditors' Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards***

Members of the Board of Directors and the Finance and Audit Committee
Florida International University Foundation Inc. and Subsidiary
Miami, Florida

We have audited the consolidated financial statements of Florida International University Foundation Inc. and Subsidiary (the Foundation) as of and for the year ended June 30, 2010 and have issued our report thereon dated November 3, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Foundation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing the assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation's consolidated financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, the Finance and Audit Committee, Management, the State University System, of Florida, the Florida Board of Governors, and the Board of Trustees of Florida International University and is not intended to be and should not be used by anyone other than these specified parties.



a division of Marcum LLP

Miami, Florida

November 3, 2010

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**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee**

December 2, 2010

Subject: Florida International University Research Foundation, Inc. Financial Audit, 2009-2010

Proposed Committee Action:

Recommend approval by the Florida International University Board of Trustees of the Florida International University Research Foundation, Inc. Financial Audit for the 2009-2010 Fiscal Year and authorize the Executive Director of the FIU Research Foundation, Inc. to take all actions necessary pertaining to this Financial Audit, including filing the report with the Auditor General.

Background Information

Pursuant to Regulation FIU-1502 (2)(f), the FIU Research Foundation, Inc. must submit an independently conducted financial audit of its accounts and records, which has been approved by its governing board and recommended by the University President to the Florida International University Board of Trustees for review and approval.

The FIU Research Foundation, Inc. Financial Audit for 2009-2010 has been submitted and approved by the FIU Research Foundation, Inc. Board of Directors on November 2, 2010, and the University President is recommending its approval.

Florida Board of Governors Regulation 9.011, University Direct Support Organizations and Health Services Support Organizations (4), states in relevant part:
Support organizations shall provide for an annual audit conducted pursuant to university regulations or policies. The annual audit report shall be submitted to the university board of trustees or designee, the Board of Governors, and the Auditor General for review.

Supporting Documentation: Florida International University Research Foundation, Inc. Financial Audit 2009-2010

Facilitator/Presenter: Kenneth A. Jessell

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**FLORIDA INTERNATIONAL UNIVERSITY
RESEARCH FOUNDATION, INCORPORATED**
(A Direct Support Organization)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

**FLORIDA INTERNATIONAL UNIVERSITY
RESEARCH FOUNDATION, INCORPORATED**
(A Direct Support Organization)

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INDEPENDENT AUDITORS' REPORT

Members of the Board of Directors and the
Assistant Vice President of Direct Support Organizations
Florida International University Research Foundation, Incorporated
Miami, Florida

We have audited the accompanying statement of net assets of Florida International University Research Foundation, Incorporated (the Research Foundation), a direct support organization and a component unit of Florida International University, as of June 30, 2010 and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Research Foundation's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Research Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Research Foundation as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.



In accordance with *Government Auditing Standards*, we have also issued a report dated November 2, 2010 on our consideration of the Research 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 provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 to 7 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of Management's Discussion and Analysis. However, we did not audit the information and express no opinion on it.



a division of Marcum LLP
Miami, Florida
November 2, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

**FLORIDA INTERNATIONAL UNIVERSITY
RESEARCH FOUNDATION, INCORPORATED**
(A Direct Support Organization)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the Florida International University Research Foundation, Incorporated (the "Research Foundation") for the fiscal year ended June 30, 2010, and should be read in conjunction with the financial statements and notes thereto. The MD&A, financial statements and notes thereto, are the responsibility of management.

FINANCIAL HIGHLIGHTS

The Research Foundation's assets totaled \$745 thousand at June 30, 2010. This balance reflects a \$2.8 million, or 79 percent, decrease from the 2009 fiscal year, resulting primarily from a decrease in receivables from Florida International University ("FIU" or the "University") of \$2.2 million. While assets decreased, liabilities also decreased by \$2.8 million, or 81 percent, totaling \$627 thousand at June 30, 2010, compared to \$3.4 million at June 30, 2009. As a result, the Research Foundation's net assets increased slightly by \$1,343, reaching a year-end balance of \$118 thousand.

The Research Foundation did not report any operating revenues for fiscal 2010. Operating expenses totaled \$16 thousand for the 2010 fiscal year, representing a decrease of 44 percent over the 2009 fiscal year due mainly to a decrease in professional fees.

OVERVIEW OF FINANCIAL STATEMENTS

The Research Foundation's financial report includes three basic financial statements: the statement of net assets; the statement of revenues, expenses, and changes in net assets; and the statement of cash flows.

The Statement of Net Assets

The statement of net assets reflects the assets and liabilities of the Research Foundation, using the accrual basis of accounting, and presents the financial position of the Research Foundation at a specified time. The difference between total assets and total liabilities, net assets, is one indicator of the Research Foundation's current financial condition. The changes in net assets that occur over time indicate improvement or deterioration in the Research Foundation's financial condition.

**FLORIDA INTERNATIONAL UNIVERSITY
RESEARCH FOUNDATION, INCORPORATED**
(A Direct Support Organization)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following summarizes the Research Foundation's assets, liabilities, and net assets at June 30:

Condensed Statement of Net Assets at June 30
(In Thousands)

	2010	2009
Assets		
Current assets	\$ 745	\$ 3,501
Total Assets	<u>745</u>	<u>3,501</u>
Liabilities		
Current liabilities	627	2,869
Noncurrent liabilities	<u>--</u>	<u>515</u>
Total Liabilities	<u>627</u>	<u>3,384</u>
Net Assets		
Unrestricted	<u>118</u>	<u>117</u>
Total Net Assets	<u>\$ 118</u>	<u>\$ 117</u>

The statement of net assets reflects the Research Foundation's stable growth. Current assets mainly depict cash. The current assets decrease is mainly a result of the amount due from FIU being converted to cash and then used to repay the note payable related to the Settlement Agreement with various agencies of the United State government.

In summary, total assets decreased by \$2.8 million, or 79 percent, while total liabilities decreased by \$2.8 million, or 81 percent. As a result, the net assets balance at June 30, 2010, had a favorable increase of \$1,343.

For more detailed information, see the statement of net assets on page 8 of the financial statements.

The Statement of Revenues, Expenses and Changes in Net Assets

The statement of revenues, expenses, and changes in net assets presents the Research Foundation's revenue and expense activity, categorized as operating and non-operating. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

**FLORIDA INTERNATIONAL UNIVERSITY
RESEARCH FOUNDATION, INCORPORATED**
(A Direct Support Organization)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following summarizes the Research Foundation's activity for the 2010 and 2009 fiscal years:

**Condensed Statement of Revenues, Expenses and Changes in Net Assets
(In Thousands)**

	2010	2009
Operating revenues	\$ --	\$ 125
Operating expenses	<u>16</u>	<u>29</u>
Operating Income (Loss)	(16)	96
Net non-operating expenses	(41)	(106)
Net non-operating revenues	<u>58</u>	<u>73</u>
Changes in Net Assets	1	63
Net Assets - Beginning of Year	<u>117</u>	<u>54</u>
Net Assets - End of Year	<u><u>\$ 118</u></u>	<u><u>\$ 117</u></u>

Operating Revenues

The Research Foundation categorizes revenues as either operating or non-operating. Operating revenues generally result from exchange transactions where each of the parties to the transaction either give up or receive something of equal or similar value.

The following summarizes the operating revenues by source that were used to fund operating activities during the 2010 and 2009 fiscal years:

**Operating Revenues
(In Thousands)**

	2010	2009
Operating revenues	\$ --	\$ 125
Total Operating Revenues	<u><u>\$ --</u></u>	<u><u>\$ 125</u></u>

There were no operating revenues for the 2010 fiscal year. The activities of the Research Foundation primarily consisted of two grants that are operated on behalf of the University. Those activities are reflected on the balance sheet as Due to FIU. The \$125 thousand from prior year primarily related to the transfer of royalty income from the University to support the operating expenses of the Research Foundation.

**FLORIDA INTERNATIONAL UNIVERSITY
RESEARCH FOUNDATION, INCORPORATED**
(A Direct Support Organization)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Expenses

The Research Foundation categorizes expenses as operating or non-operating. GASB gives financial reporting entities the choice of reporting operating expenses in the functional or natural classifications. The Research Foundation has chosen to report the expenses in their natural classification on the statement of revenues, expenses, and changes in net assets.

The following summarizes the operating expenses by natural classifications for the 2010 and 2009 fiscal years:

**Operating Expenses
(In Thousands)**

	2010	2009
Professional fees	\$ 15	\$ 28
Other operating expenses	<u>1</u>	<u>1</u>
Total Operating Expenses	<u>\$ 16</u>	<u>\$ 29</u>

Operating expenses totaled \$16 thousand for the 2010 fiscal year. This represents a 44 percent decrease over the 2009 fiscal year and was primarily due to a decrease in professional fees of \$13 thousand.

Non-Operating Revenues and Expenses

Non-operating revenues include interest income, any unrealized gain on the derivative instrument, and any payments received from the University in relation to the Settlement Agreement for interest on the note payable. Non-operating expenses include interest related to the note payable and any unrealized losses on the derivative instrument (interest rate swap). The following summarizes the Research Foundation's non-operating revenues and expenses for the 2010 and 2009 fiscal years:

**Non-operating Revenues (Expenses)
(In Thousands)**

	2010	2009
Interest income	\$ --	\$ --
Non-operating revenue	19	73
Interest expense	(41)	(105)
Unrealized gain (loss) on derivative instrument	<u>39</u>	<u>(1)</u>
Net Non-operating Revenues (Expenses)	<u>\$ 17</u>	<u>\$ (33)</u>

**FLORIDA INTERNATIONAL UNIVERSITY
RESEARCH FOUNDATION, INCORPORATED**
(A Direct Support Organization)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Non-operating revenues increased by 151 percent from the prior year due mainly to an unrealized gain on the derivative instrument and a decrease in interest expense as the note payable neared the end of its term.

DEBT ADMINISTRATION

As of June 30, 2010, the Research Foundation had \$515 thousand in outstanding notes payable, representing a decrease of \$2.0 million, or 80 percent, from the prior fiscal year. The final principal payment of \$515 thousand was paid on July 1, 2010, representing the final maturity of the note and swap agreement.

Additional information about the Research Foundation's note payable is presented in the notes to financial statements in Note 5 on page 14.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The primary factor that will impact the Research Foundation in the future will be the University's ability to secure grants and develop intellectual property rights. Most notably, as it relates to grants the Research Foundation has been involved in managing the Colombian operation for a U.S. Agency for International Development (USAID) grant. This Colombian grant ended in fiscal year 2010. In March 2010, a new grant project was started in Tanzania, Africa. The project is also financed by USAID and its aim is to increase social, economic, and environmental benefits to people of the developing world through clean water, healthy aquatic ecosystems and sustainable water resources management.

REQUESTS FOR INFORMATION

This financial statement is designed to provide a general overview of the Research Foundation's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Controller, Florida International University Research Foundation, Incorporated, 11200 S.W. 8th Street, Miami, Florida 33199.

**FLORIDA INTERNATIONAL UNIVERSITY
RESEARCH FOUNDATION, INCORPORATED**
(A Direct Support Organization)

STATEMENT OF NET ASSETS

JUNE 30, 2010

Assets

Current Assets

Cash	\$ 745,485
------	------------

Liabilities

Current Liabilities

Accounts payable	975
Accrued interest payable	4,092
Derivative liability	3,344
Current portion of note payable	515,000
Due to FIU	<u>103,518</u>

Total Current Liabilities	<u>626,929</u>
----------------------------------	----------------

Net Assets

Unrestricted Net Assets	<u>\$ 118,556</u>
-------------------------	-------------------

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

**FLORIDA INTERNATIONAL UNIVERSITY
RESEARCH FOUNDATION, INCORPORATED**
(A Direct Support Organization)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2010

Operating Expenses	
Professional fees	\$ 15,036
Other operating expenses	<u>789</u>
Operating Loss	<u>(15,825)</u>
Non-Operating Revenues (Expenses)	
Interest income	33
Non-operating revenue	19,483
Unrealized gain on derivative instrument	38,824
Interest expense	<u>(41,172)</u>
Total Non-Operating Revenues (Expenses)	<u>17,168</u>
Change in Net Assets	1,343
Net Assets - Beginning	<u>117,213</u>
Net Assets - Ending	<u>\$ 118,556</u>

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

**FLORIDA INTERNATIONAL UNIVERSITY
RESEARCH FOUNDATION, INCORPORATED**
(A Direct Support Organization)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2010

Cash Flows from Operating Activities

Cash paid to FIU	\$ (670,670)
Cash paid for program activities	(16,950)
Receipts from FIU	<u>2,231,748</u>

Net Cash Provided by Operating Activities	<u>1,544,128</u>
--	------------------

Cash Flows from Non-Capital Financing Activities

Interest paid	(57,345)
Repayment of note payable	<u>(2,030,000)</u>

Net Cash Used by Non-Capital Financing Activities	<u>(2,087,345)</u>
--	--------------------

Cash Flows from Investing Activities

Interest received	<u>33</u>
-------------------	-----------

Decrease in Cash	(543,184)
-------------------------	-----------

Cash - Beginning	<u>1,288,669</u>
-------------------------	------------------

Cash - Ending	<u>\$ 745,485</u>
----------------------	-------------------

Reconciliation of Operating Loss to Net Cash

Provided by Operating Activities

Operating loss	\$ (15,825)
Changes in assets and liabilities:	
Decrease in:	
Due from FIU	2,231,748
Accounts payable	(1,125)
Due to FIU	<u>(670,670)</u>

Net Cash Provided by Operating Activities	<u>\$ 1,544,128</u>
--	---------------------

Non-Cash Investing and Financing Activities

Unrealized gain on derivative instrument	<u>\$ 38,824</u>
--	------------------

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

**FLORIDA INTERNATIONAL UNIVERSITY
RESEARCH FOUNDATION, INCORPORATED**
(A Direct Support Organization)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The Florida International University Research Foundation, Inc. (the “Research Foundation”), a Florida not-for-profit corporation, is a direct support organization and a component unit of Florida International University and was organized in the State of Florida on November 25, 1997 for educational and scientific purposes. The articles of incorporation were amended and restated on March 24, 2008. Subsequent to year end on July 29, 2010, the articles of incorporation were amended and restated.

The Research Foundation is a tax-exempt organization as defined by Section 501(c)(3) of the Internal Revenue Code. The Research Foundation provides direct support to Florida International University (“FIU” or the “University”) in matters pertaining to research, and has been designated by the FIU Board of Trustees as a University Direct Support Organization pursuant to §1004.28, Florida Statutes.

BASIS OF PRESENTATION

The financial statements of the Research Foundation have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Research Foundation reports under the GASB standards because it meets the criteria regarding the popular election of officers or appointment of a controlling majority of the members of the Organization’s governing body by one or more state or local governments and because it is a direct support organization. Therefore, the Research Foundation is reported as a governmental entity.

In accordance with GASB Statement No. 34, *Basic Financial Statements and Management’s Discussion and Analysis – For State and Local Governments*, the Research Foundation met the criteria to use enterprise fund accounting and financial reporting. Accordingly, the financial statements are reported using the economic resources measurement focus and accrual basis of accounting, which recognizes revenue when earned and expenses when a liability is incurred, regardless of timing of the related cash flow.

**FLORIDA INTERNATIONAL UNIVERSITY
RESEARCH FOUNDATION, INCORPORATED**
(A Direct Support Organization)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, the Foundation applies all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

DERIVATIVE FINANCIAL INSTRUMENT

The Research Foundation entered into an interest rate swap agreement to reduce its exposure to market risks from changing interest rates. For interest rate swaps, the differential to be paid or received is accrued and recognized as interest expense and may change as market interest rates change. The fair value of the swap agreement is presented in the statement of financial position. The change in the fair value is presented as an unrealized gain or loss in the statement of revenues, expenses and changes in net assets.

NOTE PAYABLE

Long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Issuance costs were not material and were expensed in a prior year.

FLOW ASSUMPTION FOR RESTRICTED ASSETS

If both restricted and unrestricted assets are available for use for a certain purpose, it is the Research Foundation's policy to use restricted assets first, then use unrestricted assets as needed.

**FLORIDA INTERNATIONAL UNIVERSITY
RESEARCH FOUNDATION, INCORPORATED**
(A Direct Support Organization)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 2 – DEPOSITS

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits, with the exceptions noted in the next paragraph, are insured or collateralized with securities held by the entity or its agent in the entity's name.

CONCENTRATIONS OF CREDIT RISK FOR CASH

In addition, the Research Foundation maintains a deposit balance in Colombia, South America, to manage its Colombian operation pertaining to a U.S. Agency for International Development (USAID) grant. The balance in this account of \$27,292 as of June 30, 2010 is not FDIC insured and is subject to foreign exchange risk. Additionally, in March 2010, a bank account in Tanzania, Africa was opened to support the operations pertaining to the Tanzania Integrated Water, Sanitation and Hygiene (iWASH) Program also under a USAID grant. The balance in this account of \$107,601 as of June 30, 2010 is not FDIC insured and is subject to foreign exchange risk. The Research Foundation maintains its cash balances with high quality financial institutions, which the Research Foundation believes limits these risks.

NOTE 3 – DUE TO FLORIDA INTERNATIONAL UNIVERSITY

The amount due to FIU of \$103,518 represents funds that were sent to Colombia and Tanzania related to grant operations. This liability will be reduced as vendors are paid in Colombia and Tanzania. The funds for grant operations in Colombia and Tanzania are repaid directly to the University from the grantor.

**FLORIDA INTERNATIONAL UNIVERSITY
RESEARCH FOUNDATION, INCORPORATED**
(A Direct Support Organization)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 4 – RELATED PARTY TRANSACTIONS

On February 10, 2005, FIU Board of Trustees approved a Settlement Agreement with various agencies of the United States government, including the Department of Justice related to the Hemispheric Center for Environmental Technology whereby all audit claims were settled and the University agreed to repay \$11,500,000 in grants to the Federal Government.

On May 3, 2005, the University entered into an agreement with the FIU Research Foundation, Inc. whereas the Research Foundation authorized the issuance of a promissory note in an aggregate principal amount not to exceed \$10,000,000, plus interest, to finance the payment of amounts due under the Settlement Agreement dated February 10, 2005 and certain costs relating to the financing.

To assist the University, the Research Foundation issued on June 30, 2005 two series of notes, one for \$7,955,000 (tax exempt) and one for \$1,670,000 (taxable) for a total of \$9,625,000, and forwarded \$9,591,096 to the Federal Government (see Note 5). The Taxable Note totaling \$1,670,000 was paid off on October 1, 2006.

The University is obligated to fund the issuance costs and both the principal and interest payments on the obligations of the Research Foundation. The Research Foundation made principal payments on the remaining note in the amount of \$2,030,000 during the year. Interest was at 65% of the three month LIBOR plus 39.23 basis points with interest and principal payable quarterly. The University has funded the remaining principal balance on the note. The remaining balance of \$515,000 was paid in full subsequent to year end on July 1, 2010.

NOTE 5 – NOTE PAYABLE

The debt activity for the year ended June 30, 2010 is as follows:

	Beginning Balance	Additions	Payments	Ending Balance	Due in One Year
Tax Exempt Note	<u>\$ 2,545,000</u>	<u>\$ --</u>	<u>\$ 2,030,000</u>	<u>\$ 515,000</u>	<u>\$ 515,000</u>

**FLORIDA INTERNATIONAL UNIVERSITY
RESEARCH FOUNDATION, INCORPORATED**
(A Direct Support Organization)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 5 – NOTE PAYABLE (CONTINUED)

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30			
2011	<u>\$ 515,000</u>	<u>\$ 4,092</u>	<u>\$ 519,092</u>

The Florida International University Research Foundation, Inc. Tax-Exempt Note, Series 2005, was for \$7,955,000 and was dated June 30, 2005. Interest is at 65% of three month LIBOR plus 39.23 basis points and interest and principal are payable on a quarterly basis with principal ranging from \$135,000 on July 1, 2006 to a final principal payment of \$515,000 on July 1, 2010.

NOTE 6 – DERIVATIVE FINANCIAL INSTRUMENTS

On June 30, 2005, the Research Foundation entered into an interest rate swap agreement with a commercial bank on a notional amount of \$7,955,000 (see debt terms in Note 5). Under the swap agreement, the Research Foundation agrees to pay a fixed rate of 3.15% and receive a variable rate based on 65% of 3 month LIBOR rate plus 0.3923%. As of June 30, 2010, the Research Foundation reported a derivative liability of \$3,344 in the statement of net assets and an unrealized gain of \$38,824 in the statement of revenues, expenses and changes in net assets. The swap agreement has a maturity date of July 1, 2010.

COMPLIANCE SECTION

**Independent Auditors' Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards***

Members of the Board of Directors and the
Assistant Vice President of Direct Support Organizations
Florida International University Research Foundation, Incorporated
Miami, Florida

We have audited the financial statements of Florida International University Research Foundation, Incorporated (the Research Foundation or the Foundation) as of and for the year ended June 30, 2010 and have issued our report thereon dated November 2, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Foundation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing the assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, Management, the State University System of Florida, the Florida Board of Governors and the Board of Trustees of Florida International University and is not intended to be and should not be used by anyone other than these specified parties.



a division of Marcum LLP

Miami, Florida

November 2, 2010

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THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

December 2, 2010

Subject: Florida International University Athletics Finance Corporation Financial Audit, 2009-2010

Proposed Committee Action:

Recommend approval by the Florida International University Board of Trustees of the Florida International University Athletics Finance Corporation Financial Audit for the 2009-2010 Fiscal Year and authorize the Executive Director of the FIU Athletics Finance Corp. to take all actions necessary pertaining to this Financial Audit, including filing the report with the Auditor General.

Background Information

Pursuant to Regulation FIU-1502 (2)(f), the FIU Athletics Finance Corp. must submit an independently conducted financial audit of its accounts and records, which has been approved by its governing board and recommended by the University President to the Florida International University Board of Trustees for review and approval.

The FIU Athletics Finance Corp. Financial Audit for 2009-2010 has been submitted and approved by the FIU Athletics Finance Corp. Board of Directors on Monday, November 22, 2010 and the University President is recommending its approval.

Florida Board of Governors Regulation 9.011, University Direct Support Organizations and Health Services Support Organizations (4), states in relevant part:
Support organizations shall provide for an annual audit conducted pursuant to university regulations or policies. The annual audit report shall be submitted to the university board of trustees or designee, the Board of Governors, and the Auditor General for review.

Supporting Documentation: Florida International University Athletics Finance Corp.
Financial Audit 2009-2010

Facilitator/Presenter: Kenneth A. Jessell

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FIU ATHLETICS FINANCE CORPORATION
(A Direct Support Organization)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

FIU ATHLETICS FINANCE CORPORATION
(A Direct Support Organization)

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Compliance Section

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INDEPENDENT AUDITORS' REPORT

Members of the Board of Directors and the Assistant Vice President
of Direct Support Organizations
FIU Athletics Finance Corporation
Miami, Florida

We have audited the accompanying statement of net assets of Florida International University Athletics Finance Corporation (the Athletics Finance Corporation), a direct support organization and a component unit of Florida International University, as of June 30, 2010 and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Athletics Finance Corporation's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Athletics Finance Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Athletics Finance Corporation as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 23, 2010 on our consideration of the Athletics Finance Corporation'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 provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 to 8 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of Management's Discussion and Analysis. However, we did not audit the information and express no opinion on it.



a division of Marcum LLP
Miami, Florida
November 23, 2010

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)**

FIU ATHLETICS FINANCE CORPORATION
(A Direct Support Organization)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the FIU Athletics Finance Corporation (the Athletics Finance Corporation) for the fiscal year ended June 30, 2010, and should be read in conjunction with the financial statements and notes thereto. The MD&A, financial statements and notes thereto, are the responsibility of management.

FINANCIAL HIGHLIGHTS

The Athletics Finance Corporation's assets totaled \$39.8 million at June 30, 2010. This balance reflects a \$397 thousand, or 1.0 percent, increase from the 2009 fiscal year, resulting primarily from an increase of deferred outflow of resources and partial offset by a decrease in investments liquidated to complete construction of the Football Stadium. While assets increased, liabilities slightly increased by \$533 thousand, or 1.3 percent, totaling \$42.4 million at June 30, 2010, compared to \$41.9 million at June 30, 2009. As a result, the Athletics Finance Corporation's net assets decreased by \$136 thousand, reaching a year end deficit balance of \$2.6 million.

The Athletics Finance Corporation's operating revenues totaled \$3.5 million for the 2010 fiscal year, representing a 20.7% increase over the 2009 fiscal year due primarily to an increase in NCAA and conference payments and sponsorship revenues. Operating expenses totaled \$1.8 million for the 2010 fiscal year, representing an increase of 25.3 percent over the 2009 fiscal year due primarily to an increase in amortization of prepaid rent and an increase in professional fees.

OVERVIEW OF FINANCIAL STATEMENTS

The Athletics Finance Corporation's financial report includes three basic financial statements: the statement of net assets; the statement of revenues, expenses, and changes in net assets; and the statement of cash flows.

The Statement of Net Assets

The statement of net assets reflects the assets and liabilities of the Athletics Finance Corporation, using the accrual basis of accounting, and presents the financial position of the Athletics Finance Corporation at a specified time. The difference between total assets and total liabilities, net assets, is one indicator of the Athletics Finance Corporation's current financial condition. The changes in net assets that occur over time indicate improvement or deterioration in the Athletics Finance Corporation's financial condition.

FIU ATHLETICS FINANCE CORPORATION
(A Direct Support Organization)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following summarizes the Athletics Finance Corporation's assets, liabilities, and net assets at June 30:

Condensed Statement of Net Assets at June 30
(In Millions)

	2010	2009
Assets		
Current assets	\$ 4.5	\$ 7.1
Noncurrent assets	<u>35.3</u>	<u>32.3</u>
Total Assets	<u>39.8</u>	<u>39.4</u>
Liabilities		
Current liabilities	1.2	4.1
Noncurrent liabilities	<u>41.2</u>	<u>37.8</u>
Total Liabilities	<u>42.4</u>	<u>41.9</u>
Net Assets		
Unrestricted (deficit)	<u>(2.6)</u>	<u>(2.5)</u>
Total Net Assets	<u>\$ (2.6)</u>	<u>\$ (2.5)</u>

The statement of net assets reflects an increase in the deficit net asset position of the Athletics Finance Corporation. This reduction in net assets is due to the increase in the derivative liability for the last several years. The change in fair value of the 2007 interest rate swap which totaled \$495 thousand in the current fiscal year and \$748 thousand in fiscal year ended 2009 is the non cash driver of the declining net asset balance. Current assets mainly depict cash and investments. The current assets decrease is mainly a result of the liquidation of investments to complete construction of the FIU Football Stadium.

In summary, total assets decreased by \$397 thousand, or 1.0 percent, while total liabilities increased by \$533 thousand, or 1.3 percent. As a result, the net assets balance at June 30, 2010, had an unfavorable decrease of \$136 thousand.

For more detailed information, see the statement of net assets on page 9 of the financial statements.

FIU ATHLETICS FINANCE CORPORATION
(A Direct Support Organization)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Statement of Revenues, Expenses, and Changes in Net Assets

The statement of revenues, expenses, and changes in net assets presents the Athletics Finance Corporation's revenue and expense activity, categorized as operating and non-operating. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

The following summarizes the Athletics Finance Corporation's activity for the 2010 and 2009 fiscal years:

**Condensed Statement of Revenues, Expenses,
and Changes in Net Assets
(In Millions)**

	2010	2009
Operating revenues	\$ 3.5	\$ 2.9
Operating expenses	<u>1.7</u>	<u>1.4</u>
Operating Income	1.8	1.5
Net non-operating expenses	(1.9)	(2.5)
Net non-operating revenues	<u>-</u>	<u>-</u>
Change in Net Assets	(0.1)	(1.0)
Net Assets - Beginning of Year	<u>(2.5)</u>	<u>(1.5)</u>
Net Assets - End of Year	<u><u>\$ (2.6)</u></u>	<u><u>\$ (2.5)</u></u>

The statement of revenues, expenses, and changes in net assets reflects an increase in operating revenues coupled with an increase in non-operating expenses. Operating revenues increased primarily as a result of increased NCAA and conference payments and an increase in sponsorship revenues as the FIU Football Stadium operations expand. The increase in non-operating expenses is the result of increased in the change in fair value on the derivative instrument (2007 interest rate swap).

Operating Revenues

The Athletics Finance Corporation categorizes revenues as either operating or non-operating. Operating revenues generally result from exchange transactions where each of the parties to the transaction either give up or receive something of equal or similar value.

FIU ATHLETICS FINANCE CORPORATION
(A Direct Support Organization)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following summarizes the operating revenues by source that were used to fund operating activities during the 2010 and 2009 fiscal years:

Operating Revenues (In Millions)		
	2010	2009
Athletic support	\$ 0.6	\$ 0.9
Ticket sales	0.4	0.6
Sky suite revenues	0.6	0.6
Contributions	0.3	0.4
NCAA and conference payments	0.8	0.3
Rental income	0.4	0.1
Other operating revenues	<u>0.4</u>	<u>-</u>
Total Operating Revenues	<u>\$ 3.5</u>	<u>\$ 2.9</u>

Operating revenues totaled \$3.5 million for the 2010 fiscal year, representing a 20.7% increase over the 2009 fiscal year. This was due to an increase in NCAA and conference payments of \$500 thousand and an increase in sponsorship revenues of \$306 thousand.

Operating Expenses

The Athletics Finance Corporation categorizes expenses as operating or non-operating. GASB gives financial reporting entities the choice of reporting operating expenses in the functional or natural classifications. The Athletics Finance Corporation has chosen to report the expenses in their natural classification on the statement of revenues, expenses, and changes in net assets.

The following summarizes the operating expenses by natural classifications for the 2010 and 2009 fiscal years:

Operating Expenses (In Millions)		
	2010	2009
Amortization of prepaid rent	\$ 1.2	\$ 1.0
Professional fees	0.4	0.3
Utilities	0.1	0.1
Other operating expenses	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>\$ 1.7</u>	<u>\$ 1.4</u>

FIU ATHLETICS FINANCE CORPORATION
(A Direct Support Organization)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating expenses totaled \$1.7 million for the 2010 fiscal year. This represents a 25.3 percent increase over the 2009 fiscal year and was primarily due to an increase in amortization expense related to the prepaid rent on the FIU Football Stadium of \$228 thousand and an increase in professional fees of \$123 thousand.

Non-Operating Revenues and Expenses

Non-operating revenues include interest income and unrealized gains on investments. Non-operating expenses include interest expense and unrealized losses on the derivative instrument (interest rate swap). The following summarizes the Athletics Finance Corporation's non-operating revenues and expenses for the 2010 and 2009 fiscal years:

Non-Operating Revenues (Expenses)
(In Millions)

	2010	2009
Interest income	\$ -	\$ 0.1
Interest expense	(1.6)	(1.4)
Unrealized gain on investments	0.2	-
Change in fair value of 2007 interest rate swap	(0.5)	(1.2)
Net Non-Operating Revenues (Expenses)	\$ (1.9)	\$ (2.5)

Non-operating expenses decreased by 26 percent from the prior year due mainly to a decrease in the change in fair value of the derivative instrument (2007 interest rate swap) of \$495 thousand. This is a result of the refunding of the bonds and the determination that the interest rate swap was an effective cash flow hedge, which records the change in the interest rate swap on the statement of net assets.

DEBT ADMINISTRATION

As of June 30, 2010, the Athletics Finance Corporation had \$34.2 million in outstanding bonds payable, representing a decrease of \$810 thousand, or 2.3 percent, from prior fiscal year.

Additional information about the Athletics Finance Corporation's bond payable is presented in the notes to financial statements in Note 5 on pages 18-20.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The future financial performance of the Athletics Finance Corporation is relatively predictable due to the nature of pledged revenues offering a revenue stream from the University's Athletics program. The University has pledged a significant portion of game guarantee revenue, NCAA and Sunbelt Conference distribution revenues to the Athletics Finance Corporation. Ticket sales

FIU ATHLETICS FINANCE CORPORATION
(A Direct Support Organization)

MANAGEMENT'S DISCUSSION AND ANALYSIS

and event facility rentals represent potential upside and are a primary focus of stadium management going forward.

REQUESTS FOR INFORMATION

This financial statement is designed to provide a general overview of the Athletics Finance Corporation's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Controller, FIU Athletics Finance Corporation, 11200 S.W. 8th Street, Miami, Florida 33199.

BASIC FINANCIAL STATEMENTS

FIU ATHLETICS FINANCE CORPORATION
(A Direct Support Organization)

STATEMENT OF NET ASSETS

JUNE 30, 2010

Assets

Current Assets

Cash	\$ 792,866
Suites and ticket sales receivable	317,593
Due from FIU	116,184
Interest receivable	35
Investments	2,064,059
Prepaid rent and other	<u>1,237,640</u>

Total Current Assets \$ 4,528,377

Noncurrent Assets

Restricted cash	\$ 3,510,589
Restricted investments	2,766,057
Suites and ticket sales receivable	240,000
Bond issuance costs, net	248,437
Deferred outflow of resources	1,702,531
Prepaid rent	<u>26,781,259</u>

Total Noncurrent Assets 35,248,873

Total Assets 39,777,250

Liabilities

Current Liabilities

Accounts payable	\$ 7,653
Accrued interest payable	149,246
Due to FIU	50
Bonds payable	599,723
Deferred revenue	<u>409,313</u>

Total Current Liabilities 1,165,985

Noncurrent Liabilities

Due to FIU	\$ 3,500,000
Deferred revenue	240,000
Derivative liability	3,905,754
Bonds payable	<u>33,586,723</u>

Total Noncurrent Liabilities 41,232,477

Total Liabilities 42,398,462

Net Assets

Unrestricted Net Assets (Deficit) \$ (2,621,212)

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

FIU ATHLETICS FINANCE CORPORATION
(A Direct Support Organization)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2010

Operating Revenue

Athletic support	\$ 655,499
Ticket sales	444,585
Sponsorship revenues	306,500
Sky suite revenues	554,800
Contributions	275,141
NCAA and conference payments	800,000
Rental income	364,753
Stadium naming rights	2,000
General concessions and vending commissions	<u>78,117</u>

Total Operating Revenues \$ 3,481,395

Operating Expenses

Amortization of prepaid rent	\$ 1,197,978
Professional fees	416,074
Utilities	120,616
Other operating expenses	<u>20,855</u>

Total Operating Expenses 1,755,523

Operating Income 1,725,872

Non-Operating Revenues (Expenses)

Interest income	\$ 7,246
Interest expense and fiscal charges	(1,613,518)
Change in fair value of 2007 interest rate swap	(495,069)
Unrealized gain on investments	<u>239,495</u>

Total Non-Operating Expenses (1,861,846)

Change in Net Assets (135,974)

Net Assets (Deficit) - Beginning (2,485,238)

Net Assets (Deficit) - Ending \$ (2,621,212)

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

FIU ATHLETICS FINANCE CORPORATION
(A Direct Support Organization)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2010

Cash Flows From Operating Activities	
Operating receipts	\$ 3,737,793
Payments to vendors	<u>(3,415,600)</u>
Net Cash Provided By Operating Activities	\$ 322,193
Cash Flows From Capital and Related Financing Activities	
Payment to refunding bond agent	\$ (35,000,000)
Proceeds from refunding debt	35,310,000
Payment of bond issuance cost	(271,941)
Repayment of bond payable	(706,293)
Interest paid	<u>(1,623,620)</u>
Net Cash Used By Capital and Related Financing Activities	<u>(2,291,854)</u>
Cash Flows from Investing Activities	
Proceeds from sales and maturities of investments	\$ 88,180,152
Purchase of investments	(85,985,713)
Interest income received	<u>12,009</u>
Net Cash Provided By Investing Activities	<u>2,206,448</u>
Increase in Cash	236,787
Cash - Beginning (Includes Restricted Cash)	<u>4,066,668</u>
Cash - Ending (Includes Restricted Cash)	<u>\$ 4,303,455</u>
Reconciliation of Operating Income to Net Cash Used by Operating Activities	
Operating income	\$ 1,725,872
Changes in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	\$ 282,172
Prepaid rent and other	(853,519)
Due from FIU	(25,774)
Increase (decrease) in:	
Accounts payable	5,769
Due to FIU	(498,034)
Deferred revenue	<u>(314,293)</u>
Total Adjustments	<u>(1,403,679)</u>
Net Cash Provided By Operating Activities	\$ 322,193
Non-Cash Investing and Financing Activities	
Change in fair value of 2007 interest rate swap	<u>\$ 446,646</u>
Deferred outflow of resources	<u>\$ 1,702,531</u>
Increase in prepaid rent for construction draw	<u>\$ 2,051,497</u>

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

FIU ATHLETICS FINANCE CORPORATION
(A Direct Support Organization)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The FIU Athletics Finance Corporation (the "Athletics Finance Corporation" or the "Organization"), a Florida not-for-profit corporation, is a direct support organization and a component unit of Florida International University (FIU) and was organized in the State of Florida on November 20, 2006.

The Athletics Finance Corporation is a tax-exempt organization as defined by Section 501(c) (3) of the Internal Revenue Code. The Athletics Finance Corporation provides direct support to Florida International University ("FIU" or the "University") in matters pertaining to the financing of the FIU Football Stadium and subsequently managing and operating the facility and has been designated by the FIU Board of Trustees as a University Direct Support Organization pursuant to §1004.28, Florida Statutes.

BASIS OF PRESENTATION

The financial statements of the Athletics Finance Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Athletics Finance Corporation reports under the GASB standards because it meets the criteria regarding the popular election of officers or appointment of a controlling majority of the members of the Organization's governing body by one or more state or local governments. Therefore, the Athletics Finance Corporation is reported as a governmental entity.

In accordance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis – For State and Local Governments*, the Athletics Finance Corporation met the criteria to use enterprise fund accounting and financial reporting. Accordingly, the financial statements are reported using the economic resources measurement focus and accrual basis of accounting, which recognizes revenue when earned and expenses are recorded when a liability is incurred, regardless of timing of the related cash flow.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, the Athletics Finance Corporation applies all applicable GASB pronouncements as well as

FIU ATHLETICS FINANCE CORPORATION
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NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

INVESTMENTS

The Athletics Finance Corporation participates in investment pools through the State Board of Administration in accordance with the provisions of §17.61 and §215.49, Florida Statutes. These are investments with Florida PRIME (formerly known as the Local Government Surplus Funds Trust Fund (LGIP)) administered by the State Board of Administration. Fund B, which is also administered by the State Board of Administration, is classified as an investment. These investment pools operate under investment guidelines established by §215.47, Florida Statutes. The Organization also invests in SEC Rule 2a-7 eligible money market funds.

All investments of the Organization, except Florida PRIME and Fund B, are reported at fair value using quoted market prices. The Florida PRIME and Fund B are recorded at their value of the pool shares (2a-7 like pool), which is fair value. Income or loss is recorded as it is earned.

DERIVATIVE FINANCIAL INSTRUMENT

The Athletics Finance Corporation implemented GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* during the year ended June 30, 2010.

The Athletics Finance Corporation entered into an interest rate swap agreement to reduce its exposure to market risks from changing interest rates. For interest rate swaps, the differential to be paid or received is accrued and recognized in interest expense and may change as market interest rates change. The fair value of the derivative liability is presented

FIU ATHLETICS FINANCE CORPORATION
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NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DERIVATIVE FINANCIAL INSTRUMENT (CONTINUED)

in the statement of net assets. The change in the fair value of the ineffective 2007 Series A interest rate swap is presented in the statement of revenues, expenses and change in net assets. The Organization uses the consistent critical terms method to evaluate the effectiveness as of the end of the reporting period. The Organization determined the terms of the 2009 refunded bonds and the interest rate swap are consistent and meet the criteria of the consistent critical terms method. As a result of these refunded bonds, the change in the fair value in the effective interest rate swap is presented in the statement of net assets as a deferred outflow of resources.

INCOME TAXES

The Organization is a not-for-profit corporation, as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes. There were no income taxes resulting from unrelated business income during the year ended June 30, 2010.

LONG-TERM DEBT

Long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Issuance costs are presented in the financial statements as a non-current asset and are being amortized over the life of the bonds.

PREPAID RENT

Pursuant to two (2) ground sublease agreements, the Organization prepaid a portion of their rent obligation to the University. The prepaid lease payments will be amortized on a straight line basis over the life of the sublease, commencing during fiscal year ended June 30, 2010.

OPERATING REVENUE AND EXPENSES

The Athletics Finance Corporation's statement of revenues, expenses, and changes in net assets distinguishes between operating and nonoperating revenue and expenses. Operating revenue results from exchange transactions associated with managing and operating the FIU Football Stadium, which is the Athletics Finance Corporation's principal activity. Other sources of revenue, including investment earnings, are reported as nonoperating revenue. Operating expenses include all expenses incurred to manage and operate the FIU Football Stadium, other than external financing costs.

FIU ATHLETICS FINANCE CORPORATION
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NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FLOW ASSUMPTION FOR RESTRICTED ASSETS

If both restricted and unrestricted assets are available for use for a certain purpose, it is the Athletics Finance Corporation's policy to use restricted assets first, and then use unrestricted assets as needed.

NOTE 2 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Athletics Finance Corporation to concentrations of credit risk consist principally of cash in banks and investments.

DEPOSITS

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are insured or collateralized with securities held by the entity or its agent in the entity's name.

INVESTMENTS

In addition, the Athletics Finance Corporation maintains investment accounts with financial institutions that are not insured by the FDIC. Fund shares are not guaranteed by the U.S. government. Current and future portfolio holdings are subject to risk. At June 30, 2010, \$4,830,116 was held in these accounts. The Athletics Finance Corporation believes that the number, diversity and financial strength of the issuers mitigate the credit risks associated with all investments.

FIU ATHLETICS FINANCE CORPORATION
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NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 3 - INVESTMENTS

Investments are made in accordance with the trust indenture. The Athletics Finance Corporation's investments at June 30, 2010, are reported at fair value, as follows:

Investment Type	Amount
Florida State Board of Administration:	
Florida PRIME	\$ --
Fund B	639,811
Money Market Mutual Funds	<u>4,190,305</u>
Total Investments (Includes Restricted Investments)	<u>\$ 4,830,116</u>

The Athletics Finance Corporation reported investments at fair value totaling \$639,811 at June 30, 2010, in the Fund B Surplus Funds Trust Fund administered by State Board of Administration (SBA) pursuant to Section 218.405, Florida Statutes. The State Board of Administration governs the trust fund under Ch. 19-7 of the Florida Administrative Code.

As a participant of Fund B, the entity invests in a pool of investments whereby the entity owns a share of the respective pool, not the underlying securities. The SBA's interpretation in regards to Fund B is that it does not meet the requirements of an SEC 2a7-like fund; therefore, SBA provided a fair value factor of .67353149 as of June 30, 2010 (i.e., total net asset value of Fund B divided by total participant balances of Fund B). The Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are effective by transferring eligible cash or securities to the Florida PRIME, consistent with the pro rata allocation of pool shareholders of record at the creation of Fund B. One hundred percent of such distributions from Fund B are available as liquid balance within the Florida PRIME.

The Florida PRIME fund investments are also pooled. As a participant of Florida PRIME, the entity invests in a pool of investments whereby the entity owns a share of the respective pool, not the underlying securities. The SBA considers Florida PRIME an SEC "2a-7-like" fund with the primary objective of preservation of principal. The account balance is considered the fair value of the investment. A 2a-7 like pool is an external investment pool that is not registered with the Securities and Exchange Commission as an investment company, but nevertheless has a policy that it will, and does operate in a manner consistent with Rule 2a-7 under the Investment Company Act of 1940. This rule permits money market funds to use amortized cost to maintain a constant NAV of \$1.00 per share, provided that such funds meet certain conditions. There was no balance in Florida PRIME

FIU ATHLETICS FINANCE CORPORATION
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NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 3 – INVESTMENTS (CONTINUED)

at June 30, 2010. The investments in the Florida PRIME and Fund B are not insured by FDIC or any other government agency.

The Organization also invests in a Federated Government Obligations Fund. This is a money market mutual fund seeking to provide current income consistent with stability of principal by investing in a portfolio of short-term, U.S. treasury and government securities. These investments include repurchase agreements collateralized fully by U.S Treasury and government securities. The Fund limits its investment to those that would enable it to qualify as a permissible investment for federally chartered credit unions. The fund maintains a weighted average maturity of 32 days and is rated AAAM by Standard & Poor's, Aaa by Moody's and AAA by Fitch. The fund complies with the requirements of Rule 2a-7 under the Investment Company Act of 1940 Act, which sets forth portfolio quality and diversification restrictions for money market mutual funds. The fair market value of these funds was \$4,190,305 at June 30, 2010.

CREDIT RISK

Credit risk is the risk that an issuer of securities in which the Fund invests may default on the payment of interest or principal on the securities when due, which would cause the Fund to lose money. At June 30, 2010, Florida PRIME and the money market fund investments were rated AAAM by Standard & Poor's. Fund B is not rated by any nationally recognized statistical rating agency.

CONCENTRATION CREDIT RISK

Investments that exceed 5% or more of the portfolio in any one issuer is as follows: investments held in the Fund B administered by the State Board of Administration (SBA) consist of approximately 13% of total investments. Approximately, 87% of the investments are held with Regions Morgan Keegan money market mutual funds. According to the bond indenture, the organization can invest the bond proceeds in these investment vehicles; there are no stated limitations on the amount that can be invested in any one issuer. The short term nature of the investments is due to liquidity needs, since those funds are being used for operating expenses, debt service payments and stadium construction costs.

INTEREST RATE RISK

A portfolio's weighted average days to maturity (WAM) reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the fund to interest rate changes.

FIU ATHLETICS FINANCE CORPORATION
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NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 3 – INVESTMENTS (CONTINUED)

INTEREST RATE RISK (CONTINUED)

The WAM of the Florida PRIME fund at June 30, 2010 is 46 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM.

Due to the nature of the securities in Fund B, the interest rate risk information is not available. An estimated weighted average life (WAL) is available. In the calculation of WAL, the time at which an expected principal amount is to be received (measured in years) is weighted by the principal amount received at that time divided by the sum of all expected principal payments. The principal amounts used in the WAL calculation are not discounted to present value as they would be in a weighted average duration calculation. The WAL (based on expected cash flows) of Fund B at June 30, 2010, is estimated at 8.05 years. However, because Fund B consists of restructured or defaulted securities there is considerable uncertainty regarding the weighted average life.

INTEREST RATE RISK (CONTINUED)

The Federal Government Obligations Fund prices of fixed-income securities generally fall when interest rates rise. Interest rate changes have a greater effect on the price of fixed-income securities with longer maturities. The money market mutual fund WAM at June 30, 2010 is 32 days while the WAL is 86 days.

NOTE 4 - BOND ISSUANCE COSTS

As of June 30, 2010, issuance costs related to both the tax exempt and taxable bonds (FIU Athletics Finance Corporation Capital Improvement Revenue Bonds Series 2009A and 2009B) totaled \$264,118, net of amortization. The bond costs will be amortized over the term of the bonds which mature in March 2033.

Issuance costs	\$ 271,941
Less accumulated amortization	<u>(7,823)</u>
Bond Issuance Costs - Net	<u>\$ 264,118</u>
Current bond issuance cost	\$ 15,681
Non-current bond issuance cost	<u>248,437</u>
	<u>\$ 264,118</u>

FIU ATHLETICS FINANCE CORPORATION
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NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 5 - LONG-TERM DEBT

The debt activity for the year ended June 30, 2010 is as follows:

	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
2007 Tax Exempt Capital Improvement Revenue Bonds (Series A)	\$ 28,000,000	\$ --	\$ 28,000,000	\$ --	\$ --
2009 Tax Exempt Capital Improvement Revenue Bonds (Series A)	--	30,000,000	--	30,000,000	--
2007 Taxable Capital Improvement Revenue Bonds (Series B)	7,000,000	--	7,000,000	--	--
2009 Taxable Capital Improvement Revenue Bonds (Series B)	--	5,310,000	706,293	4,603,707	599,723
Deferred amount on refunding	--	(417,261)	--	(417,261)	--
	<u>\$ 35,000,000</u>	<u>\$ 34,892,739</u>	<u>\$ 35,706,293</u>	<u>\$ 34,186,446</u>	<u>\$ 599,723</u>

On April 20, 2007, the Athletics Finance Corporation issued \$28,000,000 of its Capital Improvement Revenue Bonds (Football Stadium Project) Series 2007A and \$7,000,000 of its Taxable Capital Improvement Revenue Bonds (Football Stadium Project) Series 2007B. These bonds were issued and secured under and pursuant to a Trust Indenture, dated April 1, 2007, between the Athletics Finance Corporation and a commercial bank, as trustee, and shall be payable from pledged revenues. The bond proceeds were used to (i) finance certain football stadium improvements, (ii) fund capitalized interest through March 1, 2009, (iii) fund a deposit to a debt service reserve fund, and (iv) pay costs related to the issuance of the bonds. The bonds are secured by operating and non-operating revenues of the facility as well as the University athletic fees. These bonds were refunded during the fiscal year ended June 30, 2010.

CURRENT REFUNDING

On December 1, 2009, the Athletics Finance Corporation issued \$30,000,000 of Miami-Dade County Industrial Development Authority Revenue Bonds Series 2009A and \$5,310,000 of Miami-Dade County Industrial Development Authority Taxable Revenue Bonds Series 2009B.

These bonds were issued and secured under and pursuant to a trust indenture. Repayments of the bonds will be payable from pledged revenues, which are all operating and non-operating revenues. Principal payments for the bonds began March 1, 2010. Interest payments are made on a quarterly basis. The interest rate on the Series 2009A Bonds is

FIU ATHLETICS FINANCE CORPORATION
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NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 5 - LONG-TERM DEBT (CONTINUED)

CURRENT REFUNDING (CONTINUED)

Series 2009B Bonds shall be at a rate equal to three-month LIBOR plus 2.65%. The total proceeds from the new bond issue were used solely to retire and current refund the outstanding Series 2007 A and B bonds and pay costs of issuance of the bonds and other refinancing costs. The funds were held in escrow by the Trustee and the Series 2007 A and B bonds were fully redeemed effective January 8, 2010. Total principal due at June 30, 2010 was \$34,603,707.

As a result of the refunding, the Organization increased its total debt service requirements by \$4,203,644, which resulted in a net present value loss of \$3,034,308.

The Athletics Finance Corporation has funded a debt service reserve fund in accordance with the bond indenture requirement of maintaining an amount equal to the maximum allowable debt service on the bond in the current and any future fiscal year. This debt service reserve fund currently totals \$2,766,057 and is presented in restricted investments.

The Athletics Finance Corporation is also required to have minimum deposits of \$3,500,000 with Regions Bank. The deposit is to be held in an interest-bearing additional reserve fund and is presented in restricted cash.

The interest rate on these bonds is both fixed and variable and is subject to a hedge agreement (see Note 7) that was entered into to reduce the exposure to market risks from changing interest rates. Interest is computed on the basis of the actual number of days elapsed over a year of 365 or 366 days.

FIU ATHLETICS FINANCE CORPORATION
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NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 5 - LONG-TERM DEBT (CONTINUED)

CURRENT REFUNDING (CONTINUED)

The aggregate maturities of these bonds as of June 30, 2010 are as follows:

For the Year Ending June 30,	Principal	Interest	Total
2011	\$ 599,723	\$ 1,500,126	\$ 2,099,849
2012	618,074	1,567,747	2,185,821
2013	636,987	1,627,027	2,264,014
2014	656,479	1,677,592	2,334,071
2015	676,567	1,719,051	2,395,618
2016-2020	5,865,877	7,899,173	13,765,050
2021-2025	8,135,713	6,031,312	14,167,025
2026-2030	10,150,001	3,637,679	13,787,680
2031-2033	7,264,286	792,886	8,057,172
	34,603,707	26,452,593	61,056,300
Less amount deferred on refunding	(417,261)	--	(417,261)
Total	\$ 34,186,446	\$ 26,452,593	\$ 60,639,039

NOTE 6 - LETTER OF CREDIT AGREEMENT

On April 1, 2007, Regions Bank issued a Letter of Credit to serve as security for the payments of the bonds. The Letter of Credit will be in effect until April 15, 2012, and will automatically extend equal to the remaining balance of the bonds payable for a period of one year, subject to approval of Regions Bank but not to extend beyond April 15, 2033. Athletics Finance Corporation agrees to repay any draws against the Letter of Credit plus annual interest equal to the three month LIBOR plus two percent (2%). There were no draws against this letter of credit.

From the date of issuance of the Series 2009A and 2009B Bonds until January 8, 2010, the Trustee disbursed to the Bank any amounts necessary to reimburse the bank for drawings on its Letter of Credit issued in connection with the outstanding debt in order to pay holders of the outstanding tax-exempt debt for any bonds optionally tendered or redeemed during such period. As of January 8, 2010 the Letter of Credit is no longer in effect.

FIU ATHLETICS FINANCE CORPORATION
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NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 7 - DERIVATIVE FINANCIAL INSTRUMENTS

OBJECTIVES

As a means to lower its borrowing costs and increase its savings, when compared against fixed-rate bonds at the time of issuance in May 2007 and refunding in December 2009, the Organization entered into an interest rate swap agreement in connection with its \$30,000,000 2009A Miami-Dade County Industrial Development Authority Revenue Bond issuance. The intention of the swap agreement was to effectively change the Organization's variable interest rate on the bonds to a synthetic fixed rate of 3.60%.

TERMS

On May 30, 2007, Athletics Finance Corporation entered into an interest rate swap agreement with a commercial bank with a notional amount of \$21,000,000, which represents the fixed portion of the bonds payable mentioned in Note 5 above. Under the swap agreement, the Athletics Finance Corporation agreed to pay a fixed rate of 4.1451% and receive a variable rate based on the SIFMA index (tax-exempt variable demand bond index maintained by the Bond Marketing Association).

On December 22, 2009, Athletics Finance Corporation amended the interest rate swap agreement to hedge the floating rate on \$21,000,000 of the principal amount of the 2009A Bonds. This represents the fixed portion of the tax exempt bonds payable mentioned in Note 5 above. Under the swap agreement, the Athletics Finance Corporation agrees to pay a fixed rate of 3.60% and receive a variable rate equal to 63.7% of three-month LIBOR. The swap agreement has a maturity date of March 1, 2033.

FAIR VALUE

As of June 30, 2010, the Athletics Finance Corporation swap has a derivative liability of \$3,905,754 as reported in the statement of net assets. The negative fair value was determined using Mark-to-Market Value and represents the closing mid-market values.

As of December 22, 2009, the fair value of the Series 2007A ineffective interest rate swap was \$2,251,646. This interest rate swap was not terminated when the bonds were refunded. However, the interest rate on the refunded Series 2009 bonds reflects a higher rate due to not terminating this interest rate swap. Accordingly, the fair value of \$2,251,646 of the ineffective Series 2007A interest rate swap will be amortized over the remaining life of the refunded Series 2009A bond. For the period July 1, 2009 to December 22, 2009, the change in the fair value of this ineffective interest swap was \$495,069.

FIU ATHLETICS FINANCE CORPORATION

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 7 - DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

FAIR VALUE (CONTINUED)

The consistent critical terms method evaluates the effectiveness by qualitative consideration of the critical terms of the hedgeable items and the potential hedging derivative instrument. The Organization determined the terms of the Series 2009A refunded bonds and the interest rate swap are consistent and meet the criteria of the consistent critical terms method. As a result of these refunded bonds, the change in the fair value in the effective interest rate swap, from December 22, 2009 to June 30, 2010 is presented in the statement of net assets as a deferred outflow of resources in the amount of \$1,702,531. Effectively, the revised swap agreement started with a zero fair value.

CREDIT RISK

As of June 30, 2010, the Athletics Finance Corporation was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the Organization would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty (Regions Bank) was rated Baa1 by Moody's Investors Service, BBB by Standard and Poor's and BBB+ by Fitch Ratings.

BASIS RISK

Basis risk arises when different indexes are used in connection with a derivative. Given that both the bond and the interest rate swap are based on 63.7% of the three-month LIBOR rate, there is limited basis risk.

TERMINATION RISK

The derivative contract uses the International Swap Dealers Association (ISDA) Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The schedule to the Master Agreement includes an "additional termination event". That is, the swap agreement may be terminated if: (i) the loan or other indebtedness in connection with which a transaction entered into by the Athletics Finance Corporation for the purpose or with the effect of altering the net combined payment from a floating to fixed or a fixed to floating rate basis is repaid, whether upon acceleration of principal, at maturity, or otherwise, or for any other reason ceases to be an obligation of the Athletics Finance Corporation, with or without the consent of the counterparty (Regions Bank); or (ii) any credit support document expires, terminates or ceases to be of full force and effect. Also,

FIU ATHLETICS FINANCE CORPORATION
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NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 7 - DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

TERMINATION RISK (CONTINUED)

the swap agreement may be terminated or assigned by Athletics Finance Corporation if the counterparty 's (Regions Bank) long-term, senior, unsecured, unenhanced debt rating is withdrawn, suspended, or falls below at least two of the following: a) "Baa3" as determined by Moody's; or b) "BBB-" as determined by Standard and Poor's; or c) "BBB-" as determined by Fitch.

SWAP PAYMENTS AND ASSOCIATED DEBT

Using rates as of June 30, 2010, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, are as follows: As rates vary, variable-rate bond interest payments and net swap payments will vary.

For the Year Ending June 30,	Variable-Rate Bond		Interest Rate	
	Principal	Interest	Swap, Net	Total
2011	\$ --	\$ 399,714	\$ 755,286	\$ 1,155,000
2012	--	399,714	755,286	1,155,000
2013	--	399,714	755,286	1,155,000
2014	--	399,714	755,286	1,155,000
2015	--	399,714	755,286	1,155,000
2016-2020	3,115,000	1,931,001	3,648,749	8,694,750
2021-2025	5,695,000	1,494,931	2,824,769	10,014,700
2026-2030	7,105,000	901,641	1,703,709	9,710,350
2031-2033	5,085,000	196,526	371,349	5,652,875
Total	\$ 21,000,000	\$ 6,522,669	\$ 12,325,006	\$ 39,847,675

NOTE 8 - DEFERRED REVENUES

The Athletics Finance Corporation and the University have pledged future revenues in order to meet certain minimum bond requirements under the issue of bond-related debt to finance the stadium project. Non-operating revenues may include athletics fees collected by the University, fund raising revenues, conference payments, naming rights revenues, capital gifts and investment revenues related to any of the above. Operating revenues related to the sale of football stadium suites and club seats have been deferred. Revenues are deferred until the year they are earned. Suite sales will be recognized annually based on their corresponding contracts.

FIU ATHLETICS FINANCE CORPORATION
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NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 8 - DEFERRED REVENUES (CONTINUED)

The following schedule presents sales commitments under suite agreements and ticket sales that expire on June 30, 2014:

For the Year Ending June 30,	Amount
2011	\$ 409,313
2012	80,000
2013	80,000
2014	80,000
Total	\$ 649,313

NOTE 9 - RELATED PARTY TRANSACTIONS

RELATED PARTY REVENUES

In accordance with the Memorandum of Understanding dated March 5, 2010, the University manages stadium-related activities, collects revenues on behalf of the Athletics Finance Corporation, and remits revenues timely as required under the existing trust indenture. For the year ended June 30, 2010 the Athletics Finance Corporation received revenue for NCAA and conference payments, athletic support, sky suite revenue, ticket sales, sponsorship revenues, rental income, contributions and other operating revenues. The total of these revenues was \$3,481,395.

LEASE COMMITMENTS

Florida International University and the FIU Athletics Finance Corporation entered into two 25-year ground sublease agreements dated April 1, 2007 rendering the rights to the FIU Athletics Finance Corporation to issue a series capital improvement bonds of which a portion of the proceeds, along with contributions from the University, is to finance a stadium improvement project located on University premises. Under this agreement the FIU Athletics Finance Corporation shall prepay to the University for rental of the premises in the sum of \$30,171,533.

FIU ATHLETICS FINANCE CORPORATION
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NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 9 – RELATED PARTY TRANSACTIONS (CONTINUED)

LEASE COMMITMENTS (CONTINUED)

The following schedule by years represents management's best estimate of future minimum rental expense that will be recognized for these sublease agreements:

For the Year Ending June 30,	Amount
2011	\$ 1,221,958
2012	1,221,958
2013	1,221,958
2014	1,221,958
2015 - 2019	6,109,790
2020 - 2024	6,109,790
2025 - 2029	6,109,790
2030 - 2033	4,786,016
	<u>\$ 28,003,218</u>

Reconciliation of the Statement of Net Assets to the Lease Commitment:

Current prepaid rent and other	\$ 1,237,640
Non current prepaid rent	26,781,259
Less other prepaids	<u>(15,681)</u>
	<u>\$ 28,003,218</u>

As of June 30, 2010, construction draws amounting to \$30,171,533 have been paid by the University to various contractors. The prepaid rent has been amortized by \$1,197,978 in the current year.

COMPLIANCE SECTION

**Independent Auditors' Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards**

Members of the Board of Directors and the Assistant Vice President
of Direct Support Organizations
FIU Athletics Finance Corporation
Miami, Florida

We have audited the financial statements of Florida International University Athletics Finance Corporation (the Athletics Finance Corporation or the Organization) as of and for the year ended June 30, 2010 and have issued our report thereon dated November 23, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing the assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, Management, the State University System of Florida, the Florida Board of Governors and the Board of Trustees of Florida International University and is not intended to be and should not be used by anyone other than these specified parties.



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Miami, Florida
November 23, 2010

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THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

December 2, 2010

**Subject: Florida International University Herbert Wertheim College of Medicine
Health Care Network Financial Audit, 2009-2010**

Proposed Committee Action:

Recommend approval by the Florida International University Board of Trustees of the Florida International University Herbert Wertheim College of Medicine Health Care Network Financial Audit for the 2009-2010 Fiscal Year and authorize the Executive Director of the FIU Herbert Wertheim College of Medicine Health Care Network to take all actions necessary pertaining to this Financial Audit, including filing the report with the Auditor General.

Background Information

Pursuant to Regulation FIU-1502 (2)(f), the FIU Herbert Wertheim College of Medicine (HWCOM) Health Care Network must submit an independently conducted financial audit of its accounts and records, which has been approved by its governing board and recommended by the University President to the Florida International University Board of Trustees for review and approval.

The FIU HWCOM Health Care Network Financial Audit for 2009-2010 has been submitted and approved by the FIU HWCOM Health Care Network Board of Directors on October 22, 2010, and the University President is recommending its approval.

Florida Board of Governors Regulation 9.011, University Direct Support Organizations and Health Services Support Organizations (4), states in relevant part:
Support organizations shall provide for an annual audit conducted pursuant to university regulations or policies. The annual audit report shall be submitted to the university board of trustees or designee, the Board of Governors, and the Auditor General for review.

Supporting Documentation: Florida International University Herbert Wertheim College of Medicine Health Care Network, Financial Audit, 2009-2010

Facilitator/Presenter: Kenneth A. Jessell

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**THE FLORIDA INTERNATIONAL UNIVERSITY
COLLEGE OF MEDICINE HEALTH CARE NETWORK
FACULTY GROUP PRACTICE, INC.**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

**THE FLORIDA INTERNATIONAL UNIVERSITY
COLLEGE OF MEDICINE HEALTH CARE NETWORK
FACULTY GROUP PRACTICE, INC.**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Audit Committee of the
**Florida International University College of Medicine
Health Care Network Faculty Group Practice, Inc.**
Miami, Florida

We have audited the accompanying statement of net assets of The Florida International University College of Medicine Health Care Network Faculty Group Practice, Inc. (the "FIU COM Health Care Network"), a component unit of Florida International University, as of June 30, 2010 and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the FIU COM Health Care Network's management. 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the FIU COM Health Care Network's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the FIU COM Health Care Network as of June 30, 2010, and the respective changes in net assets, and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 27, 2010, on our consideration of the FIU COM Health Care Network's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The FIU COM Health Care Network has not presented management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of the financial statements.

Marcum Rachlin

a division of Marcum LLP
Miami, Florida
October 27, 2010

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MEMBER

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**FLORIDA INTERNATIONAL UNIVERSITY
COLLEGE OF MEDICINE HEALTHCARE NETWORK
FACULTY PRACTICE PLAN, INC.**

STATEMENT OF NET ASSETS

JUNE 30, 2010

ASSETS

Current Assets

Cash and cash equivalents \$ 68,203

Total Current Assets \$ 68,203

Noncurrent Assets

Depreciable capital assets, net 3,558

Total Noncurrent Assets 3,558

Total Assets \$ 71,761

Liabilities

Current Liabilities

Due to FIU \$ 2,352

Total Current Liabilities \$ 2,352

Noncurrent Liabilities

Due to FIU 52,761

Total Noncurrent Liabilities 52,761

Total Liabilities 55,113

Unrestricted Net Assets 16,648

Total Liabilities and Net Assets \$ 71,761

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

**FLORIDA INTERNATIONAL UNIVERSITY
COLLEGE OF MEDICINE HEALTHCARE NETWORK
FACULTY PRACTICE PLAN, INC.**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2010

Operating Revenues		
Miscellaneous revenue	\$ 48,900	
Clinical services	<u>9,922</u>	
Total Operating Revenues		\$ 58,822
Operating Expenses		
Salaries	16,257	
Banking fees	210	
Rental of facilities	14,326	
Professional services	1,998	
Contractual services	396	
Promotional advertising	2,064	
Clinical services	28	
Printing	221	
Office supplies	509	
Medical supplies	2,133	
Other materials and supplies	299	
Pharmaceuticals	1,182	
Depreciation expense	<u>890</u>	
Total Operating Expenses		<u>40,513</u>
Operating Income		18,309
Non-Operating Expenses:		
Interest expense		<u>1,661</u>
Increase in Net Assets		16,648
Net Assets - Beginning of Year		<u>--</u>
Net Assets - End of Year		<u>\$ 16,648</u>

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

**FLORIDA INTERNATIONAL UNIVERSITY
COLLEGE OF MEDICINE HEALTHCARE NETWORK
FACULTY PRACTICE PLAN, INC.**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2010

Cash Flows From Operating Activities		
Operating receipts	\$ 9,922	
Operating cash received - FIU	48,900	
Payments to suppliers for goods & services	<u>(37,271)</u>	
Net Cash Provided By Operations		\$ 21,551
Cash Flows From Non-Capital Financing Activities		
Cash receipts from loan proceeds	<u>51,100</u>	
Net Cash Provided By Non-Capital Financing Activities		51,100
Cash Flows From Capital and Related Financing Activities		
Purchase of capital assets	(4,448)	
Net Cash Used In Capital and Related Financing Activities		<u>(4,448)</u>
Net Change in Cash		68,203
Cash - Beginning of Year		<u>--</u>
Cash - End of Year		<u>\$ 68,203</u>
Reconciliation of Changes in Net Assets to Net Cash Provided by Operations:		
Change in net assets	\$ 16,648	
Depreciation expense	890	
Change in liabilities:		
Increase in:		
Accrued interest	1,661	
Due to FIU	<u>2,352</u>	
Net Cash Provided By Operations		<u>\$ 21,551</u>

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

**THE FLORIDA INTERNATIONAL UNIVERSITY
COLLEGE OF MEDICINE HEALTH CARE NETWORK
FACULTY GROUP PRACTICE, INC.**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The Florida International University College of Medicine Health Care Network Faculty Group Practice, Inc. (the "FIU COM Health Care Network" or the "Organization"), a Florida not-for-profit corporation, is a component unit of Florida International University and was organized in the State of Florida on February 21, 2008. The FIU COM Health Care Network was formed primarily to support the mission of Florida International University (FIU) and to improve and support medical education at the FIU College of Medicine. The FIU COM Health Care Network has applied for the tax-exempt organization status as defined by Section 501(c)(3) of the Internal Revenue Code.

BASIS OF PRESENTATION

The financial statements of the FIU COM Health Care Network have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The FIU COM Health Care Network reports under the GASB standards because it meets the criteria regarding the popular election of officers or appointment of a controlling majority of the members of the Organization's governing body by one or more state or local governments.

In accordance with GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, the FIU COM Health Care Network met the criteria to use enterprise fund accounting and financial reporting. Accordingly, the financial statements are reported using the economic resources measurement focus and accrual basis of accounting, which recognizes revenue when earned and expenses when a liability is incurred, regardless of timing of the related cash flow.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, the FIU COM Health Care Network applies all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements.

**THE FLORIDA INTERNATIONAL UNIVERSITY
COLLEGE OF MEDICINE HEALTH CARE NETWORK
FACULTY GROUP PRACTICE, INC.**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

CASH

Cash is held in a high quality financial institution, Bank of America. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At June 30, 2010, those limits were not exceeded.

CAPITAL ASSETS

Capital assets consist of medical equipment. These assets are capitalized and recorded at cost at the date of acquisition. The FIU COM Health Care Network has a capitalization threshold of \$1,000 for tangible personal property. Depreciation is computed on the straight-line basis over the estimated useful life of five years for this equipment.

FLOW ASSUMPTION FOR RESTRICTED ASSETS

If both restricted and unrestricted assets are available for use for a certain purpose, it is the FIU COM Health Care Network's policy to use restricted assets first, then use unrestricted assets as needed.

OPERATING REVENUE AND EXPENSES

The FIU COM Health Care Network's statement of revenues, expenses, and changes in net assets distinguishes between operating and nonoperating revenue and expenses. Operating revenue results from exchange transactions associated with providing healthcare services, which is the FIU COM Health Care Network's principal activity. Other sources of revenue, including investment earnings, are reported as nonoperating revenue. Operating expenses include all expenses incurred to provide healthcare, other than external financing costs.

**THE FLORIDA INTERNATIONAL UNIVERSITY
COLLEGE OF MEDICINE HEALTH CARE NETWORK
FACULTY GROUP PRACTICE, INC.**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 2 – CAPITAL ASSETS

Capital Assets					
	Useful Lives	Ending Balance June 30, 2009	Additions	Disposals	Ending Balance June 30, 2010
Medical Equipment	5	\$ --	\$ 4,448	\$ --	\$ 4,448
		<u>\$ --</u>	<u>\$ 4,448</u>	<u>\$ --</u>	<u>\$ 4,448</u>
Accumulated Depreciation					
		June 30, 2009	Depreciation	Disposals	June 30, 2010
Accumulated Depreciation Totals		\$ --	\$ (890)	\$ --	\$ (890)
Depreciable capital assets, net		<u>\$ --</u>			<u>\$ 3,558</u>

NOTE 3 - DUE TO FIU – CURRENT

On June 30, 2010, the FIU COM Health Care Network owed the University \$2,352 for the reimbursement of salaries and medical supplies.

NOTE 4 - DUE TO FIU – NON CURRENT

The debt activity for the year ended June 30, 2010 is as follows:

	Beginning <u>Balance</u>	Additions	Payments	Accrued <u>Interest</u>	Ending <u>Balance</u>
Due to FIU	\$ -	\$ 51,100	\$ -	\$ 1,661	\$ 52,761
	<u>\$ -</u>	<u>\$ 51,100</u>	<u>\$ -</u>	<u>\$ 1,661</u>	<u>\$ 52,761</u>

**THE FLORIDA INTERNATIONAL UNIVERSITY
COLLEGE OF MEDICINE HEALTH CARE NETWORK
FACULTY GROUP PRACTICE, INC.**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 4 - DUE TO FIU – NON CURRENT (CONTINUED)

On June 1, 2009, the FIU COM Health Care Network entered into a loan agreement totaling \$100,000 with FIU in order to fund start-up costs associated with the operations. This agreement was amended on January 25, 2010 reducing the total principal payment due to \$51,100. Interest on the loan accrues at 3.25% and the loan is scheduled to mature on May 31, 2013. The noncurrent liability at June 30, 2010 is comprised of total principal of \$51,100 and accrued interest of \$1,661.

Principal and interest payments for the life of the loan are due as follows:

For the Year Ending June 30,	Principal	Interest	Total
2010	\$ --	\$ 1,661	\$ 1,661
2011	--	1,715	1,715
2012	25,550	1,770	27,320
2013	<u>25,550</u>	<u>899</u>	<u>26,449</u>
Total	<u>\$ 51,100</u>	<u>\$ 6,045</u>	<u>\$ 57,145</u>

NOTE 5 – RELATED PARTY LEASE COMMITMENT

Florida International University and the FIU COM Health Care Network entered into an agreement dated July 27, 2009. Under this agreement the FIU COM Health Care Network will use the University Health Service Building to provide medical care to the faculty and staff of FIU. FIU COM Health Care Network shall pay the University for rental of the premises in the sum of \$15,284 per year. The term of this agreement was originally scheduled to expire on July 26, 2010, but was subsequently renewed for an additional period of one year. Rent expense related to this lease was \$14,326 for the year ended June 30, 2010.

COMPLIANCE SECTION



**Independent Auditors' Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards**

To the Board of Directors and Audit Committee of the
**Florida International University College of Medicine
Health Care Network Faculty Group Practice, Inc.**
Miami, Florida

We have audited the financial statements of The Florida International University College of Medicine Health Care Network Faculty Group Practice, Inc. (the "FIU COM Health Care Network" or the "Organization"), a component unit of Florida International University, as of and for the year ended June 30, 2010 and have issued our report thereon dated October 27, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of Management, the Audit Committee, Board of Directors, and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.



a division of Marcum LLP
Miami, Florida
October 27, 2010

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THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

December 2, 2010

Subject: Signature Authority – Authorization to Sign Checks for the University

Proposed Committee Action:

Recommend to the Florida International University Board of Trustees approval of the following officers and employees of the University as authorized to sign checks to pay legal obligations of the University from any and all designated University depositories:

Kenneth A. Jessell, Senior Vice President of Administration and Chief Financial Officer

Cecilia Hamilton, Associate Vice President and University Controller

Background Information:

The Florida International University Board of Trustees (the BOT) is updating its official records to reflect University officers and employees authorized to sign checks to pay legal obligations on behalf of the University.

The University has depositories at banking institutions at which University funds are deposited and the University pays its legal obligations from said depositories. As such, the BOT must state with particularity the legal name and title of University employees who are authorized to sign checks to pay legal obligations of the University.

Supporting Documentation: N/A

Facilitator/Presenter: Kenneth A. Jessell

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**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES**

Finance and Audit Committee

December 2, 2010

Subject: Ratification of the Wage Article of the 2007-2010 Collective Bargaining Agreement between the Florida International University Board of Trustees and the Dade County Police Benevolent Association

Proposed Committee Action:

Recommend to the Florida International University Board of Trustees ratification of the changes in the Wage Article the 2007-2010 Collective Bargaining Agreement between the Florida International University Board of Trustees and the Dade County Police Benevolent Association as specified in the Board materials.

Background Information:

The Florida International University Board of Trustees (the BOT) and the Dade County Police Benevolent Association (PBA) 2007-2010 Collective Bargaining Agreement (the Agreement) contained a provision whereby the parties would reopen the Agreement and negotiate the 2009-2010 wages (referred to as the Wage Reopener). Based on the negotiations, the parties agreed to a 0.75% across-the board payment and a merit (i.e., performance) bonus of 0.75% for the 2009-2010 wages to the PBA unit members. Neither payment will be added to the base pay. The parties also agreed that a committee comprised of members of the PBA and University be formed to create a merit pay evaluation form tailored to law enforcement. All changes for which the BOT's approval is required are redlined in the attached Article 9 Wages of the FIU-PBA 2007-2010 Collective Bargaining Agreement.

Florida Board of Governors Regulation 1.001 provides that each board of trustees shall act as the sole public employer with regard to all public employees of its university for the purposes of collective bargaining, and shall serve as the legislative body for the resolution of impasses with regard to collective bargaining matters.

Supporting Documentation:

Article 9: Wages of the FIU-PBA 2007-2010 Collective Bargaining Agreement

Operational Excellence Award Form *For University Police Officers*

Facilitators/Presenters:

Rosa L. Jones

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ARTICLE 9 WAGES

9.1 General Wage Increases.

- A. There will be no wage increase for fiscal year 2007-08 (0%).
- B. Each eligible bargaining unit employee shall receive a general across the board wage increase of two percent (2%) of their base rate of pay for fiscal year 2008-09, effective July 1, 2008. Eligible employees shall have successfully passed their initial probationary period and are meeting performance standards/expectations. If an employee has a current performance evaluation of "Below or Consistently Below 9.2

Additional Wages Increases.

- A. In the event the Florida Legislature or other fiscal sources provide for a different or additional funding of wages or wage increases, the University and the Union agree that such increases will be administered in accordance with the applicable appropriation language. Any general across the board wage increase provided by the Legislature during fiscal year 2008-09 of this Agreement shall count as credit towards the across the board increase described in paragraph 9.1 above.

- B. Nothing contained herein shall prevent University from providing salary increases beyond the increases specified above. These increases may be provided for market equity considerations, including verified counteroffers and compression/inversion; increased duties and responsibilities; special achievements; litigation/settlements; and similar special situations.

Expectations" in effect on the date of ratification, the employee shall not receive a general wage increase. To be eligible, the employee must have been employed on or before July 1, 2007. In addition, the employee must be continuously employed through joint ratification of this Agreement.

9.3 For contract year 2009-10 the parties agree to reopen only this Wages Article.

Pursuant to the reopener, the following revisions shall be implemented upon ratification:

- A. Effective upon ratification of the reopener, all bargaining unit members employed as of July 1, 2010 shall receive a one-time bonus of 0.75% of their salary. Said bonus shall not change bargaining unit members' base rate of pay.

B. Effective upon ratification of the reopener, 0.75% of the total salaries of all members of the rank and file law enforcement collective bargaining unit shall be pooled and distributed in accordance with the “Operational Excellence award, University Police. For University Police Officers form, attached to this Agreement, that was ratified during the reopener. The pooled money shall be distributed only to bargaining unit members and shall be distributed as a one-time bonus. Bargaining unit members receiving proceeds from the pooled 0.75% shall not have the distribution change their base rate of pay.

OPERATIONAL EXCELLENCE AWARD

University Police

For University Police Officers



OFFICER NAME _____

OFFICER ID # _____

CLASS TITLE _____

POSITION NUMBER _____

DIVISION/DEPARTMENT _____

SALARY SOURCE E&G _____ AUX _____ C&G _____

AWARD \$ _____

Purpose: The Operational Excellence Award is established to recognize officers for exceptional performance and to promote FIU's Institutional Values.

Eligibility Criteria: All covered officers who have passed probation. Officers on probation at time of approval and established effective date are not eligible.

CRITERIA	MET EXPECTATIONS	FREQUENTLY EXCEEDED EXPECTATIONS	CONSISTENTLY EXCEEDED EXPECTATIONS	NUMERICAL PERFORMANCE RATING
Rating	1	2	3	
Providing Service to University community (Citizens: Students, colleagues, and the university community and response to their needs).	Attentive to the citizens' needs. Asked questions to identify service needs and expectations.	Actively explored the citizens' needs and exceeded their expectations. Responded promptly for requests for service. Interactions are often courteous and professional.	Anticipated the citizens' needs and provided a level of service that elicited favorable responses. Interactions are always courteous and professional.	
Diversity and Respect (Treatment of people who are different from him/herself).	Aware of individual differences. Sensitive to own behavior and its impact on others before acting. Understands value of these differences.	Confronted behavior that did not value differences in an appropriate and nonjudgmental manner; puts him/herself in "another's position" and demonstrates consideration for others.	Contributed to an environment where differences were valued and encouraged; understood all points of view with empathy. Supported building a diverse community.	
Commitment to Excellence (Constancy of purpose toward improvement by meeting pre-determined goals).	Demonstrated accuracy, thoroughness and professionalism.	Implemented suggestions and ideas that improved quality and overall effectiveness.	Broke down barriers between departments; was known as a team player who responded strategically to address departmental and/or institutional goals.	

Adaptability/Attitude (Response to change, criticism and new ideas).	Able to adjust easily to a new environment or different conditions; acceptance of feedback without defensiveness.	Saw departmental changes as opportunities; responded favorably to developmental feedback and sometimes altered behavior.	Sought opportunities to try new approaches; actively solicited developmental feedback and made appropriate changes in behavior.	
Teamwork and Cooperation (Willingness to develop partnerships with others).	Established rapport with ease; sought others for support and involvement. Gave and welcomed feedback.	Pursued opportunities to work as part of a team; willingly shared resources. Established mutual relationships to achieve objectives.	Actively sought partnerships; built strong relationships with people at all levels and across units. Contributed to building a positive team spirit.	
Initiative (Personal credibility/bias for action).	Played a role in the accomplishment of an assignment or project. Took responsibility for work product.	Willingly to take on projects beyond his/her normal scope. Reacted well under pressure.	Volunteered for challenging assignments and expanded scope of contribution. Showed courage to take action.	
Innovation and Achievement Creativity used to improve job productivity and efficiency, including new ideas and suggestions.	Has made suggestions for improving methods and procedures. Kept abreast of developments of police work.	Frequently sought potential beneficial changes and improvements; contributed to a departmental improvement effort or program. Exhibited ability to learn and apply new skills.	Very innovative; suggested and implemented a significant contribution to improve operations or programs. Pursued development opportunities.	
Knowledge Base (day-to-day) (Understands policing and community-oriented policing).	Understands operations and often carries them out with professionalism. Officer is knowledgeable of applicable policies, laws and statutes.	Officer is proactive and a problem solver. Often seeks to handle situations with respect and dignity for all parties involved.	Understands and seeks the power of partnerships with the University community. Works toward collaborative relationships that enhance the security and safety of all citizens.	
FOR SERGEANTS ONLY: Leadership/Initiative (Personal credibility/bias for action).	Played a role in the accomplishment of an assignment or project. Took responsibility for work product.	Mobilized others to complete an assignment or project without being asked; willingly took on projects beyond his/her normal scope. Reacted well under pressure.	Inspired others to perform at a higher level than they believed possible; volunteered for challenging assignments and expanded scope of contribution. Showed courage to take action.	
			Total Score	0

RANGE AMOUNTS: Determined by Departments

RATING SCORE - Officers

0 - 8 = Meritorious
9 - 16 = Superior
17 - 24 = Excellent

RATING SCORE - Sergeants

0 - 9 = Meritorious
10 - 18 = Superior
19 - 27 = Excellent

REQUIRED COMMENTS:

The following justifies and elaborates on the employee's outstanding performance and contributions to operational excellence:

Completed by: _____
Immediate Supervisor Signature Print Name Date

REQUIRED COMMENTS:

The following supports or disagrees with the immediate supervisor's assessment.

Recommended by: _____
Lieutenant/Captain Print Name Date

Recommended by: _____
Deputy Chief/Chief Print Name Date

Approved by: _____
Vice President Print Name Date

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THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

December 2, 2010

Subject: Test Preparation Fee

Proposed Committee Action:

Recommend to the Florida International University Board of Trustees adoption of a test preparation fee that will apply only to those students who, as part of their graduation requirements, are expected to obtain specific preparation for a practice-based examination.

Background Information

Florida State 1009.24 (15) (a) provides for Florida Board of Governors approval of proposals from a university board of trustees to implement new student fees. Florida Board of Governors regulation 7.003, Fees, Fines and Penalties, defines the process that must be followed in establishing new student fees.

The Test Preparation Fee, as part of a degree program request, is proposed to increase the accessibility of students to test preparation courses and to lower the cost of the preparation courses through negotiated contracts. Additionally, by including the test preparation course fee as part of the degree requirements, students may be eligible to pay for the course through financial aid.

The Test Preparation Fee will be at cost.

Supporting Documentation: Test Preparation Fee—BOG New Fee Request Form

Facilitator/Presenter: Kenneth A. Jessell

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**State University System
Florida Board of Governors
Request to Implement a New Fee - Regulation 7.003(23)**

University: FLORIDA INTERNATIONAL UNIVERSITY

Date	
University Board of Trustees approval date:	December 9, 2010
Proposed fall implementation date (year):	2011
Description	
New fee title:	Test Preparation Fee
Amount of new fee (per credit hour if applicable):	Varies; Fee will be at cost
Proposed new fee as a percentage of tuition: ¹	Less than 10 percent of total tuition over the entire program
Purpose	
<p>Describe the purpose to be served or accomplished with this fee:</p> <p>The purpose of the fee is to increase accessibility to test preparation courses in programs where students are expected to obtain specific preparation for a practice-based examination. Additionally, the fee is anticipated to lower the total cost to students who complete examination preparation courses by negotiating a contract rate that is significantly less than what is available through private, for-profit providers. It is anticipated that the fee will be eligible for financial aid, providing another benefit to students.</p>	
Demonstrable Student-Based Need / Involvement	
<p>Describe the student-based need for the fee that is currently not being met through existing services, operations, or another fee:</p> <p>Students routinely desire to take test preparation courses where examination passage is required in order to be licensed in their profession. Often, students cannot afford the high costs of these test preparation courses offered through private, for-profit providers. Given the lower cost and the opportunity for all or part of the total cost to be covered by financial aid, we believe students will be strongly supportive.</p>	
<p>Describe the process used to assure substantial student input or involvement:</p>	

¹ If a student is required to pay this fee as a part of registration for a course, the fee shall not exceed 10 percent of tuition. See Regulation 7.003(23)(b).

**State University System
Florida Board of Governors
Request to Implement a New Fee - Regulation 7.003(23)**

There have been informal focus-group discussions with students on the desirability of the test preparation fee and the results have been very positive.

Student Impact

Explain the financial impact of the fee on students, including those with financial need:

Students with the greatest need will be positively impacted since the fee is anticipated to be covered by financial aid.

Restrictions / Limitations

Identify any proposed restrictions, limitations, or conditions to be placed on the new fee:

None identified.

Revenues / Expenditures

Annual estimated revenue to be collected:

Varies; fee is simply at cost. No mark-up.

Describe the service or operation to be implemented and estimated expenditures (attach operating budget expenditure form).

None to the university. The lower fee will be paid to the contract provider.

Accountability Measures

Indicate how the university will monitor the success of the new fee. Provide specific performance metrics that will be used.

The university will track passage rates for our students in order to improve program content.

Other Information

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

December 2, 2010

Subject: Market Rate Tuition for Master of Arts in Global Governance

Proposed Committee Action:

Recommend to the Florida International University Board of Trustees approval of the Market Rate Tuition for the Master of Arts in Global Governance

Background Information:

Florida State 1009.24 (15) (a) provides for Florida Board of Governor's approval of proposals from a university board of trustees to implement market tuition rates for graduate-level online courses or graduate-level courses offered through a university's continuing education program. Florida Board of Governors regulation 7.001, Tuition and Associated Fees, defines the process that must be followed in establishing market tuition rates.

The Florida International University Board of Trustees approved market tuition rates for several programs at its June 4, 2010 meeting. The Master of Arts in Global Governance degree program was also approved at this meeting. However, because the Master of Arts in Global Governance was not an existing program, it was not included in the request for market tuition rates at that time.

The Market Rate Tuition, totaling \$32,000 for the two-year program, will be effective Fall 2011.

Supporting Documentation: N/A

Facilitator/Presenter: Kenneth A. Jessell

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THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

December 2, 2010

Subject: Office of Internal Audit Status Report

Proposed Committee Action:

None. Discussion item.

Background Information:

The Office of Internal Audit Report provides the status of audits and investigations since the Finance and Audit Committee last met on September 8, 2010.

Supporting Documentation: Office of Internal Audit Status Report

Facilitator/Presenter: Allen Vann

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Office of Internal Audit Status Report

BOARD OF TRUSTEES

December 2, 2010

Date: December 2, 2010

To: Board of Trustees and Finance and Audit Committee

From: Allen Vann, Audit Director

Subject: OFFICE OF INTERNAL AUDIT STATUS REPORT

I am pleased to provide an update on the status of our office's work activities. Our last update to you was on September 8, 2010.

AUDITS

Audit of the Herbert Wertheim College of Medicine – As the newest College at FIU, and given that the State provided dedicated Education and General (E&G) funding for its establishment, this audit was designed to evaluate the financial controls and procedures that were in place during its start-up period. The College's total E&G expenditures for the two fiscal years 2009 and 2010 totaled \$32 million.

Our audit revealed that the College's expenditures were mostly appropriate, allowable, and in accordance with applicable laws, rules and regulations, and University policies and procedures. Also, overall the funds were spent for their intended purpose: the establishment of the College. Nevertheless, during the period covered by our audit, the financial control environment was weak due to absence of key financial personnel. Issue areas covered in our audit report include: 1) Financial Management, 2) Payroll and Leave Administration, 3) Procurement and Contracting Administration, 4) Procurement Card Administration, 5) Managing Travel Costs, 6) Managing Auxiliary Enterprises, 7) Asset Management/Property Accounting and 8) Monitoring Telephone Charges.

The audit resulted in 31 recommendations (27 for the College and 4 for the Controller's Office). Management agreed to implement all of our recommendations. Also, with the addition of key financial staff at the College, we believe that internal controls and procedures will improve significantly.

Audit of the University Housing and Residential Life Department – The primary objective of this audit was to determine whether: 1) established policies and procedures over safety are adequate to provide safe living accommodations to students, and 2) that there were adequate internal controls and procedures to ensure sound fiscal practices that minimize costs and generate sufficient funds to meet bonded indebtedness and annual operating expenses.

Housing generally provided safe living accommodations to students and generated sufficient revenues to meet bond indebtedness and annual operating expenses. Fees were properly assessed, collected, accounted for, and recorded in the University’s records. Expenditures were appropriate, allowable, and in accordance with applicable laws, rules and regulations, and University policies and procedures. Nevertheless, during the period covered by our audit, we found that safety related violations were not always acted upon and fire drills were poorly documented. In addition, there were internal control weaknesses and departures from established policies and procedures relating to property accounting, revenues, sales tax and purchasing card use. The audit resulted in 14 recommendations, which management agreed to implement.

Cash Count at Modesto Maidique Campus (MMC) and Biscayne Bay Campus (BBC) – We performed two separate surprise cash counts of the change and petty cash funds at these two campuses. The Student Financials Office maintained a \$10,000 change fund and an \$8,000 petty cash fund at MMC and a \$12,000 change fund at BBC. Apart from some minor issues, the funds were properly safeguarded and internal controls were adequate.

Audit Work In Progress

Audits	Status
Major Construction Projects (Facilities)	Fieldwork in Progress
Auxiliary Funds (College of Business Administration)	Fieldwork in Progress
Revenue Collections (Athletics)	Fieldwork in Progress
Implementation of PeopleSoft Grants Module (OSRA)	Fieldwork in Progress
Revenue Collections (Parking & Traffic)	Planning Stage
Grants (College of Engineering and Computer Sciences)	Planning Stage

INVESTIGATIONS

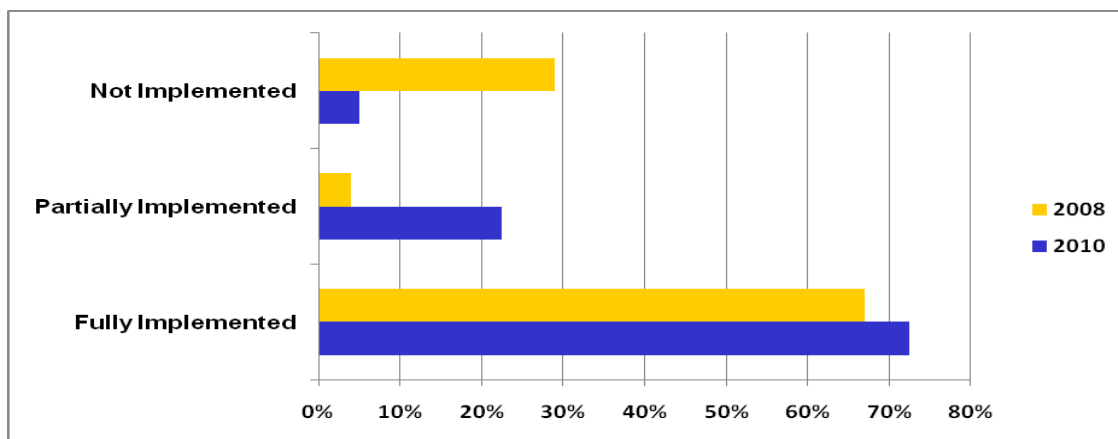
Whistle-Blower Complaint at the College of Medicine – We received a Whistle-Blower complaint from the Governor’s Chief Inspector General. The complainant, a former faculty member at the College, made allegations relating to financial matters including an alleged conflict of interest. Our investigation revealed that the allegations were without merit and that there were no indications that any federal, state, or local law, rule or regulation was violated.

Ethics Point (Hotline Complaint) – We received an anonymous complaint from our Ethics Point hotline alleging that FIU’s exclusion of a particular credit card for payment of student tuition was biased due to an unfair monetary benefit, by way of a convenience charge that other credit card companies allow us to impose per state law. We found that the University would incur a substantial expense if it were to allow the use of a card from a company that does not permit us to recover our costs. Given the circumstances, the exclusion of the credit card company was fair and reasonable.

FOLLOW-UP

University Implementation of Prior Years’ Recommendations – We conducted an audit of the University’s implementation of prior years’ recommendations to monitor and ensure that management actions have been effectively implemented as previously reported. The audit covered selected recommendations issued by the Office of Internal Audit and reported by management as implemented between June 1, 2007 and April 30, 2010. During our scope period, there were 447 recommendations self-reported by management as implemented. We judgmentally selected 40 recommendations, representing 9% of the population, to confirm implementation.

The results of our examination and comparison to the results of the last follow-up audit conducted in 2008 are as follows:



Based on our testing we have concluded that management has improved on their implementation of past audit recommendations. To management’s credit, the number of recommendations classified as not implemented have dropped to 5% compared to 28% reported in 2008. Most recommendations were acted upon but some were not always “fully implemented.” Management agreed to complete the implementation of 11 recommendations cited in our report.

RESOURCES

Staffing – On October 4, 2010 we welcomed Mr. Vincent Iovino as our Information Systems Audit Manager. Mr. Iovino is a Certified Information Systems Auditor with ten years of applicable experience and a degree in computer science.

OTHER

On November 4th and 5th the Florida State University Audit Council convened at the University of North Florida in Jacksonville. The Council is composed of the eleven Chief Audit Executives of the States University System and the BOG Inspector General. During the meeting we exchanged information on current activities, work plans, and strategies for providing an appropriate level of assurance services to our respective organizations.

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THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

December 2, 2010

Subject: University Compliance Report

Proposed Committee Action:
None. Discussion Item.

Background Information:

The University Compliance Program Report provides an update on the status of compliance initiatives since the last report dated August 10, 2010.

Supporting Documentation: University Compliance Program Report

Facilitator/Presenter: Leyda Benitez

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MEMORANDUM

University Compliance Office

To: The Florida International University
Board of Trustees Finance and Audit Committee

From: Leyda Benitez
University Compliance Officer

Subject: University Compliance Program Report

Date: November 2, 2010

The University Compliance Office respectfully submits this report to the Finance and Audit Committee of the Florida International University Board of Trustees on the status of compliance initiatives since the last report dated August 10, 2010.

Executive Summary

Since the last report to this Committee, significant efforts have been dedicated to the areas of athletics compliance, privacy and conflicts of interest.

With regards to athletics compliance, Florida International University is in the midst of the NCAA Division I Self-Study Certification and is actively reviewing many areas and processes that impact our student-athletes' academic experience.

With regards to privacy, two major education programs have taken place: the first one was provided to the faculty and students participating in the Green NeighborhoodHELP™ Program; the second to the University's Information Technology Administrators Committee.

In the area of conflicts of interest, and under the leadership of the Vice President for Human Resources, representatives from various University areas are actively working on the creation of an electronic portal for conflicts of interest disclosures.

Description and current status of institutional compliance initiatives and activities undertaken by, or with the assistance of, the University Compliance Office:

1. Athletics Compliance Office Oversight: A transition plan for the Athletics Compliance Office and Program has been developed and is in the process of implementation. Effective November 2, 2010, Senior Associate Athletic Director Julie Berg and Leyda Benitez are responsible for providing day to day operational and administrative oversight to the Athletics Compliance Office. This oversight will be provided during the transition period as the University actively searches to fill the position of Special Assistant to the General Counsel for Athletics Compliance recently vacated by Bill Bryant.
2. Athletics Compliance Education and Training: Education and training efforts by the Athletics Compliance Office since the last report have included:
 - a. At least fifteen (15) rules education meetings were held with individual teams at the beginning of the academic year.
 - b. Monthly compliance meetings for all Athletics Department staff and coaches were held on August 10, September 14 and October 19, 2010.
 - c. Education meetings were held with the Student-Athlete Academic Center on August 19 and September 23, 2010.
3. Sun Belt Conference Compliance Review: As previously reported, the University Athletics Compliance Program recently underwent an outside review at the request of, and as required by, the Sun Belt Conference. The University had the opportunity to review the resulting recommendations and provide a written response. On October 22, 2010, the University received the Final Report submitted to the University and to the Sun Belt Conference. A plan of action is being developed to address all observations and recommendations.
4. NCAA Self-Study: The University has begun a year-long Self-Study process as part of the NCAA Division I athletics certification program. The Self-Study Steering Committee has met on several occasions in order to discuss the University's progress on areas impacting student athletes that are currently under review. The University Compliance Officer is working closely with Dr. Mary Tanke, Chair, Governance and Compliance Subcommittee, to address all requests for information and guidance regarding university-wide or athletics specific compliance areas of inquiry or concern.
5. Clinical Trials Office Work Group: This work group consisting of representatives from the Division of Research, the Herbert Wertheim College of Medicine, Finance and Administration, Controller's Office, General Counsel and University Compliance has not met in the past

few months. Various members of the work group were asked to provide requested information to address one or more critical aspects of a Clinical Trials Office (“CTO”). A final report or recommendation has not been made available to the work group for review at this time.

6. Compliance Education and Training: Since August 10, 2010, the University Compliance Office’s education and training efforts include:
 - a. Compliance and Ethics Education and Training for New Employees: The University Compliance Office continues to provide education and training on compliance and ethics to new employees during orientation. Since the beginning of fiscal year 2010-2011, 195 new employees have received this training.
 - b. Health Insurance Portability and Accountability Act (HIPAA) Education and Training:
 - i. HIPAA education has been offered on four occasions: August 25, September 1, September 24, and October 28, 2010.
 - ii. On September 1, 2010, HIPAA education was provided to 136 students, faculty and staff from the College of Medicine, Nursing and Social Work who will be participating in the NeighborhoodHELP™ Program. For this orientation program, the University Compliance Office prepared a comprehensive set of guidelines for use by faculty, staff and students.
 - iii. The University Compliance Office continues to participate in the Media and Technology Support, Division of Information Technology Services’ pilot phase of the deployment of the Moodle learning management system as it works toward providing on-line HIPAA education and training.
 - c. Identity Theft Prevention: Education on identity theft prevention was offered on September 13, 20 and 27, and October 11. The University IT Security Officer, who Co-Chairs the Identity Theft Prevention Committee, has taken the lead in offering these education and training sessions to the University community.
 - d. IT Security and Privacy Laws: On October 7, 2010 the IT Security Officer and the University Compliance Officer presented training on IT security and privacy laws to the Information Technology Administrators Committee (“ITAC”). There were 95 ITAC members and other University faculty and staff in attendance. This education session was a proactive step identified in order to ensure that IT Administrators understand their legal obligations to safeguard the privacy and confidentiality of sensitive information.

7. Conflict of Interest Electronic Disclosure Process: This work group, led by Vice President for Human Resources Jaffus Hardrick, is developing an electronic disclosure process for conflicts of interest. The electronic portal will allow all University faculty and staff to access the electronic portal for disclosures that are necessary due to any actual or perceived conflict within the context of employment, commitment, or research. The University Compliance Officer has been an active contributor to this work group in the review of forms and preparation of education materials. It is anticipated that the electronic portal will be ready for use toward the end of the 2010 Fall term.
8. Health Insurance Portability and Accountability Act (HIPAA) Policies, Procedures and Forms: There are a number of policies, procedures and forms under development in order to provide the framework for compliance with HIPAA for the use and disclosure of personally identifiable health information in the conduct of research and also in order to comply with new requirements under the Health Information Technology for Economic and Clinical Health Act, referred to as the HITECH Act, effective February 17, 2009. At present, ten additional HIPAA policies are in the process of review. It is projected that these policies will be presented to senior leadership for approval within the next sixty to ninety days.
9. Higher Education Opportunity Act Compliance: The Office of the General Counsel has been providing guidance to representatives from the various areas impacted by the regulations promulgated pursuant to the Higher Education Opportunity Act. This work will be ongoing at least through the conclusion of the 2010-2011 academic year.
10. Privacy: Social Security Numbers: FIU must notify individuals before collecting their social security number (SSN) and inform them of the purpose for such collection, in accordance with Florida Statute 119.071(5)(a)(2). The Office of the General Counsel (OGC) recently conducted a thorough review of the University's practices which has resulted in a comprehensive list of the University divisions, departments, or units that collect, use, or release SSNs. The OGC and the University Compliance Office met with University representatives from various areas in order to better understand their collection practices and to ensure that such practices comport with statutory requirements. The updated list of FIU divisions, departments, or units that collect, use, or release SSNs has been posted. This phase of the project is now complete.
11. Summer Camps/Programs Involving Minors: The recommended approach for the approval of camps and enrichment programs involving the participation of minors on campus, whether sponsored through FIU or an outside entity, has been presented to senior

leadership. Once additional input is received, the policy and implementing procedures will be presented to the Operations Committee and the President for review and approval. It is anticipated that this phase of the project will be completed by the end of this calendar year.

12. University Health Services: The University Compliance Office provided guidance and support to University Health Services in connection with its application for renewal of the clinical laboratory license for its facility within the Modesto A. Maidique Campus. The renewal application was submitted to the State of Florida Agency for Health Care Administration (AHCA) as of July 28, 2010. On September 22, 2010, the University received the clinical laboratory license renewal from AHCA which is in effect from October 1, 2010 to September 30, 2012.

13. University Web Policies and Procedures: This work group, consisting of representatives from Academic Affairs, Information Technology, External Affairs and Media Relations, General Counsel and University Compliance developed a number of policies, procedures and guidelines to be used in connection with University Web sites and social networking media. The work group must reconvene to finalize its recommendations and review of documents. The work group has not met since the last report to this Committee and the University Compliance Officer will take the necessary steps to reconvene this work group as soon as practicable.

14. University Policies and Procedures Library:

a. Since the last report to this Committee, the following areas have added new policies or had existing policies revised or transitioned and posted to the University's Policies and Procedures Library:

- i. Division of Academic Affairs
 - 1. Undergraduate Academic Misconduct Definitions and Procedures
 - 2. Undergraduate Student Academic Grievance Definitions and Procedures
 - 3. Graduate Academic Misconduct Definitions and Procedures
 - 4. Graduate Student Academic Grievance Guidelines and Procedures
- ii. Division of Human Resources
 - 1. SEIU Policies for 2009-2012 Bargaining Agreement (A total of 56 policies)

- iii. Division of Research
 - 1. Negotiation and Execution of Sponsored Project Awards and Agreements
 - 2. Budget Modifications on Sponsored Projects
 - 3. Cost and Payroll Transfers on Sponsored Projects
- iv. Division of Student Affairs
 - 1. Missing Residential Student Policy
 - 2. Authorization for Less Than Five Month Absence (International Student and Scholar Services)
- v. Finance & Administration
 - 1. Investment Policy Statement
- vi. Office of External Relations
 - 1. Posting of Materials on Bulletin Boards and on University Property

I respectfully submit this report to the Finance and Audit Committee of the Florida International University Board of Trustees in anticipation of the meeting scheduled to take place on December 2, 2010. As always, I welcome your questions, comments and concerns.

Thank you for your kind attention and consideration.

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

December 2, 2010

Subject: Budget Variance Analysis – First Quarter 2010

Proposed Committee Action:
None. Discussion Item.

Background Information:
The Financial Summary Overview for Fiscal Year 2010-2011 provides the First Quarter 2010 Budget Variance Analysis.

Supporting Documentation: Financial Summary Overview, FY2010-11

Facilitator/Presenter: Liane Martinez

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Florida International University
Financial Summary Overview ¹
FY 2010-11

	Year To Date September 2010			
	Budget	Current Year Actual	Variance	
			\$	%
(\$ in millions)				
Revenue / Receipts				
University				
Educational and General (net) ²	110.5	113.5	3.0	3%
University	101.9	105.2	3.2	3%
College of Medicine	7.5	7.6	0.1	1%
State Fiscal Stabilization Fund ³	1.1	0.8	(0.4)	-31%
FIU Self-Insurance Program	0.0	0.0	0.0	0%
Auxiliary Enterprises	44.0	49.2	5.2	12%
Intercollegiate Athletics	6.1	8.5	2.3	38%
Activities and Service	4.6	5.2	0.6	13%
Technology Fee	2.5	2.8	0.2	10%
Contracts and Grants	23.6	25.1	1.4	6%
Student Financial Aid	40.6	59.5	18.9	47%
Concessions	0.1	0.1	(0.1)	-40%
Direct Support Organizations				
FIU Athletic Finance Corp	0.7	0.2	(0.4)	-62%
FIU Foundation Inc	9.1	3.9	(5.2)	-57%
FIU Health Care Network	0.0	0.0	0.0	0%
FIU Research Foundation	0.0	0.0	0.0	0%
Interfund Adjustments ⁴	(6.8)	(6.8)	(0.0)	0%
Total Operating Revenues	235.3	261.3	26.0	11%
University Treasury (net)	2.5	8.5	5.9	233%
FIU Foundation Inc	0.7	10.1	9.5	1439%
Total Investment Revenues	3.2	18.6	15.4	482%
Total Revenues / Receipts	238.5	279.9	41.4	17%
Expenses				
University				
Educational and General (net)	83.0	75.9	7.1	9%
University	74.6	69.8	4.8	6%
College of Medicine	6.3	5.1	1.2	19%
State Fiscal Stabilization Fund ³	2.1	1.1	1.0	50%
FIU Self-Insurance Program	0.0	0.0	0.0	0%
Auxiliary Enterprises	27.7	25.8	1.9	7%
Intercollegiate Athletics	5.6	7.0	(1.4)	-25%
Activities and Service	7.5	7.1	0.4	5%
Technology Fee	1.0	1.0	0.0	-5%
Contracts and Grants	22.1	23.9	(1.9)	-8%
Student Financial Aid	50.3	66.2	(15.8)	-31%
Concessions	0.2	0.1	0.1	47%
Direct Support Organizations				
FIU Athletic Finance Corp	2.3	0.4	1.8	82%
FIU Foundation Inc	3.0	1.7	1.3	43%
FIU Health Care Network	0.0	0.0	0.0	58%
FIU Research Foundation	0.0	0.0	0.0	52%
Interfund Adjustments	(6.8)	(6.8)	0.0	0%
Total Expenses	195.9	202.4	(6.5)	-3%
Principal Payment of Debt ⁵	0.4	0.8	(0.5)	-133%
Change in Net Assets (incl. Investments)	42.2	76.6	34.4	82%
Change in Net Assets (excl. Investments)	39.0	58.0	19.0	49%

Notes:

- ¹ *The financials presented above reflects the state budgeting methodology which differs from full accrual Financial Statements. The following have the most significant impact:*
- *Depreciation of Assets: For budgeting purposes equipment purchases are fully expensed in their acquisition year, therefore depreciation is not included in the budget.*
 - *Payables: The E&G budget expenses include year end commitments (encumbrances) even though they have not yet been invoiced.*
 - *Unrealized gains and losses: The investment results are recognized as revenues in the budget however GASB accounting principles*
- ² *E&G revenues include State Funding and Tuition and are net of waivers, uncollectible amounts and 30% Financial Aid need-based amounts per BOG regulation. The difference between E&G Revenues and Expenses will be funded from prior years carry forward.*
- ³ *State Fiscal Stabilization Fund is appropriated as follows: University \$13.5M, College of Medicine \$0.9M*
- ⁴ *Interfund transfers have been included resulting in higher revenue and expenses by fund allowing for an individual fund performance analysis. The interfund adjustments above eliminate this double counting. However, interfund transactions such as tuition funded by scholarships and auxiliary services provided to other units have not been eliminated. Since revenues and expenses are equal, the interfund adjustments are the same for both.*
- ⁵ *Principal payment of debt reflected above per BOG requirement that debt service payments be shown on a cash basis.*

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

December 2, 2010

Subject: State Budget Update

Proposed Committee Action:

None. Discussion Item.

Background Information:

Chief Financial Officer and Sr. Vice President for Finance & Administration Kenneth A. Jessell will provide the State Budget Update.

Supporting Documentation: N/A

Facilitator/Presenter: Kenneth A. Jessell

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THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

December 2, 2010

Subject: Treasury Report

Proposed Committee Action:

None. For Information Only.

Background Information:

The Treasury Report provides an update on Investment Portfolio Performance for the Quarter ending September 30, 2010 and Composition for the first Quarter of the 2010-11 Fiscal Year.

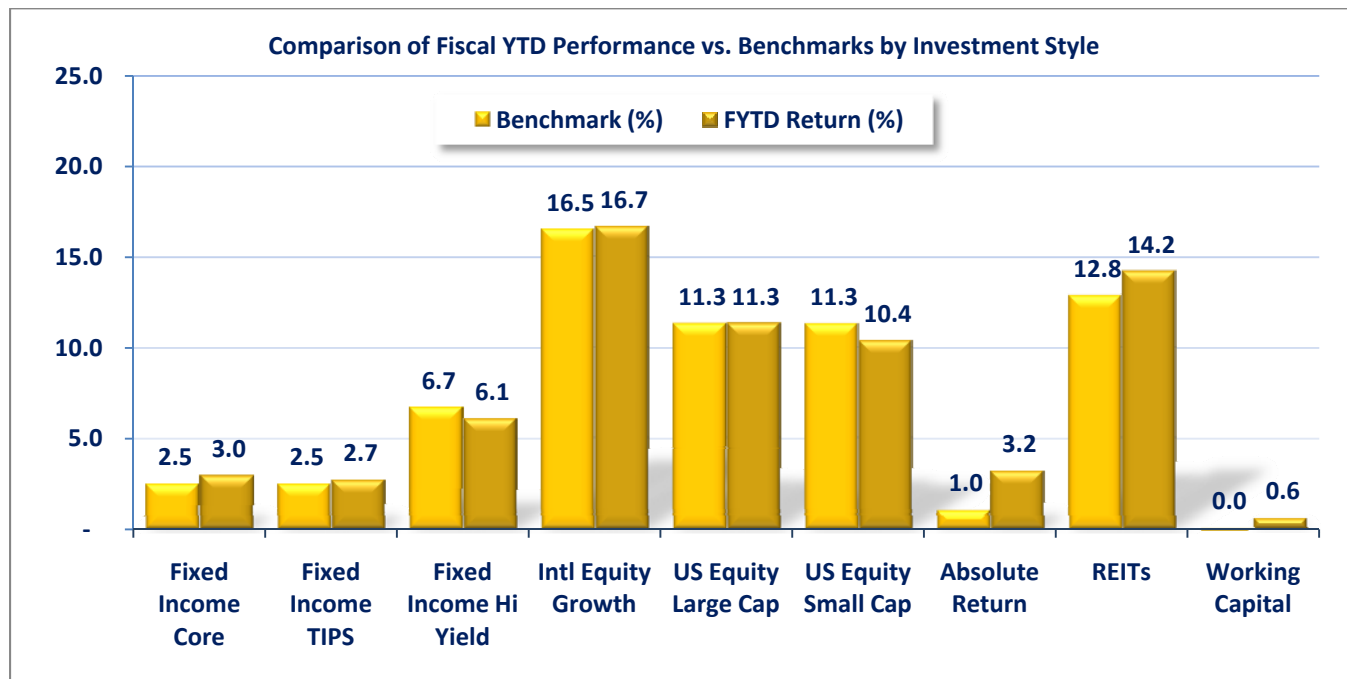
Supporting Documentation: Treasury Report

Facilitator/Presenter: Tony Vu

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Fiscal YTD Performance

Every asset class in the University's investment portfolio experienced positive performance in fiscal Q1. Overall, fiscal YTD return for the portfolio was **3.5%**. The Strategic/Reserve Pools gained **6.0%** and the Working Capital Pool gained **0.6%** for the fiscal Q1. The following chart details the fiscal year to date returns by investment class. Returns from the State Treasury's Special Purpose Investment Account (SPIA) have totaled **0.7%** during the same period.



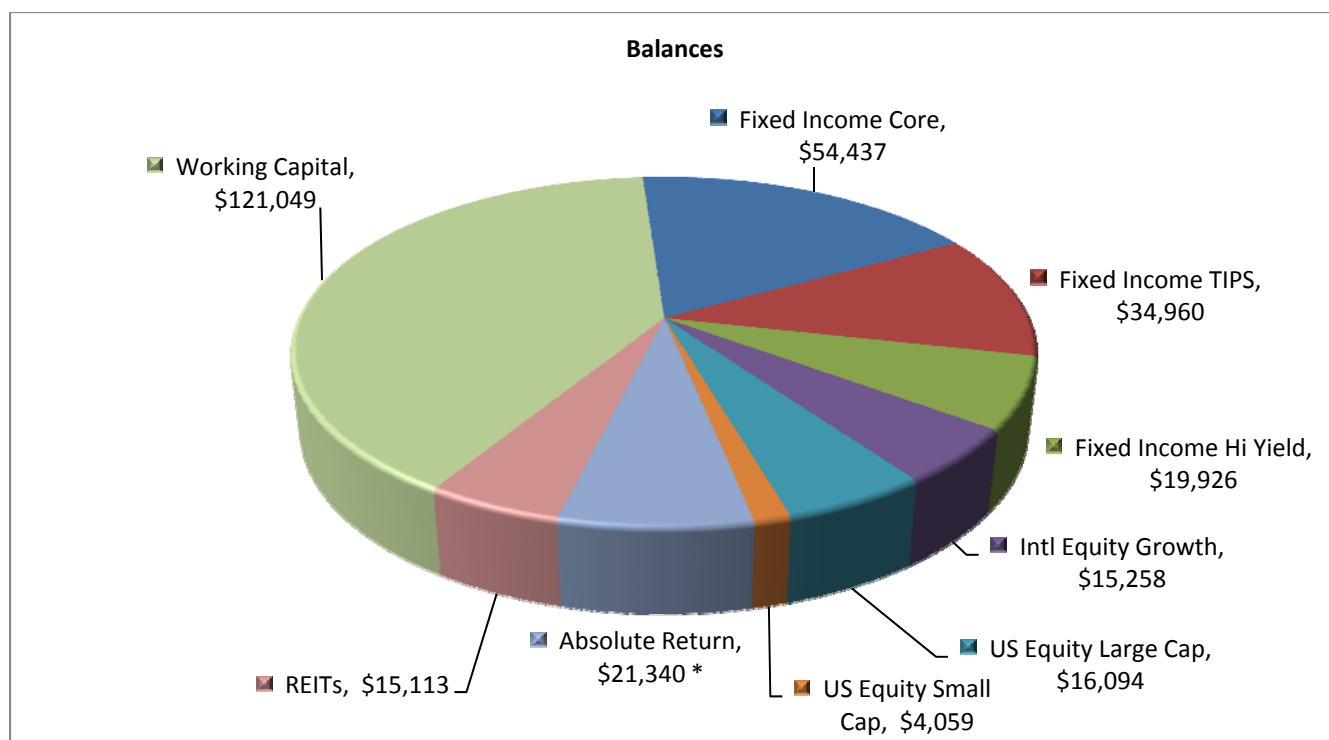
As shown above, every investment manager met or exceeded benchmarks with the exception of the Fixed Income High Yield Manager (6.1% gain vs 6.7% benchmark) and the US Equity Small Cap Manager (10.4% gain vs 11.3% benchmark).

A detailed schedule of the portfolio's performance overall and versus benchmarks, for the month and fiscal year to date is attached at the end of this report.

Year Ending Composition

Asset allocations at the end of the 1st Quarter FY 2011 remained within policy guidelines with the exception for the addition of commodities. The committee is in the process of reviewing potential commodities managers. The quarter end market value of the university's operating investment portfolio totaled \$302.2 million. This balance reflects an increase of \$48.6 million (19%) over the previous quarter balance and \$61.5 million (26%) over 1Q FY 2010 period ending balance. Non-operating investment revenue gains represented \$20.8 million (34%) of the total year over year increase.

The following chart details the allocation of investments within the university's operating investment portfolio.



**Does not include \$8.4M transferred prior to the close of the month.*

Investment Committee Meeting

The Investment Committee met on November 9, 2010 to review performance and discussed adjustments to the asset allocations targets. The Investment Committee consists of:

Membership

Sukrit Agrawal
Member, Finance and Audit Committee
FIU Board of Trustees

Dr. Chun-Hao Chang
Department Chair, Finance and Real Estate
College of Business Administration

Dr. Kenneth Jessell
SVP & CFO
Office of Finance & Administration

Tony Vu – Committee Chair
University Treasurer
Office of the Treasurer

Dr. William Welch
Retired
College of Business Administration

Consultant

Bill Bensur
Vice President
Wilshire & Associates

**Performance Summary as of
September 30, 2010**

OPERATING FUNDS PORTFOLIO								
Fund / Manager (Inception Date) <i>Benchmark</i>	<u>Market Value</u> (000's)	<u>Allocation</u> (%)	<u>Current</u> <u>Month</u>	<u>Fiscal</u> <u>YTD</u>	<u>1 Year</u>	<u>Trailing</u> <u>2 Years</u>	<u>3 Years</u>	<u>Since</u> <u>Inception</u>
Working Capital Pool (03/31/06) <i>91-Day Treasury Bill</i>	\$ 121,049	40% 30%	0.2% 0.0%	0.6% 0.0%	2.2% 0.1%	1.8% 0.3%	2.3% 1.1%	3.3% 2.5%
Strategic / Reserve Capital Pool (03/31/06) <i>Weighted Average Benchmark Index</i>	181,185	60% 70%	2.9% 2.5%	6.0% 5.4%	11.8% 10.7%	9.2% 8.3%	4.0% 4.6%	5.3% 5.7%
TOTAL COMBINED POOL (03/31/06) <i>Weighted Average Benchmark Index</i>	\$ 302,235	100% 100%	1.5% 1.8%	3.5% 3.8%	7.4% 7.4%	6.2% 6.0%	3.6% 3.6%	4.5% 4.7%

WORKING CAPITAL POOL								
Fund / Manager (Inception Date) <i>Benchmark</i>	<u>Market Value</u> (000's)	<u>Allocation</u> (%)	<u>Current</u> <u>Month</u>	<u>Fiscal</u> <u>YTD</u>	<u>1 Year</u>	<u>Trailing</u> <u>2 Years</u>	<u>3 Years</u>	<u>Since</u> <u>Inception</u>
WORKING CAPITAL POOL								
SPIA Account (03/31/06) <i>91-Day Treasury Bill</i>	\$ 95,992	32%	0.2% 0.0%	0.7% 0.0%	2.7% 0.1%	2.2% 0.3%	2.7% 1.1%	3.5% 2.5%
MS Institutional Liquid Funds Account (08/07/09) <i>91-Day Treasury Bill</i>	20,037	7%	0.0% 0.0%	0.1% 0.0%	0.2% 0.1%	0.0% 0.0%	0.0% 0.0%	0.2% 0.1%
Regions Account (12/15/09) <i>91-Day Treasury Bill</i>	5,008	2%	0.0% 0.0%	0.1% 0.0%	0.0% 0.0%	0.0% 0.0%	0.0% 0.0%	0.2% 0.1%
WORKING CAPITAL POOL COMPOSITE (3/31/06) <i>Target Allocation / 91-Day Treasury Bill</i>	\$ 121,049	40% 30%	0.2% 0.0%	0.6% 0.0%	2.2% 0.1%	1.8% 0.3%	2.3% 1.1%	3.3% 2.5%
STRATEGIC / RESERVE CAPITAL POOL								
Prudential Core Fixed (11/30/07) <i>Barclays Aggregate</i>	\$ 54,437	18% 21%	0.2% 0.1%	3.0% 2.5%	10.2% 8.2%	11.6% 9.4%	0.0% 0.0%	7.9% 6.9%
Northern Trust TIPS (6/30/06) <i>Barclays U.S. TIPS</i>	34,960	12% 14%	0.9% 0.6%	2.7% 2.5%	10.2% 8.9%	8.0% 7.3%	7.2% 6.9%	7.1% 6.9%
BlackRock HY Bond (3/31/06) <i>ML High Yield Master II</i>	19,926	7% 7%	3.0% 3.0%	6.1% 6.7%	21.5% 18.5%	17.1% 20.4%	7.5% 8.6%	7.8% 8.4%
FIXED INCOME COMPOSITE (3/31/06) <i>Fixed Income Benchmark Index</i>	109,323	36% 42%	1.0% 0.8%	3.5% 3.2%	12.3% 10.1%	11.6% 10.6%	8.0% 8.0%	7.3% 7.5%
Northern Trust S&P 500 (6/30/06) <i>S&P 500</i>	16,094	5% 5%	9.0% 8.9%	11.3% 11.3%	10.4% 10.2%	1.5% 1.3%	-7.0% -7.2%	-0.3% -0.4%
CS McKee Small Cap (6/30/08) <i>Russell 2000</i>	4,059	1% 2%	11.5% 12.5%	10.4% 11.3%	14.7% 13.3%	5.5% 1.3%	0.0% 0.0%	5.3% 0.6%
U.S. EQUITY COMPOSITE (3/31/06) <i>Wilshire 5000</i>	20,153	7% 7%	9.7% 9.3%	11.1% 11.5%	11.6% 11.1%	2.5% 2.0%	-6.4% -6.5%	-2.3% -0.4%
Alliance Bernstein (6/30/08) <i>MSCI EAFE Index (N)</i>	15,258	5% 5%	9.8% 9.8%	16.7% 16.5%	-1.8% 3.3%	-0.6% 3.3%	0.0% 0.0%	-9.1% -7.1%
INTERNATIONAL EQUITY COMPOSITE (3/31/06) <i>MSCI EAFE Index (N)</i>	15,258	5% 5%	9.8% 9.8%	16.7% 16.5%	-1.8% 3.3%	-0.6% 3.3%	-12.1% -9.5%	-3.0% -0.7%
Aetos Alternatives Mgmt. (4/31/06) <i>CPI + 3.25%</i>	21,340	7% 11%	1.8% 0.3%	3.2% 1.0%	6.6% 4.5%	4.1% 3.2%	0.6% 4.9%	2.7% 5.2%
ABSOLUTE RETURN COMPOSITE (3/31/06) <i>CPI + 3.25%</i>	21,340	7% 11%	1.8% 0.3%	3.2% 1.0%	6.5% 4.5%	4.0% 3.2%	0.5% 4.9%	2.7% 5.2%
Urdang REIT (6/30/06) <i>NAREIT Equity</i>	15,113	5% 5%	4.8% 4.5%	14.2% 12.8%	33.2% 30.3%	3.2% -3.4%	-1.6% -6.1%	2.8% -1.0%
REITs COMPOSITE (6/30/06) <i>NAREIT Equity</i>	\$ 15,113	5% 5%	4.8% 4.5%	14.2% 12.8%	33.2% 30.3%	3.2% -3.4%	-1.6% -6.1%	2.8% -1.0%

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THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

December 2, 2010

Subject: Environmental – Regulatory & Compliance

Proposed Committee Action:
None. For Information Only.

Background Information:
The Safety and Environmental Compliance Report provides the status of compliance issues.

Supporting Documentation: Safety and Environmental Compliance Status Report

Facilitator/Presenter: William Youngblut

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**FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES
NOVEMBER 3, 2010 UPDATE**

SAFETY & ENVIRONMENTAL COMPLIANCE STATUS REPORT

Agency: Miami Dade County Department of Environmental Resources Management (DERM)

Florida Department of Environmental Protection (FDEP)

United States Environmental Protection Agency (USEPA)

Issue: Chromium Levels at Green Library

Status: A review by DERM of the analytical results of soil from the Green Library indicated that the concentration of Chromium for soil samples exceeds the Freshwater Leachability cleanup target level. Facilities Management is coordinating a new soil analysis to determine the Chromium source.

Agency: Florida Department of Environmental Protection (FDEP)

Issue: Hazardous Waste Management

Status: On August 3rd, 2010, FIU Biscayne Bay Campus' hazardous waste management practices and facilities were inspected by FDEP. As of November 2010, EH&S has responded and addressed all alleged violations and concerns, and FIU Biscayne Bay Campus is in compliance with regulation requirements.

Agency: Florida Department of Health (FDOH)

Issue: Biomedical Waste Compliance

Status: On September 28, 2010, FIU Modesto Maidique Campus' biomedical waste management practices and facilities were inspected by the Miami Department of Health. Upon request, EH&S provided documentation and explanation of the use of autoclave machines in HLS I and II. No violations were observed, and FIU is compliant with regulation requirements.

Agency: Florida Department of Health (FDOH)

US Nuclear Regulatory Commission (USNRC)

Issue: Radioactive Materials Use Compliance

Status: As of November 2010, EH&S is working with the FIU College of Medicine to determine required safe guards for use of diagnostic X-ray machines in the newly established medical center in PG5. EH&S is currently awaiting information from the unit manufacturer.

Issue: Laser Device Registration and Use Compliance

Status: As of November 2010, FIU is compliant with regulation requirements.

Agency: United States Drug Enforcement Administration (USDEA)

Issue: Controlled Substance Use Compliance

Status: As of November 2010, FIU is compliant with regulation requirements.

Agency: State Fire Marshal

Issue: Life Safety Code Compliance

Status: EH&S is currently conducting 2010-2011 Life Safety Code inspections, and construction/remodeling inspections for the following campus buildings/areas: PG5 (medical center buildout) and HLS II.

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

December 2, 2010

Subject: Athletics Update

Proposed Committee Action:

None. For Information Only.

Background Information:

The Athletics Update highlights a summary of revenue and savings initiatives and provides general updates since the Finance and Audit Committee last met on September 8, 2010.

Supporting Documentation:

Athletics Update

Attachment 1: FIU Stadium University
Academic/Meeting Events Spaces Used, as of
October 27, 2010

Facilitator/Presenter:

Pete Garcia

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ATHLETICS UPDATE
December 2, 2010

Reports (*For Information Only – no action required*)

Pete Garcia, Athletics Director

The following are independent items provided as updates for Board of Trustee Members.

1. The NCAA has lifted Academic Performance Penalty waivers due to improved Academic Performance Rates.
2. Partnered with multiple academic departments by contributing the Stadium Club or Stadium Suites for their events (See attached list of academically related events held at the Stadium).
3. Summary of significant revenue and savings initiatives:
 - a. Sold all 19 Stadium Suites
 - b. Doctor's Hospital Sponsorship;
 - i. Three (3) year sponsorship agreement valued at \$230,595
 - ii. A training room position will be funded directly by the Hospital, saving \$48,132 annually
 - c. Moved to direct purchasing of custodial supplies generating an annual savings of \$7,300
 - d. Change in crowd control vendor from CSC to Andy Frain; negotiated a sponsorship valued at \$20,000 in addition to an annual savings of \$9,400
4. First seven (7) of nine (9) games of the season have been televised including FIU vs.; Rutgers, Maryland, Pittsburgh, North Texas, Western Kentucky, Louisiana Monroe and Troy.

FIU Stadium University Academic/Meeting Events Spaces Used
As of Wednesday, October 27, 2010
Completed by Anthony Mozzicato, Stadium Manager

Date	Event	Space(s)
8/25-8/27/2010	FIU Dept. of Education Office of Field Experience	Stadium Club Room
10/27/2010	FIU Dept. of Education/Health Sciences	Stadium Club Room
10/23/2010	Undergraduate Admissions Event	Stadium Club Room
10/23/2010	Westminster Christian Homecoming Reception	Stadium Club Room
10/16/2010	Coral Park Homecoming Reception	Stadium Club Room
10/14/2010	University Registrar's Event	Stadium Club Room
9/14/2010	College of Medicine	Stadium Club Room
9/8/2010	FIU Admissions Event	Stadium Club Room
9/1/2010	FIU College of Medicine Event	Stadium Club Room
8/18/2010	FIU Center for Children and Families Meeting	Stadium Club Room
8/13/2010	The Foundation History Event	Stadium Club Room
7/21/2010	FIU Campus Life Staff Meetings	Suite 205
7/1/2010	FIU College of Arts & Sciences AP Summer Institute	Suites 202, 203, 204, 205
6/21/2010	FIU College of Arts & Sciences AP Summer Institute	Suites 202, 203, 204, 205
6/22/2010	FIU College of Arts & Sciences AP Summer Institute	Suites 202, 203, 204, 205
6/23/2010	FIU College of Arts & Sciences AP Summer Institute	Suites 202, 203, 204, 205
6/24/2010	FIU College of Arts & Sciences AP Summer Institute	Suites 202, 203, 204, 205
6/28/2010	FIU College of Arts & Sciences AP Summer Institute	Suites 202, 203, 204, 205
6/29/2010	FIU College of Arts & Sciences AP Summer Institute	Suites 202, 203, 204, 205
6/30/2010	FIU College of Arts & Sciences AP Summer Institute	Suites 202, 203, 204, 205
6/23/2010	FIU Center for Leadership Principals Program	Stadium Club Room
6/14/2010	FIU Enrollment Services Staff Meetings	Stadium Club Room
6/10/2010	FIU University Advancement Planning Session	Stadium Club Room
6/9/2010	FIU University Advancement Planning Session	Stadium Club Room
5/13/2010	FIU College of Medicine Academic Event	Stadium Club Room
4/28/2010	FIU Residential Life Banquet	Stadium Club Room
4/16/2010	FIU College of Arts & Sciences Receptions and Dinner	Stadium Club Room
3/13/2010	FIU College of Arts & Sciences Lunch and Learn Reception	Stadium Club Room
3/5/2010	FIU Department of Facilities Management All-Staff Meeting	Stadium Club Room
2/24/2010	FIU College of Arts and Sciences (SIPA) Furniture Mock Up	Stadium Club Room
2/23/2010	FIU College of Arts and Sciences (SIPA) Furniture Mock Up	Stadium Club Room
2/22/2010	FIU College of Arts and Sciences (SIPA) Furniture Mock Up	Stadium Club Room
1/8/2010	FIU College of Education Interns Meeting and Reception	Stadium Club Room
1/9/2010	FIU University Advancement Reception	Stadium Club Room
12/4/2009	FIU College of Education Faculty Meeting	Stadium Club Room
11/17/2009	FIU Board of Trustees Athletics Workshop	Stadium Club Room
11/18/2009	FIU Board of Trustees Athletics Workshop	Stadium Club Room
11/14/2009	FIU Alumni Silver Pride Reception	Stadium Club Room
11/4/2009	FIU Career Services University Fair	Stadium Club Room
10/22/2009	FIU UTS Department Meeting	Stadium Club Room
9/11/2009	FIU Board of Trustees Full University Meeting	Stadium Club Room
9/3/2009	FIU Department of Facilities Management All-Staff Meeting	Stadium Club Room
8/10/2009	FIU Department of Facilities Management All-Staff Meeting	Stadium Club Room
7/6/2009	FIU Department of Facilities Management All-Staff Meeting	Stadium Club Room

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

December 2, 2010

Subject: FIU Herbert Wertheim College of Medicine Health Care Network Patient Survey

Proposed Committee Action:

None. For Information Only.

Background Information:

The FIU Herbert Wertheim College of Medicine Health Care Network Patient Survey report contains the following supporting documentation:

- Faculty Group Practice Survey questionnaire
- Faculty Group Practice Patient Survey, July 2010 – *Executive Summary*
- Summary of Outcomes and Applicable Action Plan

Supporting Documentation:

Faculty Group Practice Survey questionnaire

Faculty Group Practice Patient Survey, July 2010 –
Executive Summary

Summary of Outcomes and Applicable Action Plan

Facilitator/Presenter:

Stephanie E. Schmidt

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July 15, 2010

To Our Patients at the College of Medicine's Faculty Group Practice,

The FIU Herbert Wertheim's College of Medicine Group Practice ("Faculty Group Practice") located on the Modesto A. Maidique Campus will be celebrating its first year anniversary on July 27, 2010. First and foremost we thank you for entrusting us with your healthcare needs.

As you are aware, the Faculty Group Practice was opened for the FIU faculty and staff to have convenient access to medical services through College of Medicine faculty. Our mission is to provide our patients with the highest quality health care that we can. To accomplish this we need your assistance in telling us how we are performing and also share with us how we can better meet your needs whether through changes in processes or expansion of services. As we have publicized, the College of Medicine is actively working with the University to locate a setting where the Faculty Group Practice can operate on a full-time basis and also provide an expanded scope of services.

Our records show that you received services within the past year. It would be both helpful to us and appreciated to get feedback about your visit, so we can make adjustments as appropriate and use your feedback in the planning of service expansion.

Please take a moment to complete the survey that is attached. We would be grateful for a prompt response so we have also enclosed a postage paid envelope or you can return the survey via fax to 305-348-4261 (which is a confidential e:fax). If you choose to provide your name it will not be disclosed with any of your feedback. Your response is confidential.

We will be notifying the FIU community of expanded services and upcoming events. We hope you will seek future services at the Faculty Group Practice and participate in the varied activities that are planned.

Again, we thank you for the opportunity to be of service to you and we hope to receive your response to this survey.

Sincerely,

Stephanie Schmidt
Chief Operating Officer/FIU HealthCare Network

Faculty Group Practice Survey/July 2010

Maidique Campus

ACCESS TO CARE

1. Was it easy to schedule an appointment? **Yes** ☐ **No** ☐ **N/A, I sought services on a walk-in basis**
2. Courtesy of person who scheduled your appointment. **poor** ____ **fair** ____ **good** ____ **very good** ____
3. Our promptness in returning your phone calls. **poor** ____ **fair** ____ **good** ____ **very good** ____

Comments: _____

YOUR VISIT

4. Was it easy to locate the Faculty Group Practice on campus? ☐ **Yes** ☐ **No**
If no, please explain _____
5. Did you receive prompt and courteous service upon arrival to the Faculty Group Practice?
☐ **Yes** ☐ **No** If no, please explain _____
6. Speed of the registration process. **poor** ____ **fair** ____ **good** ____ **very good** ____
7. Were the new patient documents easy and quick to complete at your first visit? ☐ **Yes** ☐ **No**
If no, please explain _____
8. Courtesy and promptness of registration staff. **poor** ____ **fair** ____ **good** ____ **very good** ____
9. Length of wait time after your scheduled appointment time before you were called to an exam room.
poor ____ **fair** ____ **good** ____ **very good** ____
10. Length of wait in the exam room before you were seen by a physician or nurse.
poor ____ **fair** ____ **good** ____ **very good** ____
11. Friendliness/courtesy of the nurse/assistant. **poor** ____ **fair** ____ **good** ____ **very good** ____

Comments: _____

YOUR CARE

12. Did the physician and/or nurse who treated you meet your needs? ☐ **Yes** ☐ **No**
If no, please explain _____
13. Explanation the physician/nurse gave you about your problem or condition.
poor ____ **fair** ____ **good** ____ **very good** ____
14. Concern the physician/nurse showed for your questions or concerns.
poor ____ **fair** ____ **good** ____ **very good** ____
15. Physician/nurse's effort to include you in treatment decisions.
poor ____ **fair** ____ **good** ____ **very good** ____
16. Information the physician/nurse gave you about medications.
N/A ____ **poor** ____ **fair** ____ **good** ____ **very good** ____

17. Instructions the physician/nurse gave you about follow-up care. **poor**___ **fair** ___ **good** ___ **very good** ___
18. Physician/nurses choice of words so you were able to understand. **poor**___ **fair** ___ **good** ___ **very good** ___
19. Amount of time the physician spent with you. **poor**___ **fair** ___ **good** ___ **very good** ___
20. Level of confidence you have in the physician/nurse. **poor**___ **fair** ___ **good** ___ **very good** ___
21. How well the staff worked together to care for you. **poor**___ **fair** ___ **good** ___ **very good** ___
22. Likelihood you would recommend the physician. **poor**___ **fair** ___ **good** ___ **very good** ___

Comments: _____

YOUR PERSONAL NEEDS/ISSUES

23. Our concern for your privacy. **poor**___ **fair** ___ **good** ___ **very good** ___
24. Are the hours of the Faculty Group Practice convenient for you? ☐Yes ☐No
If no, please provide those hours you would like to see offered _____
25. For future expansion/consideration would you like to have the following services made available?
☐ Pharmacy
☐ Specialists (specify types) _____
☐ Health Education Series (specify topics) _____
☐ Other, please specify _____
26. How can we assist with your health needs, including management of specific chronic illnesses or even topics of interest? _____

Comments: _____

YOUR OVERALL SATISFACTION

27. How would you rate the care you received? **poor**___ **fair** ___ **good** ___ **very good** ___
28. Likelihood of you recommending the Practice to other faculty/staff. **poor**___ **fair** ___ **good** ___ **very good** ___
29. How did you hear about the Faculty Practice? _____

Comments: _____

Name (optional)_____

Date:_____

Email: _____

Phone: _____

Please return in the enclosed envelope or for your convenience you may fax back to 305-348-4261.

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Faculty Group Practice Patient Survey, July 2010

Executive Summary

Goals of the Faculty Practice Plan (FPP):

1. The FIU Herbert Wertheim College of Medicine would initiate the provision of medical services for FIU faculty and staff by opening a Faculty Group Practice.
2. Until an alternate clinical environment could be identified exclusively for the FPP, the temporary setting would be the student health services complex when that operation was not utilizing the space.
3. Providing exemplary service and medical care.

Purpose of the Patient Survey:

1. To evaluate faculty and staff satisfaction with services, overall Practice operations and provide an opportunity to learn how user needs can be better met.
2. To provide Faculty Practice Plan administration and the College of Medicine with information to identify issues driving faculty and staff satisfaction.

Program Evaluation:

It was planned that one year after the new faculty practice was opened, an anonymous satisfaction survey would be administered to evaluate the Practice's stated goals. The name of the patient was an optional field at the conclusion of the survey.

It was further understood that the Practice was small, operating on a part-time basis, and temporarily housed in a clinical environment for students, however it was important to commence offering primary care services to FIU faculty and staff on the Modesto A. Maidique campus.

Ideal goal for response rate - 100%

Targeted goal - 90% or >

All results to be evaluated for potential process improvement opportunity.

Any result of 75% or < would require an evaluation of root cause and require an action plan for improvement.

Data Source: The survey was administered to patients who had encounters from July 27, 2009 through July 31, 2010. The survey was mailed to unduplicated patients serviced during that period. Total surveys mailed by US Mail: 225

Survey Instrument: The twenty-nine (29) item survey instrument was based on satisfaction inquiry across five (5) satisfaction domains:

- Access to Care
- Your Visit
- Your Care

- Your Personal Needs/Issues
- Your Overall Satisfaction

The survey structure allowed for quick check off responses with a projected average completion time of ten (10) minutes. The instrument contained primarily 4-point Likert scale items with scales most frequently on evaluating satisfaction (very good, good, fair, poor). The survey contained five (5) importance-scale yes/no items, three (3) questions that asked for a narrative response, and space was allowed for optional narrative patient “comments” at the end of each domain section. For calculation of response rates, “not applicable” responses were excluded from the results when not given as an optional answer.

Response Rates: The response rate for returned surveys was twenty-seven percent (27%) or 61 out of 225 surveys, as of the closing date of August 17, 2010. Ninety-three percent (93%) were returned to the FIU-HCN by US mail in a posted self addressed envelope, marked confidential, and seven percent (7%) were returned directly to the FIU-HCN by e: fax.

Population Profile: The population receiving surveys was all patients who received office based physician services from July 27, 2009 to July 31, 2010 using residential address provided by the patient and posted to our master patient log. A mail survey was chosen as the method since there are patients the FPP serviced who do not have access to a computer through their work location at FIU from what they have reported or based on their job location (field work vs. office based). Ten (10) surveys or four percent (4%) were returned to sender (the FIU-HCN) for “address unknown” or “no longer at address” at which time FIU-HCN staff contacted the patient, gained a new/ correct address and resent the survey. For five-percent (5%) of the surveys, the US postal service notified the FIU-HCN that they forwarded the survey to the patient’s new address as a result of a mail forwarding request by the patient, and the new address was forwarded to the FIU-HCN. In all three re-mailing/forwarding scenarios, the patient’s demographic information was updated on the FIU-HCN’s master patient log.

Twenty-three (N=23) or thirty-eight percent (38%) of the respondents identified themselves. HCN administrative records reflected the following job classifications of identified respondents:

Faculty	2
Staff	14
Administration	7

With this small sample size it was not possible to evaluate whether satisfaction varied across employee job classification to be able to ascertain expectations.

Data Analysis:

Overall satisfaction

The majority of respondents, eighty-four percent (84%) reported they received very good care, and ten percent (10%) reported their care as good. Eighty-five percent (85%) reported that the likelihood they would recommend the Practice to other faculty/staff was very good (very likely).

The primary analysis involved the use of descriptive summary statistics for levels of satisfaction by satisfaction domain (Access to Care, Your Visit, Your Care, Your Personal Needs/Issues/Your Overall Satisfaction).

Results:

The majority of faculty and staff reported being satisfied on global measures of satisfaction. Just over 2/3rds of the respondents reported feeling satisfied (good) or very satisfied (very good) with the Faculty Practice Plan as a place to get their medical care. The survey did not query patients about their individual primary care physician or the support staff. There were many narrative comments which included complimentary statements about specific support staff, and physicians.

See attached results of areas with outstanding performance and those that require further inquiry and an action plan if not already implemented.

See attached patient requests for added services or specialty care.

Other notes:

This survey was administered during the summer months when some faculty and staff may not be available to receive the survey by mail and respond in a timely manner for inclusion in the tabulation of the results.

Discussion:

FIU faculty and staff satisfaction with the Faculty Practice Plan is of interest as the College of Medicine with the FIU HealthCare Network develops a business plan to relocate the Practice in order to provide full-time operations, expand its service scope and develop operating efficiencies. In that regard, satisfaction or dissatisfaction as well as what faculty and staff would like to see offered as far as services or hours, is especially important.

Meeting Goals/Overall Satisfaction

Despite the temporary Practice setting (in University Health Services Complex) and the part-time and late afternoon/evening hours of operation, 93% of the respondents reported satisfaction with the Faculty Practice Plan. With exclusive space, full-time operations and information systems to promote efficiency, the Faculty Practice Plan will be positioned to provide care with improved continuity and dedicated Practice staff. The Practice continues to demonstrate growth in patient visits. The total number of service encounters for the reported period was 508, with 229 new patients for physician visits, 276 follow-up physician visits and 3 nurse visits. Surveys were sent out to all patients except one for one specialty encounter with services received in the hospital, and surveys were not sent to the patients with nurse visit encounters.

Prepared by: Stephanie E. Schmidt
8.18.2010

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Faculty Group Practice Patient Survey, July 2010 Summary of Outcomes and Applicable Action Plan

Patients who were surveyed received medical services within the FGP's first year (7/27/2009-7/31/2010). There were 225 surveys sent to patients, of which 61 surveys were returned to the HCN (27% return rate).

<u>Areas we excelled in (90% or higher)</u>	<u>Percentage</u>
Ease of making appointment	98%
Courtesy of person who scheduled your appointment	95%
Was it easy to locate the Faculty Group Practice	93%
Prompt and courteous service upon arrival	100%
New patient documents easy and quick to complete	90%
Courtesy and promptness of registration staff	92%
Friendliness/courtesy of the nurse/assistant	95%
Physician/nurse met patient needs	97%
Physician/nurses choice of words so you were able to understand	92%
How well staff worked together to care for patient	90%

<u>Areas that need improvement (75% or less)</u>	<u>Percentage</u>
---	--------------------------

1. Speed of registration	67%
--------------------------	-----

Action plan:

- a. New patient documents have been revised for ease of completion 4/2010
- b. New patient registration packages which include medical history and other forms for completion prior to initial visit became available online via HCN website 2/2010
- c. Practice is currently operating with manual processes only. Electronic Medical Record/Practice Management system selection will commence within next six months.

2. Length of wait time after patients scheduled appointment before patient was called to an exam room.	68%
--	-----

Action plan:

- a. Patient medical history form under evaluation for reduction in content for completion by patient to expedite new patient intake process
- b. Nursing staff counseled to discuss medical conditions that warrant further inquiry rather than review completed medical history form in entirety with patient
- c. Findings and action(s) for improvement to be discussed at September practice meeting

3. Information physician/nurse gave patient about medication	75%
--	-----

Action plan:

- a. Practice currently lacks robust IT capabilities to facilitate pharmaceutical information printouts and space limitation does not allow for storage of pre-printed materials. Minimally to be orally discussed with patient
- b. Findings and action(s) for improvement to be discussed at September practice meeting

Note: In all instances, patients did not provide additional information through comments to gain specific detail or explanation.

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THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

December 2, 2010

Subject: Emergency Management Report

Proposed Committee Action:
None. For Information Only.

Background Information:

The Office of Emergency Management Report provides an update on the University Wide Emergency Notification Test.

Supporting Documentation: Office of Emergency Management Report

Facilitator/Presenter: Robin Yang

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Emergency Management
FLORIDA INTERNATIONAL UNIVERSITY

University-Wide Emergency Notification Test

Office of Emergency Management

Fall 2010

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Section I: Background

Florida International University currently employs multiple communication platforms for emergency notification of its campus community. These platforms include: Cellular phone text messaging, also known as WENS™ and/or Panther Alerts, InformaCast™ (university voice-over internet-protocol campus telephone system & outdoor speakers), university email, outdoor digital display boards, the FIU webpage, including Facebook and Twitter, as well as FIU radio (FM 88.1 and/or 95.3 FM).

Section II: Emergency Notification Test Criteria

An unannounced University-wide test of the emergency notification system was conducted on September 21st, 2010 at 10:00 a.m. to determine the capability, reach, effectiveness and or limitations of the systems as a whole. Immediately following the test, an online survey was conducted to gather feedback from students, faculty and staff. The test message read as follows: "This is a test of the FIU emergency notification system. This is only a test! For more detailed information, please go to www.fiu.edu."

Section III: Chronology of Events

The emergency notification test message was initiated at FIU Police's Dispatch Center. Present were: Chief Bill King, Officer Alex Silva, Police Communication Officer (PCO) Claudia Bermudez, PCO Carol Myles, Emergency Management (EM) Consultant Ruben Almaguer and EM Program Assistant Robin Yang. At approximately 10:00 a.m., PCO Claudia Bermudez logged into the InformaCast™ web interface and into the WENS™ web interface to initiate the emergency notification test messages. Almost concurrently, PCO Carol Myles also sent an emergency test message via InformaCast™ and WENS™.

Section IV: Emergency Notification Systems

A. WENS™ (Panther Alerts)

System Description

The WENS™ (Wireless Emergency Notification System) by Inspiron Logistics is an emergency notification system that delivers SMS (Short Message Service) text messages to the university students, faculty and staff that have subscribed either by entering their information on the WENS™ sign-up portal page, or that entered their information while registering for University courses. At the time of the test, there were 60,912 entries in the WENS™ database.

After an emergency notification message is initiated by FIU Police Dispatch using the WENS™ web interface, the WENS™ servers forward the message to their respective cellular phone carriers. The individual telecommunication carriers then forward the message to the individual subscriber's cellular devices. Most of the carriers will then provide an acknowledgement from the subscriber's cellular device and log that information in the WENS server. Unfortunately some cellular providers do not provide an acknowledgement of receipt.

Performance Evaluation Data

Performance and results of the WENS™ system is quantified by downloading and analyzing an electronic log provided by WENS™. This log contains the following information: the telephone number of each intended subscriber, the message that was sent, the carrier of the subscriber, the time the message was initiated, the receipt status and the time the last receipt status was recorded on the log. There are 5 different receipt statuses:

Successfully Delivered: The message was sent to the device, and an acknowledgement was received from the device and the carrier.

Delivery Failure: The message failed to reach the device. Could be caused by:

- The phone being turned off.
- The mobile number is not in service.
- The carrier prohibits text messages to a mobile number (i.e. some prepaid phones).
- User has switched carrier recently and ported their number.
- The phone was in an area where cellular service is unavailable.

Rejected – Blacklisted: The message was not forwarded to the device. Could be caused by:

- If the user of the phone receives a message that the text has been blocked because it is a premium message, the user must call their carrier and get the premium message option unblocked to receive the emergency alerts.
- A WENS™ message is sent through a short code which is considered a premium message. However, there is no additional charge for being a premium message; only normal text messaging fees will apply. The user of the phone needs to contact the carrier to lift the restriction.

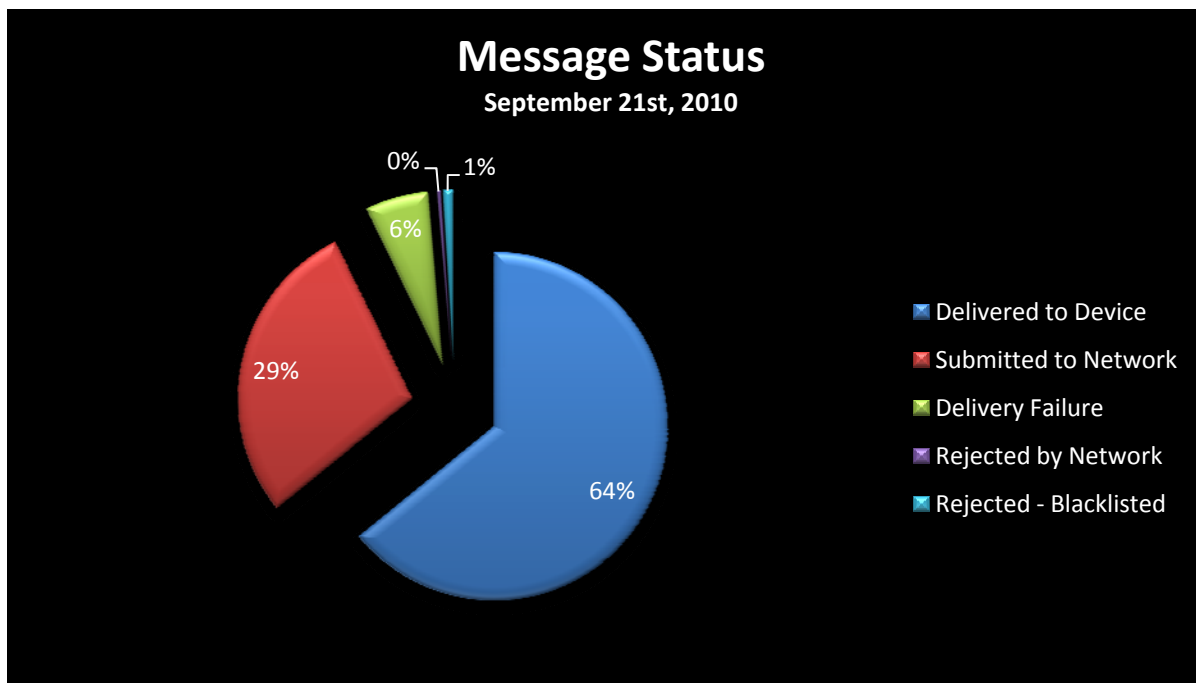
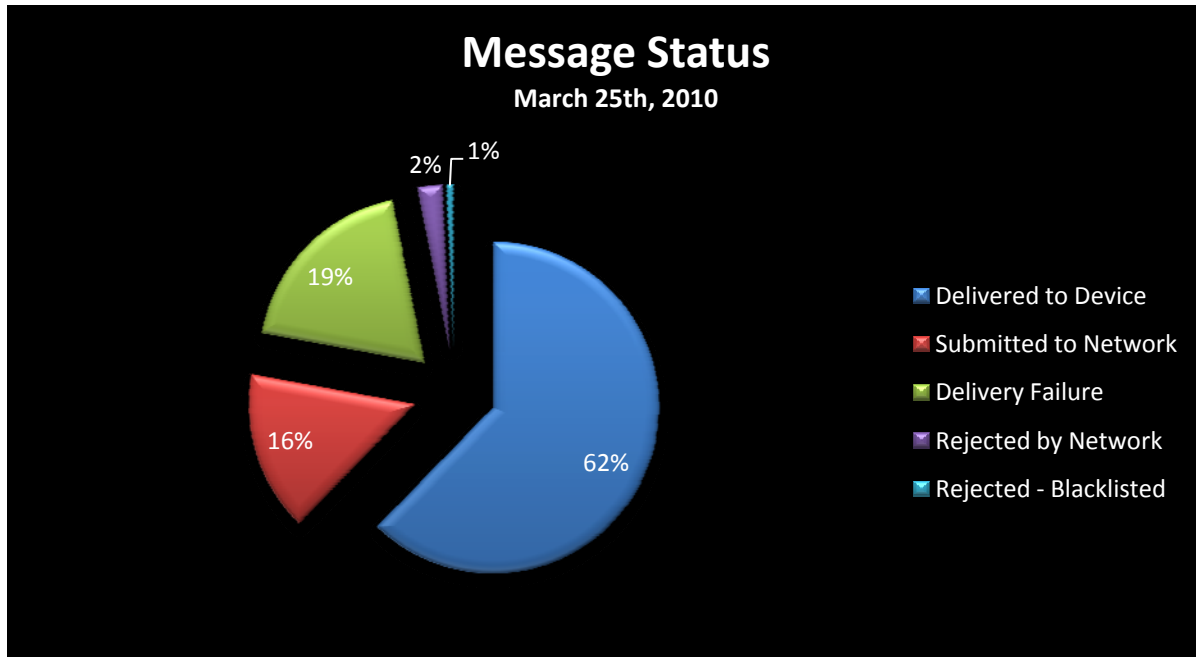
Rejected by Network: The message failed to reach the device. Could be caused by:

- Carrier unable to receive incoming text messages to their SMS gateway. This usually means the carrier was having an intermittent outage during the time the message was sent.

Submitted to Network: Indicates that the message was submitted to the carrier; however, the carrier does not send back to WENS™ a delivery success code or a delivery failure code.

WENS Data

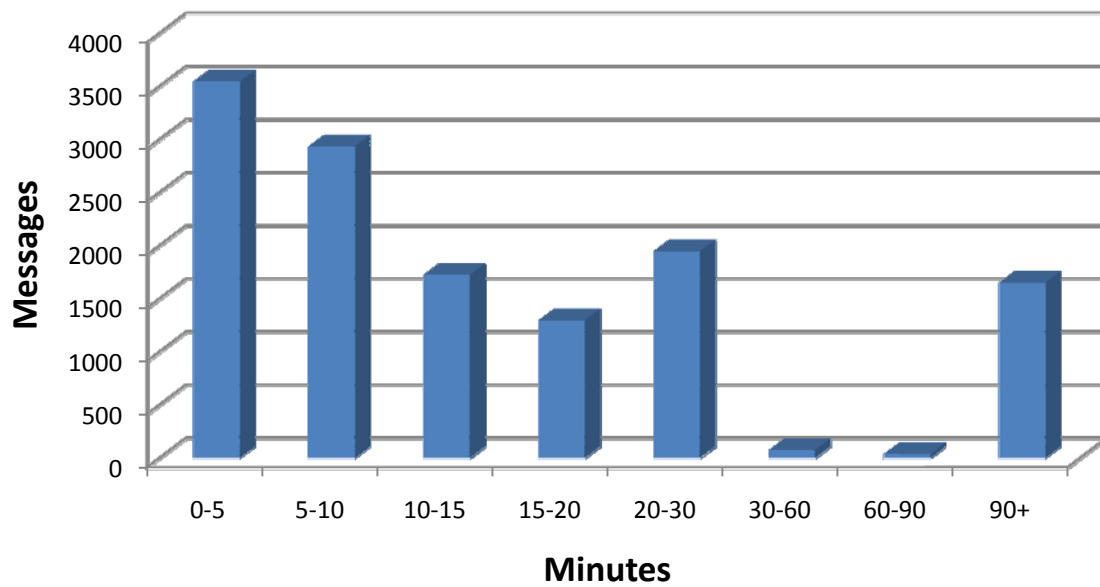
The following data was recorded by WENS™ for the test conducted on September 21st, 2010; data from the March 25th, 2010 broadcast is shown for comparison:



In comparing both broadcasts there has been a marked reduction by percent of delivery failures.

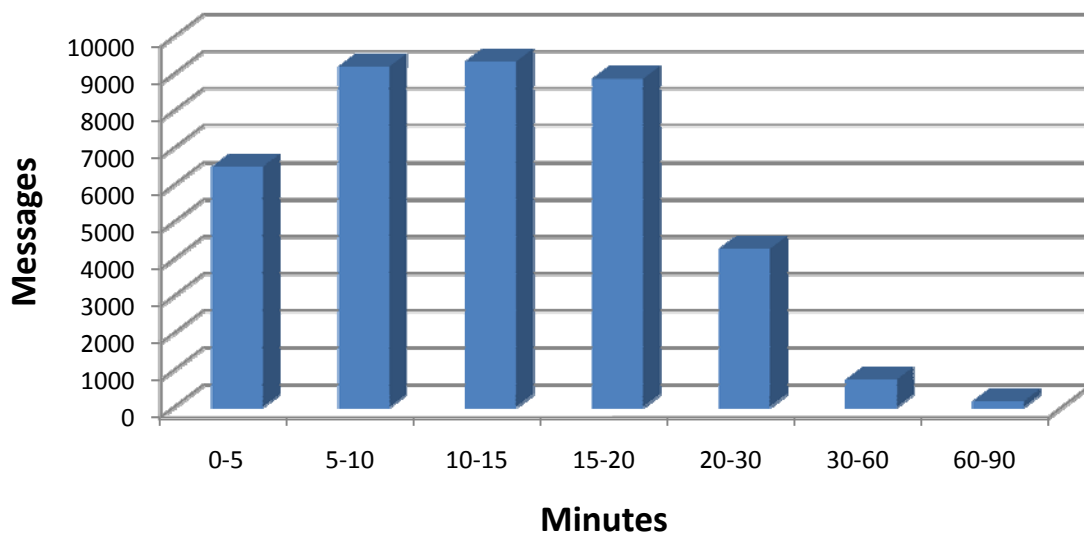
Delay on Messages Delivered

March 25, 2010

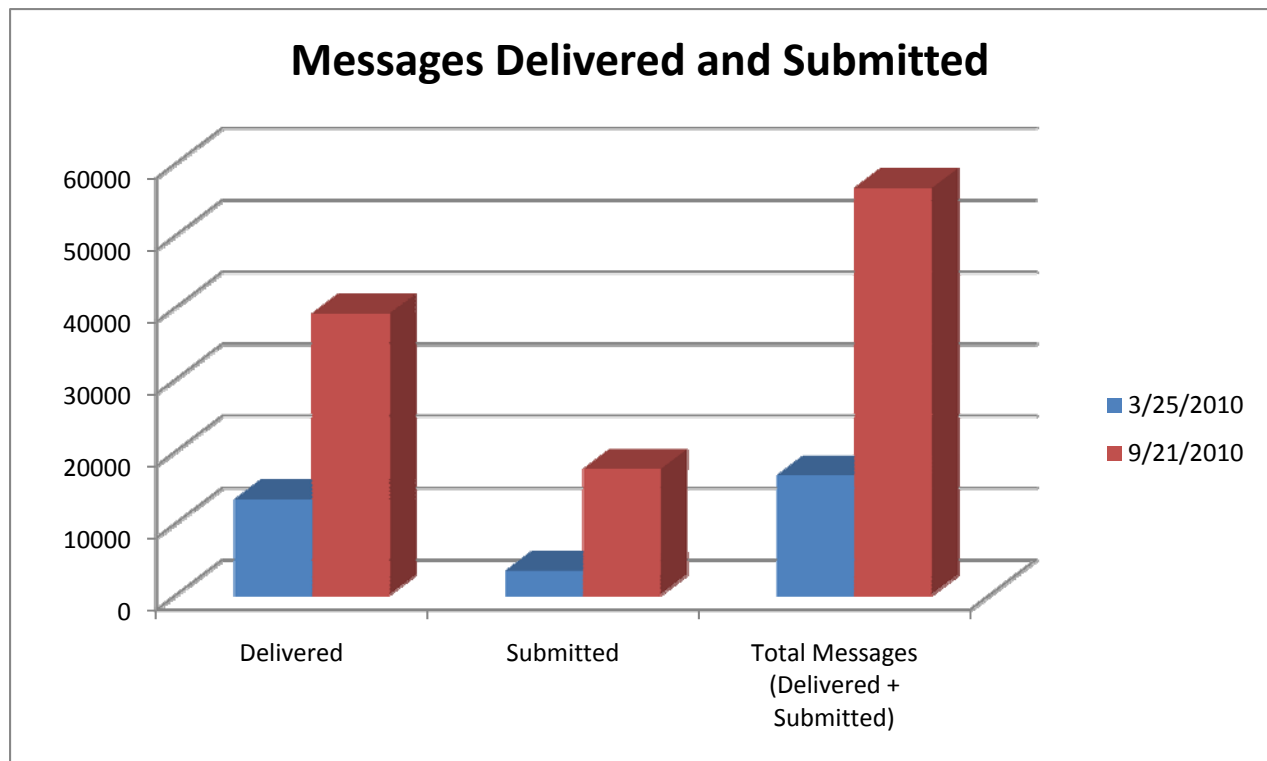


Delay on Messages Delivered

September 21st, 2010



In comparing both broadcasts, a significant increase of messages delivered is observable between 0 and 20 minutes.



When combining delivered and submitted message statuses, the amount of messages sent out has more than tripled.

Issues/Solutions

- The current WENS™ database includes students, faculty and staff that registered prior to the fall 2010 semester, thus, two concerns have been identified: Some of these students, faculty and staff may no longer affiliated with the university, but were sent the emergency notification message. Also, many of the students, faculty and staff received two messages since they are included twice in the database. This resulted in significant duplication of notifications going out via WENS™ on September 21st, 2010. These duplicate entries slow down the delivery of the message by increasing the cellular communication traffic on the telecommunication carriers. A strategy to eliminate all duplicate entries and the elimination of non-registered FIU students, including faculty and staff that are no longer with the University, will be implemented prior to the next spring semester. It is expected that these reductions will improve overall delivery as well as time received.
- The WENS™ log indicates that 13% of subscribers received notifications with significant delays ranging from 20 to 90 minutes. The largest factors in creating delay still remain the carrier's network infrastructure, devices out of service range or devices that were switched off at the time of the broadcast and then turned on at a later time. The University is limited in its ability to improve these delays. However, the University will be working with local cellular carriers to explore options to reduce these delays.

- Emails that originate from WENS™ were in some cases blocked by FIU email servers. A solution to this problem has already been identified. The current email sender (alerts@wensnetwork.com) will be replaced with (alerts@fiu.edu). It is expected that this new email sender will not be blocked. Future tests will validate whether or not the proposed solution has been effective.

B. InformaCast™

System Description

The InformaCast™ system by Singlewire is capable of broadcasting an audio message to VOIP phones, outdoor speakers and indoor resident housing speakers. In the case of VOIP phones, a short text message is also displayed on the phones. In addition to VOIP phones used by faculty and staff, phones have been installed in rooms and areas where community members congregate. There are currently 5,732 devices registered on the InformaCast™ system university-wide.

Performance Evaluation Data

A log is automatically generated by the InformaCast™ system to quantify successful broadcasting to the devices registered on the InformaCast™ system. There may be instances however, in which a device may report a successful receipt of message but may have not played the message correctly. This type of failure may be caused by the following:

- Too many messages broadcast on the system simultaneously may undercut each other.
- The volume setting on a device may not be high enough for the message to be audible.
- Physical damage to the display or the speaker of the device may be damaged or missing.

Feedback from the university students, faculty and staff is helpful in detecting failures in the system.

Issues/Solutions

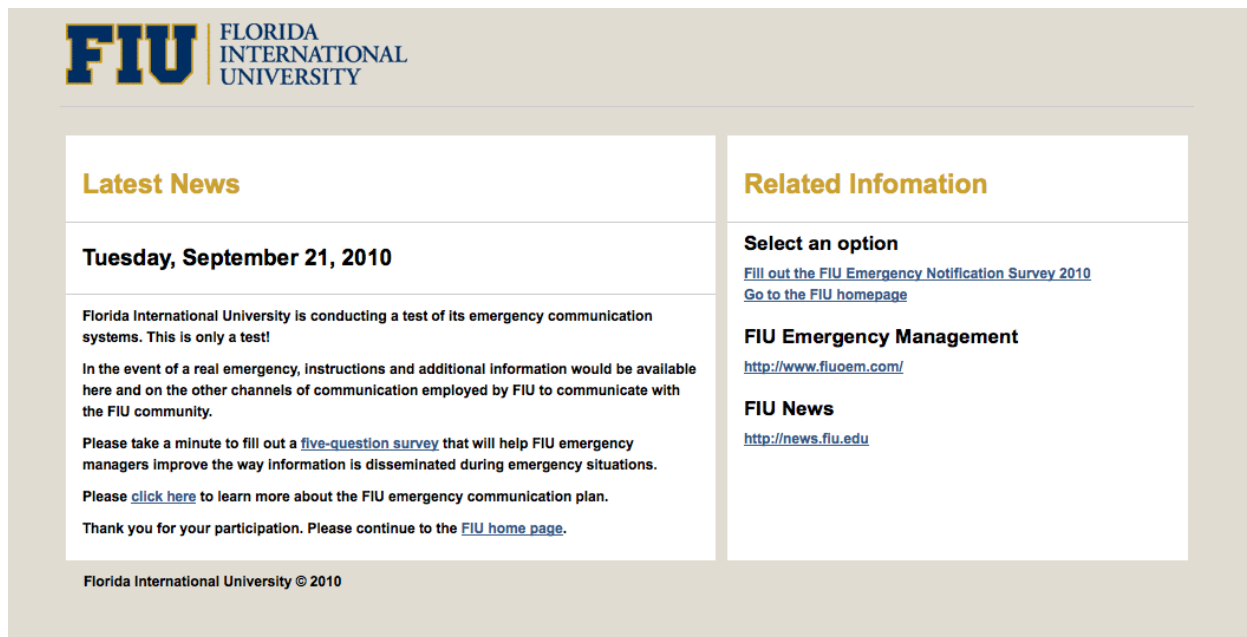
- According to some students, faculty and staff, sound quality of the audio was poor and consequently it was difficult to understand the message. Simultaneous broadcast of multiple messages may be the culprit of this problem. Simultaneous multiple broadcasts should be avoided to prevent this problem.

- All of the indoor speakers failed to play the message in Residential Housing. This problem was caused by personnel initiating the broadcast not being aware of how some broadcast groups did not include Residential Housing. When the Housing Valcom™ paging system was initially integrated to InformaCast™, Housing was configured in its own recipient group and not a part of ALL CAMPUS, ALL MMC and ALL BBC groups. Housing has since been incorporated into all the groups. Future tests will validate whether or not the proposed solution has been effective.
- Outdoor speakers were tested and according to the survey 44 respondents stated that they heard at least one during the emergency notification test. Unfortunately, there is no way to determine which, or if all the 96 outdoor speakers activated and if sound quality was acceptable. During future emergency notification tests, personnel will be deployed to as many areas as possible to verify if speakers were operational.

C. Web/Social Media/Digital Displays/FM Radio

System Description

FIU Media Relations directs all web resources, outdoor digital display boards, and coordinates with FIU radio so that they can be used as a medium during emergency notification.



Screen shot of the "light" version of the FIU main webpage that was used during the September 21st, 2010 test.

Performance Evaluation

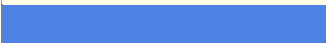


- To measure the increased activity of web based resources such as the main FIU website (www.fiu.edu), FIU's Facebook group (<http://www.facebook.com/floridainternational>), and FIU's twitter account (www.twitter.com/fiuonline), a comparison is made between the webpage visits during normal operations, versus the time frame following the triggering of FIU's emergency notification systems. This data can be obtained using Google Analytics.
- Even though it is perceived to be an important aspect of the emergency notification system, there is currently no mechanism in place to effectively measure the benefits of the outdoor digital display boards during an emergency notification test message.
- Even though it is perceived to be an important aspect of the emergency notification system, there is currently no mechanism in place to effectively measure the benefits of FIU's FM Radio Station during an emergency notification test message.

Issues/Solutions



- Some community members may not visit the main FIU webpage, but may visit the other more functional FIU web pages such the phone directory. It may be beneficial to automatically re-direct ALL FIU web traffic to the emergency "light" FIU page if any online FIU web resources are accessed by users when an emergency notification message has been issued.
- Currently the four outdoor large digital display boards are slow to display to the emergency notification test message. This is due to the obsolescence of the technology utilized. Future funding opportunities to upgrade this technology should be considered.
- Not all indoor digital display boards were utilized during this test due to the decentralization of the management of these boards. Thus, it is impossible to activate and send an emergency notification message to all indoor digital display boards simultaneously. Currently, a pilot project is underway that may provide this capability in the future.

Section V: Survey Results

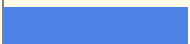







1. What is your affiliation to the University?

#	Answer		Response	%
1	Student		1,478	70%
2	Faculty		197	9%
3	Staff		443	21%
	Total		2,118	100%

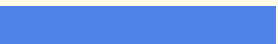




2. Are you aware that the University employs emergency notification systems?

#	Answer		Response	%
1	Yes		1,901	89%
2	No		233	11%
	Total		2,134	100%

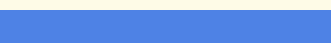






3. On September 21st, 2010 at 10:00 a.m., the University conducted a University-wide test of the emergency notification system. How did you receive the test message? (Mark all that apply)

#	Answer		Response	%
1	Cell phone text message (Panther Alert)		827	39%
2	University telephone system		632	30%
3	Outdoor speakers		47	2%
4	FIU website		135	6%
5	University email		1,288	60%
6	FaceBook or Twitter		25	1%
7	FIU Radio Radiate FM WRGP 88.1 and/or 95.3		1	0%
8	Friend		24	1%
9	I did not receive it.		252	12%

4. If you received the test message from question 3, how long after 10:00 did you receive the message?

#	Answer		Response	%
1	Within 5 minutes		973	58%
2	Between 5 to 10 minutes		303	18%
3	Between 10 to 15 minutes		132	8%
4	Between 15 to 20 minutes		73	4%
5	After 20 minutes		195	12%
	Total		1,676	100%

5. What is your preferred method of emergency notification? (Pick one)

#	Answer		Response	%
1	Cell phone text message (Panther Alert)		1,489	70%
2	University telephone system		233	11%
3	Outdoor speakers		68	3%
4	FIU website		28	1%
5	University email		306	14%
6	FaceBook or Twitter		6	0%
7	FIU Radio Radiate FM WRGP 88.1 and/or 95.3		1	0%
	Total		2,131	100%

Section VI: Conclusion

A. It is quite clear that the executive directive to make Panther Alerts registration mandatory via course registration for students has significantly increased the numbers of subscribers, increased the accuracy of the user database, and educated students on the emergency notification system at Florida International University.

B. Panther Alerts registration must also be made mandatory for all faculty and staff. The appropriate system to be utilized could require faculty and staff to register in Panther Alerts prior to either securing a parking decal, logging in to the computer network or logging payroll hours. This would significantly increase the number of subscribers, increase the accuracy of the user database, and make faculty and staff more aware of the emergency notification systems at Florida International University.

C. The human factor still remains a significant force in determining the success or failure in the notification of the University community. More training has been suggested for the PCOs. Specifically, making it required for PCOs to issue limited internal test alerts at regular intervals, possibly once a week or once a month to ensure PCOs remain comfortable with all facets of the WENS™ and InformaCast Systems™

D. University-wide, un-announced emergency notification tests still remain the most effective way at exposing weaknesses or vulnerabilities in the system. These tests must continue on a regular basis at least once a semester. An effort must be made to test during weekends, and nights, to expose the system to members of the community who might otherwise miss the normal test made during peak hours.

E. Technology already exists that allows campus televisions and the University computers on the network to be used as emergency notification systems. These and other technologies should be considered to expand the notification system capabilities of the University.

F. Technologies may exist that reduce the multi user interface and time required to initiate notification across many different modes of transmission. These technologies should be explored.

G. Continue to evaluate the effectiveness of the system via a survey after each and every emergency notification test. This will provide an opportunity to measure expectations, impacts, improvements as well as concerns.

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**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee**

December 2, 2010

Subject: Foundation Report

Proposed Committee Action:
None. For Information Only.

Background Information:

The FIU Foundation, Inc. Report contains the Preliminary Financial Statements Recap and Investment Summaries as of September 30, 2010.

Supporting Documentation: FIU FOUNDATION, INC. – Preliminary Financial Statements Recap & Investment Summaries, September 30, 2010

Facilitator/Presenter: Richard Brilliant, *Treasurer, FIU Foundation Inc., Board of Directors*

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FIU FOUNDATION, INC.

**PRELIMINARY
FINANCIAL STATEMENTS RECAP
& INVESTMENT SUMMARIES**

September 30, 2010

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FIU FOUNDATION, INC.
Preliminary Recap of Statement of Activities
For the Period Ended September 30, 2010

(In Thousands of Dollars)

	2010-11	2010-11		2010-11	2009-10	2009-10
	3-Month	3-Month		Annual	3-Month	Total Year
	<u>Budget</u>	<u>Actuals</u>	<u>Variance</u>	<u>Budget</u>	<u>Actuals</u>	<u>Actuals</u>
REVENUES:						
<u>Contributions:</u>						
Endowments	\$ 7,393	\$ 6,373	\$ (1,020)	[1] \$ 15,962	\$ 6,684	\$ 9,206
Non-Endowed Funds:						
Scholarship & Programs	\$ 1,205	\$ 1,165	\$ (40)	[2] \$ 4,867	\$ 1,489	\$ 7,302
Building Funds	\$ 1	\$ 48	\$ 47	[3] \$ 855	\$ 62	\$ 2,249
Annual Giving	\$ 84	\$ 80	\$ (4)	\$ 415	\$ 202	\$ 404
Pledged Revenue	\$ -	\$ (4,191)	\$ (4,191)	[4] \$ -	\$ (5,892)	\$ (509)
TOTAL CONTRIBUTIONS	\$ 8,683	\$ 3,475	\$ (5,208)	\$ 22,099	\$ 2,545	\$ 18,653
<u>Other Revenues:</u>						
MARC Building	\$ 406	\$ 412	\$ 6	\$ 1,624	\$ 236	\$ 1,310
Estimated Investment Returns	\$ 660	\$ 10,143	\$ 9,483	[5] \$ 6,412	\$ 11,219	\$ 10,945
Administrative Reserve	\$ -	\$ -	\$ -	\$ 2,612	\$ -	\$ 724
TOTAL OTHER REVENUES	\$ 1,066	\$ 10,556	\$ 9,490	\$ 10,648	\$ 11,455	\$ 12,979
TOTAL REVENUES	\$ 9,749	\$ 14,030	\$ 4,282	\$ 32,746	\$ 14,000	\$ 31,632
EXPENSES:						
<u>University Programs:</u>						
Scholarships & Programs	\$ 2,218	\$ 1,140	\$ 1,078	[6] \$ 6,499	\$ 1,495	\$ 7,252
Building Funds	\$ -	\$ 6	\$ (6)	\$ -	\$ -	\$ 1,826
Annual Giving	\$ 110	\$ 32	\$ 78	[7] \$ 327	\$ 43	\$ 201
TOTAL UNIVERSITY PROGRAMS EXPENSES	\$ 2,328	\$ 1,178	\$ 1,150	\$ 6,826	\$ 1,538	\$ 9,279
<u>Operational:</u>						
MARC Building	\$ 179	\$ 211	\$ (32)	[8] \$ 727	\$ 77	\$ 740
Administrative Reserve	\$ 434	\$ 338	\$ 97	[9] \$ 3,013	\$ 194	\$ 1,320
General Reserve	\$ 82	\$ 9	\$ 73	[10] \$ 1,394	\$ 22	\$ 1,693
Administrative Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 359
TOTAL OPERATIONAL EXPENSES	\$ 695	\$ 558	\$ 137	\$ 5,134	\$ 293	\$ 4,112
TOTAL EXPENSES	\$ 3,023	\$ 1,737	\$ 1,287	\$ 11,960	\$ 1,831	\$ 13,391
EXCESS REVENUES OVER EXPENSES	\$ 6,725	\$ 12,294	\$ 5,568	\$ 20,786	\$ 12,169	\$ 18,241

*These financial statements recaps reflect revenues and expenses on a modified accrual basis.

**Please refer to Appendix A for detailed variance notes.

Variance Notes:

[1] The negative variance of \$1.02 million for endowed revenues is a result of timing of receipt of various endowed gifts in the College of Medicine. The gifts are expected in the second and third quarters.

[2] The negative variance of \$40,000 for Scholarship and Program revenues is a result of timing of receipt of various small gifts. The gifts are expected in the second quarter.

[3] The positive variance of \$47,000 for building fund revenues is a result of the early collection of pledge payments in support of the Astrophysics Center and CBA Building Complex.

[4] The Board of Directors agreed to not budget the change in contributions receivable for FY 2010-11 since it relates primarily to gift requests and not signed agreements. The actual change in contributions receivable for the 3-month period ended September 30, 2010 totaled (\$4.2) million, which represents an excess of pledged receipts versus new gift agreements.

Below is an aging schedule of all Foundation contributions receivable as of 9/30/10, net of allowance for doubtful accounts totaling \$2.8 million:

	Current Year	1-2 years	3-4 years	5+ years	TOTAL
ENDOWED*	\$16,063,315	\$19,838,956	\$10,034,308	\$1,049,509	\$46,986,089
NON-ENDOWED*	\$3,689,722	\$1,643,768	\$310,936	\$694,637	\$6,339,062
TOTAL*	\$19,753,037	\$22,379,501	\$10,345,245	\$1,744,145	\$53,325,151

** Receivables on the statement of financial position total \$51.8 million, which are discounted by \$2.1 million to their present value. The total also includes \$76,492 of dues receivables, \$209,708 of workman's compensation reimbursements, and \$198,940 of an intercompany receivable from the College of Nursing and Health Sciences.*

[5] Investment returns for fiscal year 2010-11 were projected at 5% or \$6.4 million, based on a beginning balance of \$125 million and assuming conservative yields on equities, fixed income and alternative investments. The monthly budgeted returns were forecasted based on our asset allocation and the historical performance of indexes for each asset class. Current fiscal year-to-date gains total approximately 8.3%, or \$10.1 million, which exceed expected returns. The biggest contributor to these returns were equities delivering fiscal year-to-date returns of 11.9%, followed by fixed income and alternative investments at 5.2% and 4.0%, respectively.

[6] There is a positive expense variance of \$1.1 million for Scholarships and Programs of which \$282,689 will be a savings. Salaries related to the Biomedical Program in the College of Engineering and Computing budgeted for this fiscal year were transferred out (to the university) in June 2010 and thereby created a negative expense variance for the college last fiscal year. The remaining variance of \$795,000 is a result of timing primarily in Athletics, College of Medicine and College of Business Administration. These expenses, which are mostly related to scholarships and salaries, are expected to be incurred in the second quarter.

[7] Per the recommendation of the Annual Giving Program consultants, the first mailer of the fiscal year was launched in September instead of July, resulting in a positive variance for Annual Giving expenses.

[8] The negative variance of \$32,000 for MARC building expenses is related to an unbudgeted expense of \$32,000 in legal fees related to the refinance of the MARC building loan.

[9] The positive variance of \$97,000 in Administrative Reserve expenses is a result of the following: \$26,000 in Foundation Operations expenses related to audit fees and insurance premiums are expected to materialize in the second quarter; \$19,000 in lobbying expenses is a result of lower contract amounts for three of the firms; and \$50,000 budgeted for the former President's performance bonus is expected to be paid in the second quarter.

[10] The positive expense variance of \$73,000 in the General Reserve is a result of a \$72,000 budgeted expense for faculty recruitment expenses that have not yet been submitted for reimbursement.

Florida International University Foundation, Inc.
Performance Summary as of
September 30, 2010

<i>Fund/Manager/Inception Date</i>	Market Value	% Allocation	Target Allocation	Current Month	Trailing 3 Months	Calendar YTD 2010	Fiscal YTD	Trailing 1 Year	Trailing 3 Year	Trailing 5 Year	Since Investment Inception
				9/1/2010	6/30/2010	12/31/2009	6/30/2010	9/30/2009	9/30/2007	9/30/2005	
				9/30/2010	9/30/2010	9/30/2010	9/30/2010	9/30/2010	9/30/2010	9/30/2010	
Total Fund (6/30/00)	\$135,702,994	100.0%	100.0%	5.7%	8.3%	4.4%	8.3%	7.5%	-3.4%	2.1%	2.4%
Total Fund Composite				5.8%	9.2%	5.6%	9.2%	9.1%	-1.6%	3.0%	2.0%
+/- <i>Benchmark</i>				-0.1%	-0.8%	-1.2%	-0.8%	-1.6%	-1.8%	-0.8%	0.5%
Total Equity Accounts (6/30/00)	\$69,601,708	51.3%	55.0%	9.8%	11.9%	2.1%	11.9%	6.0%	-7.7%	0.8%	1.0%
Total Equity Composite				9.2%	12.2%	3.1%	12.2%	7.8%	-7.9%	0.5%	-1.0%
+/- <i>Benchmark</i>				0.6%	-0.2%	-1.0%	-0.2%	-1.9%	0.2%	0.2%	2.0%
Total Fixed Income Accounts (6/30/00)	\$36,428,384	26.8%	22.0%	1.1%	5.2%	11.3%	5.2%	11.4%	9.3%	7.3%	6.9%
Total Fixed Income Composite				0.9%	5.0%	9.6%	5.0%	10.3%	7.5%	6.3%	6.2%
+/- <i>Benchmark</i>				0.2%	0.2%	1.7%	0.2%	1.1%	1.8%	1.0%	0.7%
Total Alternative Investments (3/1/02)	\$29,672,901	21.9%	23.0%	2.3%	4.0%	3.6%	4.0%	7.7%	-3.8%	1.5%	4.1%
Total Alternative Composite				4.6%	8.1%	8.1%	8.1%	12.1%	1.6%	3.6%	4.2%
+/- <i>Benchmark</i>				-2.3%	-4.1%	-4.5%	-4.1%	-4.4%	-5.5%	-2.1%	-0.1%

^Numbers in italics represent a blend of live and composite manager performance.

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Florida International University Foundation, Inc.
Preliminary Performance Summary as of
September 30, 2010

<i>Fund/Manager/Inception Date</i>	Market Value	% Alloc.	Target Alloc.	Current Month 9/1/2010 9/30/2010	Trailing 3 Months 6/30/2010 9/30/2010	Calendar YTD 2010 12/31/2009 9/30/2010	Fiscal YTD 6/30/2010 9/30/2010	Trailing 1 Year 9/30/2009 9/30/2010	Trailing 3 Year 9/30/2007 9/30/2010	Trailing 5 Year 9/30/2005 9/30/2010	Since Investment Inception
<i>Domestic Equity Managed Accounts</i>											
Atalanta Sosnoff Large Cap Growth (3/1/06)	\$14,766,121	10.9%	12.5%	8.7%	7.6%	-3.9%	7.6%	1.7%	-6.5%	N/A	0.7%
Russell 1000 Growth Index				10.7%	13.0%	4.4%	13.0%	12.7%	-4.4%	2.1%	1.2%
Wedge Capital Large Cap Value QVM (12/29/06)	\$16,649,361	12.3%	12.5%	10.4%	12.5%	5.4%	12.5%	11.7%	-8.9%	N/A	-5.0%
Russell 1000 Value Index				7.8%	10.1%	4.5%	10.1%	8.9%	-9.4%	-0.5%	-6.1%
Advisory Research Small Cap Value (6/1/01)	\$6,738,896	5.0%	5.0%	10.4%	10.9%	5.2%	10.9%	6.8%	-6.0%	-0.1%	8.4%
Russell 2000 Value Index				10.7%	9.7%	9.7%	9.7%	11.8%	-5.0%	0.7%	6.5%
IronBridge Small Cap Core Equity (12/2/03)	\$7,000,114	5.2%	5.0%	10.9%	9.9%	7.1%	9.9%	11.1%	-4.6%	2.8%	5.4%
Russell 2000 Small Cap Index				12.5%	11.3%	9.1%	11.3%	13.4%	-4.3%	1.6%	4.3%
Student Investment Management Fund (3/31/09)	\$204,473	0.2%	N/A	1.8%	2.0%	-0.4%	2.0%	0.4%	N/A	N/A	1.5%
<i>International Equity Managed Accounts</i>											
Artio International Equity Fund (12/2/03)	\$12,819,380	9.4%	10.0%	9.9%	15.1%	2.0%	15.1%	3.9%	-10.2%	2.8%	8.2%
MSCI EAFE Index				9.8%	16.5%	1.5%	16.5%	3.7%	-9.1%	2.5%	6.9%
Brandes International Equity Fund (6/1/01)	\$6,084,190	4.5%	5.0%	9.1%	14.4%	0.6%	14.4%	-0.4%	-9.7%	1.3%	4.8%
MSCI EAFE Index				9.8%	16.5%	1.5%	16.5%	3.7%	-9.1%	2.5%	4.8%
Wentworth Hauser & Violitch (3/31/10)	\$5,339,173	3.9%	5.0%	9.9%	16.7%	N/A	16.7%	N/A	N/A	N/A	-2.9%
MSCI EAFE Index				9.8%	16.5%	1.5%	16.5%	3.7%	-9.1%	2.5%	0.5%
TOTAL EQUITY INVESTMENTS	\$69,601,708	51.3%	55.0%								
<i>Core Fixed Income Managed Accounts</i>											
SCM Advisors Enhanced Core Fixed (6/1/01)	\$13,025,096	9.6%	9.0%	1.1%	5.3%	10.8%	5.3%	12.3%	10.0%	7.7%	6.9%
Barclays Custom Index				0.7%	4.7%	10.8%	4.7%	12.3%	10.3%	7.9%	7.0%
Hillswick Asset Management (6/1/01)	\$10,665,031	7.9%	8.0%	-0.4%	3.1%	11.1%	3.1%	9.5%	10.4%	7.7%	7.4%
Barclays Aggregate Index				0.1%	2.5%	7.9%	2.5%	8.2%	7.4%	6.2%	6.1%
Brandywine Global Opp Bond (1/1/08)	\$6,285,420	4.6%	5.0%	4.0%	10.1%	14.4%	10.1%	14.0%	N/A	N/A	8.6%
Citigroup World Gov't Bond Index				2.4%	8.2%	7.1%	8.2%	5.0%	8.2%	7.1%	7.4%
SunTrust Balanced Annuity Account (10/22/03)	\$490,051	0.4%	N/A	6.6%	8.7%	7.3%	8.7%	11.1%	2.9%	4.7%	5.3%
70% Barclays Aggregate / 30% S&P 500				2.8%	5.2%	7.1%	5.2%	9.2%	3.3%	4.8%	5.2%
State of Florida Treasury Fund	\$5,962,787	4.4%		0.1%	0.3%	N/A	0.3%	N/A	N/A	N/A	0.3%
90 Day Treasury Bills				0.0%	0.0%	0.1%	0.0%	0.1%	1.0%	2.5%	0.0%
TOTAL FIXED INCOME INVESTMENTS	\$36,428,384	26.8%	22.0%								
<i>Alternative Investments</i>											
Ironwood Partners (3/1/04)	\$5,924,977	4.4%	4.0%	1.5%	2.9%	4.7%	2.9%	6.8%	-4.2%	1.6%	2.9%
Barclays Aggregate Index				0.1%	2.5%	7.9%	2.5%	8.2%	7.4%	6.2%	5.4%
Ironwood Partners (NDM Gift) (8/1/05)	\$1,967,954	1.5%	1.0%	1.5%	2.9%	4.7%	2.9%	7.1%	-4.3%	1.5%	1.8%
Barclays Aggregate Index				0.1%	2.5%	7.9%	2.5%	8.2%	7.4%	6.2%	6.0%
Titan Advisors (3/1/07)	\$7,110,323	5.2%	4.0%	1.6%	2.7%	3.0%	2.7%	5.7%	2.1%	N/A	4.5%
50% S&P 500/ 50% Barclays Agg				4.5%	7.0%	6.4%	7.0%	9.7%	0.5%	3.8%	2.0%
Archstone Offshore (5/1/10)	\$4,855,455	3.6%	4.0%	2.5%	3.9%	N/A	3.9%	N/A	N/A	N/A	-0.3%
50% S&P 500/ 50% Barclays Agg				4.5%	7.0%	6.4%	7.0%	9.7%	0.5%	3.8%	1.3%
Cohen and Steers Realty (12/16/08)	\$2,626,150	1.9%	2.5%	4.3%	12.6%	17.8%	12.6%	29.3%	N/A	N/A	29.7%
NAREIT US REIT Index				4.5%	12.8%	19.1%	12.8%	30.3%	-6.1%	1.9%	27.3%
Deutsche Bank Liquid Comm. Fund (1/1/08)	\$2,775,388	2.0%	2.5%	8.5%	11.6%	-2.1%	11.6%	6.8%	N/A	N/A	-10.2%
DTC Private Equity II (\$5 Million)¹ (12/15/05)	\$3,040,653	2.2%	5.0%								-1.5%
DTC Private Equity III (\$2.5 Million)¹ (07/10/08)	\$380,893	0.3%									-11.6%
Greenspring Global Partners IV (\$2.5 Million)¹ (8/8/08)	\$680,836	0.5%									-5.1%
Collins Capital (3/1/07) - Awaiting redemption proceeds	\$310,272	0.2%									
TOTAL ALTERNATIVE INVESTMENTS	\$29,672,901	21.9%	23.0%								
TOTAL FUND	\$135,702,994	100.0%	100.0%								

*These are short-term liquid funds

¹ In December 2009, proceeds of the Ironwood NDM account were transferred into the existing FIU Foundation Ironwood Account.

¹ Since Inception return represents the internal rate of return since the initial capital call of the investment.

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