

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE

THURSDAY, 15 NOVEMBER 2007

8:30 A.M.

FLORIDA INTERNATIONAL UNIVERSITY
UNIVERSITY PARK CAMPUS
GRAHAM CENTER BALLROOMS
MIAMI, FL

MEMBERSHIP

KIRK LANDON, *CHAIR*

MIRIAM LÓPEZ, *VICE CHAIR*

ARMANDO GUERRA

BRUCE HAUPTLI

ALBERT MAURY

NOEL GUILLAMA-ALVAREZ, *FOUNDATION BOARD OF DIRECTORS*

AGENDA

- | | |
|---|---|
| I. CALL TO ORDER | KIRK LANDON |
| II. APPROVAL OF MINUTES | KIRK LANDON |
| III. CHAIR'S REMARKS | KIRK LANDON |
| IV. FOLLOW-UP TO ITEMS FROM PREVIOUS MEETINGS | KIRK LANDON |
| V. ITEMS FOR COMMITTEE REVIEW | KIRK LANDON |
|
A. ACTION ITEMS | |
| 1. FIU FACULTY PRACTICE PLAN | DR. JOHN ROCK |
| a. BYLAWS | |
| b. BANK ACCOUNTS | |
|
2. UNIVERSITY TUITION FEES REGULATION –
AMENDMENT SPRING 2007-2008 |
VIVIAN SANCHEZ |
|
3. UNIVERSITY INTERNAL AUDIT PLAN, 2007-2008 |
PYONG CHO
MANUEL SANCHEZ |
|
4. FIU DIRECT SUPPORT ORGANIZATIONS FINANCIAL
AUDITS, 2006-2007 | |
| a. FIU FOUNDATION, INC. | NOEL GUILLAMA-ALVAREZ |
| b. FIU RESEARCH FOUNDATION, INC.* | AIME MARTINEZ |
| c. FIU ATHLETICS FINANCE CORP.* | AIME MARTINEZ |

B. REPORTS (*FOR DISCUSSION - NO ACTION REQUIRED*)

5. OFFICE OF INTERNAL AUDIT REPORT

PYONG CHO
MANUEL SANCHEZ

6. CFO & ADMINISTRATION UPDATE

VIVIAN SANCHEZ

- a. FINANCIAL PERFORMANCE UPDATE
FINANCIAL STATEMENTS - UNAUDITED JUNE
30, 2007
STATE BUDGET REDUCTION UPDATE
BUDGET VARIANCE ANALYSIS - FIRST
QUARTER 2007
- b. INFORMATION TECHNOLOGY
- c. FACILITIES
- d. BUSINESS SERVICES

7. ATHLETICS UPDATE

PETE GARCIA

C. REPORTS (*FOR INFORMATION ONLY*)

8. FOUNDATION REPORT

NOEL GUILLAMA-ALVAREZ

**9. TREASURY REPORT – UNIVERSITY INVESTMENT
COMMITTEE**

VIVIAN SANCHEZ

10. ENVIRONMENTAL – REGULATORY & COMPLIANCE

JENNIFER MWASELA

11. UNIVERSITY COMPLIANCE REPORT

LEYDA BENITEZ

VI. OTHER BUSINESS

KIRK LANDON

**OFFICE OF INTERNAL AUDIT AND SENIOR
MANAGEMENT DISCUSSION OF AUDIT PROCESSES**

VII. ADJOURNMENT

KIRK LANDON

** Subject to Respective Foundation Board Approval*

**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE**

15 NOVEMBER 2007

SUBJECT: FINANCE AND AUDIT COMMITTEE MEETING MINUTES, 6 SEPTEMBER 2007

PROPOSED COMMITTEE ACTION:

Adopt the following Resolution:

RESOLVED that the minutes of the meeting of the Florida International University Board of Trustees' Finance and Audit Committee held on 6 September 2007, attached to this Resolution as Exhibit "A," are hereby approved.

EXHIBITS/SUPPORTING DOCUMENTS:

- EXHIBIT "A": 6 SEPTEMBER 2007
FINANCE AND AUDIT COMMITTEE
MEETING MINUTES.

FACILITATOR/PRESENTER:

- COMMITTEE CHAIR KIRK LANDON

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DRAFT

**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES**



**FINANCE AND AUDIT COMMITTEE
MINUTES
6 SEPTEMBER 2007**

I. Call to Order

The Florida International University Board of Trustees' Finance and Audit Committee meeting was called to order by Committee Chair Kirk Landon at 8:33 am on Thursday, 6 September 2007, in the University Park MARC International Pavilion, Miami, Florida.

The following attendance was recorded:

Present

Kirk Landon, *Chair*
Armando Guerra
Bruce Hauptli
Albert Maury

Excused

Miriam López, *Vice Chair*

President Modesto Maidique and Trustee Albert Dotson were also in attendance.

II. Approval of Minutes

Committee Chair Kirk Landon asked if there were any additions or corrections to the minutes of the 19 June 2007, Finance and Audit Committee meeting. Hearing none, the Committee adopted the following:

RESOLVED that the minutes of the meeting of the Finance and Audit Committee, held on 19 June 2007, and attached to this Resolution as Exhibit "A," are hereby approved.

III. Chair's Remarks

Committee Chair Landon welcomed Trustees and staff to the meeting and thanked them for their service and hard work. He also welcomed Mr. Gus Silva, the Miami Audit Coordinator along with members of the Florida State Auditor General's office.

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Committee Chair Landon recognized the University's Network Services team and thanked them for their hard work in accomplishing the installation of over 600 wireless access points in general-purpose classrooms and in many indoor and outdoor public areas, allowing University students the mobility to use their laptops to gain internet access not only in the classrooms, but also at multiple public areas throughout the University.

IV. Follow-up to Items from Previous Meetings

Ms. Tamara Brooks and Mr. Gregory Gonzalez of the Florida State Auditor General's Office presented information focusing on the audit scope and objectives of university financial audits, university operational audit topics and statewide federal audits.

Committee Chair Landon noted that Vice President for External Relations Sandra Gonzalez-Levy would report back to the Finance and Audit Committee at the next regularly scheduled meeting on the initiative to reach out to past donors, providing a report detailing these efforts on an annual basis.

V. Items for Committee Review

A. Action Item

1. Investment Policy Asset Allocation Amendment

University Treasurer Alex Zyne presented the Investment Policy Asset Allocation Amendment for Committee review, noting that the changes have been approved by the University's Investment Committee.

After discussion, the Committee recommended the following Resolution for Board approval:

WHEREAS, in June 2005, the Florida International University Board of Trustees (the BOT) adopted an Investment Policy Statement for the investment of University funds; and

WHEREAS, Wilshire Consulting, Inc., the University's investment advisor, has recommended the adoption of certain revisions to the Investment Policy Statement. A summary of the recommended changes to the Investment Policy Statement is attached to this Resolution as Exhibit "B." The proposed revisions to the Investment Policy Statement are attached to this Resolution as Exhibit "C"; and

WHEREAS, the University's Investment Committee has reviewed the proposed revisions to the Investment Policy Statement, and recommends the adoption of the revisions; and

WHEREAS, the University desires to accept the recommendations made by Wilshire Consulting, Inc., and adopt the revised Investment Policy Statement attached to this Resolution as Exhibit "D"; and

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THEREFORE, BE IT RESOLVED that the BOT hereby approves (i) the revised Investment Policy Statement attached to this Resolution as Exhibit "D," and (ii) the University's investment of funds pursuant to the revised Investment Policy Statement.

2. Human Resources Policies

CFO and Sr. VP for Administration Vivian Sanchez presented two Human Resources Policies for Committee review.

Trustee Albert Maury proposed that the Committee consider amending the Tuition Waiver Program Policy to reflect a combined maximum of seven (7) credit hours of FIU instruction each semester.

After discussion, the Committee recommended the following Resolution for Board approval:

WHEREAS, the Florida International University Board of Trustees (the BOT) is the public employer of all employees of the University and has the power and duty to adopt personnel policies for all University employees; and

WHEREAS, the BOT adopted personnel policies for all University employees, including an Operational Excellence/Service Award (OE/SA) Policy and a Tuition Waiver Program Policy; and

WHEREAS, the Operational Excellence/Service Award Policy should be amended to provide flexibility in distribution of the Operational Excellence/Service Award (OESA) so that it does not always have to be added to the base salary; and

WHEREAS, the Tuition Waiver Program Policy should be amended to expand the types of courses permitted to allow employees to immediately partake of this benefit and to increase the waiver for up to seven (7) credit hours;

THEREFORE, BE IT RESOLVED, that the BOT approves the amendment to the Operational Excellence/Service Award Policy attached hereto as Exhibit "F"; and to the Tuition Waiver Program Policy attached hereto as Exhibit "G";

BE IT FURTHER RESOLVED, that the Operational Excellence/Service Award Policy attached hereto as Exhibit "F" and the Tuition Waiver Program Policy attached hereto as Exhibit "G" shall be effective immediately solely for all non-bargaining unit personnel;

BE IT FURTHER RESOLVED, that the University Administration take all actions necessary to give effect to this Resolution.

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B. Reports

3. Office of Internal Audit Report

University Internal Audit Director Ted Guba presented the Office of Internal Audit Report, providing updates on ongoing audits.

4. Sponsored Research Report

Vice President for Research George Walker presented the Sponsored Research Report, reporting on research applications, awards and expenditures.

5. CFO Update and Administration Update

CFO Sanchez reported that as per Florida Board of Governors instruction, the University made technical adjustments to the Educational Plant Survey. She noted that the technical revisions included separating the Biscayne Bay Campus projects and the inclusion of the Graduate Classroom building and the Hurricane Center on the space needs tracking spreadsheet.

CFO Sanchez also provided an update on the State Budget Reduction Plan, noting that the University President appointed a Budget Stabilization Task Force that would simultaneously analyze and recommend medium to long term savings initiatives.

6. – 8. Reports

Committee Chair Landon requested that the Foundation Report, the Treasury Report and the Environmental – Regulatory reports provided in the agendas be accepted as written. There were no objections.

9. University Compliance Report

University Compliance Officer Leyda Benitez presented the University Compliance Program Report, providing an update on the status of recent institutional compliance initiatives undertaken by the University Compliance Office.

VI. Other Business

No other business was raised.

VII. Adjournment

With no other business, Committee Chair Landon adjourned the meeting at 10:18 am.

Exhibit "A"

DRAFT

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<i>Trustee Requests</i>	<i>Follow-up</i>	<i>Completion Date</i>
<i>1. Committee Chair Kirk Landon requested that the Office of Sponsored Research reduce the reports to the Finance and Audit Committee from quarterly to twice a year.</i>	<i>Vice President George Walker</i>	<i>2008</i>
<i>2. Committee Chair Landon requested that the University's Department of Athletics provide quarterly reports delineating fund-raising efforts to the Finance and Audit Committee.</i>	<i>Athletics Director Pete Garcia</i>	<i>15 November 2007</i>
<i>3. Committee Chair Landon requested that at the next regularly scheduled Finance and Audit Committee Meeting the Finance and Audit Committee meet separately with the University's senior management. He also requested that the Finance and Audit Committee meet separately with the University's Internal Audit Director.</i>		<i>15 November 2007</i>

Exhibits attached: "A," "B," "C," "D," "E," "F," & "G"

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9.18.07*

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**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE**

15 NOVEMBER 2007

**SUBJECT: THE FLORIDA INTERNATIONAL UNIVERSITY COLLEGE OF MEDICINE
HEALTH CARE NETWORK FACULTY GROUP PRACTICE**

PROPOSED COMMITTEE ACTION:

Recommend Board Adoption of the following Resolution:

WHEREAS, in order to provide educationally oriented clinical practice settings and opportunities that are essential in the training of medical students; and

WHEREAS, these clinical practice activities by faculty generate income through fees collected and these fees must be regulated and processes developed for the orderly collection and distribution of such fees; and

WHEREAS, Florida universities, pursuant to Board of Regents Rule 6C-9.017 adopted by the Board of Governors in January, 2003, have been authorized to establish not-for-profit corporations for the handling of such fees; and

WHEREAS, the Florida International University College of Medicine Health Care Network Faculty Group Practice meets all of the requirements set forth in Rule 6C-9.017 for a Faculty Practice Plan;

NOW, THEREFORE, BE IT RESOLVED as follows:

The Florida International University Board of Trustees hereby (i) approves the formation of the Florida International University College of Medicine Health Care Network Faculty Group Practice (the "Corporation"); (ii) approves the Bylaws of the Corporation, in the form attached as Exhibit "B"; and (iii) instructs the President to submit the Bylaws for approval at the next regularly scheduled Board of Governors meeting and to take all steps necessary to carry out the purpose of this Resolution.

BACKGROUND INFORMATION:

In order to undertake faculty practice activities, the University has been authorized to establish the Florida International University College of Medicine Health Care Network Faculty Group Practice pursuant to Chapter 617, Florida Statutes.

STATUTORY AUTHORITY:

This resolution is being adopted pursuant to the provisions of Florida Board of Regents Rule 6C-9.017. adopted by the Board of Governors in January, 2003.

EXHIBITS/SUPPORTING DOCUMENTS:

- EXHIBIT “B”: BYLAWS OF THE FLORIDA INTERNATIONAL UNIVERSITY COLLEGE OF MEDICINE HEALTH CARE NETWORK FACULTY GROUP PRACTICE, INC.

PRESENTER:

- DR. JOHN ROCK

BYLAWS of
The Florida International University College of Medicine
Health Care Network Faculty Group Practice, Inc.
(A Non-Profit Corporation)

ARTICLE I
PURPOSE

General Purpose. The Florida International University College of Medicine Health Care Network Faculty Group Practice, Inc. shall be known as The Florida International University College of Medicine Health Care Network (FIUHN) and shall exist exclusively to support the mission of Florida International University (FIU) to improve and support medical education at the Florida International University College of Medicine (FIUCOM). It is organized as a not-for-profit corporation under Chapter 617, Florida Statutes.

ARTICLE II
FISCAL YEAR

The fiscal year of the FIUHN shall begin on the first day of July and end on the last day of June in each year.

ARTICLE III
MEMBERS

The membership of the FIUHN shall consist of all clinical faculty members of the FIUCOM who are actively involved in the clinical practice of medicine and who are not adjunct faculty members. When any member ceases to be employed by FIUCOM, his/her membership in the FIUHN shall be deemed automatically terminated.

ARTICLE IV
BOARD OF DIRECTORS

Section 1. Powers and Duties of the Board of Directors. Except as otherwise provided in the Articles of Incorporation and these Bylaws, the direction and management of the affairs of the FIUHN and the control and disposition of its assets shall be vested in the Board of Directors ("Board") which shall be comprised of nine (9) directors.

The Board shall have the power to hold and to invest and reinvest any monies it receives

and to hold any property, to sell or exchange the same, and to invest and reinvest the proceeds of any sale or other conversion of any such property, for the purpose of earning income, which income less operating expenses of the FIUHN shall be used for such specific purpose in accord with the FIUHN's aims and the policies of the University and its Board of Trustees.

The FIUHN shall have the power and authority to borrow money by issuing long or short-term notes, bonds, or debentures and to pledge, mortgage, or otherwise encumber its assets within the discretion of the Board and the policies of the University and its Board of Trustees.

Section 2. Membership. The nine (9) members of the Board shall be:

- (a) A designee of the FIUBOT.
- (b) The Dean and Senior Vice President of Medical Affairs of the FIUCOM.
- (c) The Executive Associate Dean of Clinical Affairs of the FIUCOM.
- (d) The Provost of FIU or his/her Designee.
- (e) The CFO of FIU or his/her Designee.
- (f) One (1) FIUCOM Non-Chairman Group Faculty Member selected by the Clinical Faculty.
- (g) One (1) FIUCOM Chairman Group Faculty Member selected by the Clinical Chairs.
- (h) Two (2) Community Members who shall not be employees of FIU and who are nominated either by the Committee on Nominations or any member of the Board and elected by a majority vote of the Board (hereinafter "Community Member"). One (1) of the Community Members must have the financial skills to be designated as the Financial Expert pursuant to the criteria of Sarbanes-Oxley.

Section 3. Term of Office. The Dean and Senior Vice President of Medical Affairs of the FIUCOM, the Executive Associate Dean of Clinical Affairs of FIU, the Provost of FIU if he/she does not name a Designee, the CFO of FIU if he/she does not name a Designee shall serve as directors of the FIUHN for such time as they shall continue to serve respectively as Dean and Senior Vice President of Medical Affairs of the FIUCOM, Executive Associate Dean of Clinical Affairs of FIU, Provost of FIU and CFO of FIU. Should the Provost or the CFO choose Designees to serve as Board members, then those Designees shall serve as Board members for as long as the Provost or the CFO shall determine. For elected members the term of office will be

three (3) years. The initial terms will be staggered with the faculty representative serving one (1) year, the chairman representative serving two (2) years and the two (2) Community Members serving staggered terms of two (2) and three (3) year term.

Section 4. Election. Any elected director whose term of office shall have expired may be elected to another term to a maximum of two (2) consecutive terms. Nothing in the Bylaws or the Articles of Incorporation shall prohibit any elected Board member from being re-elected after two (2) terms so long as such Board member does not serve on the Board for at least one (1) year between terms.

Section 5. Resignation. A director may resign at any time upon written notice to the President or Secretary/Treasurer of the FIUHN. Unless otherwise specified in the notice, the resignation shall take effect upon receipt. The acceptance of a resignation shall not be necessary to make it effective.

Section 6. Vacancy. A vacancy shall exist on the Board upon the death, resignation, or removal of a director, upon the disability of a director that renders him or her permanently incapacitated or unable to serve, or when a director is no longer qualified to serve as a director. A director may be removed from the Board by the affirmative vote of a majority of the remaining directors at a properly called meeting of the Board. Whenever any vacancy occurs in the Board, it shall be filled without undue delay. A vacancy shall be filled by a majority vote of the remaining members of the Board at a special meeting, which shall be called for that purpose. The person so chosen shall hold office for the duration of the previous director's term.

ARTICLE V OFFICERS OF THE BOARD

Section 1. Number and Method of Election. The Officers of the Board shall be President, Vice President, and Secretary/Treasurer. The President shall be the Dean and Senior Vice President of Medical Affairs of the FIUCOM . The Vice President and Secretary/Treasurer will be nominated by the Committee on Nominations from the membership of the Board. Election will require a majority vote of the Board. An elected officer shall serve a term of one (1) year. Officers are eligible for election for consecutive terms.

Section 2. Duties of Officers. The duties and powers of the officers of the FIUHN shall be as follows:

Dean and Senior Vice President of Medical Affairs of the FIUCOM. The Dean and Senior Vice President of Medical Affairs of the FIUCOM shall serve as President. The President shall preside at the meetings of the Board, and shall be an ex officio member of all committees, with no voting power. He/she shall also, at the annual meeting of the FIUHN and such other times as he/she deems proper, communicate to the FIUHN or to the Board such matters and make such suggestions as may in his/her opinion tend to promote the prosperity and welfare and increase the usefulness of the FIUHN and shall perform such other duties as are necessarily incident to the office of the President. The President shall sign all certificates, bonds, deeds, mortgages, leases, and contracts of the FIUHN as approved by the Board. The President shall perform all duties, as the Board shall designate. The President may delegate certain duties with the Board's approval.

Vice President. In case of the death or absence of the President, or of his/her inability from any cause to act, the Vice President shall perform the duties of the President.

Secretary/Treasurer. It shall be the duty of the Secretary/Treasurer to give notice of and attend all meetings of the FIUHN and all committees and keep a record of their doings; to conduct all correspondence and to carry into execution all orders, votes, and resolutions not otherwise committed; to keep a list of the members of the FIUHN; to notify the officers and members of the FIUHN of their election; to notify members of the FIUHN of their appointment on committees; to furnish the chairman of each committee with the results of the vote under which the committee is appointed, and at his/her request give notice of the meetings of the committee; and generally to devote his/her best efforts to forwarding the business and advancing the interests of the FIUHN. The Secretary/Treasurer shall have the care and custody of the money, funds, valuable paper and documents of the FIUHN. The Secretary/Treasurer shall keep accurate books of accounts of the FIUHN's transactions, which shall be the property of the FIUHN, and shall render financial reports and statements of condition of the FIUHN when so requested by the Board or President. In case of absence or disability of the Secretary/Treasurer, the Board shall appoint a Secretary/Treasurer pro tem. The Secretary/Treasurer shall be the keeper of the corporate seal.

Section 3. Bond of Secretary/Treasurer. The Secretary/Treasurer shall give to the FIUHN such security for the faithful discharge of his/her duties as the Board may direct.

Section 4. Vacancies. All vacancies in any office shall be filled by the Board without

undue delay, at any regular meeting, or at a meeting specially called for that purpose.

Section 5. Compensation of Officers. The officers shall receive such salary or compensation as the Board may determine, pursuant to the policies and regulations of the University and its Board of Trustees.

ARTICLE VI POWERS OF THE UNIVERSITY'S PRESIDENT

The President of the University shall have the following powers and duties: (1) Monitor and control the use of university resources by the FIUHN; (2) Control the use of the university name by the FIUHN; (3) Monitor compliance of the FIUHN with state and federal laws and regulations; (4) Recommend to the Board of Trustees an annual budget; (5) Approve salary supplements and other compensation or benefits paid to university faculty and staff from the FIUHN assets, consistent with Board of Trustees' policies; (6) Ensure that the FIUHN enacts a policy on ethics and conflicts of interest; and (7) Ratify all nominees to the Board and all appointments to Board Committees.

ARTICLE VII COMMITTEES

Section 1. Standing Committees. At the first meeting of the Board after its election, or as soon thereafter as practicable, the President of the FIUHN shall, subject to the Board's approval, appoint such committees as he/she may deem necessary and advisable to assist in the conduct of the FIUHN's affairs.

There shall be two (2) standing committees of the Board; the Finance and Audit Committee, and the Committee on Nominations.

Section 2. Special Committees. The President of the FIUHN may, at any time, appoint other committees to deal with specific issues, for which there is no Standing Committee. Special Committees shall be discharged by the President upon completion of the task for which they are established.

Section 3. Committee Quorum. A majority of any committee of the FIUHN shall constitute a quorum for the transaction of business, unless any such committee shall, by a majority of its entire membership, decide otherwise.

Section 4. Committee Vacancies. The authority, which originally appointed a

committee, shall have the power to fill any vacancy on the committee.

Section 5. Committees of the Board

5.1 The Finance and Audit Committee. The Committee on Nominations shall annually recommend to the Board for election to the Finance and Audit Committee one (1) member who is independent of management and not a member of the Faculty Practice Plan. Two (2) additional members shall be members of the Board. Members can be appointed for two (2) successive terms and re-elected after two (2) terms so long as such Committee member does not serve on the Committee for at least one (1) year between terms. A majority of the members of the Committee will constitute a quorum for the transaction of business. An audit shall be conducted annually by outside public accountants and presented to the Finance and Audit Committee, which shall in turn present the report of audit, including the scope of the examination, to the members of the FIUHN at their next meeting with such recommendations as the Finance and Audit Committee shall deem appropriate. Thereafter, the annual audit report shall be submitted by the University President to the Board of Trustees for review no later than the end of the fourth month following the close of the organization's fiscal year. It shall address and oversee financial and administrative policy matters for the FIUHN. The Committee shall, subject to overall guidance by the Board, establish the fees for services. It shall, subject to guidance from the Board, establish a billing and collection policy. The Finance and Audit Committee shall be responsible for the periodic review and approval of the FIUHN's annual budget, which shall be prepared before the beginning of the FIUHN's fiscal year, approved by the Board and recommended by the University President to the Board of Trustees each year no later than sixty (60) days following the beginning of the FIUHN's fiscal year. The Board of Trustees must approve the FIUHN's budget before it can be enacted.

The Executive Associate Dean for Finance shall be an ex officio non-voting member of the Finance Committee. The Committee shall keep a record of its proceedings and may appoint the Secretary/Treasurer for that purpose.

5.2 Committee on Nominations. Prior to the Annual Meeting, the Board shall appoint a Committee of Nominations of five (5) members, none of whom shall be a member of the Board, whose duty it shall be to nominate candidates to fill vacancies in the Board Public Member position and officers of the FIUHN. The Board shall name the Chair of the Committee who shall be a Board member. The nominee representing the Clinical Chair Advisory Group

shall be selected from the recommendations of the Clinical Chair Advisory Group. The nominee representing the Clinical Faculty Advisory Group shall be selected from the recommendations made by the Clinical Faculty Advisory Group. The slate of nominations will be presented at the annual meeting of the FIUHN.

Section 6. Composition of Committees. Individuals other than Directors shall be eligible to serve on committees. However, the Chairperson of the Committees shall be a Director.

ARTICLE VIII MEETINGS OF THE FIUHN

Section 1. Annual Meeting of the FIUHN. There shall be an annual meeting for receiving the annual reports of officers, directors and committees, and the transaction of other business. Notice of the meeting, signed by the Secretary/Treasurer, shall be mailed by U.S. Mail or delivered electronically, except as herein or by statute otherwise provided, to the last recorded physical or electronic address of each member at least ten (10) days and not more than fifty (50) days before the time appointed for the meeting. All notices of meetings shall set forth the place, date, time and purpose of the meeting.

Section 2. Regular Meetings. Regular meetings of the Board shall be held no less often than quarterly. Notice of the meeting, signed by the Secretary/Treasurer, shall be mailed by U.S. Mail or delivered electronically, except as herein or by statute otherwise provided, to the last recorded physical or electronic address of each member at least ten (10) days and not more than fifty (50) days before the time appointed for the meeting. The purpose of regular meetings shall be for the transaction of such business as may lawfully come before each meeting. The Secretary/Treasurer of the FIUHN shall provide the directors with a schedule of the regular meetings.

Section 3. Special Meetings. The President of FIUHN, the President of FIU or any two (2) Board members may call special meetings of the Board. No business other than that specified in the notice of meeting shall be transacted at any special meeting of the Board.

Section 4. Telephone Meetings. The Board and Committee meetings may be conducted by telephone conference or similar communications facilities if the President or the Chairperson of the Committee determines it is appropriate and if all persons participating in such meetings are able to hear each other as if the meeting were held in person.

Exhibit "B"

Section 5. Waiver. Any Member, Officer or Director may waive, in writing, any notice required to be given by law or under these Bylaws, whether before or after the time stated therein. Notwithstanding the provisions of any of the foregoing sections, a meeting of the Directors of this FIUHN may be held at any time and at any place within or without the State of Florida, and any action may be taken thereat, if notice is waived in writing by every member having the right to vote at the meeting. Attendance of any Board or Committee member at any meeting shall be deemed a waiver of notice of such meeting.

5.1 Notice of a meeting properly called for the purpose of amending either the Articles or Bylaws of the FIUHN may not be waived.

Section 6. Quorum. The presence in person, or telephonically, if Chairperson has permitted participation by telephone, of a majority of the Directors of the FIUHN entitled to vote shall be necessary to constitute a quorum for the transaction of business.

Section 7. Voting. If the manner of deciding any question has not otherwise been prescribed, it shall be decided by a majority of the votes cast at a meeting at which a quorum is present.

Section 8. Action by Written Consent. Any action required or permitted to be taken at any meeting of the Board or of any committee designated by the Board may be taken without a meeting if consent in writing, setting forth the action to be taken, shall be signed by all Member(s) of the Board or of such committee. The consent shall have the same force and effect as a unanimous vote of a meeting. Action by written consent shall not be taken to amend the Articles or Bylaws except at a meeting properly called for that purpose.

Section 9. Order of Business. Roberts Rules or Order will be followed at all the meetings of the FIUHN and the Board.

The Chair without debate shall decide any question as to priority of business.

This order of business may be altered or suspended at any meeting by a majority vote of the members present.

Section 10. Agenda and Minutes. A written agenda of the matters to be considered at a Board or committee meeting shall be delivered to members thereof prior to such meeting.

Written minutes of the proceedings of the Board and committees shall be maintained and all actions taken at Board and committee meetings shall be properly recorded in the minutes.

ARTICLE IX ADMINISTRATION POLICIES

Section 1. Officer of Corporation. The Executive Associate Dean of Clinical Affairs shall be the President of the FIUHN for as long as he/she serves in that position. As President, he/she shall oversee all day-to-day affairs of the FIUHN and shall serve as Chairman of the Executive Committee of the FIUHN.

Section 2. Affairs and Operations. Notwithstanding any other provision of these Bylaws to the contrary, the affairs and operations of the FIUHN shall be conducted in strict compliance with the policy and regulations of the Florida Board of Governors and the University concerning the faculty practice plan for the FIUCOM, approved at the _____ meeting, as it may hereafter be amended.

Section 3. Financial Audits and Reports. All financial records of the FIUHN shall be available to the appropriate personnel of the University from time to time as determined by the Dean of the FIUCOM. The Board shall engage an independent certified public accountant (CPA) to perform an annual audit of the organization's financial statements, with the objective being to render an opinion on the financial statements. The cost of the audit shall be borne by the FIUHN as an operating expense. Copies of each annual audited financial report shall be promptly provided to the President of the University and the Dean of the FIUCOM for their review.

Section 4. Distribution of Net Receipts. The accumulation, expenditure and distribution of all funds of FIUHN shall be exclusively for the improvement and support of medical education at FIUCOM and shall be made only after approval by the Dean of FIUCOM or his/her designee. The distribution of Net Receipts shall be made pursuant to the terms of the Operation Agreement between FIU and FIUCOM.

ARTICLE X SEAL

The seal of the FIUHN shall be as more particularly shown in the following impression.

**ARTICLE XI
COMMITMENT TO COMPLIANCE**

The FIUHN is a tax-exempt organization dedicated to providing quality clinical services to the South Florida community. The FIUHN is committed to meeting the highest ethical standards in all of its operations and clinical services. It is committed to compliance with the laws, rules and regulations that govern its operations and committed to establishing a compliance program that will provide the FIUHN employees with tools to understand and comply with such laws.

**ARTICLE XII
AMENDMENTS**

The Bylaws of the FIUHN shall be made, altered or rescinded by a two-thirds vote of all members of the Board at any regular or at any special meeting called for that purpose; provided, however, that no bylaw may be adopted, amended or rescinded without the prior written approval of the President of FIU.

**ARTICLE XIII
INDEMNIFICATION**

The indemnification of any director, officer or employee of the FIUHN shall be as provided by law.

**ARTICLE XIV
DISSOLUTION**

In the event that the FIUHN shall dissolve or otherwise terminate its corporate existence, subject to the provisions of Chapter 617, Florida Statutes, the FIUHN shall distribute all its existing assets as provided in the Article of Incorporation.

**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE**

15 NOVEMBER 2007

**SUBJECT: THE FLORIDA INTERNATIONAL UNIVERSITY COLLEGE OF MEDICINE
HEALTH CARE NETWORK FACULTY GROUP PRACTICE BANK ACCOUNT**

PROPOSED COMMITTEE ACTION:

Recommend Board Adoption of the following Resolution:

WHEREAS, the Florida International University College of Medicine Health Care Network Faculty Group Practice (the “Corporation”) must designate the depositories at which its funds may be deposited and the signatories for accounts;

THEREFORE BE IT RESOLVED THAT, the following banking institution is hereby designated as the depository for the Corporation’s funds;

- Bank of America, a national banking association located in Miami, Florida (“Bank”); and

BE IT FURTHER RESOLVED THAT, the Senior Vice President for Medical Affairs and Dean of the College of Medicine, the Chief Financial Officer, and their respective designees, are each individually authorized to take all actions necessary to open or close bank accounts at the designated depository; and

BE IT FURTHER RESOLVED THAT, any of the following persons are authorized to sign any and all checks, drafts and orders against any funds or accounts at any time of the Corporation at the Bank of America within the limits established by the Board of Trustees and the University President. However, all expenditures authorizations, regardless of type of transaction, will require the approval of any two of the individuals listed below, one of which shall be a University officer.

- Provost
- Chief Financial Officer
- Executive Associate Dean of Finance and Administration
- President of the Board of the Corporation
- Assistant Vice President of Support Organizations

BACKGROUND INFORMATION:

A. STATUTORY AUTHORITY:

Section 1011.42, Florida Statutes (2004), University depositories; deposits into and withdrawals from depositories, states in relevant part:

(1) The board of trustees of each university shall designate the depositories in which any university funds may be deposited. No bank shall be designated unless it is a qualified depository as provided by Florida Statutes.

B. EXPLANATION FOR PROPOSED BOARD ACTION:

The Board must designate the banking institutions that may serve as depositories of University funds and the persons authorized to sign on such account.

EXHIBITS/SUPPORTING DOCUMENTS:

■ NONE

FACILITATOR/PRESENTER:

■ DR. JOHN ROCK

**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE**

15 NOVEMBER 2007

**SUBJECT: University Tuition Fees Schedule Regulation FIU-1101 – Amendment
Spring 2007-2008**

PROPOSED COMMITTEE ACTION:

Recommend Board adoption of the following Resolution:

WHEREAS, the Florida International University Board of Trustees (the BOT) is authorized to set tuition and fees for the University within the limits provided by law;

WHEREAS, at the September 27, 2007 Board of Governors Meeting, the Florida Board of Governors voted to raise Undergraduate Tuition effective Spring 2008, by five percent (5%);

AND WHEREAS, the Legislature has required that by November 21, 2007, each state university must submit a plan to the Board of Governors “specifying the amount and percent of the funds generated by the 5-percent tuition increase in the Spring 2008 term which will be used for need-based financial aid for Florida residents.”

THEREFORE, BE IT RESOLVED THAT, the BOT approves the revised Tuition Fees Schedule FIU-1101 regulation attached as Exhibit “C” which reflects the increase in the Spring 2008 tuition and fees; ;

BE IT FURTHER RESOLVED THAT, the BOT delegates authority to the University President to forward the Regulation to the Board of Governors for approval and to approve any subsequent amendments that are based on comments to the Regulation received from the Board of Governors and as a result of the regulation-making process;

BE IT FURTHER RESOLVED THAT, the President report to the BOT at its next regularly scheduled meeting on any substantive change requested or made to the Regulation as a result of comments received by the Board of Governors and the regulation-making process;

AND BE IT FURTHER RESOLVED THAT, the BOT delegates authority to the University President to submit the Plan related to the need-based financial aid for Florida residents attached as Exhibit “D” to the Board of Governors for approval and to approve any subsequent amendments that are based on comments to the Plan received from the Board of Governors, and to report to the BOT at its next regularly scheduled meeting.

EXHIBITS/SUPPORTING DOCUMENTS:

- EXHIBIT “C”: TUITION FEES SCHEDULE, FIU-1101
- EXHIBIT “D”: PLAN FOR NEED-BASED FINANCIAL AID FOR FLORIDA RESIDENTS

FACILITATOR/PRESENTER:

- VIVIAN A. SANCHEZ

**THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES
FLORIDA BOARD OF GOVERNORS**

FIU-1101 Tuition Fees Schedule

(1) Tuition shall be defined as the basic fee charged to a student for instruction provided by the Florida International University. Tuition consists of the following fees:

1. Resident Fee;
2. Student Financial Aid Fee;
3. Capital Improvement Trust Fund Fee;
4. Building Fee;
5. Health Fee;
6. Athletic Fee; and
7. Activity and Service Fee.

In addition to the fees set forth in 1.-7. above, a non- Florida student, as defined in the Florida Board of Governors' Resolution, will pay the Out-of-State Fee and the Non-Resident Student Financial Aid Fee.

(2) Registration shall be defined as consisting of two components:

(a) Formal enrollment in one or more credit courses approved and scheduled by the University; and,

(b) Tuition payment, or other appropriate arrangements for tuition payment (installment payment, deferment, or third party billing) for the courses in which the student is enrolled.

Exhibit "C"

(3) A student is liable for tuition associated with all courses for which the student is registered. The fee payment deadline shall be as determined by the University.

(4) The following tuition shall be levied and collected on a per credit hour basis, effective the ~~fall~~ spring semester indicated for each student regularly enrolled, unless provided otherwise by law, or Board of Governor or University rule or regulation.

~~FALL~~ SPRING 2007 2008

Fee	<i>Undergraduate</i>		<i>Graduate</i>		<i>Law</i>	
	<i>Resident</i>	<i>Non-Resident</i>	<i>Resident</i>	<i>Non-Resident</i>	<i>Resident</i>	<i>Non-Resident</i>
Resident	\$73.71 <u>\$77.39</u>	\$73.71 <u>\$77.39</u>	\$222.21	\$222.21	\$252.54	\$252.54
Out-of-State		\$393.62		\$480.07		\$437.60
Athletic	\$13.05	\$13.05	\$13.05	\$13.05	\$13.05	\$13.05
Activity and Service	\$10.52	\$10.52	\$10.52	\$10.52	\$10.52	\$10.52
Student Financial Aid	\$3.68 <u>\$3.86</u>	\$3.68 <u>\$3.86</u>	\$11.11	\$11.11	\$12.62	\$12.62
Non-Resident Financial Aid		\$19.68		\$24.00		\$21.88
Capital Improvement Trust Fund	\$2.44	\$2.44	\$2.44	\$2.44	\$2.44	\$2.44
Building	\$2.32	\$2.32	\$2.32	\$2.32	\$2.32	\$2.32

(5) (a) For those new students enrolled in graduate classes in the Fall 2006, or thereafter, in addition to the tuition and fees set forth in paragraph (4) above, the University shall levy and collect an additional Resident Fee of \$10.57 per credit hour and

an additional Student Financial Aid Fee of \$0.52 per credit hour. The additional fees authorized by this paragraph (5)(a) shall not apply to a graduate student who was enrolled in a graduate program prior to Fall 2006, and such student's enrollment has not lapsed in four terms before re-enrolling in the same graduate program.

(b) For those new students enrolled in the law school in the Fall 2006, or thereafter, in addition to the tuition and fees set forth in paragraph (4) above, the University shall levy and collect an additional Resident Fee of \$12.02 per credit hour and an additional Student Financial Aid Fee of \$0.60 per credit hour. The additional fees authorized by this paragraph (5)(b) shall not apply to a law school student who was enrolled in law school prior to Fall 2006, and such student's enrollment has not lapsed for four terms before re-enroll in the same program.

(6) Effective the Fall 2005 term, during any semester in which a graduate nonresident student has been appointed as a Graduate Assistant for at least .25 FTE, the Out-of-State Fee for the student shall be \$0.00 per credit hour.

(7) The following fees shall be levied and collected on a per semester basis, effective the fall semester indicated for each student regularly enrolled, unless provided otherwise by law, or Board of Governor or University rule or regulation.

Exhibit "C"

FALL 2007

<i>Fee</i>	<i>Undergraduate</i>		<i>Graduate</i>		<i>Law</i>	
	<i>Resident</i>	<i>Non-Resident</i>	<i>Resident</i>	<i>Non-Resident</i>	<i>Resident</i>	<i>Non-Resident</i>
Health	\$67.20	\$67.20	\$67.20	\$67.20	\$67.20	\$67.20
Inter-collegiate Athletics	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00

(8) Effective the Fall Semester 2007, each student enrolled in the same undergraduate course more than twice shall be assessed an additional \$179.88 per credit hour for each such course in addition to the fees set forth above.

(9) Optional fees.

Orientation fee	\$ 35.00
Identification Card	\$ 10.00
Fee for Transcript	\$ 5.00
Fee for Diploma replacement	\$ 10.00
Late Payment fee	\$100.00
Late Registration fee	\$100.00
Off-Campus Fee	cost
Fingerprinting	cost
Materials and Supplies fee	cost
Library Fines and Penalties	varies

Authority: Resolution of the Florida Board of Governors dated January 7, 2003; Fla. Stat. sections 1001.74(11) and 1009.24, 2007-08 General Appropriations Act, Section 156, History-New 11-3-02, Amended 9-3-03, 8-22-04- 9-1-05, Formerly 6C8-6.010, Amended 6-13-06, 7-20-07, Amended_____.

**Florida International University
Board of Trustees
Plan for Need-Based Financial Aid for Florida Residents**

Florida International University plans to use 30% of the tuition revenue generated by the 5% tuition increase as need-based financial aid for Florida residents.

Based on Fall 2007 enrollment and traditional fall-to-spring enrollment patterns, it is projected that the additional tuition revenue will be \$1,192,000 of which \$358,000 (30%) will be devoted to need-based financial aid.

This financial aid will be distributed to all Pell Grant eligible students who are enrolled at the start of the Spring 2008 semester in the amount of \$3.00 per credit hour.

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**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE**

15 NOVEMBER 2007

SUBJECT: UNIVERSITY INTERNAL AUDIT PLAN, 2007-2008

PROPOSED COMMITTEE ACTION:

Adopt the following Resolution:

WHEREAS, the Operating Procedures of the Florida International University Board of Trustees' (the BOT) Finance and Audit Committee Charter (the Charter) provides that the Committee shall review and approve the Office of Internal Audit's annual audit plan, as attached to this Resolution as Exhibit "E," and

THEREFORE BE IT RESOLVED that the Florida International University Finance and Audit Committee adopt the 2007-2008 University Internal Audit Plan for the fiscal year ending June 30, 2008.

BACKGROUND INFORMATION:

LEGAL AUTHORITY:

The BOT Operating Procedures, Finance and Audit Committee Charter, Specific Responsibilities: The Office of Internal Audit, states in relevant part:

The Finance Committee shall... Review and approve the Office of Internal Audit's annual audit plan (and any subsequent changes thereto), considering the University-wide risk assessment and the degree of coordination with the Auditor General's Office for an effective, efficient, non-redundant use of audit resources.

EXPLANATION OF COMMITTEE ACTION:

The Finance and Audit Committee Charter mandates approval of the audit plan for the upcoming fiscal year.

EXHIBITS/SUPPORTING DOCUMENTS:

- EXHIBIT "E": UNIVERSITY INTERNAL AUDIT PLAN, 2007-2008

FACILITATOR/PRESENTER:

- PYONG CHO
- MANUEL SANCHEZ

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University Internal Audit Plan

For

The Fiscal Year 2007-2008

BOARD OF TRUSTEES

November 15, 2007



OFFICE OF INTERNAL AUDIT

October 12, 2007

TO: Modesto Maidique, President

FROM: Pyong Cho, Audit Manager

SUBJECT: ACTION ITEM – University Internal Audit Plan for 2007-2008

Using the same risk assessment procedures as last year, we identified a list of auditable processes/areas based on each financial reporting category within the certified financial statements for the fiscal year ended June 30, 2006.

Discussions were held with various financial and other University management to determine high-risk and high priority areas to audit from their perspective. After obtaining Office of Internal Audit (OIA) staff input and applying various risk factors, such as management/auditor concerns, prior audit history, financial controls, financial exposure/materiality, and public/regulatory exposure, etc., we prioritized the high risk auditable processes/areas. In addition, auditable Information Technology areas were evaluated and high risk exposures were identified using appropriate risk factors. The audit areas were identified and presented to the University Operations Committee for their review and feedback.

As a result of the risk assessment process, the areas that were identified to be included in the audit plan for fiscal year 2007-2008 are noted in Attachment A. The audit plan also includes investigations, follow-up and other audit related activities, which noted in Attachment B. Attachment C details the tentative timeline of when the audits and investigations will be performed.

Finally, since the OIA adheres to the International Standards for the Professional Practice of Internal Auditing, we will have a quality assurance review performed on the operations of our department by a regional CPA firm, Morrison, Brown, Argiz and Favra, LLP. This review is required to be performed at least every five years, and was last conducted by the State Auditor General in May 2002.

The audit plan is based on 5.5 of the seven authorized audit positions being filled throughout the year. Upon your approval, the audit plan will be presented to the Finance and Audit Committee for final ratification.

C: Cristina Mendoza, Vice President and General Counsel

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT
2007-2008 AUDIT PLAN**

Attachment A

Audit and Review Activities

1. Review of Computer Warranty and Operating Systems Cost
2. Follow-up Audit on Implemented Recommendations
3. Construction - Minor Projects (less than \$1 million)
4. Review of Consultant Expenses
5. Student Fees - On-Line Courses
6. Student Fees - Tuition Plus Courses
7. Payroll (ADP)
8. Controls Over Decentralized Cash Collections
9. Controls Over University Vehicle Usage
10. Review of Cellular Phone Expenses
11. Parking and Transportation Revenues
12. Purchasing Card Controls
13. Contracts and Grants
14. College of Law

IT Audit and Review Activities

15. Security Over Wireless Access Points
16. AIDS Research Project IT systems
17. IT Security Over Remote Credit/Debit Card Collections
18. IT Security Over Applied Research Center

Other

1. Quality Assurance Review of the Office of Internal Audit

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT
2007-2008 AUDIT PLAN**

Attachment B

Investigation Activities

1. College of Business Administration Complaint
2. Facilities Complaint
3. Grade Change Complaint
4. Additional Metropolitan Center Complaint

Follow Up Activities

We will follow up on the current status of the implementation of recommendations prior to each Finance and Audit Committee Meeting.

Audit Related Services

1. Risk Assessment and Audit Plan
2. Audit Committee Reports for each Scheduled Meeting
3. Annual Report
4. Surprise Cash Counts

Other Activities

1. Get Lean Hotline Monitoring
2. Coordination with State Auditor General
3. Revision of Audit/Investigation Operations Manual
4. The Office's Web Site Update
5. Training and Seminars for Staff

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT
2007-2008 AUDIT PLAN**

Attachment C

TIMELINE FOR AUDIT & INVESTIGATION ACTIVITIES	QTR 1	QTR 2	QTR 3	QTR 4
1. Review of Computer Warranty and Operating Systems Cost	X			
2. Follow-up Audit on Implemented Recommendations	X			
3. Construction - Minor Projects (less than \$1million)		X		
4. Review of Consultant Expenses		X		
5. Student Fees - On-Line Courses		X		
6. Student Fees - Tuition Plus Courses		X		
7. Payroll (ADP)			X	
8. Controls Over Decentralized Cash Collections			X	
9. Controls Over University Vehicle Usage			X	
10. Review of Cellular Phone Expenses			X	
11. Parking and Transportation Revenues				X
12. Purchasing Card Controls				X
13. Contracts and Grants				X
14. College of Law				X
15. Security Over Wireless Access Points		X		
16. AIDS Research Project IT systems			X	
17. IT Security Over Remote Credit/Debit Card Collections			X	
18. IT Security Over Applied Research Center				X
19. College of Business Administration Complaint	X			
20. Facilities Complaint	X			
21. Grade Change Complaint	X			
22. Additional Metropolitan Center Complaint	X			

OTHER

- | | |
|---|---|
| 1. Quality Assurance Review of the Office of Internal Audit | X |
|---|---|

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**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE**

15 NOVEMBER 2007

**SUBJECT: FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. FINANCIAL
AUDIT, 2006-2007**

PROPOSED COMMITTEE ACTION:

Recommend Board adoption of the following Resolution:

WHEREAS, pursuant to the Florida Administrative Code Section 6C8-6.100 (6), the Florida International University Foundation, Inc. (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 (the BOT) for review and approval; and

WHEREAS, the FIU Foundation, Inc. Board of Directors has approved the FIU Foundation, Inc. Financial Audit for 2006-2007 on 25 October 2007, attached hereto as Exhibit "F," and the University President is recommending its approval;

THEREFORE, BE IT RESOLVED, that the BOT hereby approves the attached FIU Foundation, Inc. Financial Audit for 2006-2007 and authorizes 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:

LEGAL AUTHORITY:

Section 6C8-6.100 (6) of the Florida Administrative Code, states in relevant part:

(6) Each DSO shall cause a financial audit of its accounts and records to be conducted by an independent certified public accountant after the close of each fiscal year. The audit report shall be submitted by the President of the University to the Board of Trustees no later than the end of the fourth month following the close of the organization's fiscal year.

ARTICLE 3 Section 2 of the Florida International University Foundation Bylaws, states in relevant part:

(iii) It shall cause an audit to be made by an independent certified public accountant of the books of the Foundation as soon as possible after the close of the fiscal year

of the Foundation, and to have the results reported to the Executive Director of the Foundation immediately, and to the full Board at their next meeting thereafter. The annual audit report shall be submitted by the University President to the Board of Trustees for review no later than the end of the fourth month following the close of the organization's fiscal year.

EXHIBITS/SUPPORTING DOCUMENTS:

- EXHIBIT "F": FLORIDA
INTERNATIONAL UNIVERSITY
FOUNDATION, INC. FINANCIAL AUDIT
2006-2007

FACILITATOR/PRESENTER:

- NOEL GUILLAMA-ALVAREZ

**FLORIDA INTERNATIONAL UNIVERSITY
FOUNDATION, INC. AND SUBSIDIARY**

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2007

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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 statements of financial position of Florida International University Foundation, Inc and Subsidiary (the Foundation), a component unit of Florida International University, as of June 30, 2007 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 2006 consolidated financial statements and, in our report dated September 6, 2006, we expressed an unqualified opinion on those consolidated financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States 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 financial position of the Foundation and its subsidiary as of June 30, 2007, 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 18, 2007 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.

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Rachlin Cohen & Holtz LLP

One Southeast Third Avenue ■ Tenth Floor ■ Miami, Florida 33131 ■ Phone 305.377.4228 ■ Fax 305.377.8331 ■ www.rachlin.com

An Independent Member of Baker Tilly International

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

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. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on them.

Rachlin Cohen & Holtz LLP

Miami, Florida
October 18, 2007

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2007

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2006)

<u>ASSETS</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u> <u>2007</u>	<u>2006</u>
Assets:					
Cash and cash equivalents	\$ 2,325,321	\$ 1,252,356	\$ 13,942,566	\$ 17,520,243	\$ 19,730,112
Investments	26,884,280	23,652,213	62,217,070	112,753,563	91,778,721
Contributions receivable, net	-	8,121,406	11,024,052	19,145,458	19,424,184
Grant receivable	-	-	-	-	18,192
Wolfsonian fixed assets, net	782,000	-	-	782,000	790,000
Foundation fixed assets, net	11,506,421	3,200	-	11,509,621	11,836,632
Bond issuance costs, net	119,024	-	-	119,024	127,050
Other assets	134,961	293,291	-	428,252	348,968
Total assets	<u>\$41,752,007</u>	<u>\$33,322,466</u>	<u>\$ 87,183,688</u>	<u>\$ 162,258,161</u>	<u>\$ 144,053,859</u>
 <u>LIABILITIES AND NET ASSETS</u>					
Liabilities:					
Accounts payable and other liabilities	\$ 202,727	\$ -	\$ -	\$ 202,727	\$ 153,985
Due to Florida International University	-	-	-	-	41,934
Annuities payable	-	330,898	-	330,898	352,404
Deferred revenue	528,134	-	-	528,134	393,522
Derivative liability	286,187	-	-	286,187	297,000
Notes payable	10,275,000	-	-	10,275,000	10,745,000
Total liabilities	11,292,048	330,898	-	11,622,946	11,983,845
Net Assets	<u>30,459,959</u>	<u>32,991,568</u>	<u>87,183,688</u>	<u>150,635,215</u>	<u>132,070,014</u>
Total liabilities and net assets	<u>\$41,752,007</u>	<u>\$33,322,466</u>	<u>\$ 87,183,688</u>	<u>\$ 162,258,161</u>	<u>\$ 144,053,859</u>

See notes to consolidated financial statements.

Exhibit "F"

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2007

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2006)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals 2007</u>	<u>2006</u>
Revenue, Gains and Other Support:					
Contributions	\$ 2,700,653	\$ 4,590,619	\$ 4,708,571	\$ 11,999,843	\$ 18,121,686
Wolfsonian grant revenue	5,828	-	-	5,828	83,614
Royalty income	259,290	-	-	259,290	242,591
Rental income	1,282,000	-	-	1,282,000	1,284,000
Dues	635,960	-	52,016	687,976	616,963
Support from FIU	364,935	-	-	364,935	-
Investment income	3,339,693	-	-	3,339,693	2,224,176
Unrealized derivative gain	10,813	-	-	10,813	248,000
Net unrealized investment gains	7,073,621	8,130,156	-	15,203,777	6,609,053
Administrative fees	2,702,993	-	-	2,702,993	1,815,340
Other	41,885	10,950	-	52,835	162,839
Net assets released from restrictions	<u>5,560,713</u>	<u>(5,566,424)</u>	<u>5,711</u>	<u>-</u>	<u>-</u>
Total revenue, gains and other support	<u>23,978,384</u>	<u>7,165,301</u>	<u>4,766,298</u>	<u>35,909,983</u>	<u>31,408,262</u>
Expenses:					
Program services	14,410,653	-	-	14,410,653	12,220,429
General and administrative	2,048,549	-	-	2,048,549	1,670,414
Fund raising	<u>640,972</u>	<u>-</u>	<u>-</u>	<u>640,972</u>	<u>657,964</u>
Total expenses	<u>17,100,174</u>	<u>-</u>	<u>-</u>	<u>17,100,174</u>	<u>14,548,807</u>
Change in Net Assets Before Provision for Uncollectible Pledges	6,878,210	7,165,301	4,766,298	18,809,809	16,859,455
Provision for Uncollectible Pledges	<u>-</u>	<u>(244,608)</u>	<u>-</u>	<u>(244,608)</u>	<u>(108,443)</u>
Change in Net Assets	6,878,210	6,920,693	4,766,298	18,565,201	16,751,012
Net Assets, Beginning	<u>23,581,749</u>	<u>26,070,875</u>	<u>82,417,390</u>	<u>132,070,014</u>	<u>115,319,002</u>
Net Assets, Ending	<u>\$ 30,459,959</u>	<u>\$ 32,991,568</u>	<u>\$ 87,183,688</u>	<u>\$ 150,635,215</u>	<u>\$ 132,070,014</u>

See notes to consolidated financial statements.

Exhibit "F"

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2007

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2006)

	Program Services	General and Administrative	Fund Raising	Totals 2007	Totals 2006
Contribution to University Building Program	\$ 4,546,309	\$ -	\$ -	\$ 4,546,309	\$ 3,373,217
College of Business Administration	1,710,125	-	-	1,710,125	1,130,174
College of Engineering and Computing	1,041,889	-	-	1,041,889	1,003,544
University Wide Scholarships and Programs	1,025,913	-	-	1,025,913	451,574
College of Nursing and Health Sciences	828,731	-	-	828,731	982,177
Academic Affairs	753,672	-	-	753,672	911,065
College of Arts and Sciences	707,387	-	-	707,387	745,893
School of Hospitality Management	525,692	-	-	525,692	381,860
Interest	-	449,831	-	449,831	441,007
College of Education	412,124	-	-	412,124	417,410
Stemple School of Public Health	392,847	-	-	392,847	-
President's compensation	-	380,303	-	380,303	219,032
FIU Art Museum	352,588	-	-	352,588	361,141
Depreciation and amortization	-	343,037	-	343,037	343,037
College of Architecture & the Arts	307,868	-	-	307,868	58,198
College of Law	297,296	-	-	297,296	147,070
Wolfsonian Museum	294,867	-	-	294,867	451,193
Utilities and Maintenance	-	267,943	-	267,943	349,159
Marketing fees	-	-	247,320	247,320	223,972
President's Office	233,534	-	-	233,534	46,390
Capital campaign	-	-	217,500	217,500	314,986
Athletics Fund - Golden Panthers	197,734	-	-	197,734	955,395
Advancement operations	-	-	166,166	166,166	89,506
Lobbying	-	147,232	-	147,232	-
FIU Alumni Association	140,618	-	-	140,618	192,480
Faculty Research Awards	118,000	-	-	118,000	-
FIU Libraries	110,715	-	-	110,715	57,265
Business office operations	-	109,649	-	109,649	79,548
Professional fees	-	96,440	-	96,440	89,504
President's allowance	-	94,073	-	94,073	44,931
Honors College	92,506	-	-	92,506	29,649
School of Journalism	92,359	-	-	92,359	79,851
Student Affairs	83,202	-	-	83,202	194,479
College of Social Work, Justice & Public Affairs	59,540	-	-	59,540	45,843
License plates	49,512	-	9,986	59,498	65,268
Other miscellaneous expense	-	45,659	-	45,659	5,536
Florida Board of Governor's Assessment	-	31,665	-	31,665	31,855
FIU Vice President's allowance	-	28,385	-	28,385	20,986
Wolfsonian grant expenses	23,417	-	-	23,417	148,824
Bank and investment fees	-	22,871	-	22,871	19,445
Insurance	-	20,612	-	20,612	15,068
Remarketing fees	-	10,849	-	10,849	11,306
Medical School	10,438	-	-	10,438	4,278
Human Resources	1,770	-	-	1,770	15,441
FIU Film Festival	-	-	-	-	250
Total expenses	\$14,410,653	\$ 2,048,549	\$ 640,972	\$17,100,174	\$14,548,807

See notes to consolidated financial statements.

Exhibit "F"

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2007

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2006)

	<u>2007</u>	<u>2006</u>
Cash Flows from Operating Activities:		
Change in net assets before provision for uncollectible pledges	\$ 18,809,809	\$ 16,859,455
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	343,037	343,037
Provision for uncollectible pledges	(244,608)	(108,443)
Net unrealized investment gains	(15,203,777)	(6,609,053)
Changes in assets and liabilities:		
(Increase) decrease in:		
Contributions receivable	296,918	(4,574,242)
Grants receivable	-	(18,192)
Other assets	(79,284)	(32,094)
Increase (decrease) in:		
Accounts payable and other liabilities	48,742	(3,961)
Actuarial liability of annuities payable	(21,506)	(48,252)
Due to University	(41,934)	(299,259)
Deferred revenue	134,612	118,699
Derivative liability	(10,813)	(248,000)
Unrestricted investment earnings	<u>3,339,693</u>	<u>540,303</u>
Net cash provided by operating activities	<u>7,370,889</u>	<u>5,919,998</u>
Cash Flows from Investing Activities:		
Net purchases of investments	<u>(9,110,758)</u>	<u>(2,581,647)</u>
Cash Flows from Financing Activities:		
Principal repayments	(470,000)	(450,000)
Interest and dividends restricted for reinvestment	-	1,683,873
Net cash provided (used) by financing activities	<u>(470,000)</u>	<u>1,233,873</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,209,869)	4,572,224
Cash and Cash Equivalents, Beginning	<u>19,730,112</u>	<u>15,157,888</u>
Cash and Cash Equivalents, Ending	<u>\$ 17,520,243</u>	<u>\$ 19,730,112</u>

See notes to consolidated financial statements.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2007

NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

Florida International University Foundation, Inc. (the Foundation), 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, 2007, 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.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Statement (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, 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.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

(Continued)

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.

Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2006 from which the summarized information was derived.

Use of Estimates

The 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 financial statements and revenue and expenses during the period reported. These estimates include assessing the collectibility of contributions receivable. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

(Continued)

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 statement of financial position. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the statement of activities as an increase or decrease in unrestricted net assets unless the income or loss is restricted by donor or law. Restricted gains and investment income, where the restrictions are met in the same reporting period as the income is earned, are recorded as unrestricted support. The total net unrealized investment gains and net investment income, for the years ended June 30, 2007 and 2006 amounted to \$18,543,470 and \$8,833,229, of which, \$13,976,894 and \$6,736,822 were applied to individual endowments.

Contributions

The Organization accounts for contributions in accordance with the provisions of Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, 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.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

(Continued)

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. Deferred revenue at year ended June 30, 2007 amounted to \$528,134.

Wolfsonian, Inc. Land and Building and Foundation Property

Property and equipment are recorded at 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. 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. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, ranging from five to forty years.

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 statement of financial position. The change in fair value is presented as an unrealized gain or loss in the statement of activities.

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.

Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash in banks, investments, accounts receivable, and promises to give.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Concentrations of Credit Risk (Continued)

The Foundation places substantially all of its cash with high quality financial institutions which the Foundation believes limits this risk. At June 30, 2007, approximately \$1,828,000 was in excess of the Federal Depository Insurance Company (FDIC) limits.

In addition, the Foundation maintains investment accounts with financial institutions which are not insured by the FDIC. These funds may be subject to insurance by Securities Investor Protection Corporation (SIPC), subject to various limitations. At June 30, 2007, approximately \$112,754,000 was held in these accounts. The Foundation believes that the number, diversity and financial strength of the issuers mitigate the credit risks associated with all investments.

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 to 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-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 FOUNDATION, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

NOTE 3. INVESTMENTS

	<u>2007</u>	<u>2006</u>
Common stock and mutual funds	\$ 98,414,241	\$63,009,831
Short Term Investments	1,046,025	
Limited partnerships	-	17,881,617
U.S. Government and municipal securities	7,168,271	7,377,536
Corporate bonds	5,937,977	3,323,865
	<u>112,566,514</u>	<u>91,592,849</u>
Plus accrued interest	187,049	185,872
Total investments	<u>\$ 112,753,563</u>	<u>\$91,778,721</u>

NOTE 4. 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:

	<u>2007</u>	<u>2006</u>
Receivable in less than one year	\$ 7,671,955	\$13,642,639
Receivable in one to five years	11,393,475	6,344,093
Receivable in more than five years	1,737,872	2,163,712
	<u>20,803,302</u>	<u>22,150,444</u>
Less adjustment for fair value	(169,572)	(233,828)
Estimated fair value	20,633,730	21,916,616
Less discount at 6%	(1,488,272)	(2,492,432)
Promises to give, net	<u>\$19,145,458</u>	<u>\$19,424,184</u>

NOTE 5. WOLFSONIAN, INC. FIXED ASSETS

	<u>2007</u>	<u>2006</u>
Land	\$ 700,000	\$ 700,000
Women's Club building	160,000	160,000
	<u>860,000</u>	<u>860,000</u>
Less accumulated depreciation	78,000	70,000
Fixed assets, net	<u>\$ 782,000</u>	<u>\$ 790,000</u>

Depreciation expense was \$8,000 for the years ended June 30, 2007 and 2006, respectively.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

NOTE 6. FOUNDATION FIXED ASSETS

	<u>2007</u>	<u>2006</u>
MARC Building	\$13,080,435	\$13,080,435
Land	2,500	2,500
Time share	3,200	3,200
	<u>13,086,135</u>	<u>13,086,135</u>
Less accumulated depreciation	<u>1,576,514</u>	<u>1,249,503</u>
Fixed assets, net	<u>\$11,509,621</u>	<u>\$11,836,632</u>

Depreciation expense was \$327,011 for the years ended June 30, 2007 and 2006, respectively.

NOTE 7. BOND ISSUANCE COSTS

As of June 30, 2007, 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.

	<u>2007</u>	<u>2006</u>
Bond issuance costs	\$ 178,772	\$ 178,772
Less accumulated amortization	<u>59,748</u>	<u>51,722</u>
Bond issuance costs, net	<u>\$ 119,024</u>	<u>\$ 127,050</u>

NOTE 8. ANNUITIES PAYABLE

The Foundation has received, as of June 30, 2007, \$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 \$330,898.

NOTE 9. NOTES 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

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

NOTE 9. NOTES PAYABLE (Continued)

and the Authority. The Bonds will also be payable from 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, 2007, total interest paid was \$449,831. 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, 2007, the outstanding principal balance due under this note payable amounted to \$10,275,000. As of June 30, 2007, the fair value of the FIU Foundation's liability under the swap agreement was \$286,187.

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. 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.

The aggregate maturities of the notes payable as of June 30, 2007 are as follows:

Year ending June 30:	
2008	\$ 495,000
2009	525,000
2010	550,000
2011	575,000
2012	605,000
Thereafter	7,525,000
	<u>\$10,275,000</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 U.S. Dollar – LIBOR – BBA. Effective October 1, 2005, the Foundation renegotiated the swap agreement reducing the interest rate swap to 4.63 percent per annum. The renegotiated swap agreement expires on February 1, 2015.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

NOTE 11. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets of \$32,991,568 at June 30, 2007 were available for scholarships and other program specific expenses. Permanently restricted net assets of \$87,183,688 at June 30, 2007 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, 2007 was 5.5%. The spendable earnings are recorded as either temporarily restricted or unrestricted assets, as stipulated by the donor.

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 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, 2007, the Foundation transferred \$4,546,309 to support numerous construction projects, as follows:

Art museum building	\$1,271,157
A. Chapman Graduate School building	2,015,098
Law School building	260,054
University Football Stadium	<u>1,000,000</u>
	<u>\$4,546,309</u>

NOTE 13. COMMITMENTS AND CONTINGENCIES

Loan Guarantees

The Foundation guarantees amounts on construction projects on FIU's South Campus and hurricane relief loans as follows:

- up to the outstanding loan amount of \$1,168,298 for the Pi Kappa Alpha Kappa Gamma Greek Housing facility
- the repayment of principal and interest on each hurricane relief loan made by the University credit union to existing credit union members and to Foundation-approved University employees. As of June 30, 2007, \$243,165 of loans were outstanding.

Because almost all guarantees are expected to retire without being funded, these transactions are not expected to significantly impact operations or future cash flows.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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.

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 approximately \$13,000,000 and the net book value is approximately \$11,500,000 at June 30, 2007. Minimum future rentals as of June 30, 2007 are approximately as follows:

Year ending June 30:

2008	\$ 1,260,000
2009	1,260,000
2010	1,260,000
2011	1,260,000
2012	1,260,000
Thereafter	<u>12,600,000</u>
	<u>\$18,900,000</u>

SUPPLEMENTARY INFORMATION
(Unaudited)

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY

(Unaudited)

EMINENT SCHOLARS CHAIR PROGRAM

SCHEDULE OF RECEIPTS, EXPENDITURES AND ENDOWMENT BALANCES - SCHEDULE I

YEAR ENDED JUNE 30, 2007

	Beginning Balance July 1, 2006	Contribution Amount	Received	Interest and Investment Gains	Expenses	Ending Balance June 30, 2007
1117030 Edna Gene & Jordan Davidson Endowed Chair						
Permanently restricted	\$1,000,000					\$1,000,000
Unrestricted	\$763,867			\$252,715	\$85,564	\$931,018
1139070 George C. Barley Endowed Chair						
Permanently restricted	\$1,080,000					\$1,080,000
Unrestricted	\$339,956			\$198,632	\$65,943	\$472,645
1200220 James L. Knight Endowed Chair in MIS						
Permanently restricted	\$1,031,794					\$1,031,794
Unrestricted	\$590,569	\$100	Oct-06	\$242,808	\$97,434	\$736,043
1270040 Knight Ridder Chair in Global Management						
Permanently restricted	\$1,020,000					\$1,020,000
Unrestricted	\$212,560			\$184,662	\$110,384	\$286,838
1270050 Knight Ridder Chair in International Management						
Permanently restricted	\$1,020,000					\$1,020,000
Unrestricted	\$217,932			\$184,662	\$109,576	\$293,018
1270060 Byron Harless Chair in Management Development						
Permanently restricted	\$1,020,000					\$1,020,000
Unrestricted	\$169,378			\$184,662	\$116,840	\$237,200
1270070 James K. Batten Chair in Strategic Management						
Permanently restricted	\$1,020,000					\$1,020,000
Unrestricted	\$229,284			\$184,662	\$79,650	\$334,296
1270080 Alvah Chapman Endowed Chair in Management						
Permanently restricted	\$1,020,000					\$1,020,000
Unrestricted	\$152,605			\$181,876	\$103,587	\$230,894
1280060 Ryder Chair in Management Information Systems						
Permanently restricted	\$1,020,000					\$1,020,000
Unrestricted	\$185,859			\$179,487	\$93,015	\$272,331
1280070 Ryder Chair Business Leadership						
Permanently restricted	\$1,020,000					\$1,020,000
Unrestricted	\$120,158			\$183,071	\$87,189	\$216,040
1280080 Ryder Chair in Decision Sciences						
Permanently restricted	\$1,020,000					\$1,020,000
Unrestricted	\$120,023			\$183,071	\$86,995	\$216,099
1280090 Ryder Global						
Permanently restricted	\$1,020,000					\$1,020,000
Unrestricted	\$180,882			\$183,071	\$50,167	\$313,786
1410020 JLK Chair in Education Reform & Innovation						
Permanently restricted	\$1,022,170					\$1,022,170
Unrestricted	\$154,730			\$186,048	\$67,132	\$273,646
1410030 JLK Chair in Education & Technology						
Permanently restricted	\$1,022,171					\$1,022,171
Unrestricted	\$143,124			\$186,048	\$50,094	\$279,078
1410040 JLK Chair in Urban Education, Non College Bound						
Permanently restricted	\$1,022,171					\$1,022,171
Unrestricted	\$157,075			\$186,048	\$63,028	\$280,095
1410050 JLK Chair in Urban Education Issues						
Permanently restricted	\$1,022,171					\$1,022,171
Unrestricted	\$152,694			\$186,048	\$33,539	\$305,203

(Continued)

Exhibit "F"

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY

(Unaudited)

EMINENT SCHOLARS CHAIR PROGRAM
 SCHEDULE OF RECEIPTS, EXPENDITURES AND ENDOWMENT BALANCES - SCHEDULE I
 (Continued)

YEAR ENDED JUNE 30, 2007

	Beginning Balance July 1, 2006	Contribution Amount	Received	Interest and Investment Gains	Expenses	Ending Balance June 30, 2007
1600170 Coulter Biomedical Eminent Chair						
Permanently restricted	\$2,000,000					\$2,000,000
Unrestricted	\$309,441			\$367,744	\$100,000	\$577,185
1700090 Paul L. Cejas Endowed Scholarship Chair						
Permanently restricted	\$600,003	\$419,997	Sep-06			\$1,020,000
Unrestricted	\$44,047			\$172,569	\$71,357	\$145,259
4100190 We Will Rebuild Chair in Hurricane Studies						
Permanently restricted	\$1,050,000					\$1,050,000
Unrestricted	\$451,986			\$224,241	\$70,833	\$605,394
	-	-		-	-	-
	<u>\$24,726,650</u>	<u>\$420,097</u>		<u>\$3,852,125</u>	<u>\$1,542,327</u>	<u>\$27,456,545</u>
B. Encumbered	-	-		-	-	-
C. Priority List						
Paul Cejas Eminent Scholars Endowed Chair	\$420,004	(\$420,004)				\$0
	-	-		-	-	-
	<u>\$ 420,004</u>	<u>\$(420,004)</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Exhibit "F"

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY

(Unaudited)

MAJOR GIFTS PROGRAM
SCHEDULE OF RECEIPTS, EXPENDITURES AND ENDOWMENT BALANCES - SCHEDULE II

YEAR ENDED JUNE 30, 2007

	Beginning Balance July 1, 2006	<u>Contribution</u>		Interest and Investment Gains	Expenses	Ending Balance June 30, 2007
		<u>Amount</u>	<u>Received</u>			
1000030 Madeline Kitts Scholarship:						
Permanently restricted	\$457,093					\$457,093
Temporarily restricted	\$325,078			\$105,843	\$57,866	\$373,055
1000060 Patricia and Phillip Frost Endowed Professorship:						
Permanently restricted	\$150,000					\$150,000
Unrestricted	\$161,811			\$38,293	\$22,095	\$178,009
1000140 Perlman Family Faculty Grant Endowment						
Permanently restricted	\$102,270	\$50,906	Sep-06			\$153,176
Unrestricted	\$18,401			\$26,793	\$6,422	\$38,772
1000420 Perry Graduate Scholarship:						
Permanently restricted	\$254,552					\$254,552
Temporarily restricted	\$51,965			\$46,210	\$21,074	\$77,101
1000460 Aventura Marketing:						
Permanently restricted	\$207,517					\$207,517
Temporarily restricted	\$36,297			\$36,505	\$15,383	\$57,419
1000510 Garcia-Zamor Haitian American Endowment:						
Permanently restricted	\$300,000					\$300,000
Temporarily restricted	\$32,834			\$52,054	\$20,975	\$63,913
1000570 Bank of America Scholarship Endowment:						
Permanently restricted	\$175,000					\$175,000
Temporarily restricted	\$44,754			\$32,537	\$17,798	\$59,493
1000610 Lucille E. Snaith Memorial Scholarship Endowment						
Permanently restricted	\$152,500					\$152,500
Temporarily restricted	\$17,538			\$26,604	\$7,376	\$36,766
1000650 Manuel and Mercedes Mosteiro Scholarship Endow						
Permanently restricted	\$151,763	\$75,882	Sep-06			\$227,645
Temporarily restricted	\$6,566			\$38,332	\$9,186	\$35,712
1000710 Sedanos Family First Generation Scholarship						
Permanently restricted		\$100,000	Dec-06			\$100,000
Temporarily restricted				\$12,518	\$3,000	\$9,518
1100090 Judith Evans Parker						
Permanently restricted	\$100,000					\$100,000
Temporarily restricted	\$23,365			\$18,281	\$16,131	\$25,515
1111110 Barnes & Noble Creative Writing Endowment:						
Permanently restricted	\$350,000	\$50,000	Sep-06			\$400,000
Unrestricted	\$44,442			\$70,424	\$21,696	\$93,170
1119050 Helen J. Dunnick:						
Permanently restricted	\$224,521					\$224,521
Unrestricted	\$29,075			\$39,112	\$12,839	\$55,348
1119070 Sephardic Oriental Jewish Endowment:						
Permanently restricted	\$1,020,000					\$1,020,000
Temporarily restricted	\$132,727	\$1,000	Jun-07	\$176,985	\$70,520	\$240,192
1131050 Stanley Glaser Endowed Professorship in Biological Science						
Permanently restricted	\$150,000					\$150,000
Unrestricted	\$99,698			\$37,907	\$22,916	\$114,689
1131100 Kelly Tropical Botany Scholarship Endowment						
Permanently restricted	\$150,000					\$150,000
Temporarily restricted	\$28,269			\$27,268	\$23,264	\$32,273
1139040 S.E. Environmental:						
Permanently restricted	\$1,029,000					\$1,029,000
Unrestricted	\$90,853			\$177,015	\$89,571	\$178,297
1139080 Miccosukee Indians Everglades Endowment						
Permanently restricted	\$1,620,000					\$1,620,000
Unrestricted	\$301,982			\$285,614	\$128,476	\$459,120

Exhibit "F"

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY

(Unaudited)

MAJOR GIFTS PROGRAM
 SCHEDULE OF RECEIPTS, EXPENDITURES AND ENDOWMENT BALANCES - SCHEDULE II
 (Continued)

YEAR ENDED JUNE 30, 2007

	Beginning Balance July 1, 2006	<u>Contribution</u>		Interest and Investment Gains	Expenses	Ending Balance June 30, 2007
		<u>Amount</u>	<u>Received</u>			
1139110 JM Hibbard Memorial Lectures						
Permanently restricted	\$100,000	\$50,000	Sep-06			\$150,000
Unrestricted	\$7,341			\$25,423	\$7,780	\$24,984
1200040 Business Men's Insurance Marketing Professorship:						
Permanently restricted	\$134,600					\$134,600
Unrestricted	\$96,315			\$35,309	\$22,808	\$108,816
1200070 Macy's Professorship:						
Permanently restricted	\$225,000					\$225,000
Unrestricted	\$30,381			\$39,041	\$9,356	\$60,066
1200100 Deloitte & Touche Accounting Scholarship Endowment						
Permanently restricted	\$137,556					\$137,556
Temporarily restricted	\$32,694			\$24,955	\$8,481	\$49,168
1200110 Drexel Burnham Lambert Endowed Scholarship in CBA						
Permanently restricted	\$142,500					\$142,500
Temporarily Restricted	\$105,783			\$36,410	\$20,726	\$121,467
1200140 FIBA Professorship:						
Permanently restricted	\$150,000					\$150,000
Unrestricted	\$30,380			\$27,162	\$24,153	\$33,389
1200150 Wachovia Business Ethics Scholarship						
Permanently restricted	\$300,000					\$300,000
Temporarily restricted	\$61,015			\$54,322	\$19,019	\$96,318
1200180 Herbert Wertheim Professorship in College of Business						
Permanently restricted	\$150,000					\$150,000
Unrestricted	\$78,061			\$31,757	\$23,196	\$86,622
1200190 Ingersoll-Rand Professorship Endowment						
Permanently restricted		\$100,001	Jul-06			\$100,001
Unrestricted		\$12,150	Jul-06	\$17,977	\$8,750	\$21,377
1200250 Bank America Business Ethics Scholarship:						
Permanently restricted	\$300,000					\$300,000
Temporarily restricted	\$70,033			\$54,842	\$22,643	\$102,232
1200260 Union Planters National Bank:						
Permanently restricted	\$487,500					\$487,500
Temporarily restricted	\$97,442			\$87,541	\$22,479	\$162,504
1200280 SunTrust Professorship:						
Permanently restricted	\$225,000					\$225,000
Unrestricted	\$32,636			\$39,911	\$10,598	\$61,949
1200290 AXA Foundation Business Ethics Scholarship:						
Permanently restricted	\$210,275					\$210,275
Temporarily restricted	\$41,343			\$37,481	\$8,983	\$69,841
1200330 David Parker:						
Permanently restricted	\$100,000					\$100,000
Temporarily restricted	\$17,965			\$18,281	\$12,821	\$23,425
1260020 Jerome Bain Endowed Scholarship:						
Permanently restricted	\$150,000					\$150,000
Temporarily restricted	\$133,067			\$34,552	\$28,280	\$139,339
1260030 Jerome Bain Real Estate Institution:						
Permanently restricted	\$1,020,000					\$1,020,000
Unrestricted	\$234,704	\$2,716	Oct-06	\$183,436	\$107,222	\$313,634
1270030 Knight Ridder Center Endowment:						
Permanently restricted	\$548,707					\$548,707
Unrestricted	\$54,699			\$94,148	\$25,257	\$123,590

(Continued)

Exhibit "F"

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY

(Unaudited)

MAJOR GIFTS PROGRAM
 SCHEDULE OF RECEIPTS, EXPENDITURES AND ENDOWMENT BALANCES - SCHEDULE II
 (Continued)

YEAR ENDED JUNE 30, 2007

	Beginning Balance July 1, <u>2006</u>	<u>Contribution</u> <u>Amount</u> <u>Received</u>		Interest and Investment <u>Gains</u>	<u>Expenses</u>	Ending Balance June 30, <u>2007</u>
1280040 Ryder Center for Business Logistics:						
Permanently restricted	\$150,000					\$150,000
Unrestricted	\$86,032			\$35,314	\$9,619	\$111,727
1280050 Ryder System Endowed Professorship:						
Permanently restricted	\$150,000					\$150,000
Unrestricted	\$98,010			\$35,180	\$39,538	\$93,652
1300030 Henry Milander:						
Permanently restricted	\$524,399					\$524,399
Temporarily restricted	\$307,088			\$110,391	\$26,455	\$391,024
1300100 Bank of America Scholarship Endowment (CUPA):						
Permanently restricted	\$150,000					\$150,000
Temporarily restricted	\$31,079			\$26,950	\$6,457	\$51,572
1400040 Patricia and Phillip Endowed Professorship in Education:						
Permanently restricted	\$150,000					\$150,000
Unrestricted	\$79,062			\$36,671	\$18,595	\$97,138
1400140 Bellsouth Scholarship Endowment:						
Permanently restricted	\$150,000					\$150,000
Temporarily restricted	\$39,931			\$27,893	\$12,686	\$55,138
1400150 Pat Tornillo Scholarship Endowment:						
Permanently restricted	\$370,000					\$370,000
Temporarily restricted	\$69,064			\$65,441	\$15,682	\$118,823
1400180 Mark Blum Memorial Scholarship Endowment:						
Permanently restricted	\$160,000	\$67,996	Nov-07			\$227,996
Temporarily restricted	\$18,344			\$36,230	\$10,681	\$43,893
1400200 Robert R. Bellany Scholarship Endowment:						
Permanently restricted	\$580,000	\$102,500	Sep-06			\$682,500
Temporarily restricted	\$82,307			\$119,930	\$32,742	\$169,495
1500030 Hospitality Management Minority Endowment:						
Permanently restricted	\$441,496					\$441,496
Temporarily restricted	\$53,908			\$76,373	\$22,501	\$107,780
1500040 N.A.C. Professorship in Hospitality Management:						
Permanently restricted	\$155,000					\$155,000
Unrestricted	\$126,113			\$39,242	\$9,405	\$155,950
1500100 Coca Cola Professorship:						
Permanently restricted	\$150,000					\$150,000
Unrestricted	\$80,327			\$35,148	\$17,589	\$97,886
1500140 James Bruce Wallace/R. Tuesday Scholarship Fund:						
Permanently restricted	\$150,000					\$150,000
Temporarily restricted	\$74,153			\$35,096	\$17,679	\$91,570
1500160 Ernest R. Graham Endowed Professorship:						
Permanently restricted	\$150,000					\$150,000
Unrestricted	\$109,973			\$38,944	\$16,407	\$132,510
1500180 Metromedia Restaurants Endowed Scholarships:						
Permanently restricted	\$170,000					\$170,000
Temporarily restricted	\$52,133			\$32,539	\$15,298	\$69,374
1500190 Beverage Management Endowment:						
Permanently restricted	\$454,819					\$454,819
Unrestricted	\$56,845			\$80,137	\$49,156	\$87,826
1500210 FIU Hospitality Review:						
Permanently restricted	\$187,500					\$187,500
Temporarily restricted	\$46,856			\$36,797	\$14,709	\$68,944

(Continued)

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY

(Unaudited)

MAJOR GIFTS PROGRAM
SCHEDULE OF RECEIPTS, EXPENDITURES AND ENDOWMENT BALANCES - SCHEDULE II
(Continued)

YEAR ENDED JUNE 30, 2007

	Beginning Balance July 1, 2006	<u>Contribution</u>		Interest and Investment Gains	Expenses	Ending Balance June 30, 2007
		<u>Amount</u>	<u>Received</u>			
1500220 Hospitality Management Program:						
Permanently restricted	\$213,152					\$213,152
Unrestricted	\$62,633			\$38,567	\$9,243	\$91,957
1500230 John Kluge Endowed Scholarship:						
Permanently restricted	\$710,000					\$710,000
Temporarily restricted	\$154,407			\$130,143	\$43,515	\$241,035
1500240 Hospitality Computer Endowment:						
Permanently restricted	\$175,637					\$175,637
Temporarily restricted	\$40,853			\$31,922	\$7,650	\$65,125
1500290 Michael Hurst Lectures & Scholarships						
Permanently restricted	\$155,469					\$155,469
Temporarily restricted	\$33,028	\$16,000	Apr-07	\$27,858	\$8,777	\$68,109
1500300 H.R. Chaplin Beverage Management Chair						
Permanently restricted	\$1,020,000					\$1,020,000
Temporarily restricted	\$223,986			\$186,776	\$52,367	\$358,395
1500370 Marriott Scholarship Endowment						
Permanently restricted	\$100,000	\$150,000	Dec-06			\$250,000
Temporarily restricted	\$4,330			\$37,776	\$12,053	\$30,053
1500410 Ocean Waters Hospitality Scholarship						
Permanently restricted		\$100,000	Jan-07			\$100,000
Temporarily restricted		\$5,000	Jan-07	\$8,345	\$3,000	\$10,345
1600020 Endowed Scholarships in Engineering:						
Permanently restricted	\$150,000					\$150,000
Temporarily restricted	\$24,830	\$9,586	Dec-06	\$27,421	\$15,433	\$46,404
1600030 Endowed Professorship in Engineering:						
Permanently restricted	\$100,000					\$100,000
Unrestricted	\$76,919			\$21,202	\$9,776	\$88,345
1600140 Norman Wseldon Biomedical:						
Permanently restricted	\$150,000					\$150,000
Temporarily restricted	\$19,340			\$27,195	\$12,921	\$33,614
1600180 Bioinstrumentation/Biomeasurement Professorship						
Permanently restricted	\$1,000,000					\$1,000,000
Temporarily restricted	\$194,483			\$182,174	\$100,000	\$276,657
1600190 Biomedical Engineering Excellence Endowment:						
Permanently restricted	\$2,000,000					\$2,000,000
Unrestricted	\$268,875			\$361,285	\$98,508	\$531,652
1600210 Cardiovascular Engineering Center:						
Permanently restricted	\$500,000					\$500,000
Unrestricted	\$67,218			\$90,321	\$25,000	\$132,539
1600220 Lucent Technology CALA Dist. Professorship:						
Permanently restricted	\$450,000					\$450,000
Unrestricted	\$65,509			\$78,081	\$18,713	\$124,877
1600240 Biomedical Engineering Research Institute:						
Permanently restricted	\$1,000,000					\$1,000,000
Unrestricted	\$134,438			\$180,642	\$50,000	\$265,080
1600250 WH Coulter Graduate Fellowships in Biomedical Engineering						
Permanently restricted	\$1,000,000					\$1,000,000
Unrestricted	\$134,438			\$180,642	\$50,000	\$265,080
1600260 WH Coulter Biomedical Scholarships Endowment:						
Permanently restricted	\$500,000					\$500,000
Unrestricted	\$67,218			\$90,321	\$25,000	\$132,539

(Continued)

Exhibit "F"

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY

(Unaudited)

MAJOR GIFTS PROGRAM
 SCHEDULE OF RECEIPTS, EXPENDITURES AND ENDOWMENT BALANCES - SCHEDULE II
 (Continued)

YEAR ENDED JUNE 30, 2007

	Beginning Balance July 1, 2006	<u>Contribution</u>		Interest and Investment Gains	Expenses	Ending Balance June 30, 2007
		<u>Amount</u>	<u>Received</u>			
1600270 Coulter Young Inventor Award Endowment						
Permanently restricted	\$1,500,000					\$1,500,000
Temporarily Restricted	\$250,942			\$278,812	\$75,000	\$454,754
1600280 Coulter Biomedical Lecture Series						
Permanently restricted	\$500,000					\$500,000
Temporarily Restricted	\$69,718			\$90,321	\$23,912	\$136,127
1600330 Ware Professorship						
Permanently restricted	\$150,000					\$150,000
Unrestricted	\$25,340			\$26,803	\$6,423	\$45,720
1600450 Ware Foundation Research						
Permanently restricted	\$200,000	\$200,000	Jan-07			\$400,000
Unrestricted	\$9,796	\$67,000	Jan-07	\$59,044	\$87,193	\$48,647
1600480 Kelly Foundation Construction & Engineering						
Permanently restricted		\$100,000	Dec-Jan 07			\$100,000
Unrestricted				\$10,432	\$2,500	\$7,932
1700080 Paul L. Cejas Architecture Endowment						
Permanently restricted	\$400,002	\$330,007	Sep-06			\$730,009
Unrestricted	\$29,366			\$123,393	\$39,572	\$113,187
1740040 Evelyn Spitalny Endowment in Music						
Permanently restricted	\$153,181					\$153,181
Unrestricted	\$43,499			\$30,458	\$14,321	\$59,636
1740060 Wertheim Performing Arts Scholarship						
Permanently restricted	\$1,020,000					\$1,020,000
Unrestricted	\$200,173			\$193,427	\$62,946	\$330,654
1800150 Dresnick Scholars Endowment:						
Permanently restricted	\$152,297					\$152,297
Temporarily restricted	\$25,079			\$28,484	\$13,036	\$40,527
1800170 A. Friedman Health & Nursing Endowment:						
Permanently restricted	\$150,000					\$150,000
Temporarily restricted	\$33,938			\$26,728	\$16,611	\$44,055
1810040 School of Nursing Endowment I:						
Permanently restricted	\$786,152	\$500,000	Dec-06			\$1,286,152
Unrestricted	\$183,403	\$5,000	Mar-07	\$218,974	\$88,973	\$318,404
1810050 Betty Florman Nursing Scholarship						
Permanently restricted	\$150,000					\$150,000
Temporarily restricted	\$17,874			\$26,854	\$13,420	\$31,308
1810110 BC/BS Nursing Scholarship Endowment						
Permanently restricted	\$100,000	\$50,000	Sep-06			\$150,000
Temporarily restricted	\$11,909			\$26,317	\$10,507	\$27,719
1810130 North Dade Medical Nursing Lab Equipment						
Permanently restricted	\$250,000	\$187,500	Sep-06			\$437,500
Temporarily restricted	\$25,058			\$62,851	\$12,689	\$75,220
1810140 North Dade Medical Nursing Scholars Endowment						
Permanently restricted	\$1,000,000	\$750,000	Sep-06			\$1,750,000
Temporarily restricted	\$100,230			\$251,405	\$58,670	\$292,965
1900050 Janet Chusmir Endowment Scholarship in School of Journalism and Mass Communication						
Permanently restricted	\$313,210					\$313,210
Temporarily restricted	\$217,743			\$75,998	\$23,838	\$269,903

(Continued)

Exhibit "F"

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY

(Unaudited)

MAJOR GIFTS PROGRAM
 SCHEDULE OF RECEIPTS, EXPENDITURES AND ENDOWMENT BALANCES - SCHEDULE II
 (Continued)

YEAR ENDED JUNE 30, 2007

	Beginning Balance July 1, 2006	Contribution		Interest and Investment Gains(1)	Expenses	Ending Balance June 30, 2007
		Amount	Received			
1900060 W.R. Hearst Professorship						
Permanently restricted	\$300,000					\$300,000
Temporarily restricted	\$120,705	\$3,400	Nov-06	\$61,688	\$20,998	\$164,795
2000050 Judge Thomas Britton Scholarship Endowment						
Permanently restricted	\$225,000	\$20,000	Dec-06			\$245,000
Unrestricted	\$32,630			\$42,279	\$10,132	\$64,777
2000070 Cuban American Bar Scholarship Endowment						
Permanently restricted		\$100,000	2006-2007			\$100,000
Unrestricted		\$3,243	2006-2007	\$12,898	\$3,091	\$13,050
2000120 Law Professorship Endowment						
Permanently restricted	\$750,000					\$750,000
Unrestricted	\$0			\$125,181	\$30,000	\$95,181
2100030 Endowed Professorship in Computer Sciences #1						
Permanently restricted	\$153,360					\$153,360
Unrestricted	\$139,409			\$38,749	\$9,286	\$168,872
2100040 Endowed Professorship in Computer Sciences #2						
Permanently restricted	\$153,360					\$153,360
Unrestricted	\$152,655			\$38,749	\$20,051	\$171,353
2100050 Endowed Graduate Fellowship in Comp Science #1						
Permanently restricted	\$153,360	\$50	Feb-07			\$153,410
Unrestricted	\$110,881			\$38,753	\$14,517	\$135,117
2100060 Endowed Graduate Fellowship in Comp Science #2						
Permanently restricted	\$153,360					\$153,360
Temporarily restricted	\$169,817			\$38,749	\$9,286	\$199,280
2100070 Ryder System Endowed Professorship in Computer Science						
Permanently restricted	\$150,000					\$150,000
Temporarily restricted	\$210,783			\$37,031	\$8,875	\$238,939
2200030 General Library Purchase Endowment						
Permanently restricted	\$619,968	\$2,198	2006-2007			\$622,166
Temporarily restricted	\$184,994			\$113,108	\$27,107	\$270,995
2200040 Green Library Endowment						
Permanently restricted	\$800,000					\$800,000
Temporarily restricted	\$125,543			\$143,209	\$78,004	\$190,748
2300030 Honors College General Endowment						
Permanently restricted		\$104,669	2006-2007			\$104,669
Temporarily restricted		\$39,000	2006-2007	\$18,513	\$14,508	\$43,005
2300060 Harvey L. Young Family Scholarship						
Permanently restricted	\$150,000	\$800	Dec-06			\$150,800
Temporarily restricted	\$27,305	\$1,000	Dec-06	\$27,501	\$12,591	\$43,215
2300070 Lucille E. Snaith Memorial Scholarship Endowment						
Permanently restricted	\$500,000					\$500,000
Unrestricted	\$82,634			\$89,704	\$46,498	\$125,840
2500030 R. Stempel Public Health Scholarship Endowment						
Permanently restricted	\$3,298,411					\$3,298,411
Temporarily restricted	\$612,244	\$26,513	Jan-07	\$592,826	\$231,840	\$999,743
2500060 CV Starr Scholarship						
Permanently restricted	\$2,542,172	\$391,864	Sept-Jan 07			\$2,934,036
Unrestricted	\$354,331			\$505,313	\$157,448	\$702,196
3000080 Dorothea and Steven Green Endowment						
Permanently restricted	\$3,200,010					\$3,200,010
Temporarily restricted	\$521,616			\$572,837	\$181,899	\$912,554

(Continued)

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY

(Unaudited)

MAJOR GIFTS PROGRAM
 SCHEDULE OF RECEIPTS, EXPENDITURES AND ENDOWMENT BALANCES - SCHEDULE II
 (Continued)

YEAR ENDED JUNE 30, 2007

	Beginning Balance July 1, 2006	<u>Contribution</u>		Interest and Investment Gains(1)	Expenses	Ending Balance June 30, 2007
		<u>Amount</u>	<u>Received</u>			
3100100 Wolfsonian Program Endowment						
Permanently restricted	\$275,339	\$1,000	Mar-07			\$276,339
Temporarily restricted	\$31,866			\$46,392	\$11,118	\$67,140
4020150 Michael Felsber Scholarship						
Permanently restricted		\$100,400	July-Nov 06			\$100,400
Temporarily restricted		\$3,822		\$14,816	\$3,551	\$15,087
4100030 City of Homestead Campus						
Permanently restricted	\$250,000					\$250,000
Temporarily restricted	\$245,102			\$57,792	\$13,850	\$289,044
4100200 Hurricane Center Endowment						
Permanently restricted	\$700,008					\$700,008
Temporarily restricted	\$394,037			\$155,739	\$69,873	\$479,903
4100290 Global Entrepreneurship Center						
Permanently restricted	\$800,000	\$600,000	Sept-Oct 2006			\$1,400,000
Temporarily restricted	\$96,497	\$10,300	Aug-May 2007	\$220,510	\$68,845	\$258,462
4200070 ER & C Gross Scholarship Endowment						
Permanently restricted	\$254,755					\$254,755
Temporarily restricted	\$42,949			\$46,153	\$11,061	\$78,041
4410020 CAMP for Justice Scholarship Endowment						
Permanently restricted	\$100,000	\$50,000	Sep-06			\$150,000
Temporarily restricted	\$5,898			\$25,349	\$6,075	\$25,172
	<u>\$57,255,979</u>	<u>\$4,541,503</u>		<u>\$9,253,930</u>	<u>\$3,436,410</u>	<u>\$67,615,002</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, 2007

	Beginning Balance July 1, <u>2006</u>	<u>State Match</u> <u>Presented</u>	<u>State Match</u> <u>Received</u>	Ending Balance June 30, <u>2007</u>
B. Encumbered				
Honors College General Endowment	\$ 22,500	\$ 29,150	\$ -	\$ 51,650
C.V. Starr Scholarship Program Endowment	-	125,000	-	125,000
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
C. Priority List				
Law Professorship	525,000	-	-	525,000
CV Starr Scholarship Program Endowment	125,000	-	125,000	-
The Ware Foundation Research Endowment	50,000	-	50,000	-
School of Nursing Program Endowment	50,000	-	-	50,000
Pino Global Entrepreneurship Center Endowment	360,000	-	-	360,000
Wolfsonian Program Endowment	142,117	(2,568)	-	139,549
Robert R. Bellamy Memorial	55,000	47,500	102,500	-
Barnes & Noble Creative Writing	50,000	-	50,000	-
Pino Global Entrepreneurship Center Endowment	200,000	340,000	200,000	340,000
Blue Cross Blue Shield	50,000	-	50,000	-
C.V. Starr Scholarship Endowment	125,000	-	25,299	99,701
Ware Foundation	50,000	-	50,000	-
Jean M. Hibbard Memorial Endowment	50,000	-	50,000	-
Manuel and Mercedes Mosteiro Charitable Trust	75,875	7	75,882	-
North Dade Medical Foundation Nursing Scholarship	937,500	-	937,500	-
Rita and David Perlman	50,524	382	50,906	-
Marriot Scholars Endowment	50,000	-	50,000	-
CAMP for Justice Human Rights Scholarship	50,000	-	50,000	-
Paul Cejas Eminent Scholars Endowed Chair	330,000	420,004	750,004	-
Marriot Scholars Endowment	-	50,001	-	50,001
Ingersoll-Rand Professorship	-	50,000	-	50,000
School of Nursing Program Endowment-Perez	-	125,000	-	125,000
Michael Felsber Scholarship	-	50,465	-	50,465
School of Nursing Program Endowment-Dasburg	-	125,000	-	125,000
Oceans Waters Hospitality Mnmgt Scholarships	-	50,000	-	50,000
Sedanos Family First Generation Scholarships	-	50,000	-	50,000
	<u>\$3,348,516</u>	<u>\$1,609,991</u>	<u>\$2,617,091</u>	<u>\$2,341,416</u>



FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.
BOARD OF DIRECTORS

OFFICERS AND EXECUTIVE COMMITTEE

Fiscal Year

July 1, 2006 - June 30, 2007

S. LAWRENCE KAHN, III, Chairperson for the Board of Directors

Dates of Service: 3.28.01 – Present

Committee Affiliations:

- > Executive Committee, *Chairperson*
- > Ex-Officio Member of all Committees

ROBERT H. DICKINSON, Vice Chairperson for the Board of Directors

Date of Service: 4.24.02 – 4.1.07

Committee Affiliations:

- > Executive Committee, *Vice Chairperson*
- > Development Committees
- > Marketing Committee

T. GENE PRESCOTT, Treasurer for the Board of Directors

Dates of Service: 3.26.03 – Present

Committee Affiliations:

- > Executive Committee
- > Finance Committee, *Chairperson*
- > Investment Sub-Committee
- > Nominating and Membership Committee

JOHN M. HOGAN, Secretary for the Board of Directors

Dates of Service: 11.28.01 – Present

Committee Affiliations:

- > Bylaws Special Committee, *Chairperson*
- > Executive Committee
- > Finance Committee

MICHAEL M. ADLER

Dates of Service: 3.24.04 – Present

Committee Affiliations:

- > Executive Committee
- > Development Committee, *Chairperson*
- > Nominating and Membership Committee

JESUS DIAZ, JR.

Dates of Service: 9.24.03 – 6.13.07

Committee Affiliations:

- > Executive Committee
- > Audit Committee, *Chairperson*

PATRICIA FROST, Member-at-Large

Dates of Service: 5.15.85 – Present

Committee Affiliations:

- > Executive Committee
- > Nominating and Membership Committee, *Vice Chairperson*

OFFICERS AND EXECUTIVE COMMITTEE

Fiscal Year
July 1, 2006 - June 30, 2007
(Continued)

NOEL GUILLAMA-ALVAREZ

Dates of Service: 11.27.02 – Present

Committee Affiliations:

- > Executive Committee
- > Academic Committee, *Chairperson*
- > Audit Committee

RONALD A. SHUFFIELD

Dates of Service: 11.28.01– Present

Committee Affiliations:

- > Executive Committee
- > Development Committee
- > Nominating and Membership Committee, *Chairperson*

ROSA L. JONES, Presidential Designee

Dates of Service: 9.27.06 - Present

Committee Affiliations:

- > Executive Committee
- > Ex-Officio Member of all Committees

JIM MANDICH

Dates of Service: 4.24.02 – Present

Committee Affiliations:

- > Executive Committee
- > Athletic Committee, *Chairperson*
- > Nominating and Membership Committee

RAY E. MARCHMAN

Dates of Service: 3.29.00 – Present

Committee Affiliations:

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

THEODORE SPAK

Dates of Service: 5.23.84 – Present

Committee Affiliations:

- > Executive Committee
- > Finance Committee
- > Investment Sub-Committee, *Chairperson*

JOSE VALDES-FAULI

Dates of Service: 1.27.99 – Present

Committee Affiliations:

- > Executive Committee
- > Alumni Committee, *Chairperson*

COMPLIANCE REPORT



Report of Independent Certified Public Accountants 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, 2007 and have issued our report thereon dated October 18, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States, 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 Corporation's internal control over financial reporting.

A *control deficiency* 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 *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Foundation's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Foundation's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Foundation's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

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Rachlin Cohen & Holtz LLP

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An Independent Member of Baker Tilly International

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

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 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 committees, management, the State University System of Florida, the Florida Board of Education, and the Board of Trustees of the University and is not intended to be and should not be used by anyone other than these specified parties.

Rachlin Cohen & Holtz LLP

Miami, Florida
October 18, 2007

**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE**

15 NOVEMBER 2007

**SUBJECT: FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC.
FINANCIAL AUDIT, 2006-2007**

PROPOSED COMMITTEE ACTION:

Recommend Board adoption of the following Resolution:

WHEREAS, pursuant to the Florida Administrative Code Section 6C8-6.100 (6), the Florida International University Research Foundation, Inc. (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 (the BOT) for review and approval; and

WHEREAS, the FIU Research Foundation, Inc. Financial Audit for 2006-2007, attached hereto as Exhibit "G," has been submitted and the University President is recommending its approval, pending the approval of the FIU Research Foundation, Inc. Board of Directors;

THEREFORE, BE IT RESOLVED, that the BOT hereby approves the attached FIU Research Foundation, Inc. Financial Audit for 2006-2007 and authorizes 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:

LEGAL AUTHORITY:

Section 6C8-6.100 (6) of the Florida Administrative Code, states in relevant part:

(6) Each DSO shall cause a financial audit of its accounts and records to be conducted by an independent certified public accountant after the close of each fiscal year. The audit report shall be submitted by the President of the University to the Board of Trustees no later than the end of the fourth month following the close of the organization's fiscal year.

ARTICLE 3 Section 3 of the Florida International University Research Foundation, Inc. Bylaws, states in relevant part:

(d) To cause an annual independent audit of the corporation's books and records to be made for transmittal directly to the Board of Directors.

EXHIBITS/SUPPORTING DOCUMENTS:

- EXHIBIT “G”: FLORIDA
INTERNATIONAL UNIVERSITY
RESEARCH FOUNDATION, INC.
FINANCIAL AUDIT 2006-2007

FACILITATOR/PRESENTER:

- AIME MARTINEZ

DRAFT

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

FINANCIAL STATEMENTS

JUNE 30, 2007

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

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Members of the Board of Directors and the Assistant Treasurer & Business Manager
Florida International University Research Foundation, Inc.
Miami, Florida

We have audited the accompanying statement of net assets of Florida International University Research Foundation, Inc. (the Research Foundation), a direct support organization and component unit of Florida International University, as of June 30, 2007 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 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, 2007, in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued a report dated _____, 2007 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.

Members of the Board of Directors and the Assistant Treasurer & Business Manager
Florida International University Research Foundation, Inc.
Page Two

DRAFT

The Foundation has not represented management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of the financial statements.

Miami, Florida
January 1, 2007

FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC.

(A Direct Support Organization)

STATEMENT OF NET ASSETS

JUNE 30, 2007

DRAFTASSETS

Current Assets:

Cash	\$ 786,412
Grant receivable	301,071
Derivative asset	74,281

Noncurrent Assets:

Due from FIU	<u>5,955,000</u>
Total assets	<u>7,116,764</u>

LIABILITIES

Current Liabilities:

Accounts Payable	174,841
Accrued interest payable	51,206
Current portion of notes payable	1,910,000
Due to FIU	<u>337,538</u>
Total current liabilities	2,473,585

Noncurrent Liabilities:

Notes payable	<u>4,515,000</u>
Total liabilities	<u>6,988,585</u>

NET ASSETS

Unrestricted Net Assets	<u>\$ 128,179</u>
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See notes to financial statements.

Exhibit "G"

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2007

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Operating Revenues:	
Federal grants and contracts	\$ 301,071
Operating Expenses:	
Operating expenses	<u>315,766</u>
Operating Loss	<u>(14,695)</u>
Non-Operating Revenues (Expenses):	
Non-operating revenues	255,000
Interest expense	(227,751)
Unrealized gain on derivative instrument	<u>74,281</u>
Total non-operating revenues	101,530
Change in Net Assets	86,835
Net Assets, Beginning	<u>41,344</u>
Net Assets, Ending	<u>\$ 128,179</u>

See notes to financial statements.

FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC.

(A Direct Support Organization)

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2007

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Cash Flows from Operating Activities:

Cash received from FIU	\$ 337,538
Cash paid for program activities	<u>(140,925)</u>
Net cash provided by operating activities:	<u>196,613</u>

Cash Flows from Non-Capital Financing Activities:

Receipts from FIU	2,120,000
Interest paid	(243,613)
Repayment of note payable	<u>(1,822,811)</u>
Net cash provided by non-capital financing activities	<u>53,576</u>

Increase in Cash	250,189
------------------	---------

Cash, Beginning	<u>536,223</u>
-----------------	----------------

Cash, Ending	<u>\$ 786,412</u>
--------------	-------------------

Non-Cash Investing and Financing Activities:

Unrealized gain on derivative instrument	<u>\$ 74,281</u>
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Reconciliation of Operating Loss to Net Cash

Provided by Operating Activities:

Operating loss	\$ (14,695)
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Changes in assets and liabilities:

(Increase) decrease in:

Due to FIU	337,538
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Grant receivable	(301,071)
------------------	-----------

Increase in:

Accounts payable	<u>174,841</u>
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Net cash provided by operating activities	<u>\$ 196,613</u>
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See notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2007

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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 June 28, 2005.

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 (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, 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.

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.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

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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 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 in 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 activities.

Long-Term Debt

Long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Issuance costs are not material and are not presented in the financial statements.

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.

NOTE 2. CONCENTRATION OF CREDIT RISK

Cash

The Research Foundation maintains deposit balances with financial institutions that, from time to time, may exceed federally insured limits. At June 30, 2007, the Research Foundation had \$486,412 that was in excess of federally insured limits. In addition, the Research Foundation maintains a deposit balance in Colombia, South America, to manage its operations pertaining to the USAID grant activities in Colombia. The balance in this account of \$200,000 as of June 30, 2007 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.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

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NOTE 3. 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 pay \$11,500,000 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 4).

The University is obligated to fund both the principal and interest and issuance costs on the obligations to the Research Foundation. The Research Foundation made principal payments on the notes in the amount of \$1,822,811 during the year.

NOTE 4. LONG-TERM DEBT

The debt activity for the year ended June 30, 2007 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>
Tax Exempt Note	\$ 7,955,000	\$ -	\$ 1,530,000	\$ 6,425,000
Taxable Note	292,811	-	292,811	-
	<u>\$ 8,247,811</u>	<u>\$ -</u>	<u>\$ 1,822,811</u>	<u>\$ 6,425,000</u>

\$7,955,000 Florida International University Research Foundation, Inc. Tax-Exempt Note, Series 2005, dated June 30, 2005; interest at 65% of three month LIBOR plus 39.23 basis points; interest and principal 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.

\$1,670,000 Florida International University Research Foundation, Inc. Taxable Note, Series 2005; interest at three month LIBOR rate plus 15 basis points; interest and principal payable on a quarterly basis with principal ranging from \$445,000 on October 1, 2005 to a final payment of \$292,811 which was paid on October 1, 2006.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

DRAFT

NOTE 4. LONG-TERM DEBT (Continued)

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2008	\$ 1,910,000	\$ 183,024	\$ 2,093,024
2009	1,970,000	120,869	2,090,869
2010	2,030,000	57,235	2,087,235
2011	<u>515,000</u>	<u>4,100</u>	<u>519,100</u>
	<u>\$ 6,425,000</u>	<u>\$ 365,228</u>	<u>\$ 6,790,228</u>

NOTE 5. DERIVATIVE FINANCIAL INSTRUMENTS

On May 5, 2005, the Research Foundation entered into an interest rate swap agreement with a commercial bank on a notional amount of \$7,955,000. 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, 2007, the Research Foundation reported a derivative asset of \$74,281 in the statement of net assets and an unrealized gain of \$74,281 in the statement of revenues, expenses and changes in net assets. The swap agreement has a maturity date of July 1, 2010.

DRAFT

COMPLIANCE SECTION

DRAFT

**Report of Independent Certified Public Accountants 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 Treasurer & Business Manager
Florida International University Research Foundation, Inc.
Miami, Florida

We have audited the financial statements of Florida International University Research Foundation, Inc. (the Research Foundation) as of and for the year ended June 30, 2007, and have issued our report thereon dated _____, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 Research Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over financial reporting.

A *control deficiency* 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 *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Research Foundation's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Foundation's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Research Foundation's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

Members of the Board of Directors and the Assistant Treasurer & Business Manager
Florida International University Research Foundation, Inc.
Page Two

DRAFT

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Research 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 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 and the Florida Board of Education 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.

Miami, Florida
_____, 2007

**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE**

15 NOVEMBER 2007

**SUBJECT: FLORIDA INTERNATIONAL UNIVERSITY ATHLETICS FINANCE
CORPORATION, FINANCIAL AUDIT, 2006-2007**

PROPOSED COMMITTEE ACTION:

Recommend Board adoption of the following Resolution:

WHEREAS, pursuant to the Florida Administrative Code Section 6C8-6.100 (6), the Florida International University Athletics Finance Corporation (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 (the BOT) for review and approval; and

WHEREAS, the FIU Athletics Finance Corp. Financial Audit for 2006-2007, attached hereto as Exhibit "H," has been submitted and the University President is recommending its approval, pending the approval of the FIU Athletics Finance Corp. Board of Directors;

THEREFORE, BE IT RESOLVED, that the BOT hereby approves the attached FIU Athletics Finance Corp. Financial Audit for 2006-2007 and authorizes 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:

LEGAL AUTHORITY:

Section 6C8-6.100 (6) of the Florida Administrative Code, states in relevant part:

(6) Each DSO shall cause a financial audit of its accounts and records to be conducted by an independent certified public accountant after the close of each fiscal year. The audit report shall be submitted by the President of the University to the Board of Trustees no later than the end of the fourth month following the close of the organization's fiscal year.

ARTICLE 5 Section 4 of the Florida International University Athletics Finance Corp, Inc. Bylaws, states in relevant part:

(d) To cause an annual audit to be made by an independent certified public accountant of the Corporation's books and records as soon as possible after the close of the fiscal year of the Corporation and to have the results reported to the Chairperson of the Corporation immediately and to the full Board at its next meeting thereafter. The annual audit report shall be submitted by the President of FIU to the Board of Trustees for review no later than the end of the fourth month following the close of the Corporation's fiscal year. The annual audit report also shall be submitted to the Auditor General and to the State Board of Education no later than nine (9) months after the close of the Corporation's fiscal year. The audit shall be conducted in accordance with rules promulgated by the Board of Trustees of FIU and with policies adopted by the Auditor General; and

EXHIBITS/SUPPORTING DOCUMENTS:

- EXHIBIT "H": FLORIDA
INTERNATIONAL UNIVERSITY
ATHLETICS FINANCE CORPORATION,
FINANCIAL AUDIT 2006-2007

FACILITATOR/PRESENTER:

- AIME MARTINEZ

FIU ATHLETICS FINANCE CORPORATION
(A Direct Support Organization)

FINANCIAL STATEMENTS

JUNE 30, 2007

TENTATIVE
FOR DISCUSSION PURPOSES ONLY
NOT FOR DISTRIBUTION

FIU ATHLETICS FINANCE CORPORATION
(A Direct Support Organization)

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Members of the Board of Directors and the Assistant Treasurer & Business Manager
FIU Athletics Finance Corporation
Miami, Florida

We have audited the accompanying statement of net assets of FIU Athletics Finance Corporation (the Athletics Finance Corporation), a direct support organization and component unit of Florida International University, as of June 30, 2007 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 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, 2007, in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 30, 2007, 2007 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.

Members of the Board of Directors and the Assistant Treasurer & Business Manager
FIU Athletics Finance Corporation
Page Two

The Athletics Finance Corporation has not represented management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of the financial statements.

Miami, Florida
_____, 2007

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FIU ATHLETICS FINANCE CORPORATION*(A Direct Support Organization)*

STATEMENT OF NET ASSETS

JUNE 30, 2007

ASSETS

Current Assets:

Cash	\$ 3,532,103
Investments	34,574,780
Derivative asset	90,174

Noncurrent Assets:

Bond issuance costs	<u>553,037</u>
Total assets	<u>38,750,094</u>

LIABILITIES

Current Liabilities:

Accrued bond issuance costs	89,561
Accrued interest payable	134,110
Due to FIU	<u>3,500,000</u>
Total current liabilities	3,723,671

Noncurrent Liabilities:

Bond payable	<u>35,000,000</u>
Total liabilities	<u>38,723,671</u>

NET ASSETS

Unrestricted Net Assets	<u>\$ 26,423</u>
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See notes to financial statements.

FIU ATHLETICS FINANCE CORPORATION*(A Direct Support Organization)*

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2007

Non-operating revenues (expenses):	
Interest and dividends	\$ 247,331
Interest expense and fiscal charges	(304,172)
Amortization of bond issuance costs	(7,110)
Unrealized gain on derivative instrument	<u>90,174</u>
Total non-operating revenues	<u>26,223</u>
Income before transfers	26,223
Transfer in	<u>200</u>
Change in net assets	26,423
Net assets, beginning	<u>-</u>
Net assets, ending	<u>\$ 26,423</u>

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See notes to financial statements.

FIU ATHLETICS FINANCE CORPORATION*(A Direct Support Organization)*

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2007

Cash flows from capital and related financing activities:

Cash received from FIU	\$ 3,500,000
Proceeds from bonds	34,529,415
Interest paid	(170,063)
Interest earned	<u>247,331</u>
Net cash provided by capital and related financing activities:	<u>38,106,683</u>

Cash flows from investing activities:

Purchase of investments	<u>(34,574,780)</u>
Net cash used by investing activities	<u>(34,574,780)</u>

Cash flows from non-capital financing activities:

Transfer in	<u>200</u>
Net cash provided by non-capital financing activities	<u>200</u>

Increase in Cash	3,532,103
------------------	-----------

Cash, Beginning	<u>-</u>
-----------------	----------

Cash, Ending	<u>\$ 3,532,103</u>
--------------	---------------------

Non-cash investing and financing activities:

Unrealized gain on derivative instrument	<u>\$ 90,174</u>
--	------------------

See notes to financial statements.

FIU ATHLETICS FINANCE CORPORATION
(A Direct Support Organization)

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The FIU Athletics Finance Corporation (the Athletics Finance Corporation), 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 20, 2006 to facilitate the financing of projects related to the FIU football stadium.

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 initially the financing of the FIU football stadium and subsequently the managing and operating of 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 (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 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 Athletics Finance Corporation is reported as a governmental entity.

In accordance with GASB Statement No. 34, 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 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 Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements.

FIU ATHLETICS FINANCE CORPORATION
(A Direct Support Organization)

NOTES TO FINANCIAL STATEMENTS
(Continued)

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 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 investment pools operate under investment guidelines established by §215.47, Florida Statutes. The Athletics Finance Corporation's investments in these pools are reported at market value.

Derivative Financial Instrument

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 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 activities.

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 noncurrent asset and is being amortized over the life of the bonds.

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, then use unrestricted assets as needed.

FIU ATHLETICS FINANCE CORPORATION
(A Direct Support Organization)

NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 2. CONCENTRATION OF CREDIT RISK

Cash and Investments

Financial instruments that potentially subject the Athletics Finance Corporation to concentrations of credit risk consist principally of cash in banks and investments. The Athletics Finance Corporation places substantially all of its cash with high quality financial institutions which the Athletics Finance Corporation believes limits these risks. At June 30, 2007, \$3,431,963 was in excess of the Federal Depository Insurance Company (FDIC) limits.

In addition, the Athletics Finance Corporation maintains investment accounts with financial institutions that are not insured by the FDIC. These funds may be subject to insurance by Securities Investor Protection Corporation (SIPC), subject to various limitations. At June 30, 2007, \$34,574,780 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.

NOTE 3. INVESTMENTS

Investments are made in accordance with the trust indenture dated April 1, 2007. The Athletic Finance Corporation is authorized to invest in the State Board of Administration Investment Pool (SBA). The State Board of Administration is part of the Florida Local Government Surplus Funds Trust Fund and is governed by Ch. 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the administration of the Florida Local Government Surplus Funds Trust Fund. Additionally, the Office of the Auditor General performs the operational audit of the activities and investments of the State Board of Administration. The Florida Local Government Surplus Funds Trust Fund is not a registrant with the Securities and Exchange Commission (SEC); however, the board has adopted operating procedures consistent with the requirements for a 2a-7 fund. The SBA has reported that the Local Government Surplus Funds Trust Fund is a "2a-7 like" pool and, therefore, these investments are valued using the pooled share price.

Credit Risk

The Athletic Finance Corporation is authorized to invest surplus funds in the Florida State Board of Administration (SBA). The SBA does not have a rating from a NRSRO.

FIU ATHLETICS FINANCE CORPORATION
(A Direct Support Organization)

NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 4. BOND ISSUANCE COSTS

As of June 30, 2007, issuance costs related to both the tax exempt and taxable bonds (FIU Athletics Finance Corporation Capital Improvement Revenue Bonds Series 2007A and 2007B) totaled \$553,037, net of amortization. The bond costs will be amortized over the term of the bonds which mature in March 2033.

Bond issuance costs	\$ 560,147
Less accumulated amortization	<u>7,110</u>
Bond issuance costs, net	<u>\$ 553,037</u>

NOTE 5. LONG-TERM DEBT

The debt activity for the year ended June 30, 2007 is as follows:

	Beginning Balance	Additions	Payments	Ending Balance
Tax Exempt Capital Improvement Revenue Bonds	\$ -	\$ 28,000,000	\$ -	\$ 28,000,000
Taxable Capital Improvement Revenue Bonds	-	<u>7,000,000</u>	-	<u>7,000,000</u>
	<u>\$ -</u>	<u>\$ 35,000,000</u>	<u>\$ -</u>	<u>\$ 35,000,000</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 will be 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 shall be secured by operating and non-operating revenues of the facility and of the University athletic fees.

The interest rate on these bonds are both fixed and variable and are subject to a hedge agreement that was entered into to try 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
(A Direct Support Organization)

NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 5. LONG-TERM DEBT (Continued)

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2008	\$ -	\$ 1,631,165	\$ 1,631,165
2009	-	1,724,069	1,724,069
2010	730,000	1,713,848	2,443,848
2011	775,000	1,666,571	2,441,571
2012	825,000	1,618,779	2,443,779
2013-2017	5,020,000	7,204,440	12,224,440
2018-2022	6,595,000	5,664,882	12,259,882
2023-2027	8,280,000	3,989,136	12,269,136
2028-2032	10,390,000	1,885,810	12,275,810
2033	<u>2,385,000</u>	<u>79,246</u>	<u>2,464,246</u>
Totals	<u>\$35,000,000</u>	<u>\$27,177,946</u>	<u>\$62,177,946</u>

NOTE 6. DERIVATIVE FINANCIAL INSTRUMENTS

On May 30, 2007, Athletics Finance Corporation entered into an interest rate swap agreement with a commercial bank on a notational amount of \$21,000,000 which represents the fixed portion of the bonds payable mentioned in Note 4 above. Under the swap agreement, the Athletics Finance Corporation agrees to pay a fixed rate of 4.1451% and receive a variable rate based on the BMA index (current yields for high yield variable demand bonds maintained by the Bond Marker Association). As of June 30, 2007, the Athletics Finance Corporation reported a derivative asset of \$90,174 in the statement of net assets and an unrealized gain on derivative instrument of \$90,174 in the statement of revenues, expenses and changes in net assets. The swap agreement has a maturity date of March 1, 2033.

NOTE 7. LETTER OF CREDIT AGREEMENT

On April 1, 2007, Regions Bank, as Trustee for the \$35,000,000 Series 2007A and 2007B Bonds for the construction of the FIU Football Stadium Project, 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, but not to extend beyond April 15, 2033. Should a drawing against the Letter of Credit be necessary, Athletics Finance Corporation agrees to repay the draw plus annual interest equal to the Three Month LIBOR plus two percent (2%).

COMPLIANCE SECTION

TELETYPE
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Report of Independent Certified Public Accountants 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 Treasurer & Business Manager
FIU Athletics Finance Corporation
Miami, Florida

We have audited the financial statements of FIU Athletics Finance Corporation (the Athletics Finance Corporation) as of and for the year ended June 30, 2007, and have issued our report thereon dated [REDACTED], 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 Athletics Finance Corporation'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 Athletics Finance Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over financial reporting.

A *control deficiency* 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 *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Athletics Finance Corporation's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Athletics Finance Corporation's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Athletics Finance Corporation's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

Exhibit "H"

Members of the Board of Directors and the Assistant Treasurer & Business Manager

FIU Athletics Finance Corporation

Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Athletics Finance Corporation'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 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 and the Florida Board of Education 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.

Miami, Florida

██████████, 2007

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**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE**

15 NOVEMBER 2007

SUBJECT: OFFICE OF INTERNAL AUDIT REPORT

PROPOSED COMMITTEE ACTION:

None. Discussion item.

EXHIBITS/SUPPORTING DOCUMENTS:

- INTERNAL AUDIT REPORT

FACILITATOR/PRESENTER:

- PYONG CHO
- MANUEL SANCHEZ

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Office of Internal Audit Status Report

BOARD OF TRUSTEES

November 15, 2007

Office of Internal Audit Status Report

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Executive Summary – Office of Internal Audit Status Report
Board of Trustees
Finance and Audit Committee
October 12, 2007

The report details the current status of the Office of Internal Audit. During this reporting period, we completed the following projects: **College of Business Administration Complaint, Facilities Complaint, Grade Change Complaint, and Additional Metropolitan Center Complaint.** In addition, the following audits were in progress: **Review of Computer Warranty and Operating Systems Cost, Follow-up Audit on Implemented Recommendations, Purchasing Card Controls, and Student Fees-On-Line Courses.**

In addition, the report includes a summary of the current status of management's implementation of prior recommendations from internal and external audits. Our current implementation rate is 65 percent as compared with 77 percent reported at the last Finance and Audit Committee Meeting.

Finally, the report includes a recap of completed training hours for the current year through October 12, 2007 by each auditor.

With respect to staffing, our IT auditor resigned, effective October 12, 2007 to pursue another opportunity in New Jersey. This position has already been posted. This may impact our future audit plan.

If you have any questions prior to the meeting, please feel free to contact me at (305) 348-6967.

Pyong Cho
Audit Manager

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT**

INVESTIGATIONS

As of October 12, 2007, we completed our fieldwork and draft report for the following investigations:

<u>Investigation/Responsible Executive</u>	<u>Status</u>	<u>Assigned Auditor</u>
1. College of Business Administration Complaint - Executive Dean Elam	Complete	Sanchez
2. Facilities Complaint - CFO & Senior VP Sanchez	Complete	Cho
3. Grade Change Complaint - VP Webb	Complete	Maddux II
4. Additional Metropolitan Center Complaint - Provost & Executive VP Berkman	Complete	Mayungbe

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT**

FOLLOW-UP STATUS REPORT - INTERNAL AUDITS

The following summarizes the current status of audit issues from prior internal audit reports as of October 2007.

Note: Items bolded in status column (Yes or No) are due for implementation this period.

Report	Audit Issue(s)	Responsible Executive/Director	Status	Revised Due Date	Original Due Date
Access Controls Over PS Student Records Module Report Issued: Feb. 23, 2006	Confidential and exempt from public records by Florida Statutes For 29 recommendations, 28 implemented and 1 outstanding (Not Due)	Sanchez/Yao/Grillo	No	11/07	12/06
Access Controls Over PS Financial Aid Module Report Issued: May 5, 2006	Confidential and exempt from public records by Florida Statutes For 19 recommendations, 18 implemented and 1 outstanding (Not Due)	Sanchez/Yao/Grillo	No	12/07	Various
Access Controls Over PS Student Financials Module* Report Issued : June 30, 2006	Confidential and exempt from public records by Florida Statutes For 22 recommendations, 20 implemented 2 outstanding (1 Due)	Sanchez/Yao/Grillo	Yes	N/A	Various
Allegations Against the Director of Enterprise Technology Support Services Report Issued: July 7, 2006	1. Purchasing Rule – Gift (Rec. #3.3)	Sanchez/Millspaugh	No	10/07	09/06
Student Administration (SA) Oracle Databases* Report Issued: Dec. 19, 2006	Confidential and exempt from public records by Florida Statutes For 35 recommendations, 26 implemented 9 outstanding. (7 Due)	Sanchez/Yao	Yes (5) No (2)	N/A Various	Various Various
Audit of University Health Services-Patient Information Systems* Report Issued: Feb. 28, 2007	Confidential and exempt from public records by Florida Statutes For 26 recommendations, 17 implemented 9 outstanding. (6 Due)	Jones/Dollinger	Yes (3) No (3)	N/A Various	Various Various
Audit of the Contracts & Grants Expenditures (Other Than Payroll) Report Issued: March 21, 2007	1. Indirect/Direct Costs (Rec. #3.2)	Walker/Barabino	No	12/07	06/07
Audit of Victim Advocacy Center-Patient Information Systems Report Issued: May 16, 2007	Confidential and exempt from public records by Florida Statutes For 10 recommendations, 9 implemented 1 outstanding. (1 Due)	Jones/Aaron	Yes	N/A	06/07
Allegations Against the Associate Director of Purchasing Services Report Issued: May 25, 2007	1. Credit Checks (Recommendation #2.3)	Sanchez/Cuesta-Gomez	No	N/A	12/07
Audit of the University-Wide Computer Workstation Security* Report Issued: June 19, 2007	Confidential and exempt from public records by Florida Statutes For 2 recommendations, 2 outstanding (1 Due)	Sanchez/Yao	Yes	N/A	08/07
Audit of Counseling & Psychological Services Center - Patient Information Systems* Report Issued: July 5, 2007	Confidential and exempt from public records by Florida Statutes For 19 recommendations, 6 implemented, 13 outstanding (7 Due)	Jones/Nowell	Yes (6) No (1)	N/A 01/08	Various 09/07

Report	Audit Issue(s)	Responsible Executive/Director	Status	Revised Due Date	Original Due Date
Audit of the University's Change Orders for Major Construction Projects Report Issued: July 9, 2007	1. A/E Errors and Omissions (Rec.#1.1) 2. A/E Errors and Omissions (Rec.#1.2) 3. Classification of Change Orders (Recommendation #4.1)	Sanchez/Citarella	Yes No No	N/A Pending N/A	09/07 09/07 11/07
Audit of the Harvest, Tidal, & TouchNet Oracle Databases* Report Issued: July 24, 2007	Confidential and exempt from public records by Florida Statutes For 8 recommendations, 3 implemented, 5 outstanding (4 Due)	Sanchez/Yao	Yes (2) No (2)	N/A 12/07	Various Various
Audit of the University Foundation – Unrestricted Fund Expenses Report Issued: July 30, 2007	1. Alcoholic Beverages Purchases (Rec.#2.1 & #2.2) 2. Gift Policies (Rec. #3.1 & #3.2) 3. Duplicate Payments (Rec. #4.1 & #4.2) 4. Foundation Disbursement Guidelines (Recommendation #5)	Sanchez/Martinez	No No Yes No	N/A N/A N/A N/A	10/07 10/07&01/08 09/07&07/09 10/07

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT**

FOLLOW-UP STATUS REPORT - PEOPLESOFT FINANCIALS SYSTEM AUDIT

The following summarizes the current status of audit issues from the State Auditor's PeopleSoft Financials System Audit (Report #2007-006) as of October 2007.

Note: Items bolded in status column (Yes or No) are due for implementation this period.

Report	Audit Issue/Recommendation	Responsible Executive/Director	Status	Revised Due Date	Original Due Date
Finding No. 1: University Governance of IT**	A University-level governance model should be adopted to create a centralized authority for managing and securing enterprise data. Written procedures should be initiated to address areas with consistent enterprise application to support the confidentiality, availability and integrity of information resources. For 8 action plans, 7 implemented and 1 outstanding. (1 Due)	Sanchez/Yao	No	01/08	Various
Finding No. 2: Application Environment and Support Function**	University management should strengthen its control surrounding its enterprise information resources and systems.	Sanchez/Yao	Yes	N/A	07/01/07
Finding No. 6: Environmental Controls	The University should implement and maintain environmental controls to ensure the safety of data center resources from environmental hazards.	Sanchez/Yao	No	12/07	06/01/07

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT**

FOLLOW-UP STATUS REPORT - STATEWIDE FEDERAL AWARDS AUDIT

The following summarizes current status of audit issues from the State Auditor's Federal Awards Audit (Report #2007-146) as of October 2007.

Note: Items bolded in status column (Yes or No) are due for implementation this period.

Audit Issue/Recommendation (Finding Number)	Responsible Executive/Director	Status	Revised Due Date	Original Due Date
1. The institution should implement procedures that allow for employees' unused leave to be readily identified to the Federal grants on which the employees worked throughout their employment at the institution so that costs related to unused leave payments to terminated employees can be allocated to all appropriate Federal grants. (FA 06-113)	Walker/Barabino	No	12/07	07/07

Explanatory Notes to Follow-up Status Report

- Explanation of status column – Yes = implemented; No = not fully implemented; bolded items (**Yes** or **No**) were due for implementation this period.
- * in the report column – means that management's responses on outstanding audit issues due by October, 2007 were reported separately to the Finance and Audit Committee, since they were confidential and exempt from public records by Florida Statutes.
- ** in the report column – means that management's responses on outstanding audit issues due by October, 2007 were reported separately to the Finance and Audit Committee, since they were related to Information Technology, a sensitive area. However, these findings were reported by the State Auditor to the public.
- For those recommendations noted in bold as **No** (not fully implemented) in the status column of this schedule, the "Management Responses to Outstanding Audits Issues" section details management's current action plan.
- N/A in the revised due date column – revised due date is not applicable because the recommendation was either implemented or was not due during this reporting period.

Follow-up Status Report Summary

Total number of audit issues due for implementation as of October 2007: **34**

Total number of audit issues completed as of October 2007: **22 (65% implementation rate)**

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT**

**MANAGEMENT RESPONSES TO OUTSTANDING AUDIT ISSUES
October 2007**

Allegations Against the Director of Enterprise Technology Support Services

1. Audit Issue: **Purchasing Rule – Gift** (Recommendation #3.3)

Status: Partially Implemented

Recommendation:

Purchasing Services should disseminate the University Purchasing rule regarding the acceptance of gifts from current or potential vendors to the entire University community on a periodic basis.

Action Plan to Complete:

While this policy/procedure has taken longer than we had originally contemplated the overall gift policy has extremely complicated requirements and impacts almost every level within our institution. As it relates to strictly purchasing, this approach has been completed for sometime. However the other aspects of this new gift policy are still in need of a final review and approval from not only OGC, CFO and Senior Vice President as well as Compliance. Therefore my office has established a final meeting date of October 9, 2007 to finish the policy/procedure. At which time it will need to be reviewed and approved by the University Operations Committee. We will keep your office apprise of the formal approval schedule once it has been established.

New Target Date: 10/31/07

Audit of the Contracts & Grants Expenditures (Other than Payroll)
--

1. Audit Issue: **Indirect/Direct Costs** (Recommendation #3.2)

Status: Partially Implemented

Recommendation:

OSRA should establish periodic monitoring procedures to ensure that indirect costs (office supplies, postage, local telephone costs and memberships) are not directly charged to Federal projects unless they meet the exceptional circumstances outlined in the OMB Circular A-21.

Action Plan to Complete:

The office of research has started the review of costs that are normally considered indirect that could possibly be charged as direct costs based on exemption rules. The review is not yet complete; therefore the new target completion date is December 31, 2007. A review of several accounts such as postage and local phone expense will be conducted to determine if the classification of cost is correct.

New Target Date: 12/31/07

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT**

**MANAGEMENT RESPONSES TO OUTSTANDING AUDIT ISSUES
October 2007**

Audit of the University's Change Orders for Major Construction Projects
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1. **Audit Issue: A/E Errors and Omissions** (Recommendation #1.2)

Status: Not Implemented

Recommendation:

The Department should consider requesting reimbursement for additional costs incurred due to errors and omissions by the A/E for the Law School and Lakeview Housing projects since final payments have not been rendered by FIU.

Action Plan to Complete:

Pending

**FLORIDA INTERNATIONAL UNIVERSITY
OFFICE OF INTERNAL AUDIT**

TRAINING AND SEMINARS UPDATE

The following is an update on both attended and planned seminars through October 12, 2007. All seminar topics are directly related to critical functions of our office. Below is a recap of completed training hours for the current year by auditor.

Pyong Cho	40 hours
Manny Sanchez	31 hours
Tenaye Arneson	N/A
Albert Mayungbe	40 hours

DATE	ATTENDED SEMINARS	HOURS	AUDITOR
06/29/07	FICPA Ethics Course	4	Manny Sanchez
07/08-11/07	IIA International Conference	17	Manny Sanchez
07/16/07	NACUBO Webcast	2	Manny Sanchez
07/15-20/07	18 th Annual ACFE Fraud Conference	40	Albert Mayungbe
07/15-20/07	18 th Annual ACFE Fraud Conference	40	Pyong Cho
10/09/07	Annual RSM McGladrey – Seminar	8	Manny Sanchez
	PLANNED SEMINARS		
10/20/07	FIU Center for Accounting	8	Manny Sanchez

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**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE**

15 NOVEMBER 2007

SUBJECT: CFO & ADMINISTRATION UPDATE

PROPOSED COMMITTEE ACTION:

None. Discussion item.

EXHIBITS/SUPPORTING DOCUMENTS:

- CFO & ADMINISTRATION UPDATE

FACILITATOR/PRESENTER:

- VIVIAN SANCHEZ

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CFO & Administration Update

EXTERNAL AUDIT UPDATE

The Financial and Operational audits by the State Auditor General's Office are currently underway. As reported at the last meeting, the auditors expect to complete the Financial audit in January 2008. The fieldwork for the Operational audit has been completed and the audit is currently in the review stage.

FINANCIAL PERFORMANCE

Financial Statements

Financial Statements for the year ended June 30, 2007, with prior year comparable results, are included in this Board Book.

State Budget Reduction

The conference committee on higher education finalized the proposed budget reductions on October 5, 2007. The bill was signed by the Legislature on October 12, 2007 and was sent to the Governor for approval. The Governor's deadline to sign or veto the bill is October 27, 2007.

The proposed budget reduction for FIU of \$7.7 million represents 3.6% of the 2007-08 recurring General Revenue base.

The Legislature also proposed some non-recurring appropriations to offset the budget cuts this fiscal year. From these allocations, FIU should receive \$1.6 million as General Revenue restoration, \$1.2 million to offset the loss of fall tuition, and a portion of the \$4 million allocated to the State University System for performance funding. If all these non-recurring add backs are approved by the Governor, we expect a net budget reduction for 2007-08 of \$4.6 million.

In addition, the Legislature approved a 5% Tuition increase for the Spring 2008 semester, which will bring approximately \$1.7 million in incremental tuition revenues in 2007-08 fiscal year.

Budget Variance Analysis – Q1 FY07/08

As part of the Administration's plan to provide the FIU Board of Trustees with greater financial transparency, this packet contains financial results for the period ending September 30, 2007. A full report analyzing FIU's performance will be presented at the meeting.

**Florida International University
Budget vs. Actual
All Funds
For the period ended 09/30/2007**

Year To Date - Sept. 30,2007				
(\$ in millions)	Budget	Current Year Actual	Variance	
			\$	%
Revenues				
E&G	\$102.6	\$101.4 ¹	(\$1.1)	-1%
Auxiliary Enterprises	41.8	39.8	(2.0)	-5%
Sponsored Research	23.5	21.5	(2.0)	-8%
Student Scholarships	25.9	31.2	5.2	20%
Concessions	0.1	0.1	(0.0)	-6%
Intercollegiate Athletics	6.2	6.3	0.1	2%
Activities and Service	4.8	4.5	(0.3)	-6%
FIU Foundation Inc	7.5	9.4	1.9	25%
FIU Research Foundation	0.0	0.5	0.5	100%
Interfund Adjustments	(6.2)	(6.2)	0.0	0%
Total University Budgeted Revenues	\$206.1	\$208.5	\$2.4	1%
Expenses				
E&G	\$80.7	\$72.7	(\$7.9)	-10%
Auxiliary Enterprises	25.3	22.9	(2.3)	-9%
Sponsored Research	22.4	22.6	0.2	1%
Student Scholarships	29.1	30.2	1.1	4%
Concessions	0.1	0.1	(0.0)	-16%
Intercollegiate Athletics	5.4	5.9	0.6	10%
Activities and Service	6.6	6.2	(0.4)	-6%
FIU Foundation Inc	5.6	5.2	(0.4)	-7%
FIU Research Foundation	0.1	0.6	0.5	721%
Interfund Adjustments	(6.2)	(6.2)	0.0	0%
Total University Budgeted Expenses	\$168.9	\$160.3	(\$8.6)	-5%
Principal Payment of debt	0.8	0.8	(0.0)	0%
Change in Net Assets	\$36.4	\$47.4	\$11.0	30%

General Notes

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.*
- *Unrealized gains and losses: The investment results are recognized as revenues in the budget however GASB accounting principles require that it be recorded as an expense.*
- *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.*

Notes to FY2007-08 YTD

¹ E&G revenues are net of waivers and uncollectible amounts .

COLLEGE OF MEDICINE

The College of Medicine submitted the revised Self Study and Data Base to the LCME Secretariats and the 3 site visitors scheduled to visit FIU on November 18-20, 2007. This revised report notes the progress made since the submittal in April and will support the review by their full board in January on our accreditation. The changes reflect the work to develop the medical curriculum, the funding adjustments from the State and the recruitment of faculty and staff in the College.

Space renovations, furniture acquisition and finishes are on schedule with targeted completions in the first week of November in both the Health and Life Sciences Building (HLS) and the Green Library.

The recruitment of Stand Leaders, Master teachers, and course leaders is complete for the School with all faculty identified and engaged for the first 2 years of the core curriculum. The College of Medicine School Librarian along with the Director of Medical Information Technology began work in October, 2007.

FIU is in receipt of a generous gift of \$5 million from the North Dade Medical Foundation in September with state matching funds expected in 2008. This gift is the first major funded gift for the College of Medicine Endowment and will be used to fund scholarships of students and endowed chairs in the School.

Affiliation discussions continue with private and public hospitals for clinical affiliations and student rotations in the first 2 years of the student experience. The discussions with Jackson have progressed to a signed affiliation agreement effective in September, with work on the annual operating agreement with University leadership and the College, with support from in-house counsel.

INFORMATION TECHNOLOGY

Discounted Software Online Purchase for Students and Employees

To enhance services to our students and employees, the Division of Information Technology recently launched a user-friendly; web based online service, to purchase software and other computer items at substantially discounted prices. For example, students and employees may purchase McAfee, the top rated antivirus software, for only \$0.99. In contrast, the same software is sold for \$35 or more at most computer retail stores. Other software programs included for sale online at discounted prices are:

- Microsoft Office Pro: \$75 (compared to \$499 retail price)
- Microsoft Windows Vista or XP: \$75 (compared to \$199 retail price)
- Apple OS X: \$76.80 (compared to \$129 retail price)
- Adobe Photoshop CS 3: \$350 (compared to \$649 retail price).

Google Education Services Partnership to Provide Enhanced Student Email Services

In response to student's needs for increased email storage space, we are finalizing negotiations to expand our student email services by using Google hardware and software at no cost to the University. This decision was made after broad consultation with the Student Government Association, Division of Student Affairs, Office of the Provost, University Graduate Studies, Enrollment Management Services, Office of the General Counsel, Information Technology Advisory Committee, and Faculty Senate Technology Committee. The new email service will bring the following benefits to our students and to the University:

Benefits to students:

1. Increase email storage space from 100 MB to 2 GB (20 times more storage)
2. Integrated calendar
3. Integrated secure online chat
4. Life-time FIU accounts
5. Customizable portal service with FIU logo
6. Have the same FIU email address (i.e., student@fiu.edu)
7. No advertisement in the email for active FIU students

Benefits to the University:

1. Provide 52,000 students with 2 GB email storage space per user at no cost
2. FIU managed creation and deletion of student email accounts
3. Retain the university's domain (i.e., student@fiu.edu)
4. Offer FIU email accounts to potential students and FIU friends
5. Free life-time FIU alumni email accounts

FACILITIES

The following is an update of major construction projects:

Projects Complete

- Central Chiller Plant , March 8, 2007

Projects Substantially Complete

- Graduate School of Business – Temporary Certification of Occupancy issued September 20, 2007. Final completion scheduled for December 20, 2007.

Projects Under Construction

- Frost Art Museum – Construction complete, final inspections underway, scheduled completion November 15, 2007.
- Football Stadium – Construction 10% complete, project on schedule and within budget, scheduled completion by the first home game of September 2008.
- Wolfe University Center (BBC) - Recreation Center and Dining Area complete, scheduled completion of Food Court Spring 2008.

Projects Under Design

- International Studies – In conceptual schematic design phase, project undergoing revisions for cost control purposes.
- College of Nursing and Health Sciences – Programming and schematic design complete, project on schedule and within budget.
- Parking Garage 5/Public Safety – Programming complete, architect selection in process.

Master Plan Projects

- Academic Health Sciences Center Master Plan – Phase I underway, on schedule and within budget.
- Campus Master Plan – Consultant selected, contract negotiations underway.

BUSINESS SERVICES

Business Services continues to expand its dining and retail services to the university community.

In June 2007, a new Starbucks opened in the Green Library. Business has been strong with gross sales projected at \$1M for 2007-08¹. Two major projects are in the pipeline to enhance the dining experience at FIU. These include the build out of the BBC Food Court which is expected to add three food kiosks as well as various ‘grab and go’ items and the Graduate School of Business Bustelo Coffee House. These projects will open in Fall 2008 and Spring 2008 respectively.

The official name of FIU’s Dining Services was changed to ‘Panther Dining’ to better align itself with the University. Further changes were made to enhance and improve the service delivery such as facility renovations, new uniforms, logos, catering brochures, and meal plan offerings for faculty, staff and students.

Revenues are expected to increase in food and retail operations due to additional marketing and promotional efforts now underway as well as extended hours of operation to accommodate the 3-day schedule.

HUMAN RESOURCES

Payroll/HR System Conversion Project

We have successfully transitioned the University payroll system for over 8000 employees, which encompassed 4000 hourly employees. Since the first pay date of July 6, 2007, 56,000 payments have been generated with 200 requiring the issuance of manual payments for payroll corrections. Over 800 graduate and 900 adjunct Faculty contracts have been processed, in addition to activating payroll for approximately 800 nine month Faculty.

¹ FIU receives a commission of gross sales per contract with Aramark

Furthermore, 150 new employees have been added to the university's Payroll Administration.

Recruitment of Critical Positions

The Search and Screen Committee for the Vice President of Human Resources identified two finalists from the initial certified pool of 45 candidates with expectations to have finalized the process by the end of September. However, based on feedback received from the interviewers, the search committee has reconvened to explore a second round of candidates.

The search for the Vice President of Advancement continues with Dean Joyce Elam, Executive Dean College of Business Administration, as the committee chair and Funk and Associates as the Executive Search Firm.

FLORIDA INTERNATIONAL UNIVERSITY
(EXCLUDING COMPONENT UNITS)
STATEMENT OF NET ASSETS
In Thousands

	Audited 06/30/2006	Unaudited 06/30/2007	Change	Notes
ASSETS				
Current Assets:				
Cash & Cash Equivalents	\$ 3,294	\$ 2,673	\$ (621)	1
Investments	112,217	146,343	34,126	1
Accounts Receivables, Net	23,831	23,765	(66)	2
Loans & Notes Receivables	1,104	366	(738)	
Due from State and Component Units	65,406	114,902	49,496	3
Inventories	237	313	76	
Other Current Assets	606	420	(186)	
Total Current Assets	206,695	288,782	82,087	
Noncurrent Assets:				
Restricted Cash & Cash Equivalents	3,136	1,908	(1,228)	1
Restricted Investments	41,649	25,732	(15,917)	1
Loans & Notes Receivable	1,955	1,657	(298)	
Depreciable Capital Assets	409,912	490,631	80,719	4
Non-Depreciable Capital Assets	126,174	89,319	(36,855)	5
Other Noncurrent Assets	962	870	(92)	
Total Noncurrent Assets	583,788	610,117	26,329	
TOTAL ASSETS	\$ 790,483	\$ 898,899	\$ 108,416	
LIABILITIES				
Current Liabilities:				
Accounts Payable & Accrued Liabilities	\$ 32,719	\$ 37,482	\$ 4,763	6
Due to State and Component Units	8,127	6,221	(1,906)	7
Deferred Revenue	50,259	88,142	37,883	8
Long-Term Liabilities-Current Portion	8,407	8,817	410	9,10
Total Current Liabilities	99,512	140,662	41,150	
Noncurrent Liabilities:				
Bonds-Revenue Certified Payable	132,356	126,162	(6,194)	9
Capital Leases Payable	1,682	3,209	1,527	
Compensated Absences Payable	24,036	24,711	675	10
Total Noncurrent Liabilities	158,074	154,082	(3,992)	
TOTAL LIABILITIES	257,586	294,744	37,158	
NET ASSETS				11
Invested In Capital Assets, Net Of Related Debt	442,944	452,117	9,173	
Restricted for Expendable:				
Debt Service	178	178	-	
Loans	1,650	3,463	1,813	
Capital Projects	2,806	21,822	19,016	
Other Restricted Net Assets	8,435	18,158	9,723	
Unrestricted	76,884	108,417	31,533	
TOTAL NET ASSETS	532,897	604,155	71,258	
TOTAL LIABILITIES AND NET ASSETS	\$ 790,483	\$ 898,899	\$ 108,416	

FLORIDA INTERNATIONAL UNIVERSITY
(EXCLUDING COMPONENT UNITS)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
In Thousands

	Audited Fiscal Year ended 06/30/2006	Unaudited Fiscal Year ended 06/30/2007	Change	Notes
OPERATING REVENUES				
Student Tuition and Fees	\$ 145,974	\$ 162,817	\$ 16,843	12
Scholarship allowance	(42,735)	(45,788)	(3,053)	
Student Tuition and Fees, net of Allowance	103,239	117,029	13,790	
Federal Grants and Contracts	61,804	66,117	4,313	
State and Local Grants and Contracts	9,321	9,217	(104)	
Nongovernmental Grants and Contracts	6,932	7,582	650	
Sales and Services of Auxiliary Enterprises	61,870	77,301	15,431	
Other Operating Revenues	10,590	12,914	2,324	
Operating Revenues	253,756	290,160	36,404	
OTHER REVENUES FROM STATE AND CERTAIN FINANCIAL AID SOURCES				
State Appropriations	191,480	217,507	26,027	13
Financial Aid Nonoperating Revenues	47,776	54,030	6,254	14
Other Revenues	239,256	271,537	32,281	
Total Revenues	493,012	561,697	68,685	
OPERATING EXPENSES				
Compensation and Employee Benefits	298,665	322,509	23,844	15
Other Operating Expenses:				
Scholarships and Fellowships	45,353	47,275	1,922	
Other Operating Expenses	26,595	27,525	930	16
Contractual Services	27,447	33,296	5,849	17
Depreciation Expense	47,432	33,497	(13,935)	4
Utilities and Communications	15,924	18,339	2,415	
Materials and Supplies	16,424	19,417	2,993	
Repairs and Maintenance	7,530	10,482	2,952	
Travel Expenses	7,837	8,559	722	
Insurance Expenses	3,912	4,756	844	
Other Operating Expenses	198,454	203,146	4,692	
Total Operating Expenses	497,119	525,655	28,536	
Income before Other Non-operating items	(4,107)	36,042	40,149	
OTHER NON-OPERATING REVENUES (EXPENSES)				
Capital Appropriations	52,730	25,321	(27,409)	18
Investment Income	4,955	6,998	2,043	19
Net Unrealized Gains/(Losses) on Investments	(2,301)	5,764	8,065	19
Capital Grants, Contracts and Donations	2,895	3,154	259	
Interest on Asset-Related Debt	(6,829)	(6,524)	305	
Other Nonoperating Revenues (Expenses)	(2,698)	503	3,201	
Total Non Operating Revenues (Expenses)	48,752	35,216	(13,536)	
Increase in Net Assets	44,645	71,258	26,613	
Net Assets, Beginning of the Year	488,252	532,897	44,645	
Net Assets, End of Year	532,897	604,155	71,258	

**FLORIDA INTERNATIONAL UNIVERSITY
(EXCLUDING COMPONENT UNITS)
STATEMENT OF CASH FLOWS
In Thousands**

	Audited Fiscal year ended 06/30/2006	Unaudited Fiscal year ended 06/30/2007	Change
CASH FLOWS FROM OPERATING ACTIVITIES			
Tuition and Fees	\$ 106,342	\$ 115,605	\$ 9,263
Grants & Contracts	85,489	85,717	228
Sales & Services of Auxiliary Enterprises	59,154	74,691	15,537
Sales & Services of Educational Departments	3,144	3,086	(58)
Interest on Loans Receivable	172	81	(91)
Other Operating Receipts	8,462	10,353	1,891
Payments to Employees	(296,997)	(328,224)	(31,227)
Payments to Suppliers for Goods and Services	(102,645)	(121,628)	(18,983)
Payments to Students for Scholarships & Fellowships	(45,353)	(47,274)	(1,921)
Net Loans Issued to Students	(473)	1,026	1,499
Net Cash Used by Operating Activities	(182,705)	(206,567)	(23,862)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
State Appropriations	191,480	217,507	26,027
Operating Subsidies and Transfers	(1,555)	(5,605)	(4,050)
Net Change in Funds Held for Others	(1,172)	8,677	9,849
Other Nonoperating Receipts	47,802	55,028	7,226
Other Nonoperating Expenses	(340)	(319)	21
Net cash Provided by Noncapital Financing Activities	236,215	275,288	39,073
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Appropriations	48,145	64,025	15,880
Capital Subsidies and Transfers	40,759	(45,701)	(86,460)
Other Receipts for Capital Projects	-	460	460
Capital Gifts and Grants	2,186	2,125	(61)
Proceeds from Capital Debt and Lease Obligations	503	3,304	2,801
Purchases of Capital Assets	(93,443)	(75,295)	18,148
Principal Paid on Capital Debt and Lease	(7,358)	(7,500)	(142)
Interest Paid on Asset Related Debt and Lease	(6,831)	(6,621)	210
Net Cash Used by Capital and Related Financing Activities	(16,039)	(65,203)	(49,164)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investments, Net	(40,093)	(12,489)	27,604
Investment Income	5,163	7,121	1,958
NET CASH FLOWS FROM INVESTING ACTIVITIES	(34,930)	(5,368)	29,562
NET INCREASE IN CASH AND EQUIVALENTS	2,541	(1,850)	(4,391)
Cash and Cash Equivalents, Beginning of Year	3,889	6,430	2,541
Cash and Cash Equivalents, End of Year	\$ 6,430	\$ 4,580	\$ (1,850)

**FLORIDA INTERNATIONAL UNIVERSITY
(EXCLUDING COMPONENT UNITS)
STATEMENT OF CASH FLOWS (Continued)**

In Thousands

	Audited Fiscal Year Ended 6/30/2006	Unaudited Fiscal Year Ended 6/30/2007	Change	Notes
Reconciliation of Net Operating Loss to Net Cash used by Operating Activities:				
Operating Loss	(243,364)	(235,496)	7,868	20
Net Operating Loss to Net Cash Used by Operating Activities:				
Depreciation Expense	47,432	33,497	(13,935)	
Change in Assets and Liabilities:				
Accounts Receivable	1,191	(2,586)	(3,777)	
Loans & Note Receivable, Net	(473)	1,035	1,508	
Contracts and Grants Receivable	7,432	2,801	(4,631)	
Interest Receivable	(1)	(3)	(2)	
Inventories	1,524	(76)	(1,600)	
Other Assets	42	231	189	
Accounts Payable	1,458	582	(876)	
Salaries and Wages Payable	1,897	(6,426)	(8,323)	
Deposits Payable	91	(17)	(108)	
Compensated Absences Payable	(229)	711	940	
Deferred Revenue	294	(820)	(1,114)	
Net cash used by Operating Activities	<u>\$ (182,706)</u>	<u>\$ (206,567)</u>	<u>\$ (23,861)</u>	

FLORIDA INTERNATIONAL UNIVERSITY
NOTES TO THE UNAUDITED JUNE 30, 2007 STATEMENTS

- 1 Cash and investments are classified as either restricted or non-restricted based on the fund type that contains the balances. The net cash and investment position for the University was \$176.7 million at June 30, 2007 compared to \$160.3 million a year prior. The \$16.4 million increase is mainly attributed to collection in accounts receivables from contracts and grants and increased sales and services of auxiliaries including revenues from the new Lakeview Housing complex.

Investments, both restricted and unrestricted, are comprised of the following:

	As of 06/30/2006	As of 06/30/2007
Investment Type:		
State Treasury Special Purpose Investment Pool	\$ 93,790,550	\$ 58,286,806
State Board and Administration	151,134	31,018,928
Externally managed funds:		
Fixed Income Grade Core	23,951,863	31,522,964
Bond Mutual Funds and Hedge funds	11,989,042	17,166,572
S&P 500 Index	7,044,831	10,451,493
Real Estate Investment Trusts	6,079,622	8,035,543
Treasury Inflation-Protected Securities Index	6,001,795	7,837,987
Equities	4,857,301	7,755,342
Subtotal of Externally managed funds	59,924,454	82,769,901
Total Investments	\$ 153,866,138	\$ 172,075,635

- 2 Accounts receivable is comprised of the following balances:

	As of 06/30/2006	As of 06/30/2007
Accounts Receivable from students and others	12,277,266	19,417,150
Contracts & Grants Receivable	19,163,990	16,363,151
Interest Receivable	577,936	489,011
Less: Allowance for Uncollectible accounts	(8,188,580)	(12,504,377)
Accounts Receivable, Net Total	\$ 23,830,612	\$ 23,764,935

The decrease in Contracts and Grants receivables of \$2.8 million is attributable to continuing emphasis on billing and collection activity by the sponsored research office.

The aging of the June 30, 2007 receivables is shown in the following table including the amounts and percentages contained in the allowance for uncollectible accounts:

Type	Aging	%	Allowance	%
Students & others (a):				
Within one year	9,503,088	48.9%	398,394	4.2%
One to two years	3,110,191	16.0%	2,542,639	81.8%
Older than two years	6,803,871	35.0%	6,518,166	95.8%
	<u>\$ 19,417,150</u>		<u>\$ 9,459,199</u>	
Contracts & Grants :				
Active Grants (c)	\$ 11,881,588	72.6%	-	0.0%
3 to 12 months	1,339,162	8.2%	436,050	32.6%
One to two years	2,595,609	15.9%	1,946,707	75.0%
Older than two years	546,792	3.3%	410,094	75.0%
	<u>\$ 16,363,151</u>		<u>\$ 2,792,851</u>	
Interest (b):				
Within one year	215,216	44.0%	3,711	1.7%
One to two years	5,724	1.2%	4,294	75.0%
Older than two years	268,071	54.8%	244,322	91.1%
	<u>\$ 489,011</u>		<u>\$ 252,327</u>	
Total	<u><u>\$ 36,269,312</u></u>		<u><u>\$ 12,504,377</u></u>	

(a) Aging based on term

(b) Aging based on interest due date

(c) Active grants are defined as those grants whose end date is greater than 90 days prior to the reporting period. No allowance is taken on these grants.

3 Due from State and component units is largely comprised of amounts due from the State for construction related projects. The amounts by project name at June 30, 2007 can be found on the attached schedule (page 11).

4 Depreciable capital assets is comprised of the following balances:

	As of 06/30/2006	As of 06/30/2007
Buildings	\$ 447,050,417	\$ 538,934,276
Furniture & equipment	125,346,226	138,920,753
Library Resources	83,185,210	89,596,752
Property under Cap. Lease & Improvements	11,765,224	8,092,122
Infrastructure & Other Improvements	10,077,528	10,137,757
Other Fixed Assets	2,152,613	2,452,122
Less: Accumulated Depreciation	(269,665,294)	(297,503,223)
Depreciable Capital Assets Total	<u><u>\$ 409,911,924</u></u>	<u><u>\$ 490,630,559</u></u>

Capital

assets increased this fiscal year primarily driven by capitalization of completed buildings such as Lakeview Housing Complex for \$39.9 million, Law School Building for \$34.9 million, Marine Biology for \$13.2 million, Recreation Center for \$7.9 million, and additional amounts for the Health and Life Sciences Building of \$2.3 million. In prior year, depreciation expense, and thus accumulated depreciation, increased substantially due to a higher asset base and a change in the estimated useful lives of certain building components. Related to the indirect cost proposal, the University changed the estimated useful lives for building components like roofs, building services (HVAC, fire, etc) to 20-30 years from the previous 50 years. Furthermore, the increase in furniture and equipment is due to additional purchases during the fiscal year and the reclassification of property items under capital lease that have since matured and, as such, are now reflected under furniture and equipment.

- 5 Non-Depreciable capital assets is comprised of the following balances:

	As of 06/30/2006	As of 06/30/2007
Land	\$ 28,389,550	\$ 28,389,550
Construction in Progress	94,862,560	57,781,080
Certain works of art & historical treasures	2,921,497	3,148,604
Non-Depreciable Capital Assets Total	\$ 126,173,607	\$ 89,319,234

The most significant decrease in non-depreciable assets was driven by the change in construction work in progress (CIP). The decrease in CIP is primarily related to the completion of several projects including Lakeview Housing, Law School Building, Marine Biology Building, Recreation Center, and the Health and Life Sciences Building. This decrease was offset by related construction of the Graduate School of Business, Patricia & Phillip Art Museum, Central Utility Plant and other major utility projects throughout campus.

- 6 Accounts payable and accrued liabilities is comprised of the following balances:

	As of 06/30/2006	As of 06/30/2007
Accrued Salaries & Wages	\$ 11,382,797	\$ 12,494,366
Construction Contracts Payable	9,221,911	10,845,426
Deposits Payable	8,577,668	9,935,896
Accounts Payable	3,536,652	4,206,109
Accounts Payable & Accrued Liabilities Total	\$ 32,719,028	\$ 37,481,797

- 7 Due to State and component units primarily includes \$7.8 million and \$6.0 million due to FIU Research Foundation, Inc. as of June 30, 2006 and 2007, respectively. The balance also includes building and capital improvement fees collected from students and amounts due to the State for unemployment compensation.
- 8 Deferred revenues relate to funding for construction projects due from the State but not yet authorized for spending. Once the spending authority is granted to the University the revenues are recognized. Deferred revenues also consist of grant payments made to FIU in advance of performing the research. As of June 30, 2007, these balances were \$82.6 million and \$5.6 million, respectively. See the attached schedule (page 11) for a listing of projects which comprise the \$82.6 million.
- 9 Amounts represent the long term portion of local bonds issued for parking and housing complexes and revenue certificates bonds payable issued by the State for construction projects.

Bond Type and Series	Amount of Original Issue	Amount Outstanding (1)	Interest Rates (Percent)	Maturity Date To
Student Housing and Parking:				
1995 Parking Garage I	\$ 7,780,000	\$ 4,479,990	4.90-5.375	2016
1998 Housing II	26,525,000	22,689,622	4.30-6.30	2028
1999 Parking Garage II	7,530,000	5,446,570	4.70-5.625	2019
2000 Housing III	14,605,000	12,507,166	4.50-5.75	2025
2002 Parking Garage III	22,915,000	18,938,897	2.75-4.60	2022
2004 A Lakeview Housing & 1993 Refunding	53,915,000	50,655,447	4.00-5.00	2034
Total Student Housing and Parking Bonds	133,270,000	114,717,692		
Academic and Student Services Facilities:				
1997A	4,360,924	3,578,591	4.50-5.00	2016
1998	5,643,367	4,205,818	4.00-5.00	2023
2001	5,566,922	4,710,765	4.00-5.00	2026
2003 A	5,049,124	3,068,530	5.00	2013
2005A	2,257,296	2,074,265	3.625-4.125	2022
Total Academic and Student Services	22,877,633	17,637,969		
Total Current and Noncurrent	\$ 156,147,633	\$ 132,355,661		
Current Bonds and Revenue Certificates		\$ 6,193,169		
NonCurrent Bonds and Revenue Certificates		\$ 126,162,492		

Note: (1) Amount outstanding includes unamortized bond discounts, premiums, and deferred losses on refunding issues.

- 10 This amount represents the university's liability related to compensated absence for unused annual and sick leave earned by its employees. The current portion at June 30, 2007 is \$1.3 million.
- 11 Total net assets increased by \$71.3 million. The increase resulted mainly from the increases in capital projects and restricted scholarship funds. The unrestricted net asset balance is comprised mainly of net assets for the operating funds such as Educational and General, Auxiliary, Activity and Service, Athletics, and the Unrestricted Sponsored Research funds. Net Assets Invested in Capital Assets, Net of Related Debt is the largest component of net assets which totaled \$452.1 million and consists of capital assets, less accumulated depreciation and is reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction or improvement of these assets. The increase of \$9.2 million in Net Assets Invested in Capital Assets was due mainly to the accelerated accumulated depreciation related to the change in estimated useful lives for certain building components. The restricted net assets consist of debt service held for the retirement of debt, capital project for the construction, renewal and replacement of net assets restricted loans, scholarships and research funds. The increase of \$30.6 million in Restricted Net Assets is mainly attributable to financial aid for scholarships and loans and the funding of additional capital projects underway.
- 12 Student tuition and fees includes undergraduate and graduate tuition for in-state and out of state students, athletic fees, student activity fees and health fees. Student tuition and fees have been earned and recorded while associated expenses for providing services have not been fully incurred. Student tuition and fees is comprised of the following balances:

	Fiscal year ended		Fiscal year ended	
	06/30/2006	%	06/30/2007	%
Undergraduate Studies	\$ 77,256,686	52.9%	\$ 84,056,968	51.6%
Graduate Studies	28,128,292	19.3%	34,236,886	21.0%
Law	2,160,716	1.5%	2,794,467	1.7%
Financial Aid Fees	5,369,562	3.7%	6,049,204	3.7%
Student Activity Fees	9,702,533	6.6%	10,273,842	6.3%
Athletic Fees	11,763,099	8.1%	12,448,886	7.6%
Health Fees	4,894,561	3.4%	6,268,382	3.8%
Other Registration Fees	5,664,585	3.9%	5,697,833	3.5%
Other Fees	1,033,616	0.7%	990,289	0.6%
Student Tuition and Fees Total	\$ 145,973,650		\$ 162,816,757	

- 13 State appropriations represent funding received from the State of Florida. The 2007 amount is comprised of the following components:

	Fiscal year ended
	06/30/2007
State Appropriations:	
Initial 2006-07 Appropriation:	
General Revenue	188,031,784
Educational Enhancement	19,679,390
Student Financial Assistance	1,531,744
Risk Management Insurance	1,021,931
2006-07 Adjustments:	
Salary Increase	4,361,684
Retirement System Increase	1,308,152
World Class Scholars Program	1,000,000
Health Insurance Increase	394,036
Risk Management Insurance	175,670
2+2 Partnership Baccalaureate Funding	2,189
2006-07 State Appropriations Total	\$ 217,506,580

- 14 Financial aid non-operating revenues are associated with the Pell, Bright Futures, FSAG and SEOG financial aid programs. These revenues are required to be classified as non-operating revenues because they represent nonexchange transactions.

- 15 Compensation and employee benefits is comprised of the following:

	Fiscal Year ended	Fiscal Year ended
	6/30/2006	6/30/2007
Permanent Salaries	\$ 186,999,850	\$ 207,482,293
Temporary Salaries	58,090,681	56,916,912
Social Security Matching	15,632,344	16,365,272
Retirement Benefits	18,796,934	21,231,460
Employee Benefits	18,737,610	20,113,132
Salary Assessments	407,319	399,844
Compensation and Employee Benefits total	\$ 298,664,738	\$ 322,508,913

- 16 Other operating expenses are comprised of charges coded to a miscellaneous account, bad debt expense for allowances recorded for uncollectible amounts, food products purchased, auxiliary overhead charges, rental of facilities, certain software licenses, athletic guarantees and equipment purchased below our capitalization threshold.

- 17 Contractual services is comprised of the following:

	Fiscal year ended 06/30/2006	Fiscal year ended 06/30/2007
Professional Services	\$ 9,473,586	\$ 11,139,059
Grant subcontracts	9,514,445	10,311,815
Consulting Services	4,391,065	3,627,753
Contractual Services	651,435	3,040,007
Promotional and other Advertising	1,284,131	1,550,495
Non-capitalized construction services	21,041	1,216,067
Legal Fees & Services	983,829	1,259,308
Entertainment Services	267,071	429,784
Employment Advertising	176,926	262,461
Information Tech. Services	498,186	292,884
Other contractual services	184,890	166,526
Contractual Services Total	\$ 27,446,604	\$ 33,296,160

The increase noted in contractual services from prior year is mainly attributable to costs incurred for the ADP HR/Payroll implementation project.

- 18 Capital appropriations are revenues recognized once the State authorizes spending on construction projects. See the attached schedule for a listing of projects which comprise the \$25.3 million.
- 19 Investment income is interest and dividends paid on investments held with the State Treasury, State Board of Administration and outside investment managers. Net unrealized gains/losses on investments represent the change in the fair market value as of June 30, 2007 of investment holdings which are considered long term investments. The University's investment earnings were \$12.8 million in fiscal year 2006-07 versus \$2.7 million in fiscal year 2005-06. This is attributed to year to year increases in interest income, realized gains/losses, and unrealized gains/losses.

Unrealized gains/losses increased significantly year to year by \$8.06 million. This increase is attributed to two factors. First, the fair market value of the State Treasury Investment Pool created unrealized gains in the amount of \$0.87 million in 2006-07, while there was a -\$2.16 million unrealized loss in 2005-06. Second, the University's external managers produced unrealized gains of \$4.85 million in 2006-07, while there was a -\$0.12M unrealized loss in 2005-06. The key drivers were the Fixed Income Investment Grade Core (\$1.42M), S&P500 Index Fund (\$1.11M), Fund of Funds (\$0.93M), and the International Equity Fund (\$0.79M).

- 20 The operating loss shown on the Statement of Cash Flows excludes State appropriations and certain non-operating financial aid revenues as is required by GAAP which were reclassified for management reporting purposes on the Statement of Revenues, Expenses and Changes in Net Assets.

FLORIDA INTERNATIONAL UNIVERSITY
DUE FROM STATE, DEFERRED REVENUES AND CAPITAL APPROPRIATIONS
AS OF JUNE 30, 2007

	A	B	A-B	C	A-C	D	B - D
Project Name	Appropriation	Authorized Encumbrance Cumulative	Deferred Revenues	Receipts	Due From State and Component Units	Authorized Encumbrance Prior Year	Current Year Revenues
College of Law	37,642,234	37,087,401	554,833	36,612,730	1,029,504	31,768,882	5,318,519
Lakeview Housing Project	31,985,691	31,985,691	-	30,285,691	1,700,000	30,285,691	1,700,000
Graduate School of Business	27,316,233	21,197,986	6,118,247	18,984,252	8,331,981	21,275,822	(77,836)
Social Science Building	22,849,971	3,000,000	19,849,971	239,474	22,610,497	3,000,000	-
Molecular Biology, University Park	20,468,243	5,000,000	15,468,243	250,000	20,218,244	5,000,000	-
Graduate Classroom Building	18,619,835	-	18,619,835	-	18,619,835	-	-
Frost Art Museum	15,070,565	11,611,195	3,459,370	11,965,296	3,105,269	12,528,251	(917,056)
Marine Biology	12,950,000	12,950,000	-	12,350,000	600,000	12,350,000	600,000
Science Classroom Building	9,000,000	-	9,000,000	-	9,000,000	-	-
Football Stadium Expansion	6,675,000	2,675,000	4,000,000	317,521	6,357,479	-	2,675,000
Recreation Center - Phase I	5,520,106	5,520,106	-	5,520,106	-	3,720,106	1,800,000
Public Safety Building	3,131,025	150,000	2,981,025	-	3,131,025	-	150,000
FIU Training Room	1,563,527	1,563,527	-	1,361,565	201,962	-	1,563,527
Coaches Offices	1,425,000	1,425,000	-	-	1,425,000	-	1,425,000
Athletics Academic Support Center	100,000	100,000	-	-	100,000	-	100,000
Utility, infrastructure and capital							
renovation, roofs	22,000,000	19,500,000	2,500,000	11,400,000	10,600,000	12,000,000	7,500,000
Remodeling, renovation, maintenance							
and repair, and site improvement	10,443,787	10,443,787	-	6,409,697	4,034,090	6,959,697	3,484,090
Subtotal	246,761,217	164,209,693	82,551,524	135,696,332	111,064,886	138,888,449	25,321,244
Non-construction related amounts			5,590,032		3,837,536		-
Balance per Financial Statement			88,141,556		114,902,422		25,321,244

Steps of Construction Funding:

A) Step 1: Appropriation - Receive Appropriation authority from the State - ACCOUNTING: Recognize Receivable as Due From State and increase in liabilities as Deferred Revenue.

B) Step 2: Request authority to spend - President submits request to spend encumbered funds Due From State for the project - ACCOUNTING: Recognize revenue for the project and reduce deferred amount.

C) Step 3: Drawdown funds - Request funds to be transferred from State to FIU bank account - ACCOUNTING: Increase cash and reduce amount due from State.

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**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE**

15 NOVEMBER 2007

SUBJECT: ATHLETIC DIRECTOR FUNDRAISING UPDATE

PROPOSED COMMITTEE ACTION:

None. Discussion item.

EXHIBITS/SUPPORTING DOCUMENTS:

- ATHLETIC DIRECTOR FUNDRAISING
UPDATE

FACILITATOR/PRESENTER:

- PETE GARCIA

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Athletic Director Update

FUNDRAISING UPDATE

The Golden Panther booster club was revamped and launched once again in the middle of the 2006/07 fiscal year. The Living Scholar Program was added this year. Athletics has seen an acceleration of donations and favorable response to these programs. Based upon the FIU Foundation, Inc. Preliminary Income Statement Recap – Operational Funds provided by the FIU Foundation, Inc. Controller's Office, Athletics is ahead of budget for the two months ended August 31, 2007 by \$91k. The actual revenue for the same period prior year was \$31k. See below table.

FIU Foundation, Inc.
Preliminary Income Statement Recap – Operational Funds
For the period ending August 31, 2007

	2007-08 YTD Actual	2007-08 YTD Budget	Variance	2007-08 Full Yr Budget	2006-07 YTD Actual	2006-07 Full Yr Actual
Revenue	\$116k	\$25k	\$91k	\$502k	\$31k	\$439k

We do not see this drastic growth in the first two months of the year as a representation of future performance at this time. Results are indicative of the drive of FIU Athletics' constituents to show immediate support. Future success will in large part be dependant on the involvement and promotion of the Athletics Program by University leaders, including but not limited to the University Board of Trustees and FIU Foundation board members. Your support is appreciated.

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**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE**

15 NOVEMBER 2007

SUBJECT: FIU FOUNDATION REPORT

PROPOSED COMMITTEE ACTION:

None. Discussion Item.

EXHIBITS/SUPPORTING DOCUMENTS:

- FIU FOUNDATION, INC. FINANCIAL STATEMENTS RECAP & INVESTMENT SUMMARY, SEPTEMBER 30, 2007

FACILITATOR/PRESENTER:

- NOEL GUILLAMA-ALVAREZ

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FIU FOUNDATION, INC.

**FINANCIAL STATEMENTS RECAP
& INVESTMENT SUMMARY**

September 30, 2007

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FIU FOUNDATION, INC.
Preliminary Financial Statements Recap
Through Period Ending September 30, 2007

(In Thousands of Dollars)

	2007-08 3-month Actuals	2007-08 3-month Budget	Variance		2007-08 Annual Budget	2006-07 3-month Actuals	2006-07 Total Year Actuals
RECEIPTS:							
<u>Contributions:</u>							
University-Wide Scholarships/Programs	\$141	\$117	\$24		\$313	\$164	\$655
Endowments	\$5,300	\$5,021	\$279		\$11,287	\$2,666	\$4,936
Building Funds	\$238	\$17	\$221	[1]	\$6,649	\$197	\$2,667
Colleges, Schools & Centers	\$1,353	\$1,224	\$129	[2]	\$3,185	\$998	\$3,858
Athletics Operations	\$148	\$86	\$62	[3]	\$502	\$45	\$439
Alumni Membership	\$59	\$36	\$23		\$215	\$25	\$187
Annual Fund	\$72	\$82	(\$10)		\$444	\$78	\$648
Total Contributions	\$7,311	\$6,583	\$728		\$22,595	\$4,173	\$13,390
<u>Other Revenues:</u>							
MARC Building - Rental Income	\$709	\$394	\$315	[4]	\$1,575	\$394	\$1,598
Estimated Investment Returns	\$1,359	\$498	\$861	[5]	\$10,083	\$2,471	\$18,531
Administrative Fee	\$0	\$0	\$0		\$0	\$0	\$2,703
TOTAL RECEIPTS	\$9,379	\$7,475	\$1,904		\$34,253	\$7,038	\$36,222
EXPENSES:							
<u>Operational:</u>							
Annual Fund	\$3	\$237	\$234	[6]	\$437	\$139	\$285
Administrative Reserve	\$318	\$393	\$75		\$1,814	\$313	\$1,659
Total Operational Expenses	\$321	\$630	\$309		\$2,251	\$452	\$1,944
<u>University Programs:</u>							
University-Wide Scholarships/Programs	\$218	\$460	\$242	[7]	\$648	\$161	\$918
Building Funds	\$2,011	\$2,649	\$638	[8]	\$2,649	\$3,545	\$4,546
Colleges, Schools & Centers	\$1,870	\$1,498	(\$372)	[9]	\$4,927	\$1,590	\$5,824
MARC Building	\$130	\$221	\$91	[10]	\$884	\$106	\$805
Athletics	\$41	\$116	\$75	[11]	\$400	\$43	\$164
Alumni Programs	\$43	\$52	\$9		\$162	\$13	\$124
General Reserve	\$5	\$8	\$3		\$30	\$4	\$23
Administrative Fee	\$0	\$0	\$0		\$0	\$0	\$2,703
Total University Program Expenses	\$4,318	\$5,004	\$686		\$9,700	\$5,462	\$15,107
TOTAL EXPENSES	\$4,639	\$5,634	\$995		\$11,951	\$5,914	\$17,051
Excess of Receipts over Expenses	\$4,740	\$1,841	\$2,899		\$22,302	\$1,124	\$19,171

NOTES:

- [1] Approximately \$125,000 in past due installments were collected. In addition, new gifts in excess of \$100,000 in support of the Art Museum and College of Business Administration buildings were received.
- [2] The following were new, unbudgeted gifts received: \$25,000 in support of Hospitality Management and \$100,000 in support of the Disabilities Resource Center.
- [3] There has been an accelerated collection of expected donations primarily driven by higher levels of participation in the Panther Club and Living Scholars programs.
- [4] MARC rental income due on October 1st was received in September.
- [5] Upon the recommendation of Consulting Services Group (CSG) and further reduction by the Board's Investment Committee, investment returns were budgeted at 7.5% for the 2007-08 fiscal year. Based on historical returns for our current asset allocation, a 0.4% return was budgeted for the 3-month period ended September 30th. Current fiscal year-to-date gains total 1.0%.
- [6] The Annual Giving Campaign was launched later than anticipated pending budget approval from the Board of Directors in September. In addition, payment for Faculty Research Summer Grants was requested and made in October.
- [7] First Generation Scholarship awards were budgeted at \$258,000 based on expected matching funds. Since only 50% of the match was received, \$129,000 in scholarships were awarded. In addition, there were several scholarships with university balances from previous years that did not require the budgeted amounts to be transferred to the university.
- [8] Building Fund expenses are budgeted based on expected matching funds from the Courtelis program. Included in the Building Funds expense budget was \$300,000 in equipment funds for Hospitality Management, which also qualifies for this type of match, however the expense was made out of a Hospitality Management account, not a Building Fund account. In addition, an excess of \$300,000 budgeted for the IHRC Wall of Wind will remain unspent because expenses associated with this facility were funded by Sponsored Research instead.
- [9] Approximately \$100,000 in expenses related to the Biomedical Engineering program budgeted for October were incurred in August. In addition, \$300,000 in Hospitality Management expenses budgeted for December were incurred in September.
- [10] The University has not yet billed the Foundation for MARC building utility and custodial expenses incurred in the first quarter.
- [11] New Marketing, Sponsorship and Fundraising staff were hired later than anticipated, therefore related expenses will be incurred later in the year.

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Florida International University Foundation, Inc.
Preliminary Performance Summary as of
September 30, 2007

<u><i>Fund/Manager/Inception Date</i></u>	<u>Market Value</u>	<u>% Allocation</u>	<u>Target Allocation</u>	<u>Current Month (08/07-09/07)</u>	<u>Trailing 3 Months (06/07-09/07)</u>	<u>Calendar YTD 2007 (12/06-09/07)</u>	<u>Fiscal YTD (06/07-09/07)</u>	<u>Trailing 1 Year (09/06-09/07)</u>	<u>Trailing 3 Year (09/04-09/07)</u>	<u>Trailing 5 Year (09/02-09/07)</u>	<u>Since Investment Inception</u>
Total Fund (6/30/00)	\$134,854,947	100.0%	100.0%	2.6%	1.0%	8.3%	1.0%	15.4%	11.8%	12.5%	4.9%
Total Fund Composite				2.0%	1.0%	5.6%	1.0%	11.2%	10.3%	11.7%	3.4%
+/- Benchmark				0.6%	-0.1%	2.7%	-0.1%	4.2%	1.5%	0.8%	1.5%
Total Equity Accounts (6/30/00)	\$69,583,400	51.6%	50.0%	4.2%	1.5%	11.3%	1.5%	22.0%	17.0%	19.7%	4.9%
Total Equity Composite				3.4%	0.1%	7.5%	0.1%	16.6%	15.6%	18.2%	2.0%
+/- Benchmark				0.8%	1.4%	3.9%	1.4%	5.4%	1.5%	1.4%	2.9%
Total Fixed Income Accounts (6/30/00)	\$32,906,285	24.4%	25.0%	0.5%	2.1%	3.9%	2.1%	5.3%	4.2%	4.4%	5.9%
Total Fixed Income Composite				0.6%	1.9%	3.8%	1.9%	5.1%	3.9%	3.9%	5.7%
+/- Benchmark				0.0%	0.2%	0.1%	0.2%	0.2%	0.2%	0.5%	0.3%
Total Alternative Investments (3/1/02)	\$32,365,262	24.0%	25.0%	1.4%	-1.0%	7.4%	-1.0%	13.6%	10.0%	9.1%	8.6%
Total Alternative Composite				1.2%	2.7%	4.8%	2.7%	7.7%	6.3%	8.4%	5.6%
+/- Benchmark				0.2%	-3.7%	2.7%	-3.7%	5.9%	3.7%	0.7%	3.0%

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Florida International University Foundation, Inc.
Preliminary Performance Summary as of
September 30, 2007

<i>Fund/Manager/Inception Date</i>	Market Value	% Alloc.	Target Alloc.	Current Month (08/07-09/07)	Trailing 3 Months (06/07-09/07)	Calendar YTD 2007 (12/06-09/07)	Fiscal YTD (06/07-09/07)	Trailing 1 Year (09/06-09/07)	Trailing 3 Year (09/04-09/07)	Trailing 5 Year (09/02-09/07)	Since Investment Inception
<u>Domestic Equity Managed Accounts</u>											
Atalanta Sosnoff Large Cap Growth (3/1/06)	\$17,308,535	12.8%	12.5%	6.8%	7.4%	13.7%	7.4%	24.3%	N/A	N/A	15.7%
Russell 1000 Growth Index				4.2%	4.2%	12.7%	4.2%	19.4%	12.2%	13.8%	12.8%
Wedge Capital Large Cap Value QVM (12/29/06)	\$16,157,655	12.0%	12.5%	4.0%	-0.6%	9.1%	-0.6%	N/A	N/A	N/A	9.1%
Russell 1000 Value Index				3.4%	-0.2%	6.0%	-0.2%	14.5%	15.3%	18.1%	6.0%
Advisory Research Small Cap Value (6/1/01)	\$9,167,581	6.8%	7.5%	0.6%	-4.9%	3.9%	-4.9%	13.8%	17.2%	21.2%	15.6%
Russell 2000 Value				0.5%	-6.3%	-2.7%	-6.3%	6.1%	12.5%	18.7%	12.6%
IronBridge Small Cap Core Equity (12/2/03)	\$9,643,248	7.2%	7.5%	3.5%	2.8%	15.6%	2.8%	25.5%	15.7%	N/A	14.0%
Russell 2000 Small Cap Index				1.7%	-3.1%	3.2%	-3.1%	12.3%	13.4%	18.8%	11.6%
<u>International Equity Managed Accounts</u>											
Julius Baer International Equity Fund (12/2/03)	\$9,478,050	7.0%	5.0%	5.7%	2.1%	16.8%	2.1%	32.5%	28.7%	N/A	25.3%
MSCI EAFE Index				5.4%	2.2%	13.6%	2.2%	25.4%	23.8%	24.1%	21.3%
ING International Value A (6/1/01)	\$7,828,330	5.8%	5.0%	2.6%	-0.4%	9.2%	-0.4%	20.0%	21.5%	24.8%	12.1%
MSCI EAFE Index				5.4%	2.2%	13.6%	2.2%	25.4%	23.8%	24.1%	11.3%
TOTAL EQUITY INVESTMENTS	\$69,583,400	51.6%	50.0%								
<u>Core Fixed Income Managed Accounts</u>											
SCM Advisors Core Fixed (6/1/01)	\$9,599,859	7.1%	10.0%	0.8%	2.8%	3.7%	2.8%	5.3%	3.9%	4.9%	5.5%
Lehman Brothers Aggregate Index				0.8%	2.8%	3.9%	2.8%	5.1%	3.9%	4.1%	5.4%
Hillswick Asset Management (6/1/01)	\$5,160,551	3.8%	10.0%	0.4%	4.0%	4.3%	4.0%	5.0%	4.0%	4.0%	6.0%
Lehman Brothers Aggregate Index				0.8%	2.8%	3.9%	2.8%	5.1%	3.9%	4.1%	5.4%
<u>Common Fund & Gift Annuity Accounts</u>											
Common Fund Short Term Bond (6/1/85)*	\$783,119	0.6%	N/A	0.1%	1.0%	4.5%	1.0%	6.2%	4.7%	3.4%	5.4%
90 Day T-Bills				0.4%	1.2%	3.7%	1.2%	5.0%	4.0%	2.8%	4.8%
SunTrust Balanced Annuity Account (10/22/03)	\$637,174	0.5%	N/A	2.7%	2.8%	7.1%	2.8%	8.9%	7.1%	N/A	7.1%
70% Lehman Aggregate / 30% S&P 500				1.7%	2.6%	5.5%	2.6%	8.5%	6.6%	N/A	6.7%
State of Florida Treasurer Fund (4/1/03)*	\$16,725,583	12.4%	5.0%	0.5%	1.1%	3.6%	1.1%	5.0%	4.1%	N/A	3.9%
90 day T-bill				0.4%	1.2%	3.7%	1.2%	5.0%	4.0%	2.8%	3.0%
TOTAL FIXED INCOME INVESTMENTS	\$32,906,285	24.4%	25.0%								
<u>Alternative Investments</u>											
Crystal Associates Topaz Fund (3/1/02)	\$11,097,826	8.2%	10.0%	1.0%	-3.6%	3.1%	-3.6%	9.3%	8.7%	9.3%	9.3%
Lehman Brothers Aggregate Index				0.8%	2.8%	3.9%	2.8%	5.1%	3.9%	4.1%	4.9%
Ironwood Partners (03/01/04)	\$8,895,369	6.6%	7.5%	1.4%	-0.6%	8.4%	-0.6%	13.9%	10.2%	N/A	9.1%
Lehman Brothers Aggregate Index				0.8%	2.8%	3.9%	2.8%	5.1%	3.9%	4.1%	0.8%
Ironwood Partners (NDM Gift) (08/01/05)	\$2,383,690	1.8%	N/A	1.4%	-0.6%	8.4%	-0.6%	13.9%	N/A	N/A	10.7%
Lehman Brothers Aggregate Index				0.8%	2.8%	3.9%	2.8%	5.1%	3.9%	4.1%	3.9%
Collins Capital (3/1/07)	\$4,453,012	3.3%	3.8%	2.3%	1.9%	N/A	1.9%	N/A	N/A	N/A	11.3%
Titan Advisors (3/1/07)	\$4,385,365	3.3%	3.8%	1.8%	1.8%	N/A	1.8%	N/A	N/A	N/A	9.6%
50% S&P 500/ 50% Leh Agg				2.3%	2.5%	6.6%	2.5%	10.8%	8.5%	9.8%	6.0%
DTC Private Equity (\$5 Million Commitment)	\$1,150,000	0.9%									
TOTAL ALTERNATIVE INVESTMENTS	\$32,365,262	24.0%	25.0%								
TOTAL FUND	\$134,854,947	100.0%	100.0%								

*These are short-term, liquid funds.

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**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE**

15 NOVEMBER 2007

SUBJECT: TREASURY REPORT

PROPOSED COMMITTEE ACTION:

None. Discussion Item.

EXHIBITS/SUPPORTING DOCUMENTS:

- TREASURY REPORT - UNIVERSITY INVESTMENT COMMITTEE

FACILITATOR/PRESENTER:

- VIVIAN SANCHEZ

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**BOARD OF TRUSTEES
TREASURY REPORT**

NOVEMBER 15, 2007

University Investment Committee Meeting

The University Investment Committee met on August 22, 2007 to evaluate presentations relating to the search of a replacement Fixed Income (Investment Grade Core) Manager. The search was conducted due to the existing manager's underperformance against its respective benchmark and changes in the management structure. During the meeting, the University Investment Committee unanimously voted to hire Prudential Investment Management as the new manager. The University has received the contract from Prudential, and will be funding this manager shortly.

Due to an insufficient number of proposals during the Small Cap search, the University reissued the RFP for this asset class. The Committee also agreed to replace the current International Equity Manager (Boston Company), and put this asset class out for bid. While the University searches for replacement managers for these two asset classes, the funds allocated to the International Equity asset class will be placed in an EAFE Index fund with Northern Trust.

Finally, during the last Board of Trustees Meeting, a revised investment policy was put before the Board. The revised policy included the adoption of an alternative asset allocation mix for the Strategic Capital and Reserve Pool as well as a reduction in the allocation to the Working Capital Pool. The changes to the current portfolio are expected to increase the expected return of the portfolio while maintaining the expected volatility. As of October 1, the revised policy has been fully implemented. Every manager / asset class has been fully funded per the policy guidelines.

Exhibit A depicts the previous portfolio asset allocation and the revised portfolio asset allocation.

Exhibit A

Previous Portfolio	Working Capital Pool	Strategic Capital Pool	Reserve Pool	Total Combined
% of Total	40%	50%	10%	100%
Cash Equivalents	40.00	0.00	0.00	16.00
Short - Int. Fixed Income	60.00	0.00	0.00	24.00
Fixed Income (Inv. Grade)	0.00	40.00	40.00	24.00
TIPS	0.00	10.00	10.00	6.00
High Yield	0.00	10.00	10.00	6.00
Total Fixed Income	100.00	60.00	60.00	76.00
Absolute Return	0.00	10.00	10.00	6.00
REITS	0.00	10.00	10.00	6.00
U.S. Equity	0.00	15.00	15.00	9.00
International Equity	0.00	5.00	5.00	3.00
Total Equity	0.00	20.00	20.00	12.00
Expected Return	3.92	6.59	6.59	5.55
Risk (Standard Deviation)	2.77	5.93	5.93	4.29

Revised Portfolio	Working Capital Pool	Strategic Capital Pool	Reserve Pool	Total Combined
% of Total	30%	60%	10%	100%
Cash Equivalents	40.00	0.00	0.00	12.00
Short - Int. Fixed Income	60.00	0.00	0.00	18.00
Fixed Income (Inv. Grade)	0.00	30.00	30.00	21.00
TIPS	0.00	20.00	20.00	14.00
High Yield	0.00	5.00	5.00	3.50
Total Fixed Income	100.00	55.00	55.00	68.50
Absolute Return	0.00	20.00	20.00	14.00
REITS	0.00	5.00	5.00	3.50
U.S. Equity	0.00	12.50	12.50	8.75
International Equity	0.00	7.50	7.50	5.25
Total Equity	0.00	20.00	20.00	14.00
Expected Return	3.92	6.69	6.69	5.88
Risk (Standard Deviation)	2.77	5.48	5.48	4.31

Investment Return Performance August 31, 2007

The following table (*Exhibit B*) depicts the performance of the University Operating Pool as of August 31, 2007.

Exhibit B

Florida International University Performance Summary as of August 31, 2007

<i>Fund/Manager/Inception Date</i>	Market Value	% Allocation	Target Allocation	Current Month (7/07-8/07)	Trailing 3 Months (5/07-8/07)	Calendar YTD 2007 (12/06-8/07)	Fiscal YTD (6/07-8/07)	Trailing 1 Year (8/06-8/07)	Since Investment Inception
Total Combined Pool (3/31/06)	\$202,068,991	100.0%	100.0%	0.7%	-0.2%	2.7%	0.3%	5.9%	5.7%
Benchmark Index				1.1%	-0.1%	3.1%	0.6%	6.5%	6.5%
+/- Benchmark				-0.4%	-0.2%	-0.4%	-0.4%	-0.6%	-0.8%
<u>CASH EQUIVALENTS</u>	\$103,133,615	51.0%	40.0%	0.4%	1.4%	3.5%	0.8%	5.7%	5.2%
91-Day Treasury Bill				0.6%	1.4%	3.5%	1.0%	5.3%	5.2%
+/- Benchmark				-0.1%	0.0%	-0.1%	-0.1%	0.4%	0.0%
Total Combined Pool less Cash Equivalents (3/31/06)	\$98,935,376	49.0%	60.0%	0.2%	0.3%	0.1%	0.3%	-0.2%	-0.3%
Benchmark Index				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
+/- Benchmark				0.8%	-4.1%	0.1%	-2.8%	-0.2%	7.2%

Performance Analysis

For year to date August 31, 2007, the University Operating Pool earned a return of 0.26% or \$558.8K compared to the weighted benchmark of 0.62%. Negative conditions in the financial markets during July, and the beginning of August were the cause of the overall shortfall. The main drivers were in the equity markets: Small Cap, International Equities and S&P Index had returns of -7.8%, -4.8%, -1.6% respectively. In addition to the equity markets being down, the high yield bond market was down by -2.8%.

It should be noted that the revised University Investment Policy was not implemented until October 1, so there was an overweight in Cash Equivalents. Cash and Equivalents returned 0.83%, which helped to offset any negative returns during the first two months of the fiscal year.

Florida International University
Performance Summary as of
August 31, 2007

<i>Fund/Manager/Inception Date</i>	Market Value	% Allocation	Target Allocation	Current Month (7/07-8/07)	Trailing 3 Months (5/07-8/07)	Calendar YTD 2007 (12/06-8/07)	Fiscal YTD (6/07-8/07)	Trailing 1 Year (8/06-8/07)	Since Investment Inception
<u>CASH EQUIVALENTS</u>	\$103,133,615	51.0%	40.0%	0.4%	1.4%	3.5%	0.8%	5.7%	5.2%
91-Day Treasury Bill				0.6%	1.4%	3.5%	1.0%	5.3%	5.2%
+/- Benchmark				-0.1%	0.0%	-0.1%	-0.1%	0.4%	0.0%
SPIA Account	\$71,983,424	35.6%	--	0.4%	1.3%	3.4%	0.7%	5.7%	5.2%
91-Day Treasury Bill				0.6%	1.4%	3.5%	1.0%	5.3%	5.2%
+/- Benchmark				-0.1%	0.0%	-0.1%	-0.3%	0.4%	0.0%
SBA-LGIP Account	\$31,150,191	15.4%	--	0.5%	1.4%	3.7%	0.9%	5.6%	5.6%
91-Day Treasury Bill				0.6%	1.4%	3.5%	1.0%	5.3%	5.3%
+/- Benchmark				-0.1%	0.0%	0.1%	0.0%	0.3%	0.3%
<u>DIVERSIFIED FIXED INCOME COMPOSITE</u>	\$55,817,963	27.6%	36.0%	1.2%	1.1%	3.2%	1.6%	5.2%	5.7%
Benchmark Index				1.2%	1.1%	3.0%	1.6%	5.3%	5.9%
+/- Benchmark				0.1%	0.0%	0.1%	0.0%	0.0%	-0.2%
Weiss, Peck & Greer (3/31/06)	\$35,396,837	17.5%	24.0%	1.4%	2.0%	3.2%	2.3%	5.0%	5.4%
Lehman Brothers Aggregate Index				1.2%	1.8%	3.1%	2.1%	5.3%	5.7%
+/- Benchmark				0.2%	0.3%	0.1%	0.3%	-0.2%	-0.3%
BlackRock HY Bond (3/31/06)	\$8,274,587	4.1%	6.0%	0.8%	-4.1%	1.3%	-2.8%	7.2%	7.2%
ML High Yield Master II				1.1%	-3.7%	1.0%	-2.0%	6.6%	6.7%
+/- Benchmark				-0.3%	-0.4%	0.3%	-0.7%	0.6%	0.5%
Northern Trust TIPS (6/30/06)	\$12,146,539	6.0%	6.0%	0.9%	3.2%	5.1%	3.3%	4.0%	6.4%
Lehman U.S. TIPS Index				0.9%	3.0%	5.0%	3.2%	3.8%	6.2%
+/- Benchmark				0.0%	0.1%	0.1%	0.1%	0.2%	0.1%
<u>TOTAL FIXED INCOME</u>	\$158,951,578	78.7%	76.0%						
<u>HEDGE FUNDS</u>									
Aetos Alternatives Mgmt. (3/31/06)	\$8,002,434	4.0%	6.0%	-1.7%	-2.0%	4.8%	-2.4%	9.0%	7.0%
CPI + 3.25%				0.1%	0.8%	5.2%	0.3%	5.2%	5.6%
+/- Benchmark				-1.8%	-2.8%	-0.4%	-2.8%	3.8%	1.3%
<u>REIT's</u>									
Urdang REIT (6/30/06)	\$8,002,434	4.0%	6.0%	6.5%	-9.7%	-6.5%	-0.4%	4.5%	10.2%
NAREIT Equity				6.6%	-10.7%	-7.5%	-1.7%	3.1%	9.0%
+/- Benchmark				-0.1%	0.9%	1.1%	1.3%	1.5%	1.2%
<u>DOMESTIC EQUITY COMPOSITE</u>	\$16,008,160	7.9%	9.0%	1.4%	-4.8%	3.4%	-2.9%	13.1%	4.5%
DJ Wilshire 5000				1.4%	-3.6%	5.4%	-2.1%	15.4%	10.8%
+/- Benchmark				0.0%	-1.1%	-2.0%	-0.8%	-2.3%	-6.3%
Northern Trust S&P 500 (6/30/06)	\$13,319,221	6.6%	--	1.5%	-3.2%	5.3%	-1.6%	15.3%	15.9%
S&P 500				1.5%	-3.3%	5.2%	-1.6%	15.2%	15.8%
+/- Benchmark				0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
Lotsoff Small Cap (3/31/06)	\$2,688,939	1.3%	--	0.6%	-10.5%	-3.7%	-7.8%	5.5%	-6.3%
Russell 2000				2.3%	-6.1%	1.4%	-4.7%	11.4%	3.8%
+/- Benchmark				-1.7%	-4.4%	-5.1%	-3.0%	-5.8%	-10.0%
<u>INTERNATIONAL EQUITY COMPOSITE</u>									
The Boston Company Intl Core (3/31/06)	\$7,482,943	3.7%	3.0%	-3.0%	-5.5%	4.4%	-4.8%	17.7%	15.3%
MSCI EAFE Index (N)				-1.6%	-2.9%	7.4%	-3.0%	18.7%	16.4%
+/- Benchmark				-1.5%	-2.6%	-3.0%	-1.8%	-1.0%	-1.1%
Total Combined Pool less Cash Equivalents (3/31/06)	\$98,935,376	49.0%	60.0%	1.0%	-1.8%	2.3%	-0.2%	7.2%	7.0%
Benchmark Index				1.5%	-1.0%	2.9%	0.4%	7.3%	7.3%
+/- Benchmark				-0.5%	-0.8%	-0.6%	-0.6%	-0.1%	-0.3%

MEMBERSHIP

Kirk Landon, Chair for the BOT Finance & Audit Committee

Vivian A. Sanchez, CFO and Senior Vice President Finance & Administration

DR. WILLIAM WELCH, DEPARTMENT CHAIR AND PROFESSOR FOR FINANCE,
College of Business Administration

CONSULTANT

Marc Friedberg, Vice President for Wilshire Consulting Group

OTHER STAFF

Brian Wszolek, Treasury Manager

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**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE**

15 NOVEMBER 2007

SUBJECT: ENVIRONMENTAL – REGULATORY AND COMPLIANCE

PROPOSED COMMITTEE ACTION:

None. Discussion Item.

EXHIBITS/SUPPORTING DOCUMENTS:

- ENVIRONMENTAL – HEALTH & SAFETY REPORT, NOVEMBER 2007
- 2007-2008 BUILDING VALUATION ASSESSMENT FOR INSURANCE PURPOSES

FACILITATOR/PRESENTER:

- JENNIFER MWASELA

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FIRE SAFETY

The State Auditor, as part of the 2007 Operational Audit, selected ten building inspection reports, with 250 fire safety concerns for review. The audit finding was as follows:

“It is our understanding that the fire safety inspection reports reviewed that were completed during the 2006-2007 fiscal year had 66 previously uncorrected deficiencies of which 59 deficiencies remained uncorrected for over one year and 7 remained uncorrected for over two years”

Of the 66 items identified by the State Auditor, 20 were corrected after the initial inspection; however, they recurred prior to the follow-up inspection. Consequently, the State Fire Marshal recorded these conditions as “previously uncorrected” although they had been corrected. Seventeen of these recurring items resulted from activities of building occupants – such as the inappropriate use of extension cords and unsafe storage practices, which are not easy to monitor unless checking on a daily basis. University-wide safety education and awareness efforts continue to encourage Life Safety Code compliance. One location identified on State Fire Marshal’s report does not exist. This is likely a typographical error.

Of the 45 remaining citations, 33 were uncorrected at the time of the follow-up inspection; signed contracts were in place at the time to correct the deficiencies but the work had not been finished. Those have now been verified as completed by the EH&S Fire Safety Officer.

There remains 12 “OPEN” or uncorrected items, all of which are on the list for completion by the Facilities Management Department by June 30, 2008. In December 2007, EH&S will conduct a comprehensive review of all outstanding Life Safety Code citations and report these items to the respective vice presidents of the business units responsible for implementation of the corrective actions.

ITEMS “PREVIOUSLY UNCORRECTED”

NO.	ORIGINAL INSPECTION DATE	LOCATION	CITATION FOLLOW-UP DATE	CATEGORY	STATUS
1	08-04-05	Panther Hall	08-08-06	Exit Light	Completed
2	08-04-05	Panther Hall	08-08-06	Fire Alarm System	Completed
3	08-04-05	Panther Hall	08-08-06	Fire Alarm System	Completed
4	08-04-05	Panther Hall	08-08-06	Sprinkler/Storage	Completed
5	07-14-05	University Tower	08-08-06	Exit Route (Lock)	Completed

NO.	ORIGINAL INSPECTION DATE	LOCATION	CITATION FOLLOW- UP DATE	CATEGORY	STATUS
6	07-14-05	University Tower	08-08-06	Fire Separation	Completed
7	07-14-05	University Tower	08-08-06	Records	Completed
8	07-14-05	University Tower	08-08-06	Electrical	Completed
9	07-14-05	University Tower	08-08-06	Electrical	Invalid Location
10	07-14-05	University Tower	08-08-06	Electrical	Completed
11	07-14-05	University Tower	08-08-06	Fire Separation	Completed
12	02-21-05	VH	02-06-07	Sprinkler	Completed
13	02-16-06	VH	02-06-07	Emergency Light	Completed/Recurred
14	02-16-06	VH	02-06-07	Blocked Exit	Completed/Recurred
15	02-16-06	VH	02-06-07	Sprinkler	Completed
16	02-06-06	GPA	02-06-07	Sprinkler	Completed
17	02-06-06	GPA	02-06-07	Sprinkler	Completed
18	02-06-06	GPA	02-06-07	Electrical- Extension Cord	Completed/Recurred
19	02-14-05	AC1	02-28-07	Sprinkler	Completed
20	02-07-06	WUC	04-19-07	Suppression System Insp.	Completed/Recurred (Relocation May '08)
21	02-07-06	WUC	04-19-07	Suppression System Insp.	Completed/Recurred (Relocation May '08)
22	02-07-06	SO3	02-28-07	Unsecured Cylinder	Completed/Recurred

NO.	ORIGINAL INSPECTION DATE	LOCATION	CITATION FOLLOW- UP DATE	CATEGORY	STATUS
					(Relocation May '08)
23	02-17-05	HM	02-28-07	Suppression System - Installation	Open-Project Completion Date: June 30, 2008
24	02-17-05	HM	02-28-07	Storage in Exit	Completed/Recurred
25	02-17-05	HM	02-28-07	Exit Lights	Completed/Recurred
26	02-17-05	HM	02-28-07	Sprinkler	Completed
27	02-14-06	HM	02-28-07	Suppression System Installation	Open -Project Completion Date: June 30, 2008
28	02-14-06	HM	02-28-07	Exit Inaccessible Blocked	Completed
29	02-14-06	HM	02-28-07	Fire Separation	Open- Project Completion Date: June 30, 2008
30	02-14-06	HM	02-28-07	Exit blocked	Completed
31	02-14-06	HM	02-28-07	Storage in Exit	Completed
33	02-14-06	HM	02-28-07	Fire Separation	Completed/Recurred
34	02-14-06	HM	02-28-06	Fire Alarm	Completed
35	02-14-06	HM	02-28-07	Electrical Outlet	Completed
36	02-14-06	HM	02-28-07	Fire Suppression	Completed/Recurred
37	02-14-06	HM	02-28-07	Sprinkler	Completed
38	02-14-06	HM	02-28-07	Electrical- Extension Cords	Completed/Recurred
39	02-17-05	Library	02-28-07	Fire Separation	Open- Project Completion Date: June 30, 2007
40	02-17-05	Library	02-28-07	Sprinkler	Completed

NO.	ORIGINAL INSPECTION DATE	LOCATION	CITATION FOLLOW- UP DATE	CATEGORY	STATUS
41	02-17-06	Library	02-28-07	Sprinkler	Completed
42	02-17-06	Library	02-28-07	Sprinkler	Completed
43	02-07-06	Library	02-28-07	Sprinkler	Completed
44	02-07-06	Aquatic Center	02-28-07	Storage	Completed
45	02-07-06	Aquatic Center	02-28-07	Electrical – Extension Cord	Completed
46	02-17-05	KCC	02-28-07	Exit-Obstructed	Completed
47	02-17-05	KCC	02-28-07	Exit-Blocked	Completed
48	02-17-06	KCC	02-28-07	Sprinkler	Completed
49	02-14-06	KCC	02-28-07	Occupancy Load - Signage	Open- Project Completion Date June 30, 2008
50	02-14-06	KCC	02-28-07	Occupancy Load -Signage	Open- Project Completion Date June 30, 2008
51	02-14-06	KCC	02-06-07	Exit Locked	Open - Completion Due Date: November 15, 2008
52	02-14-06	KCC	02-06-07	Exit Blocked	Completed/Recurred
53	02-14-06	KCC	02-06-07	Fire Separation	Open- Project Completion Date June 30, 2008
54	02-14-06	KCC	02-06-07	Electrical- Extension Cord	Completed/Recurred
55	02-14-06	KCC	02-06-07	Sprinkler	Completed
56	02-17-05	PDC	02-06-07	Use of Candles	Completed/Recurred
57	02-07-06	Biology/Ecology Lab	02-06-07	Electrical- Extension Cord	Completed/Recurred

NO.	ORIGINAL INSPECTION DATE	LOCATION	CITATION FOLLOW-UP DATE	CATEGORY	STATUS
58	12-05-05	WPAC	10-27-06	Construction Plans	Completed
59	12-05-05	WPAC	10-27-06	Blocked Exit - Storage	Completed/Recurred
60	12-05-05	WPAC	10-27-06	Blocked Exit - Storage	Completed/Recurred
61	12-05-05	WPAC	10-27-06	Blocked Exit - Storage	Completed/Recurred
62	12-05-05	WPAC	10-27-06	Electrical	Completed/Recurred
63	05-18-05	Wolfsonian Museum	03-14-07	Fire Alarm	Open-Project Completion Date: June 30, 2008
64	05-18-05	Wolfsonian Museum	03-14-07	Sprinkler System (Fire Dept. Connect.)	Completed/Recurred
65	05-18-05	Wolfsonain Museum	03-14-07	Sprinkler System	Open -Project Completion Date June 30, 2008
66	06-24-05	Wolfsonian Museum	03-14-07	Exits - Locked	Open - Project Completion Date June 30, 2008

In the first three months of Fiscal Year 2007-2008, the State Fire Marshal issued 407 citations to the University. This is 71% higher than the total number of citations (238) received in Fiscal Year 2006-2007.

Buildings	06 -07	07 -08
Graham Center	20	144
Housing Facilities (13 Buildings)	18	221
Golden Panther Arena	4	19
College of Law	NEW	23
Total	42	407

More than 33% of the citations arise from the activities of building occupants, and are related to storage practices.

EMPLOYEE ACCIDENTS & INJURIES

The number of Workers' Compensation claims, for on the job injuries, have increased by 50%, compared to the same period in Fiscal Year 2006-2007. Ten (10) of the 21 claims filed to date, this fiscal year, resulted from slip/trip and fall incidents that were caused by various conditions ranging from walking-surface conditions to employee footwear. The rainy season also appears to have been a factor.

One injury resulted from a scientific diving incident, the first recordable incident since the inception of the FIU Scientific Dive Safety Program in 1995. In the twelve years of operation, there have been 21,519 dives totaling 8,585 hours and 21 minutes underwater. The injury was a puncture wound. All FIU scientific divers are required to complete mandatory accident/injury management training, and the dive team responded as trained. No loss time resulted from this injury.

INDUSTRIAL SAFETY

The Industrial Safety Office completed and submitted, to the responsible supervisors, 20 occupational health and safety inspection reports, which identified 121 concerns requiring corrective actions. Follow-up inspections are in progress and escalation criteria have been established, whereby the vice president/provost of the affected areas will be notified if the same concerns are found to be outstanding on the third inspection of the area.

One hundred and forty-four (144) newly hired custodial/building services employees successfully completed four hours of mandatory classroom safety training delivered in Spanish and English. Each employee received a completion certificate.

Sixty-seven (67) employees completed golf-cart safety training, which is required for all FIU employees who operate a golf cart within the course and scope of their employment. Employees are required to complete a refresher course every three years. The University owns approximately 190 golf carts.

One hundred and eighteen employees (118) from University Technology Services and Facilities Management have completed "Laboratory Safety Awareness for Non-laboratory Workers". This course meets the "hazard communication" component of the Employee Right-to-Know Standard, which prescribes that employees must be provided with the training and resources to assure they are aware of the hazards they are likely to encounter on the job, and understand how to protect themselves from exposure.

ONLINE SAFETY EDUCATION & TRAINING

Enrollment in the "Online-Any-time Health & Safety Training Program" increased by 32%, compared to the same period last fiscal year. There are 1,055 registrants for 49 environmental health and safety courses available online. There were 799 registrants during the same period last fiscal year.

Seventy-Seven percent (28) of Public Safety Officers have successfully completed the course - "*Bloodborne Pathogens Exposure Control for Law Enforcement Officers*". The course instructs Public Safety Officers how to protect themselves and how to respond safely to incidents with the potential hazard of occupational exposure to blood and body fluids of other persons.

LABORATORY SAFETY

Sixty (60) graduate students and teaching assistants from the Environmental Studies, Chemistry Biology departments successfully completed American Red Cross approved First-Aid and CPR certification courses that included the use of Automatic External Defibrillator Devices (AED's).

The Lab Safety Team completed 77 inspections during which they identified 16 concerns requiring corrective actions. Follow-up inspections will take place in the second quarter of Fiscal Year 2007-2008.

A small-contained fire occurred in CP 349 on October 11, 2007. One or two plastic caps had been left on containers placed in a kiln to be sterilized. At the high temperatures used for sterilization, the caps melted and served as the source for ignition. The fire was contained within the kiln. No chemicals were involved in the fire.

Follow-up Action Plan:

1. The lab safety team will evaluate the procedures and the equipment used by labs for such sterilization processes and make appropriate recommendations to prevent recurrence:

Due Date February 28, 2008

2. The Fire Prevention Officer will review the location of smoke detectors in all laboratory locations that use high temperature heating devices to assure early detection and warning.

Due Date March 31, 2008

3. EH&S will redistribute and alert the research community on the guidelines for "unattended operations". The first notification will be included in the October edition of "News-4-U" monthly reminders sent to EH&S clients.

Due Date November 21, 2007

INSURANCE & RISK MANAGEMENT

In accordance with conditions established by the State of Florida Division of Risk Management, FIU is required to update its building valuation for insurance purposes. The University must also establish that the process used to arrive at the Actual Cash Value (which is the insured value under the State Self Insurance Program) is based on an accepted industry methodology.

For a number of years, FIU used the *Markel* appraisal process, as was endorsed by the Division of Risk Management. Working with Facilities Management in 2006-2007, the Risk Management & Environmental Health & Safety Department conducted an "in-house" evaluation of the replacement cost for all buildings and determined that a third party insurance appraisal would better determine the replacement costs and the Actual Cash Value for which University buildings and contents should be insured.

American Appraisal Associates was retained to evaluate 26 representative buildings. Their findings are shown below. FSU has completed a similar project. UF and USF are known to be at different stages of obtaining appraisals for their buildings and contents.

2007-2008 BUILDING VALUATION ASSESSMENT FOR INSURANCE PURPOSES

✓BCRNLE&LD: Building Cost of Reproduction Less Exclusions & Less Depreciation

◆ Insured Value at the time of Appraisal

BUILDING	OCCUPANCY	AREA SQ. FT.	BLDG INSURED VALUE◆	✓BCRNLE & LD	+/-	BUILDING INSURED VALUES UPDATED
Graham Center (GC)	Admin/etc.	303,840	\$28,283,023	\$38,980,000	(\$10,696,977)	10/19/07
Owa Ethan (OE)	Laboratories	117,306	\$17,204,397	\$16,362,000	\$842,397	TBD
Bay Vista (BH1)	Dorm	146,353	\$9,454,506	\$13,853,000	(\$4,398,494)	10/19/07
Green Library (GL)	Library/Admin	357,181	\$31,602,407	\$54,597,000	(\$22,994,593)	10/19/07
Deuxieme Mansion (DM)	Classroom	140,807	\$10,973,664	\$15,413,000	(\$4,439,336)	10/19/07
Charles Perry (PC)	Admin	224,229	\$22,676,706	\$24,406,000	(\$1,729,294)	10/19/07
Hospitality Management (HM)	Labs/Classrooms	96,863	\$15,969,667	\$14,090,000	\$1,879,667	TBD
WertheimPerforming Arts Building (WPAC)	Auditoriums/classrooms	74,052	\$13,025,454	\$11,406,000	\$1,619,454	TBD
Academic 1 (AC1)	Classrooms	145,911	\$14,122,634	\$16,871,000	(\$2,748,366)	10/19/07
Golden Panther Arena (GPA)	Arena, Recreation	121,158	\$10,932,796	\$15,127,000	(\$4,194,204)	10/19/07
Engineering Center (EC)	Labs, Classrooms, Admin	479,212	\$25,303,234	\$61,332,000	(\$36,028,766)	10/19/07
Vietes House (VH)	Labs / Classrooms	69,567	\$10,302,700	\$9,549,000	\$753,700	TBD
Library - BBC (LIB)	Library/ Admin	100,087	\$9,581,182	\$15,274,000	(\$5,692,818)	10/19/07
Ecology Lab Building (EL)	Laboratories	3,872	\$475,000	\$587,000	(\$112,000)	10/19/07
Chemistry & Physics Building (CP)	Labs / Classrooms	130,857	\$16,958,207	\$18,890,000	(\$1,931,793)	10/19/07
Academic 2 (ACII)	Classrooms/Labs/ Admin	101,800	\$12,158,053	\$11,802,000	\$356,053	TBD
Engineering & Computer Science (ECS)	Labs / Classrooms	112,754	\$10,842,711	\$15,381,000	(\$4,538,289)	10/19/07
College of Health (CH)	Classrooms	9,398	\$665,313	\$1,221,000	(\$555,687)	10/19/07
Wertheim Conservatory (WC)	Laboratory	6,770	\$807,891	\$847,000	(\$39,109)	10/19/07
Wolfsonian Museum (MB01)	Museum	65,654	\$12,000,000	\$9,074,000	\$2,926,000	TBD
University Health Services Center (UHSC)	Clinic	27,167	\$1,354,495	\$3,683,000	(\$2,328,505)	10/19/07
Ryder Business Building (RBA)	Classroom/Admin	58,782	\$6,769,861	\$7,247,000	(\$477,139)	10/19/07
Wolfe University Center (WUC)	Admin/etc.	123,500	\$14,617,118	\$18,128,000	(\$3,510,882)	10/19/07
Kovens Conference Center (KCC)	Admin/Labs/etc.	57,604	\$7,095,968	\$9,344,000	(\$2,248,032)	10/19/07
Children'sCreative Learning Center (CCLC)	Daycare	6,228	\$775,633	\$639,000	\$136,633	TBD
Student Housing - (THH)	Dorm	14,418	\$982,040	\$1,198,000	(\$215,960)	10/19/07

The Total Increase in the Insured Value of the 26 Buildings Appraised is \$100,336,340

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**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE**

15 NOVEMBER 2007

SUBJECT: UNIVERSITY COMPLIANCE PROGRAM REPORT

PROPOSED COMMITTEE ACTION:

None. Discussion Item.

EXHIBITS/SUPPORTING DOCUMENTS:

- UNIVERSITY COMPLIANCE OFFICE
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: October 16, 2007

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 my last report to this Committee dated August 16, 2007. I thank you for the opportunity to update the Board on these important University matters.

I. Executive Summary:

1. Since the last report to the Board, the University Compliance Officer has focused much of her attention and energy toward the launching of ethics education and training. Three such sessions have been held with attendance by two major offices within the University. Presently, the plan calls for additional sessions to be scheduled throughout the University Park and Biscayne Bay campuses.
2. Working groups continue to meet to address, at present, a more effective and centralized process for conflict of interest disclosures in the context of employment and research activities, a more streamlined method to identify all individuals requiring specialized health and safety training, a way to proportionately allocate leave time payouts in compliance with state and federal guidelines, among other university-wide compliance initiatives.
3. In addition, several significant policies and procedures for the University were presented to the Operations Committee and the President's Staff for approval by the University including policies and procedures addressing IT security and environmental health and safety concerns.

II. Description and status of most recent institutional compliance initiatives undertaken by or through the University Compliance Office:

1. Payment Card Industry Data Security Standard (PCI DSS): As a new initiative that will involve participation from the University Compliance Officer, the University Information Technology Security Officer and the Office of the Controller will begin a review of the university processes in place to assure payment account data security. The PCI DSS is a multifaceted security standard that includes requirements for security management, policies, procedures, and other critical proactive measures designed to ensure that organizations proactively protect customer account data. This is a new initiative and the working group, which has been established, has not yet held its first meeting. A time line for completion will be developed once the working group develops a greater understanding regarding the breath and scope of this project.
2. Records Retention Policy: At the request of the Assistant Director of University Technology Services and the University IT Security Officer, review of a policy addressing university requirements for data retention and backup is underway. This policy was drafted as a proactive and necessary measure in order to establish University wide standards. Projected time line for completion of review and approval of this policy is sixty (60) to ninety (90) days.

III. Current status of other previously reported compliance initiatives:

1. Conflict of Interest in Research Policy and Centralized Disclosure Process: The University is close to finalizing review of the revised Conflict of Interest in Research Policy. It will then be presented to the Operations Committee and the President's Staff for approval. At the same time, the working group has met to discuss conflict of interest disclosures via a centralized electronic process, including discussion of the proposed form, information flow, and approval process. This centralized conflict of interest disclosure process will cover disclosures related to employment or in the context of research activities.
2. Digital Millennium Copyright Act of 1998 (DMCA): The Digital Millennium Copyright Act Policy has been posted and notice regarding the process employed by the University is set forth in the University's web site. This matter is now concluded.
3. Ethics Education and Training: Since the last report, the Deputy General Counsel and the University Compliance Officer have offered ethics education and training to the staff of the Office of Sponsored Research Administration (one session on September 14, 2007) and the Office of the

Controller (two sessions on September 25 and 28, 2007). Each such presentation has included discussion regarding restrictions on FIU employees' ability to solicit and receive gifts, additional restrictions that apply to "procurement employees" and "reporting individuals," conflicts of interest, nepotism, lobbying and ethical guidelines applicable to federal employees. The presentations have also included a live demonstration of the University's Policies and Procedures Library. The presentations have been well attended and, we understand, well received. At this time, we have also been invited to present to the Division of Information Technology and we are in the process of scheduling three separate sessions for this Division.

4. EthicsPoint, Inc. implementation: The University Compliance Officer must continue to work with EthicsPoint, Inc. to implement and maintain an ethics and compliance reporting helpline. The University Compliance Officer will work to have this service available to the University community by the Spring 2008 Term.
5. Governmental Relations: The University Compliance Officer has met with senior leadership regarding current status of lobbying disclosures in light of new federal law requirements. A working group comprised of representatives from Governmental Relations, the Office of the General Counsel and the Office of Sponsored Research Administration will be assisting in the development of any and all necessary policies, procedures and forms to ensure compliance with federal and state law requirements. The projected time line for completion of this task is ninety (90) days.
6. Health Insurance Portability and Accountability Act and related Privacy and Security regulations ("HIPAA"): Implementation of HIPAA at the institution is ongoing. HIPAA Privacy and Security policies and procedures, Notice of Privacy Practices and forms are under review. The next meeting of the HIPAA Committee will be to focus on university-wide HIPAA education and training.
7. Information Technology Security Policies and Procedures: The University IT Security Officer presented the following policies, procedures and guidelines to the Operations Committee on Monday, October 15, 2007:
 - Application Software Purchasing, Licensing and Use
 - Data Stewardship
 - Sharing Access to IT Resources; Password Management
 - System and Application Management
 - Password Management Guidelines
 - Blocking Guidelines

The Operations Committee approved all of these documents at that time with final approval by the President's Staff expected to follow shortly. Final approval of these documents by the University will conclude our reporting on this specific matter.

8. Jessica Lunsford Act compliance: The University Compliance Officer has met on several occasions with representatives from the Office of Sponsored Research Administration and Human Resources. In coordination with the Miami-Dade County Public School District, a process has been devised that will lead to the easier and earlier identification of those Florida International University "vendors" to the School District who require criminal background screening and clearance. Representatives from these various offices work collaboratively to implement this new and improved process. In addition, we are in the process of following up in order to ensure that FIU "vendors" who have been identified are complying with the background screening and clearance requirements. The first phase of this new and improved process should be finalized within the next ninety (90) days.
9. Leave Time Proportional Allocation Work Group: A working group has met to address a new process that will proportionately allocate vacation leave to those individuals who are paid from sponsored projects in light of applicable federal guidelines and the implementation of the ADP payroll system. At this time, this initiative is being driven by representatives from Academic Affairs, Human Resources and the Office of Sponsored Research Administration. Recommendations from this working group are to be finalized within the next thirty (30) to sixty (60) days.
10. Mandatory Training (OSHA) Requirements for Employees: The task force addressing mandatory training requirements for employees continues to meet in order to better streamline the efforts of the Division of Human Resources, Academic Affairs, College of Medicine, Risk Management and Environmental Health and Safety (EHS) and Facilities Management in order to ensure that all new or transfer employees receive any and all training required under federal and state laws. Additional meetings are necessary in order to finalize a new process that has been identified. The efforts of this working group are ongoing with recommendations to be finalized within the next thirty (30) to sixty (60) days.
11. New Employee Experience: November 2007 marks one year since the University Compliance Office presents compliance basics to all new university employees during orientation, known as the New Employee Experience (NEE). Since our last report to the Board, the University Compliance Office worked collaboratively with Organization Development and Learning (ODL) in updating information regarding the University

Compliance Office and function to be included in the updated booklet distributed to new employees.

In response to repeated questions received during orientation in the aftermath of the Virginia Tech tragedy, the University Compliance Officer has introduced the Emergency Guide that was put together through the Division of Student Affairs to address questions regarding those students who may be viewed as posing a threat to their own health or safety or that of others. ODL and the Division of Student Affairs are collaborating to ensure that pertinent information from this Emergency Guide is also included in the updated booklet.

Lastly, at ODL's request, the University Compliance Officer and other presenters during orientation are scheduled to meet in order to discuss possible changes or improvements to the orientation sessions starting later on this Fall Term.

12. Office of Sponsored Research Administration: Since the last report to this Committee, the following policies and procedures from the Office of Sponsored Research Administration have been updated:

- Effort Reporting and Certification
- No Cost Extensions of Sponsored Projects
- Travel on a Sponsored Project

13. Purchasing: The University Compliance Officer and a working group assigned to develop a University Gift Policy met with senior leadership to discuss the draft policy and overall direction to be undertaken by the University. Policy is undergoing review by senior leadership and should be ready to be presented to the Operations Committee within the next thirty (30) days.

14. Radiation Control: The policy titled "Security in Laboratories With Special Hazards" was presented to the University Operations Committee and approved by the President's Staff as of August 30, 2007. The Associate Vice President for Risk Management and Environmental Health and Safety and the University Compliance Officer presented this policy to the Administration and Finance department heads on September 12, 2007 and to the Dean's Advisory Council on September 28, 2007. This matter is now concluded.

15. Reporting Individual Designation and Criteria: The University Compliance Officer has submitted an initial report to the Vice President for Academic Affairs regarding individuals who are to be designated as reporting individuals for Florida International University under Florida law. This is an initial report only, and the University Compliance Officer

intends to continue to work closely with the Director, Employee & Labor Relations, who is the University's designee to the Florida Commission on Ethics (Commission), in order to complete the analysis and submit any necessary additions or deletions to this list by the deadline designated by the Commission for its next reporting cycle. The University Compliance Officer has benchmarked Florida International University's criteria against that used by two universities within the State University System in order to arrive at final recommendations. This matter will be concluded within the next sixty (60) to ninety (90) days.

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 November 15, 2007. I welcome your questions, comments and concerns. Thank you.

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