

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

THURSDAY, NOVEMBER 13, 2008

8:30 A.M.

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

**MEMBERSHIP**

KIRK LANDON, *CHAIR*

MIRIAM LÓPEZ, *VICE CHAIR*

BETSY ATKINS

THOMAS BRESLIN

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. REVISED CAPITAL IMPROVEMENT PLAN   | VIVIAN SANCHEZ |
| 2. FIU DIRECT SUPPORT ORGANIZATIONS FINANCIAL AUDITS,<br>2007-2008                | AIME MARTINEZ  |
| a. FIU FOUNDATION, INC.*  |                |
| b. FIU RESEARCH FOUNDATION, INC.  |                |
| c. FIU ATHLETICS FINANCE CORP.*   |                |
| 3. FLORIDA INTERNATIONAL UNIVERSITY COLLEGE OF<br>MEDICINE SELF-INSURANCE PROGRAM | JOHN ROCK      |

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

- |   |                               |
|---|-------------------------------|
| 4. FIU COLLEGE OF MEDICINE HEALTH CARE NETWORK      | JOHN ROCK<br>ROSA JONES       |
| 5. OFFICE OF INTERNAL AUDIT REPORT                  | PYONG CHO<br>MANUEL SANCHEZ   |
| 6. FOUNDATION REPORT                                | DANY GARCIA                   |
| 7. TREASURY REPORT                                  | JOHN MILLER                   |
| 8. CONSTRUCTION BOND UPDATE                         | JOHN MILLER<br>VIVIAN SANCHEZ |
| 9. CFO & ADMINISTRATION UPDATE                      | VIVIAN SANCHEZ                |
| a. STATE BUDGET UPDATE                              |                               |
| b. BUDGET VARIANCE ANALYSIS – FIRST QUARTER<br>2008 |                               |
| c. INFORMATION TECHNOLOGY                           |                               |
| d. CONSTRUCTION STATUS REPORT                       |                               |
| 10. ATHLETICS UPDATE                                | PETE GARCIA                   |

C. REPORTS *(FOR INFORMATION ONLY)*

- |   |                  |
|---|------------------|
| 11. ENVIRONMENTAL – REGULATORY & COMPLIANCE | JENNIFER MWASELA |
| 12. UNIVERSITY COMPLIANCE REPORT            | LEYDA BENITEZ    |

VI. OTHER BUSINESS	KIRK LANDON
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OFFICE OF INTERNAL AUDIT AND SENIOR MANAGEMENT  
DISCUSSION OF AUDIT PROCESSES

VII. ADJOURNMENT	KIRK LANDON
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*\*Subject to Respective Foundation Board Approval*

**NEXT FINANCE AND AUDIT COMMITTEE MEETING  
IS SCHEDULED FOR  
MARCH 30, 2009**

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

**13 NOVEMBER 2008**

**SUBJECT: FINANCE AND AUDIT COMMITTEE MEETING MINUTES, 11 SEPTEMBER 2008**

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**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 11 September 2008, attached to this Resolution as Exhibit "A," are hereby approved.

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**EXHIBITS/SUPPORTING DOCUMENTS:**

- EXHIBIT "A": 11 SEPTEMBER 2008  
FINANCE AND AUDIT COMMITTEE  
MEETING MINUTES.

**FACILITATOR/PRESENTER:**

- COMMITTEE CHAIR KIRK LANDON

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**FINANCE AND AUDIT COMMITTEE  
MINUTES  
11 SEPTEMBER 2008**

**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 8:30 am on Thursday, 11 September 2008, in University Park Graham Center Ballrooms, Miami, Florida.

The following attendance was recorded:

***Present***

Kirk Landon, Chair  
Miriam López, Vice Chair  
Thomas Breslin  
Albert Maury  
Noel Guillama-Alvarez, FIU Foundation Director

***Excused***

Betsy Atkins

Trustee Arthur "AJ" Meyer was also in attendance.

**II. Approval of Minutes**

Committee Chair Kirk Landon asked if there were any additions or corrections to the minutes of the 12 June 2008, 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 12 June 2008, 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. He also welcomed new faculty Trustee and Chair of the Faculty Senate Thomas Breslin to the Committee.

Committee Chair Landon spoke about the state's deteriorating financial situation and how it continues to impact the university in the form of increasing budget shortfalls and corresponding budget cuts. He noted that the Board of Governors commended FIU for the budget planning process it adopted in response to the state's financial situation.

## Exhibit "A"

FIU Board of Trustees  
Finance and Audit Committee  
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### **IV. Follow-up to Items from Previous Meetings**

Committee Chair Landon noted that the follow-up item on the best practices for Faculty Practice Plans from other like Institutions would be deferred to the next scheduled Finance & Audit Committee Meeting, since the College of Medicine was in the process of finalizing its business plan.

Committee Chair Landon had asked for the administration to review consultants' hiring process. A multi-departmental team has been formed and Committee Chair Landon will be meeting with this task force to review its findings and recommendations.

Committee Chair Landon also requested that Vice President Hardrick work to create a streamlined hiring process that will enable the University to recruit personnel and faculty in a more efficient manner.

### **V. Items for Committee Review**

#### **A. Action Items**

##### **1. Rule and Regulations Streamlining and Clean-up**

General Counsel and Vice President Cristina Mendoza presented the Rule and Regulations Streamlining and Clean-up Item, indicating that there were some rules and regulations that needed to be revised to reflect current Board of Governor's regulations. The Demonstration Regulation will need additional changes, which will be presented at the next Board and Committee meetings.

Revisions were made to the Sexual Harassment, Access to Student Education Records, and Disruptive Student Conduct Regulations, as well as the Demonstration Regulation. The Committee amended the Resolution and Exhibits to reflect the revisions. The amended Resolution & Exhibits were unanimously approved.

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

WHEREAS, the Florida International University Board of Trustees ("the BOT") is authorized to establish regulations within the limits provided by law; and

WHEREAS, in an effort to update the rules/regulations of the University pursuant to current law, policies and procedures and to consolidate the directives in one area as required by the Board of Governors; and

WHEREAS, the Office of the General Counsel has reviewed all existing FIU rules in order to determine whether they should be transferred to University regulations as is; revised pursuant to the BOG's Regulation Development Process and made into regulations; or repealed; and

## Exhibit "A"

FIU Board of Trustees  
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WHEREAS, those rules that did not need updating have been assigned a regulation number and are being transferred to regulations, as permitted under the Regulation Development Process as is; and

WHEREAS, those rules that needed to be revised have been revised and are being presented to the Board in redlined version for approval as regulations; and

WHEREAS, those regulations being proposed for repeal are being repealed because they have been superseded by collective bargaining agreements and/or policies adopted by this Board; and

WHEREAS, as a result of this review, a new regulation was needed which provides that the University's regulations replace any and all University rules existing in the Florida Administrative Code, thereby essentially repealing the existing University rules in total.

THEREFORE, BE IT RESOLVED THAT, the BOT adopts the following University regulations with amendments, which are attached hereto as Exhibit "B":

- FIU-102 Regulations
- FIU-103 Non-Discrimination Policy and Discrimination Complaint Procedures
- FIU-104 Sexual Harassment (Proposed regulation adopted with the following technical changes: correct the typos in Sections (1)(b); (1)(c); and (7)(a).)
- FIU-108 Access to Student Education Records (Proposed regulation adopted with the following technical changes: in Section (2)(b)- delete the phrase "at the Tower Building," and replace with the phrase "on the"; in Section (2)(c)- delete the phrase "in the Graham Center", and in Section (2)(e)- delete the phrase "located in the Administrative offices of the Housing complex".)
- FIU-110 Demonstrations
- FIU-114 Commercial Solicitation and Advertising
- FIU-402 Admission to the University
- FIU-406 Foreign Student Admissions
- FIU-408 Foreign Exchange Visitor Insurance Requirements
- FIU-410 Application Fee and Admissions Deposit
- FIU-1305 Students in Military Service
- FIU-1502 Direct Support Organizations
- FIU-2201 Purchasing
- FIU-2202 Prompt Payment
- FIU-2503 Registration of Non-Student Organizations
- FIU-2520 Disruptive Student Conduct (Proposed regulation adopted with the following clarification: in Section (1)(b)1.- add the phrase "(which includes postings on the internet)" after the word "expressions".)

AND BE IT FURTHER RESOLVED THAT, the BOT repeals the following University regulations, which are attached hereto as Exhibit "B":

## Exhibit “A”

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- FIU-1700 Bargaining Unit Faculty and Bargaining Unit Employees Vacancies, Selection, Appointments, Promotions, Internal Promotions, Reassignments, Transfers, and Demotions.
- FIU-1701 Bargaining Unit Employee Disciplinary Actions
- FIU-1702 Non-reappointment and Resignation of Non-Tenured, Bargaining Unit Faculty
- FIU-1703 Termination for Cause and Other Disciplinary Actions for Bargaining Unit Faculty, and Bargaining Unit Employees
- FIU-1710 Disciplinary Actions for Non-Bargaining Unit Employees and Certified Law Enforcement Personnel
- FIU-1711 Separation from Employment for Non-Bargaining Unit Employees

AND BE IT FURTHER RESOLVED THAT, as the following regulations are “select regulations” under the Regulation Development Procedure (as they include information on student tuition, fees, admissions and/or articulation) the BOT delegates authority to the University President to forward the following regulations to the Board of Governors for approval and to approve any subsequent amendments that are based on comments to the select regulations received from the Board of Governors and as a result of the regulation development process.

- FIU-402 Admission to the University
- FIU-406 Foreign Student Admissions
- FIU-408 Foreign Exchange Visitor Insurance Requirements
- FIU-410 Application Fee and Admissions Deposit

AND BE IT FURTHER RESOLVED THAT, the President report to the BOT at its next regularly scheduled meeting on any substantive changes requested or made to the regulations as a result of comments made by the Board of Governors.

### **2. University Internal Audit Plan**

Interim Audit Director Pyong Cho and Audit Manager Manuel Sanchez presented the 2008-2009 Internal Audit Plan, which was developed based on the financial risk assessment performed last year, and includes financial investigations, follow-up items from previous Finance & Audit Committee meetings, and other audit related services.

Committee Vice Chair Lopez requested that auditors identify the risks assessed in the University Internal Audit Plan, and compare high risks versus low risks.

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

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

## Exhibit “A”

FIU Board of Trustees  
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attached to this Resolution as Exhibit “C”;

THEREFORE BE IT RESOLVED that the BOT Finance and Audit Committee adopts the 2008-2009 University Internal Audit Plan for the fiscal year ending June 30, 2009.

### Reports

#### **3. Office of Internal Audit Report**

University Internal Audit Managers Pyong Cho and Manuel Sanchez presented the Office of Internal Audit Report, providing updates on ongoing results.

#### **4. Sponsored Research Report**

Vice President for Research George Walker presented the Sponsored Research Report, reporting that the International Hurricane Research Center submitted a proposal to the Centers of Excellence, a program funded by the state legislature, and was awarded full funding in the amount of \$10 million. He added that the International Hurricane Research Center received the highest ranking in this state-sponsored competition, among those submitted by numerous state universities.

Vice President Walker reported an average decrease of 19% in grant awards from FY2007 to FY 2008 due to several contributing factors, including a change in the Federal government funding mechanism. Grants that were previously funded from an “umbrella” now require individual re-applications in order to receive funding.

Vice President Walker also added that continuing progress has been made to maximize use of research space, to improve the quality of service provided to researchers, and to continue to assess centers and institutes.

#### **5. Foundation Report**

Foundation Director Noel Guillama-Alvarez presented the Foundation Report, stating that total earnings for the year were reported at \$16.3 million, resulting in a budget shortfall of \$18 million in revenues. He explained that this was primarily due to investment losses of \$5.4 million or 4.1% versus the \$10 million in forecasted investment gains of 7.5%. He noted that significant progress is being made in the selection of a Vice President for Advancement, and stated that the Foundation has set a goal of securing the endowment of five chairs by the end of the year. Director Guillama-Alvarez also reported on the recently created Student Investment Fund headed by Executive Dean for College of Business Joyce Elam, and supported by College of Business advisors and the Investment Committee. He thanked Vice President Sandra Gonzalez-Levy, the deans and all staff involved in raising funds for the University.

#### **6. Master Plan Update and Construction Financing**

CFO Sanchez presented the Master Plan Update and reviewed Construction Financing for construction projects currently underway, as well as future projects that will require funding and resources. CFO Sanchez noted that eleven projects will be underway at the University Park campus within the next five years, exceeding one million square feet of construction. CFO Sanchez

## Exhibit "A"

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projected that development projects will be completed in the following four phases: Student Academic Support Center, International Hurricane Research Center, International Studies Building, and a Graduate Student Housing Complex. She noted that three of these projects would require debt funding of over \$100 million. The recommended debt structure would be presented for consideration at the next meeting.

CFO Sanchez presented a conceptual simulation of the Academic Health Sciences Corridor that will include the Nursing & Health Sciences Building currently under construction, as well as future buildings for the College of Public Health and the sciences classroom complex.

### **7. CFO & Administration Update**

CFO Sanchez presented the Administration Update, providing the latest information on budget cuts administered by the legislature. In June, the Board and University administration adopted a budget reduction of 7% or \$14 million for FY08-09 and for conservative budgeting did not consider the \$6.4 million additional Florida Lottery funds. Current legislative cuts totaled 5.9% and the state legislation withheld an additional 4% in funds, resulting in \$19.5 million in total cuts to the University budget for this fiscal year.

CFO Sanchez also presented that in fact lottery forecasts were falling short of expectations, making the \$6.4 million distribution unlikely and a possible scenario where an additional 3% might be necessary.

### **8. Athletics Update**

Athletics Director Pete Garcia presented the Athletics update, noting that 15 of 16 of the suites had been sold for the new stadium, and that the Athletics department will continue to focus on generating other means of revenue from fundraising and contracted commitments. Trustee Landon noted that fundraising would be essential to the long term stability of Athletics.

### **Reports (For Information Purposes Only)**

#### **9. Treasury Report**

Committee Chair Landon requested that the Treasury Report be accepted as written. There were no objections.

#### **10. Environmental – Regulatory & Compliance**

Assistant Vice President of Environmental Health and Safety Jennifer Mwaisela reported that outstanding issues from fiscal year 2007-2008 have been addressed and corrective action on violations is near completion. She explained that recurring violations of Fire Safety were the result of normal wear and tear on items such as trash chute assemblies and electrical outlet covers.

#### **11. and 12. Reports**

Committee Chair Landon requested that the University Compliance Report and FIU College of Medicine Health Care Report be accepted as written. There were no objections.

## Exhibit "A"

FIU Board of Trustees  
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### VI. Other Business

No other business was raised.

### VII. Adjournment

With no other business, Committee Chair Landon adjourned the meeting at 10:28 am.

<b><i>Trustee Requests</i></b>	<b><i>Follow-up</i></b>	<b><i>Completion Date</i></b>
<i>1. Committee Chair Landon requested that the follow-up item on analysis of best practices for Faculty Practice Plans, as well as their proposed business plan be deferred to the next scheduled meeting.</i>	<i>Exec. VP &amp; Provost Ronald Berkman</i>	<i>November 2008</i>
<i>2. Committee Chair Landon requested to have an off-line discussion with CIO and VP Min Yao to determine why PantherSoft Contracts &amp; Grants Module Implementation and PantherSoft Student Administration System Upgrade will not be completed during this fiscal year.</i>	<i>CIO &amp; VP Min Yao</i>	<i>October 2008</i>
<i>3. Committee Chair Landon requested that Vice President Hardrick report on the development of a streamlined hiring process that will enable the University to recruit personnel and faculty in a more efficient manner.</i>	<i>VP Jaffus Hardrick</i>	<i>November 2008</i>
<i>4. Committee Vice Chair Lopez requested that auditors identify the risks assessed in the University Internal Audit Plan, and compare high risks versus low risks.</i>	<i>Interim Audit Director Pyong Cho and Audit Manager Manuel Sanchez</i>	<i>November 2008</i>
<i>5. Committee Chair Landon requested that Environmental Health &amp; Safety examine how FIU compares with other institutions with regards to workplace injuries.</i>	<i>Jennifer Mwaisela</i>	<i>November 2008</i>

Exhibits attached: "A," "B," & "C"

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

**13 NOVEMBER 2008**

**SUBJECT: REVISED CAPITAL IMPROVEMENT PLAN**

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**PROPOSED COMMITTEE ACTION:**

Recommend Board adoption of the following Resolution:

RESOLVED that the Florida International University Board of Trustees approves a revision to the University's Capital Improvement Plan, for the period 2009-2010 through 2013-2014, in the form attached to this Resolution as Exhibit "B" to reflect needed university renovations that improve services and operational efficiencies.

**BACKGROUND INFORMATION:**

**STATUTORY AUTHORITY:**

**1013.64 F.S.** (4)(a) Community college boards of trustees and university boards of trustees shall receive funds for projects based on a 3-year priority list, to be updated annually, which is submitted to the Legislature in the legislative budget request at least 90 days prior to the legislative session. Should the order of the priority of the projects change from year to year, a justification for such change shall be included with the updated priority list.

**EXPLANATION OF PROPOSED BOARD ACTION:**

On 12 June 2008, the Florida International University Board of Trustees (the "BOT") approved the 2009-2010 Fixed Capital Outlay Legislative Budget Request consisting of, in part, the 5-year Capital Improvement Plan (CIP) that was included as part of the University's 2009-2010 Legislative Budget Request.

A revision of the CIP is being submitted for BOT approval to reflect needed university renovations that improve services and operational efficiencies.

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**EXHIBITS/SUPPORTING DOCUMENTS:**

▪ EXHIBIT "B" – CAPITAL IMPROVEMENT PLAN,  
FOR THE PERIOD 2009-2010 THROUGH 2013-  
2014

**FACILITATOR / PRESENTER**

▪ VIVIAN SANCHEZ

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# Exhibit "B"

FLORIDA BOARD OF GOVERNORS  
Capital Improvement Plan (CIP-2) and Legislative Budget Request  
Period: 2009-2010 through 2013-2014  
Florida International University Board of Trustees

BOT 11/14/08

Priority	Project	2009-10	2010-11	2011-12	2012-13	2013-14	Total
1	FACILITIES INFRASTRUCTURE /CAPITAL RENEWAL - UW (P,C,E)	\$10,500,000	\$10,500,000	\$10,500,000	\$10,500,000	\$10,500,000	\$52,500,000
2	STUDENT ACADEMIC SUPPORT CENTER - UP(C,E)(C,E)	\$21,524,403	\$6,863,023				\$28,387,426
3	REMODEL./RENOV. OF EXIST. EDUC. SPACE - UW (P,C,E)(P,C,E)(P,C,E)	\$3,000,000	\$10,000,000	\$3,028,318			\$16,028,318
4	PUBLIC SAFETY BUILDING SUPPLEMENT - UP ( P,C,E )	\$2,066,879					\$2,066,879
5	SOCIAL SCIENCES - Phase I Completion - UP ( P,C,E )	\$5,600,000					\$5,600,000
6	SATELLITE CHILLER PLANT EXPANSION - UP (P,C,E)	\$7,000,000					\$7,000,000
7 *	REMODEL./RENOV. OF EXIST. EDUC. SPACE - UP	\$3,000,000	\$17,515,000	\$15,134,680			\$35,649,680
8 *	REMODEL./RENOV STUDENT ACADEMIC SUPPORT - BBC	\$3,250,000	\$18,065,000	\$3,889,751			\$25,204,751
9 *	REMODEL./RENOV OF ACADEMIC DATA CENTER	\$1,000,000	\$10,775,000	\$7,557,500			\$19,332,500
10	HUMANITIES CTR., (ARTS & SCIENCES) - UP (P,C)( P,C,E )(C,E)	\$7,516,786	\$11,638,483	\$14,658,753			\$33,814,021
11 *	GRADUATE SCHOOL OF BUSINESS, Phase II - UP		\$8,287,163	\$26,426,357	\$5,319,592		\$40,033,112
12	SCIENCE LABORATORY COMPLEX - UP		\$4,009,540	\$26,038,158	\$31,120,536		\$61,168,234
13	CLASSROOM/OFFICE, (ACADEMIC IV) - BBC (P,C)(C,E)(C,E)			\$4,032,195	\$23,028,876	\$6,211,337	\$33,272,408
14	CONSTR. MGT. & ENGINEERING EXPANSION - EC (P,C)(P,C)(C,E)			\$1,051,653	\$11,079,405	\$2,092,136	\$14,223,194
15	TRAINING COMPLEX (HUMAN RESOURCES) - UP (P,C)(P,C,E)			\$1,508,400	\$16,489,908		\$17,998,308
16	HONORS COLLEGE - UP (P,C)(P,C)(C,E)			\$2,014,449	\$15,974,213	\$2,173,393	\$20,162,055
17	SOCIAL SCIENCE, Phase II - UP (P,C)(C,E)				\$11,055,972	\$17,590,779	\$28,646,751
	<b>TOTAL PECO REQUEST</b>	<b>\$64,458,067</b>	<b>\$97,653,209</b>	<b>\$115,840,212</b>	<b>\$124,568,502</b>	<b>\$38,567,646</b>	<b>\$441,087,635</b>

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

**13 NOVEMBER 2008**

**SUBJECT: FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. FINANCIAL  
AUDIT, 2007-2008**

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**PROPOSED COMMITTEE ACTION:**

Recommend Board adoption of the following Resolution:

WHEREAS, pursuant to Regulation FIU-1502 2.(f), 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. Financial Audit for 2007-2008, attached hereto as Exhibit "C," has been submitted and approved by the Executive Committee of the FIU Foundation, Inc. on November 4, 2008, and the University President is recommending its approval, pending the approval of the FIU Foundation, Inc. Board of Directors;

THEREFORE, BE IT RESOLVED that the BOT hereby approves the attached FIU Foundation, Inc. Financial Audit for 2007-2008 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:**

**Regulation FIU-1502 2.(f), states in relevant part:**

4.(f) Have 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 and the Board of Governors 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.

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**EXHIBITS/SUPPORTING DOCUMENTS:**

- EXHIBIT "C": FLORIDA  
INTERNATIONAL UNIVERSITY  
FOUNDATION, INC. FINANCIAL AUDIT  
2007-2008

**FACILITATOR/PRESENTER:**

- AIME MARTINEZ

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

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2008

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

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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 direct support organization and a component unit of Florida International University, as of June 30, 2008 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 2007 consolidated financial statements and, in our report dated October 18, 2007, 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, 2008, 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 20, 2008 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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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.

Miami, Florida  
October 1, 2008

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2008  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2007)

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<u>ASSETS</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals 2008</u>	<u>2007</u>
Assets:					
Cash and cash equivalents	\$ 6,520,340	\$ 1,716,274	\$ 2,924,459	\$ 11,161,073	\$ 17,520,243
Investments	18,653,759	16,053,404	86,011,116	120,718,279	112,753,563
Contributions receivable, net	-	5,784,554	21,294,495	27,079,049	19,145,458
Wolfsonian fixed assets, net	774,000	-	-	774,000	782,000
Foundation fixed assets, net	11,179,410	3,200	-	11,182,610	11,509,621
Bond issuance costs, net	110,998	-	-	110,998	119,024
Due from Florida International University	262,206	-	-	262,206	-
Other assets	173,996	345,154	-	519,150	428,252
Total assets	<u>\$ 37,674,709</u>	<u>\$ 23,902,586</u>	<u>\$ 110,230,070</u>	<u>\$ 171,807,365</u>	<u>\$ 162,258,161</u>
 <u>LIABILITIES AND NET ASSETS</u>					
Liabilities:					
Accounts payable and other liabilities	\$ 168,797	\$ -	\$ -	\$ 168,797	\$ 202,727
Annuities payable	-	317,137	-	317,137	330,898
Deferred revenue	675,507	-	-	675,507	528,134
Derivative liability	466,543	-	-	466,543	286,187
Notes payable	9,780,000	-	-	9,780,000	10,275,000
Total liabilities	11,090,847	317,137	-	11,407,984	11,622,946
Net Assets	<u>26,583,862</u>	<u>23,585,449</u>	<u>110,230,070</u>	<u>160,399,381</u>	<u>150,635,215</u>
Total liabilities and net assets	<u>\$ 37,674,709</u>	<u>\$ 23,902,586</u>	<u>\$ 110,230,070</u>	<u>\$ 171,807,365</u>	<u>\$ 162,258,161</u>

See notes to consolidated financial statements.

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

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2008

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

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	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u> <u>2008</u>	<u>2007</u>
Revenue, Gains and Other Support:					
Contributions	\$ 2,776,673	\$ 2,525,858	\$ 23,093,787	\$ 28,396,318	\$ 11,999,843
Wolfsonian grant revenue	20,974	-	-	20,974	5,828
Royalty income	239,140	2,163	-	241,303	259,290
Rental income	1,119,648	-	-	1,119,648	1,282,000
Dues	660,447	20,000	-	680,447	687,976
Support from FIU	-	-	-	-	364,935
Investment income	3,630,302	13,642	-	3,643,944	3,339,693
Unrealized derivative loss	(180,356)	-	-	(180,356)	10,813
Net unrealized investment losses	(4,984,907)	(4,118,639)	-	(9,103,546)	15,203,777
Administrative fees	-	-	-	-	2,702,993
Other	59,314	1,000	-	60,314	52,835
Net assets released from restrictions	6,927,384	(6,935,384)	8,000	-	-
Total revenue, gains and other support	<u>10,268,619</u>	<u>(8,491,360)</u>	<u>23,101,787</u>	<u>24,879,046</u>	<u>35,909,983</u>
Expenses:					
Program services	10,844,535	-	-	10,844,535	14,410,653
General and administrative	2,444,721	-	-	2,444,721	2,048,549
Fund raising	824,210	-	-	824,210	640,972
Total expenses	<u>14,113,466</u>	<u>-</u>	<u>-</u>	<u>14,113,466</u>	<u>17,100,174</u>
Change in Net Assets Before Provision for Uncollectible Pledges	(3,844,847)	(8,491,360)	23,101,787	10,765,580	18,809,809
Provision for Uncollectible Pledges	<u>(31,250)</u>	<u>(914,759)</u>	<u>(55,405)</u>	<u>(1,001,414)</u>	<u>(244,608)</u>
Change in Net Assets	(3,876,097)	(9,406,119)	23,046,382	9,764,166	18,565,201
Net Assets, Beginning	<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>
Net Assets, Ending	<u>\$ 26,583,862</u>	<u>\$ 23,585,449</u>	<u>\$ 110,230,070</u>	<u>\$ 160,399,381</u>	<u>\$ 150,635,215</u>

See notes to consolidated financial statements.

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

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2008

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

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	Program <u>Services</u>	General and <u>Administrative</u>	Fund <u>Raising</u>	<u>Totals</u> <u>2008</u>	<u>2007</u>
Contribution to University Building Program	\$ 2,020,999	\$ -	\$ -	\$ 2,020,999	\$ 4,546,309
Athletics Fund - Golden Panthers	1,237,391	-	-	1,237,391	197,734
College of Business Administration	1,132,299	-	-	1,132,299	1,710,125
Academic Affairs	819,603	-	-	819,603	753,672
College of Engineering and Computing	813,591	-	-	813,591	1,041,889
School of Hospitality Management	736,160	-	-	736,160	525,692
University Wide Scholarships and Programs	713,748	-	-	713,748	1,025,913
College of Nursing and Health Sciences	595,317	-	-	595,317	828,731
Wolfsonian Museum	429,733	-	-	429,733	294,867
Interest	-	399,820	-	399,820	449,831
Utilities and Maintenance	-	355,132	-	355,132	267,943
Advancement operations	-	-	349,077	349,077	166,166
Depreciation and amortization	-	343,037	-	343,037	343,037
President's compensation	-	344,962	-	344,962	380,303
College of Education	342,413	-	-	342,413	412,124
College of Arts and Sciences	333,000	-	-	333,000	707,387
University Support	-	325,776	-	325,776	-
FIU Art Museum	254,852	-	-	254,852	352,588
Marketing fees	-	-	250,000	250,000	247,320
College of Architecture & the Arts	241,148	-	-	241,148	307,868
Capital campaign	-	-	225,133	225,133	217,500
Lobbying	-	194,722	-	194,722	147,232
FIU Alumni Association	193,699	-	-	193,699	140,618
Faculty Research Awards	150,000	-	-	150,000	118,000
Stemple School of Public Health	147,140	-	-	147,140	392,847
Student Affairs	145,720	-	-	145,720	83,202
Medical School	141,233	-	-	141,233	10,438
College of Law	138,080	-	-	138,080	297,296
Business office operations	-	128,389	-	128,389	109,649
Professional fees	-	93,596	-	93,596	96,440
President's allowance	-	90,062	-	90,062	94,073
School of Journalism	65,193	-	-	65,193	92,359
Insurance	-	54,437	-	54,437	20,612
FIU Libraries	49,254	-	-	49,254	110,715
President's Office	40,102	-	-	40,102	233,534
Florida Board of Governor's Assessment	-	39,091	-	39,091	31,665
Honors College	36,105	-	-	36,105	92,506
Bank and investment fees	-	26,993	-	26,993	22,871
Wolfsonian grant expenses	20,974	-	-	20,974	23,417
FIU Vice President's allowance	-	23,987	-	23,987	28,385
Human Resources	20,116	-	-	20,116	1,770
License plates	16,860	-	-	16,860	59,498
Other miscellaneous expense	-	14,334	-	14,334	45,659
Remarketing fees	-	10,383	-	10,383	10,849
College of Social Work, Justice & Public Affairs	9,805	-	-	9,805	59,540
Total expenses	<u>\$10,844,535</u>	<u>\$ 2,444,721</u>	<u>\$ 824,210</u>	<u>\$14,113,466</u>	<u>\$17,100,174</u>

See notes to consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2008

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

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	<u>2008</u>	<u>2007</u>
Cash Flows from Operating Activities:		
Change in net assets before provision for uncollectible pledges	\$ 10,765,580	\$ 18,809,809
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	(1,001,414)	(244,608)
Net unrealized investment (gains) losses	9,103,546	(15,203,777)
Changes in assets and liabilities:		
(Increase) decrease in:		
Contributions receivable	(7,933,591)	296,918
Other assets	(90,898)	(79,284)
Due from FIU	(262,206)	-
Increase (decrease) in:		
Accounts payable and other liabilities	(33,930)	48,742
Annuities payable	(13,761)	(21,506)
Due to University	-	(41,934)
Deferred revenue	147,373	134,612
Derivative liability	180,356	(10,813)
Unrestricted investment earnings	<u>3,630,302</u>	<u>3,339,693</u>
Net cash provided by operating activities	<u>14,834,394</u>	<u>7,370,889</u>
Cash Flows from Investing Activities:		
Net purchases of investments	<u>(20,712,206)</u>	<u>(9,110,758)</u>
Cash Flows from Financing Activities:		
Principal repayments	(495,000)	(470,000)
Interest and dividends restricted for reinvestment	<u>13,642</u>	<u>-</u>
Net cash used by financing activities	<u>(481,358)</u>	<u>(470,000)</u>
Net Decrease in Cash and Cash Equivalents	(6,359,170)	(2,209,869)
Cash and Cash Equivalents, Beginning	<u>17,520,243</u>	<u>19,730,112</u>
Cash and Cash Equivalents, Ending	<u>\$ 11,161,073</u>	<u>\$ 17,520,243</u>

See notes to consolidated financial statements.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2007

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**NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

***Organization and Purpose***

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

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

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

***Principles of Consolidation***

The consolidated financial statements of the Foundation and its subsidiary for the year ended June 30, 2008, 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**  
*(A Direct Support Organization)*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)

**DRAFT**

**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, 2007 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**  
*(A Direct Support Organization)*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)

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**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. Total net unrealized investment losses and net investment income for the year ended June 30, 2008 totaled (\$5,459,602), of which, (\$4,097,347) were applied to individual endowments. The total net unrealized investment gains and net investment income for the year ended June 30, 2007 amounted to \$18,543,470, of which, \$13,976,894 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 net realizable value which is based on prior years' experience and management's analysis of specific promises made. Multi-year promises to give are further discounted to reflect their present value.

***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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)

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**NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

*Deferred Revenue (Continued)*

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. Revenue is recognized on a quarterly basis based on credit card fees and credit card activity.

*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, investments, contributions receivable (promises to give).

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)

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**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, 2008, approximately \$7,044,000 was in excess of the Federal Depository Insurance Company (FDIC) limits. Subsequent to year end, the FDIC deposit insurance threshold was temporarily increased from \$100,000 to \$250,000 per depositor through December 31, 2009.

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, 2008, \$120,718,279 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**  
*(A Direct Support Organization)*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)

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**NOTE 3. INVESTMENTS**

	<u>2008</u>	<u>2007</u>
Common stock and mutual funds	\$ 69,375,811	\$ 98,414,241
Short-term investments	-	1,046,025
Limited partnerships	36,398,112	-
U.S. Government and municipal securities	11,225,681	7,168,271
Corporate bonds	3,535,345	5,937,977
	<u>120,534,949</u>	<u>112,566,514</u>
Plus accrued interest	183,330	187,049
Total investments	<u>\$ 120,718,279</u>	<u>\$ 112,753,563</u>

**NOTE 4. CONTRIBUTIONS RECEIVABLE**

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

	<u>2008</u>	<u>2007</u>
Receivable in less than one year	\$ 7,737,452	\$ 7,671,955
Receivable in one to five years	20,958,526	11,393,475
Receivable in more than five years	1,066,380	1,737,872
	<u>29,762,358</u>	<u>20,803,302</u>
Less allowance for uncollectibles	(100,988)	(169,572)
Estimated fair value	29,661,370	20,633,730
Less discount at 6%	(2,582,321)	(1,488,272)
Promises to give, net	<u>\$27,079,049</u>	<u>\$19,145,458</u>

**NOTE 5. WOLFSONIAN, INC. FIXED ASSETS**

	<u>2008</u>	<u>2007</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	86,000	78,000
Fixed assets, net	<u>\$774,000</u>	<u>\$782,000</u>

Depreciation expense was \$8,000 for the years ended June 30, 2008 and 2007, respectively.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)

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**NOTE 6. FOUNDATION FIXED ASSETS**

	<u>2008</u>	<u>2007</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	1,903,525	1,576,514
Fixed assets, net	<u>\$11,182,610</u>	<u>\$11,509,621</u>

Depreciation expense was \$327,011 for the years ended June 30, 2008 and 2007, respectively.

**NOTE 7. BOND ISSUANCE COSTS**

As of June 30, 2008, 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>2008</u>	<u>2007</u>
Bond issuance costs	\$178,772	\$178,772
Less accumulated amortization	67,774	59,748
Bond issuance costs, net	<u>\$110,998</u>	<u>\$119,024</u>

**NOTE 8. ANNUITIES PAYABLE**

The Foundation has received, as of June 30, 2008, \$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 \$317,137.

**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**  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**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, 2008, total interest paid was \$399,820. 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, 2008, the outstanding principal balance due under this note payable amounted to \$9,780,000. As of June 30, 2008, the fair value of the FIU Foundation's liability under the swap agreement was \$466,543.

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, 2008 are as follows:

Year ending June 30:

2009	\$ 525,000
2010	550,000
2011	575,000
2012	605,000
2013	640,000
Thereafter	6,885,000
	<u>\$9,780,000</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**  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 11. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS**

Temporarily restricted net assets of \$23,585,449 at June 30, 2008 were available for scholarships and other program specific expenses. Permanently restricted net assets of \$110,230,070 at June 30, 2008 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, 2008 was 3.5%. 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, 2008, the Foundation transferred \$2,020,999 to support numerous construction projects, as follows:

A. Chapman Graduate School building	\$1,109,388
Art Museum Building	363,500
International Hurricane Research Center Building	269,150
Law School building	212,901
Civil Engineering Structures Lab Building	55,000
Sigma Alpha Mu Fraternity House	9,760
Tau Kappa Epsilon Greek House	1,300
	\$2,020,999

**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 \$1,148,050 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, 2008, \$66,729 of loans were outstanding.

**FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY**  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 13. COMMITMENTS AND CONTINGENCIES (Continued)**

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

**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 \$13,080,435 and the net book value is \$11,176,910 at June 30, 2008. Minimum future rentals as of June 30, 2008 are approximately as follows:

Year ending June 30:

2009	\$ 1,260,000
2010	1,260,000
2011	1,260,000
2012	1,260,000
2013	1,260,000
Thereafter	11,340,000
	<u>\$17,640,000</u>

**NOTE 15. CONTINGENT LIABILITY**

The Wolfsonian, Inc. is the owner of the real property located at 2401 Pine Tree Drive and known as the Miami Beach Woman's Club (Woman's Club). The Wolfsonian, Inc. leased the Woman's Club to the Greater Miami Hebrew Academy in July 2004. As the tenant, the Greater Miami Hebrew Academy insured the property under its commercial property policy.



FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 15. CONTINGENT LIABILITY** (Continued)

On April 22, 2008 a fire incident occurred at the Miami Beach Women's Club and caused substantial damage to the premises. On July 18, 2008, the insurer's structural engineer released a report concluding that based on the extent of structural damage to the property, the fire damage is classified as "substantial structural damage" and as such, "the entire structure (built in the 1920's) is required to be brought up to code to meet the 2004 FBC wind load requirements."

To date, the insurer's final assessment of the loss has not been released and the estimated costs to repair are unknown at this time. However, it is anticipated that the costs to repair the Woman's Club will exceed amounts available under the insurance policy. The Wolfsonian, Inc. intends to pursue all available remedies against the tenant and insurer, as appropriate. Notwithstanding such efforts, in the event that The Wolfsonian, Inc. proceeds with the repairs, the FIU Foundation, Inc., as sole voting member of The Wolfsonian, Inc., may face potential exposure for certain costs associated with those repairs.

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SUPPLEMENTARY INFORMATION  
(Unaudited)

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

EMINENT SCHOLARS CHAIR PROGRAM  
(Unaudited)

SCHEDULE OF RECEIPTS, EXPENDITURES AND ENDOWMENT BALANCES - SCHEDULE 7

YEAR ENDED JUNE 30, 2008

**DRAFT**

	Beginning Balance July 1, 2007	<u>Contribution</u>		Interest and Investment Gains/ Losses(1)	<u>Expenditures</u>	<u>Transfers</u>	Ending Balance June 30, 2008
		<u>Amount</u>	<u>Received</u>				
1117030 Edna Gene and Jordan Davidson Endowed Chair							
Permanently restricted	\$ 1,000,000	-		\$ -	\$ -	-	\$ 1,000,000
Unrestricted	931,018	-		(69,179)	25,000	-	836,839
1139070 George C. Barley Endowed Chair							
Permanently restricted	1,080,000	-		-	-	-	1,080,000
Unrestricted	472,645	-		(54,374)	12,410	-	405,861
1200220 James L. Knight Endowed Chair in MIS							
Permanently restricted	1,031,794	-		-	-	-	1,031,794
Unrestricted	736,043	-		(66,467)	44,910	-	624,667
1270040 Knight Ridder Chair in Global Management							
Permanently restricted	1,020,000	-		-	-	-	1,020,000
Unrestricted	286,838	-		(50,550)	68,078	-	168,211
1270050 Knight Ridder Chair in International Management							
Permanently restricted	1,020,000	-		-	-	-	1,020,000
Unrestricted	293,018	-		(50,550)	67,220	-	175,248
1270060 Byron Harless Chair in Management Development							
Permanently restricted	1,020,000	-		-	-	-	1,020,000
Unrestricted	237,200	-		(50,550)	56,130	-	130,520
1270070 James K. Batten Chair in Strategic Management							
Permanently restricted	1,020,000	-		-	-	-	1,020,000
Unrestricted	334,296	-		(50,550)	160,685	-	123,061
1270080 Alvah Chapman Endowed Chair in Management							
Permanently restricted	1,020,000	-		-	-	-	1,020,000
Unrestricted	230,894	-		(49,787)	70,000	-	111,107
1280060 Ryder Chair in Management Information Systems							
Permanently restricted	1,020,000	-		-	-	-	1,020,000
Unrestricted	272,331	-		(49,133)	-	-	223,198
1280070 Ryder Business Leadership Chair							
Permanently restricted	1,020,000	-		-	-	-	1,020,000
Unrestricted	216,040	-		(50,114)	53,150	-	112,776
1280080 Ryder Decision Sciences Chair							
Permanently restricted	1,020,000	-		-	-	-	1,020,000
Unrestricted	216,099	-		(50,114)	6,300	(50,000)	109,685
1280090 Ryder Global							
Permanently restricted	1,020,000	-		-	-	-	1,020,000
Unrestricted	313,786	-		(50,114)	108,437	-	155,235
1410020 JLK Chair in Education Reform & Innovation							
Permanently restricted	1,022,170	-		-	-	-	1,022,170
Unrestricted	273,646	-		(52,830)	36,272	-	184,545
1410030 Center for Urban Development Endowment							
Permanently restricted	1,022,171	-		-	-	-	1,022,171
Unrestricted	279,078	-		(52,830)	55,660	-	170,588
1410040 Center for Urban Development Endowment							
Permanently restricted	1,022,171	-		-	-	-	1,022,171
Unrestricted	280,095	-		(52,830)	59,504	-	167,761
1410050 Center for Urban Development Endowment							
Permanently restricted	1,022,171	-		-	-	-	1,022,171
Unrestricted	305,203	-		(52,830)	88,746	-	163,627

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

**EMINENT SCHOLARS CHAIR PROGRAM**

(Unaudited)

(Continued)

**SCHEDULE OF RECEIPTS, EXPENDITURES AND ENDOWMENT BALANCES - SCHEDULE I**

**YEAR ENDED JUNE 30, 2008**

**DRAFT**

	Beginning Balance July 1, <u>2007</u>	<u>Contribution</u>		Interest and Investment Gains/ Losses(1)	<u>Expenditures</u>	<u>Transfers</u>	Ending Balance June 30, <u>2008</u>
		<u>Amount</u>	<u>Received</u>				
1600170 Coulter Biomedical Eminent Chair							
Permanently restricted	2,000,000	-		-	-	-	2,000,000
Unrestricted	577,185	-		(104,423)	100,000	-	372,762
1700090 Paul L. Cejas Endowed Scholarship Chair							
Permanently restricted	1,020,000	-		-	-	-	1,020,000
Unrestricted	145,259	-		(47,239)	44,960	-	53,060
2400050 MCH Pediatrics Chair Endowment							
Permanently restricted	-	500,000	Dec-08	-	-	-	500,000
Unrestricted	-	-		(15,984)	-	-	(15,984)
2400060 Leon Med Ctr Geriatrics Chair							
Permanently restricted	-	2,000,250	May-08	-	-	-	2,000,250
Unrestricted	-	-		(21,315)	-	-	(21,315)
4100190 We Will Rebuild Chair in Hurricane Studies							
Permanently restricted	1,050,000	-		-	-	-	1,050,000
Unrestricted	605,394	-		(61,384)	-	-	544,010
	<u>\$27,458,552</u>	<u>\$2,500,250</u>		<u>\$(1,103,144)</u>	<u>\$ 1,057,461</u>	<u>\$(50,000)</u>	<u>\$27,748,198</u>

(1) Represents allocated investment losses. The investment losses were allocated to the unrestricted/temporarily restricted fund as required by donor-imposed restrictions.

**FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY**  
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MAJOR GIFTS PROGRAM  
(Unaudited)

SCHEDULE OF RECEIPTS, EXPENDITURES AND ENDOWMENT BALANCES - SCHEDULE II

YEAR ENDED JUNE 30, 2008

DRAFT

	Beginning Balance July 1, 2007	<u>Contribution</u>		Interest and Investment Gains(1)	Expenditures	Transfers	Ending Balance June 30, 2008
		<u>Amount</u>	<u>Received</u>				
1000030 Madeline Kitts Scholarship:							
Permanently restricted	\$ 457,093	\$ -		\$ -	\$ -	\$ -	\$ 457,093
Temporarily restricted	373,055	-		(28,974)	42,600	-	301,481
1000060 Patricia and Phillip Frost Endowed Professorship:							
Permanently restricted	150,000	-		-	-	-	150,000
Unrestricted	178,009	-		(10,483)	19,209	-	148,317
1000140 Perlman Family Faculty Grant Endowment							
Permanently restricted	153,176	-		-	-	-	153,176
Unrestricted	38,772	-		(7,334)	-	-	31,438
1000420 Perry Graduate Scholarship:							
Permanently restricted	254,552	-		-	-	-	254,552
Temporarily restricted	77,101	-		(12,650)	7,383	-	57,068
1000460 Aventura Marketing:							
Permanently restricted	207,517	-		-	-	-	207,517
Temporarily restricted	57,419	-		(9,993)	15,390	-	32,036
1000510 Garcia-Zamor Haitian American Endowment:							
Permanently restricted	300,000	-		-	-	-	300,000
Temporarily restricted	63,913	100	Mar-08	(14,249)	3,500	-	46,264
1000570 Bank of America Scholarship Endowment:							
Permanently restricted	175,000	-		-	-	-	175,000
Temporarily restricted	59,493	-		(8,907)	10,000	-	40,586
1000610 Lucille E. Snaith Memorial Scholarship Endowment							
Permanently restricted	152,500	-		-	-	-	152,500
Temporarily restricted	36,766	-		(7,283)	9,000	-	20,483
1000650 Manuel and Mercedes Mosteiro Scholarship Endow							
Permanently restricted	227,645	-		-	-	-	227,645
Temporarily restricted	35,712	-		(10,493)	4,000	-	21,219
1000710 Sedanos Family First Generation Scholarship							
Permanently restricted	100,000	50,000	Apr-08	-	-	-	150,000
Temporarily restricted	9,518	-		(5,025)	2,000	-	2,493
1100090 Judith Evans Parker							
Permanently restricted	100,000	-		-	-	-	100,000
Temporarily restricted	25,515	-		(5,004)	6,600	-	13,911
1111110 Barnes & Noble Creative Writing Endowment:							
Permanently restricted	400,000	50,000	Jan-08	-	-	-	450,000
Unrestricted	93,170	-		(20,344)	7,220	-	65,606
1119050 Helen J. Dunnick:							
Permanently restricted	224,521	-		-	-	-	224,521
Unrestricted	55,348	-		(10,706)	26,489	-	18,153
1119070 Sephardic Oriental Jewish Endowment:							
Permanently restricted	1,020,000	-		-	-	-	1,020,000
Temporarily restricted	240,192	-		(48,448)	25,643	-	166,101
1131050 Stanley Glaser Endowed Professorship in Biological Science							
Permanently restricted	150,000	-		-	-	-	150,000
Unrestricted	114,689	-		(10,377)	15,691	-	88,621
1131100 Kelly Tropical Botany Scholarship Endowment							
Permanently restricted	150,000	-		-	-	-	150,000
Temporarily restricted	32,273	-		(7,464)	6,730	-	18,079
1139040 S.E. Environmental:							
Permanently restricted	1,029,000	-		-	-	-	1,029,000
Unrestricted	178,297	-		(48,456)	5,284	-	124,557

**FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARY**  
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MAJOR GIFTS PROGRAM

(Unaudited)

(Continued)

SCHEDULE OF RECEIPTS, EXPENDITURES AND ENDOWMENT BALANCES - SCHEDULE II

YEAR ENDED JUNE 30, 2008

**DRAFT**

	Beginning Balance July 1, 2007	<u>Contribution</u>		Interest and Investment Gains(1)	<u>Expenditures</u>	<u>Transfers</u>	Ending Balance June 30, 2008
		<u>Amount</u>	<u>Received</u>				
1139080 Miccosukee Indians Everglades Endowment:							
Permanently restricted	1,620,000	-		-	-	-	1,620,000
Unrestricted	459,120	-		(78,184)	18,425	-	362,511
1139110 JM Hibbard Memorial Lectures							
Permanently restricted	150,000	-		-	-	-	150,000
Unrestricted	24,984	-		(6,959)	9,138	2,094	6,793
1200040 Business Men's Insurance Marketing Professorship:							
Permanently restricted	134,600	-		-	-	-	134,600
Unrestricted	108,816	-		(9,666)	8,160	-	90,990
1200070 Burdines Professorship:							
Permanently restricted	225,000	-		-	-	-	225,000
Unrestricted	60,066	-		(10,687)	-	-	49,379
1200100 Deloitte & Touche Accounting Scholarship Endowment							
Permanently restricted	137,556	-		-	-	-	137,556
Temporarily restricted	49,168	-		(6,831)	2,500	-	39,837
1200110 Drexel Burnham Lambert Endowed Scholarship in CBA							
Permanently restricted	142,500	-		-	-	-	142,500
Temporarily Restricted	121,467	-		(9,967)	18,000	-	93,500
1200140 FIBA Professorship:							
Permanently restricted	150,000	-		-	-	-	150,000
Unrestricted	33,389	-		(7,439)	2,111	-	23,839
1200150 Wachovia Business Ethics Scholarship							
Permanently restricted	300,000	-		-	-	-	300,000
Temporarily restricted	96,318	-		(14,870)	-	-	81,448
1200180 Herbert Wertheim Professorship in College of Business							
Permanently restricted	150,000	-		-	-	-	150,000
Unrestricted	86,622	-		(8,693)	6,794	-	71,135
1200190 Ingersoll-Rand IB Prof Endowment							
Permanently restricted	100,001	50,000	Apr-08	-	-	-	150,001
Unrestricted	21,377	-		(5,454)	-	-	15,923
1200250 Bank America Business Ethics Scholarship:							
Permanently restricted	300,000	-		-	-	-	300,000
Temporarily restricted	102,232	-		(15,012)	-	-	87,220
1200260 Union Planters National Bank:							
Permanently restricted	487,500	-		-	-	-	487,500
Temporarily restricted	162,504	-		(23,964)	6,000	-	132,540
1200280 Suntrust Professorship:							
Permanently restricted	225,000	-		-	-	-	225,000
Unrestricted	61,949	-		(10,925)	15,030	-	35,994
1200290 AXA Foundation Business Ethics Scholarship:							
Permanently restricted	210,275	-		-	-	-	210,275
Temporarily restricted	69,841	-		(10,260)	-	-	59,581
1200330 David Parker:							
Permanently restricted	100,000	-		-	-	-	100,000
Temporarily restricted	23,425	-		(5,004)	6,000	-	12,421
1260020 Jerome Bain Endowed Scholarship:							
Permanently restricted	150,000	-		-	-	-	150,000
Temporarily restricted	139,339	-		(9,458)	-	-	129,881
1260030 Jerome Bain Real Estate Institution:							
Permanently restricted	1,020,000	-		-	-	-	1,020,000
Unrestricted	313,634	10,000	Jul-07	(50,214)	18,296	-	255,124

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

MAJOR GIFTS PROGRAM

(Unaudited)

(Continued)

SCHEDULE OF RECEIPTS, EXPENDITURES AND ENDOWMENT BALANCES - SCHEDULE II

YEAR ENDED JUNE 30, 2008



	Beginning Balance July 1, 2007	Contribution		Interest and Investment Gains(1)	Expenditures	Transfers	Ending Balance June 30, 2008
		Amount	Received				
1270030 Knight Ridder Center Endowment:							
Permanently restricted	548,707	-		-	-	-	548,707
Unrestricted	123,590	10,049	Nov-07	(25,772)	28,190	(116)	79,793
1280040 Ryder Center for Business Logistics:							
Permanently restricted	150,000	-		-	-	-	150,000
Unrestricted	111,727	41,670	Apr-08	(9,667)	34,401	50,000	159,329
1280050 Ryder System Endowed Professorship:							
Permanently restricted	150,000	-		-	-	-	150,000
Unrestricted	93,652	-		(9,630)	2,480	-	81,542
1300030 Henry Milander:							
Permanently restricted	524,399	-		-	-	-	524,399
Temporarily restricted	391,024	-		(30,219)	-	-	360,805
1300100 Bank of America Scholarship Endowment (CUPA):							
Permanently restricted	150,000	-		-	-	-	150,000
Temporarily restricted	51,572	-		(7,377)	-	-	44,195
1400040 Patricia and Phillip Endowed Professorship in Education:							
Permanently restricted	150,000	-		-	-	-	150,000
Unrestricted	97,138	-		(10,038)	-	-	87,100
1400140 Bellsouth Scholarship Endowment:							
Permanently restricted	150,000	-		-	-	-	150,000
Temporarily restricted	55,138	-		(7,636)	8,000	-	39,502
1400150 Pat Tornillo Scholarship Endowment:							
Permanently restricted	370,000	-		-	-	-	370,000
Temporarily restricted	118,823	-		(17,914)	-	-	100,909
1400180 Mark Blum Memorial Scholarship Endowment:							
Permanently restricted	227,996	-		-	-	-	227,996
Temporarily restricted	43,893	-		(10,642)	5,000	-	28,251
1400200 Robert R. Bellany Scholarship Endowment:							
Permanently restricted	682,500	-		-	-	-	682,500
Temporarily restricted	169,495	-		(32,830)	8,000	-	128,665
1500030 Hospitality Management Minority Endowment:							
Permanently restricted	441,496	-		-	-	-	441,496
Temporarily restricted	107,780	10,000	Dec-07	(20,906)	13,667	-	83,207
1500040 N.A.C. Professorship in Hospitality Management:							
Permanently restricted	155,000	-		-	-	-	155,000
Unrestricted	155,950	-		(10,742)	-	-	145,208
1500100 Coca Cola Professorship:							
Permanently restricted	150,000	-		-	-	-	150,000
Unrestricted	97,886	-		(9,621)	17,299	-	70,966
1500140 James Bruce Wallace/R. Tuesday Scholarship Fund:							
Permanently restricted	150,000	-		-	-	-	150,000
Temporarily restricted	91,570	-		(9,607)	3,327	-	78,636
1500160 Ernest R. Graham Endowed Professorship:							
Permanently restricted	150,000	-		-	-	-	150,000
Unrestricted	132,510	-		(10,660)	6,116	-	115,734
1500180 Metromedia Restaurants Endowed Scholarships:							
Permanently restricted	170,000	-		-	-	-	170,000
Temporarily restricted	69,374	-		(8,907)	10,900	-	49,567
1500190 Beverage Management Endowment:							
Permanently restricted	454,819	-		-	-	-	454,819
Unrestricted	87,826	-		(21,937)	-	-	65,889

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

MAJOR GIFTS PROGRAM

(Unaudited)

(Continued)

SCHEDULE OF RECEIPTS, EXPENDITURES AND ENDOWMENT BALANCES - SCHEDULE II

YEAR ENDED JUNE 30, 2008

**DRAFT**

	Beginning Balance July 1, 2007	<u>Contribution</u>		Interest and Investment Gains(1)	<u>Expenditures</u>	<u>Transfers</u>	Ending Balance June 30, 2008
		<u>Amount</u>	<u>Received</u>				
1500210 FIU Hospitality Review:							
Permanently restricted	187,500	-		-	-	-	187,500
Temporarily restricted	68,944	-		(10,073)	19,665	-	39,206
1500220 Hospitality Management Program:							
Permanently restricted	213,152	-		-	-	-	213,152
Unrestricted	91,957	-		(10,557)	-	-	81,400
1500230 John Kluge Endowed Scholarship:							
Permanently restricted	710,000	-		-	-	-	710,000
Temporarily restricted	241,035	-		(35,625)	24,900	-	180,510
1500240 Hospitality Computer Endowment:							
Permanently restricted	175,637	-		-	-	-	175,637
Temporarily restricted	65,125	2,491	Mar-08	(8,738)	15,388	-	43,490
1500290 Hospitality Computer Endowment:							
Permanently restricted	155,469	-		-	-	-	155,469
Temporarily restricted	68,109	-		(7,626)	5,122	-	55,361
1500300 H.R. Chaplin Beverage Management Chair							
Permanently restricted	1,020,000	-		-	-	-	1,020,000
Temporarily restricted	358,395	-		(51,128)	7,174	-	300,093
1500370 Marriott Scholarship Endowment							
Permanently restricted	250,000	50,000	Apr-08	-	-	-	300,000
Temporarily restricted	30,053	-		(11,939)	12,000	-	6,114
1500410 Ocean Waters Hospitality Scholarship							
Permanently restricted	100,000	50,000	Apr-08	-	-	-	150,000
Temporarily restricted	10,345	-		(4,949)	1,500	-	3,896
1600020 Endowed Scholarships in Engineering:							
Permanently restricted	150,000	-		-	-	-	150,000
Temporarily restricted	46,404	4,100	Dec-07	(7,506)	14,600	-	28,398
1600030 Endowed Professorship in Engineering:							
Permanently restricted	100,000	-		-	-	-	100,000
Unrestricted	88,345	-		(5,804)	-	-	82,541
1600140 Norman Wseldon Biomedical:							
Permanently restricted	150,000	-		-	-	-	150,000
Temporarily restricted	33,614	-		(7,444)	5,000	-	21,170
1600180 Bioinstrumentation/Biomeasurement Professorship							
Permanently restricted	1,000,000	-		-	-	-	1,000,000
Temporarily restricted	276,657	-		(51,730)	50,000	-	174,927
1600190 Biomedical Engineering Excellence Endowment:							
Permanently restricted	2,000,000	-		-	-	-	2,000,000
Unrestricted	531,652	-		(102,589)	96,643	-	332,420
1600210 Cardiovascular Engineering Center:							
Permanently restricted	500,000	-		-	-	-	500,000
Unrestricted	132,539	-		(25,647)	25,000	-	81,892
1600220 Lucent Technology CALA Dist. Professorship:							
Permanently restricted	450,000	-		-	-	-	450,000
Unrestricted	124,877	5,000	May-08	(21,374)	8,183	-	100,320
1600240 Biomedical Engineering Research Institute:							
Permanently restricted	1,000,000	-		-	-	-	1,000,000
Unrestricted	265,080	-		(51,295)	53,865	-	159,920
1600250 WH Coulter Biomedical Scholarship:							
Permanently restricted	1,000,000	-		-	-	-	1,000,000
Unrestricted	265,080	-		(51,295)	55,000	-	158,785



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

MAJOR GIFTS PROGRAM

(Unaudited)

(Continued)

SCHEDULE OF RECEIPTS, EXPENDITURES AND ENDOWMENT BALANCES - SCHEDULE I

YEAR ENDED JUNE 30, 2008



	Beginning Balance July 1, 2007	<u>Contribution</u>		Interest and Investment Gains(1)	Expenditures	Transfers	Ending Balance June 30, 2008
		<u>Amount</u>	<u>Received</u>				
1600260 WH Coulter Biomedical Scholarships:							
Permanently restricted	500,000	-		-	-	-	500,000
Unrestricted	132,539	-		(25,647)	25,000	-	81,892
1600270 Coulter Young Inventor Award Endowment							
Permanently restricted	1,500,000	-		-	-	-	1,500,000
Temporarily Restricted	454,754	-		(79,170)	75,000	-	300,584
1600280 Coulter Biomedical Lecture Series							
Permanently restricted	500,000	-		-	-	-	500,000
Temporarily Restricted	136,127	-		(25,647)	24,463	-	86,017
1600330 Ware Professorship							
Permanently restricted	150,000	-		-	-	-	150,000
Unrestricted	45,720	-		(7,337)	-	-	38,383
1600450 Ware Foundation Research							
Permanently restricted	400,000	229,500	Jan-08	-	-	-	629,500
Unrestricted	48,647	134,000	Jan-08	(23,185)	20,000	-	139,462
1600480 Kelly Foundation Construction & Engineering							
Permanently restricted	100,000	-		-	-	-	100,000
Unrestricted	7,932	-		(4,987)	3,400	-	(455)
1700080 Paul L. Cejas Architecture Endowment							
Permanently restricted	730,009	-		-	-	-	730,009
Unrestricted	113,187	-		(33,778)	9,115	-	70,294
1740040 Evelyn Spitalny Endowment in Music							
Permanently restricted	153,181	-		-	-	-	153,181
Unrestricted	59,636	-		(8,338)	7,172	-	44,126
1740060 Wertheim Performing Arts Scholarship							
Permanently restricted	1,020,000	-		-	-	-	1,020,000
Unrestricted	330,654	-		(52,949)	49,696	-	228,009
1800150 Dresnick Scholars Endowment:							
Permanently restricted	152,297	-		-	-	-	152,297
Temporarily restricted	40,527	-		(7,797)	9,894	-	22,836
1800170 A. Friedman Health & Nursing Endowment:							
Permanently restricted	150,000	-		-	-	-	150,000
Temporarily restricted	44,055	-		(7,317)	22,403	-	14,335
1810040 School of Nursing Endowment I:							
Permanently restricted	1,286,152	300,000	Apr-08	-	-	-	1,586,152
Unrestricted	318,404	-		-	89,321	-	229,083
1810050 Betty Florman Nursing Scholarship:							
Permanently restricted	150,000	-		-	-	-	150,000
Temporarily restricted	31,308	-		(7,351)	8,500	-	15,457
1810110 BC/BS Nursing Scholarship Endowment							
Permanently restricted	150,000	-		-	-	-	150,000
Temporarily restricted	27,719	-		(7,204)	8,706	-	11,809
1810130 North Dade Medical Nursing Lab Equipment							
Permanently restricted	437,500	-		-	-	-	437,500
Temporarily restricted	75,220	-		2,760	17,100	-	60,880
1810140 North Dade Medical Nursing Lab Equipment							
Permanently restricted	1,750,000	-		-	-	-	1,750,000
Temporarily restricted	292,965	-		11,041	128,908	-	175,098
1900050 Janet Chusmir Endowed Scholarship in School of							
Permanently restricted	313,210	-		-	-	-	313,210
Temporarily restricted	269,903	-		(20,804)	12,500	-	236,599

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

MAJOR GIFTS PROGRAM

(Unaudited)

(Continued)

SCHEDULE OF RECEIPTS, EXPENDITURES AND ENDOWMENT BALANCES - SCHEDULE I

YEAR ENDED JUNE 30, 2008



	Beginning Balance July 1, 2007	<u>Contribution</u>		Interest and Investment Gains(1)	<u>Expenditures</u>	<u>Transfers</u>	Ending Balance June 30, 2008
		<u>Amount</u>	<u>Received</u>				
1900060 W.R. Hearst Professorship:							
Permanently restricted	300,000	-		-	-	-	300,000
Unrestricted	164,795	-		(16,887)	12,105	-	135,803
2000050 Judge Thomas Britton Scholarship Endowment							
Permanently restricted	245,000	20,000	Dec-07	-	-	-	265,000
Temporarily restricted	64,777	-		(12,426)	-	-	52,351
2000070 Cuban American Bar Scholarship Endowment							
Permanently restricted	100,000	11,900	Jan-08	-	-	-	111,900
Temporarily restricted	13,050	-		(4,817)	-	-	8,233
2000120 Law Professorship Endowment							
Permanently restricted	750,000	525,000	Apr-08	-	-	-	1,275,000
Unrestricted	95,181	-		(46,306)	41,250	-	7,625
2100030 Endowed Professorship in Computer Sciences #1							
Permanently restricted	153,360	-		-	-	-	153,360
Unrestricted	168,872	-		(10,607)	-	-	158,265
2100040 Endowed Professorship in Computer Sciences #2							
Permanently restricted	153,360	-		-	-	-	153,360
Unrestricted	171,353	-		(10,607)	-	-	160,746
2100050 Endowed Graduate Fellowship in Computer Sciences #1							
Permanently restricted	153,410	-		-	-	-	153,410
Unrestricted	135,117	-		(10,609)	-	-	124,508
2100060 Endowed Graduate Fellowship in Computer Sciences #2							
Permanently restricted	153,360	-		-	-	-	153,360
Unrestricted	199,280	-		(10,607)	-	-	188,673
2100070 Ryder System endowment Professorship in Computer Sciences							
Permanently restricted	150,000	-		-	-	-	150,000
Unrestricted	238,939	-		(10,137)	-	-	228,802
2200030 General Library Purchase Endowment:							
Permanently restricted	622,166	10,277	May-08	-	-	-	632,443
Temporarily restricted	270,995	-		(31,128)	-	-	239,867
2200040 Green Library Endowment:							
Permanently restricted	800,000	500	Apr-08	-	-	-	800,500
Temporarily restricted	190,748	-		(39,208)	42,375	-	109,165
2300030 Honors College General Endowment							
Permanently restricted	104,669	4,014	Jun-08	-	-	-	108,683
Temporarily restricted	43,005	17,540	Jun-08	(5,361)	15,255	-	39,929
2300060 Harvey L. Young:							
Permanently restricted	150,800	-		-	-	-	150,800
Temporarily restricted	43,215	-		(7,539)	4,000	-	31,676
2300070 Lucille E Snaith Memorial Scholarship Endowment							
Permanently restricted	500,000	-		-	-	-	500,000
Temporarily restricted	125,840	-		(24,556)	7,500	-	93,784
2500030 R. Stempel Public Health Scholarship Endowment							
Permanently restricted	3,298,411	-		-	-	-	3,298,411
Temporarily restricted	999,743	20,682	Jan-08	(162,281)	127,704	-	730,440
2500060 CV Starr Scholarship							
Permanently restricted	2,934,036	407,815	Apr-08	-	-	-	3,341,851
Temporarily restricted	702,196	-		(150,118)	9,200	-	542,878
3000080 Dorothea and Steven Green Endowment							
Permanently restricted	3,200,010	-		-	-	-	3,200,010
Temporarily restricted	912,554	-		(156,809)	66,273	-	689,472

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

MAJOR GIFTS PROGRAM  
(Unaudited)  
(Continued)

SCHEDULE OF RECEIPTS, EXPENDITURES AND ENDOWMENT BALANCES - SCHEDULE II

YEAR ENDED JUNE 30, 2008

**DRAFT**

	Beginning Balance July 1, 2007	Contribution Amount	Received	Interest and Investment Gains(1)	Expenditures	Transfers	Ending Balance June 30, 2008
3100100 Wolfsonian Program Endowment							
Permanently restricted	276,339	244,545	Dec-07	-	-	(25,000)	495,884
Temporarily restricted	67,140	-		(21,657)	-	-	45,483
4020150 Michael Felsberg Scholarship							
Permanently restricted	100,400	-		-	-	-	100,400
Temporarily restricted	15,087	521	Apr-08	(4,590)	-	-	11,018
4100030 City of Homestead Campus							
Permanently restricted	250,000	-		-	-	-	250,000
Temporarily restricted	289,044	-		(15,820)	-	-	273,224
4100200 Hurricane Center Endowment							
Permanently restricted	700,008	-		-	-	-	700,008
Unrestricted	479,903	-		(42,632)	5,900	-	431,371
4100290 Global Entrepreneurship Center (Pino)							
Permanently restricted	1,400,000	1,100,000	Jun-08	-	-	-	2,500,000
Unrestricted	258,462	7,000	Jan-08	(81,888)	-	-	183,574
4200070 ER & C Gross Scholarship Endowment:							
Permanently restricted	254,755	-		-	-	-	254,755
Temporarily restricted	78,041	-		(12,634)	3,962	-	61,445
4410020 CAMP for Justice Scholarship Endowment							
Permanently restricted	150,000	-		-	-	-	150,000
Temporarily restricted	25,172	-		(6,939)	-	-	18,233
	<u>\$67,627,044</u>	<u>\$3,366,704</u>		<u>\$(2,463,074)</u>	<u>\$ 1,695,316</u>	<u>\$ 26,978</u>	<u>\$66,862,337</u>

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

MAJOR GIFTS PROGRAM

SCHEDULE OF RECEIPTS, EXPENDITURES AND ENDOWMENT BALANCES - SCHEDULE II

(Unaudited)

(Continued)

YEAR ENDED JUNE 30, 2008



	Beginning Balance July 1, 2007	State Match Presented	State Match Received	Write- Offs	Ending Balance June 30, 2008
Priority List					
Honors College General Endowment	\$ 51,650	\$ -	\$ -	\$ -	\$ 51,650
CV Starr Scholarship Program Endowment	125,000	-	50,469	-	74,531
Cuban American Bar Scholarship Endowment	50,050	-	-	-	50,050
Ware Foundation Research Endowment	50,000	-	-	-	50,000
Kelly Foundation Construction & Engineering	50,000	-	-	-	50,000
Law Professorship Endowment	525,000	-	525,000	-	-
School of Nursing	50,000	-	50,000	-	-
Pino Global Entrepreneurship Center Endowment	360,000	-	360,000	-	-
Wolfsonian Program Endowment	139,549	-	139,545	-	4
Pino Global Entrepreneurship Center Endowment	340,000	-	340,000	-	-
C.V. Starr Scholarship Endowment	99,701	-	99,701	-	-
Marriot Scholars Endowment	50,001	-	50,000	-	1
Ingersoll_Rand Professorship	50,000	-	50,001	-	(1)
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 Management Scholarship	50,000	-	50,000	-	-
Sedanos Family First Generation Scholarships	50,000	-	50,000	-	-
North Dade Medical Foundation FIU College of Medicine (E)	-	5,000,000	-	-	5,000,000
Jane Hsiao Asian Art Endowment	-	751,755	-	-	751,755
Wolfsonian Program Endowment	-	53,000	-	-	53,000
MCH Eminent Scholars Chair in Pediatrics (E)	-	250,000	-	-	250,000
C.V. Starr Scholarship Program Endowment*	-	125,000	-	-	125,000
Lennar Corporation Scholarship Endowment	-	50,000	-	-	50,000
	<u>\$ 2,341,416</u>	<u>\$ 6,229,755</u>	<u>\$ 2,014,716</u>	<u>\$ 50,465</u>	<u>\$ 6,505,990</u>



FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.  
BOARD OF DIRECTORS

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**BOARD OF DIRECTORS**

*Fiscal Year*

***July 1, 2007 - June 30, 2008***

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S. Lawrence Kahn, III, *Chairperson*  
Joseph L. Caruncho, *Vice Chairperson*  
Noel Guillama-Alvarez, *Treasurer*  
Dany Garcia Johnson, *Secretary*

Nelson L. Adams, III	Donald E. Lefton
Michael M. Adler	Jim Mandich
Cesar L. Alvarez*	Ray E. Marchman
Antonio Argiz	Michael R. Mendez
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Thomas Cornish	Marcos A. Perez
Carlos M. de Céspedes	David L. Perlman
Albert E. Dotson, Sr., <i>Ex-Officio</i>	Justo L. Pozo
Stephen J. Dresnick*	Ernesto Ramon*
Patricia Frost*	Carlos A. Sabater
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Rosa L. Jones, <i>Ex-Officio</i>	Isaac Zelcer
Christopher G. Korge	Sanford L. Ziff

*\*not a Director for the entire fiscal year*



FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.  
BOARD OF DIRECTORS

**DRAFT**

**OFFICERS AND EXECUTIVE COMMITTEE**

*Fiscal Year*

*July 1, 2007 - June 30, 2008*

**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

**JOSEPH L. CARUNCHO**, Vice Chairperson for the Board of Directors

Date of Service: 11.29.06 – Present

Committee Affiliations:

- > Executive Committee, *Vice Chairperson*
- > University and Community Relations Committee, *Chairperson*

**NOEL GUILLAMA-ALVAREZ**, Treasurer for the Board of Directors

Dates of Service: 11.27.02 – Present

Committee Affiliations:

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

**DANY GARCIA**, Secretary for the Board of Directors

Dates of Service: 4.6.06 – Present

Committee Affiliations:

- > Executive Committee, *Member*

**MICHAEL M. ADLER**

Dates of Service: 3.24.04 – Present

Committee Affiliations:

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

**GERALD C. GRANT**

Dates of Service: 4.6.06 – Present

Committee Affiliations:

- > Executive Committee, *Special Member*

**JEFFREY L. HORSTMYER, MD**

Dates of Service: 9.27.06 - Present

Committee Affiliations:

- > Executive Committee, *Special Member*

**ROSA L. JONES**

Dates of Service: 11.28.01– Present

Committee Affiliations:

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

**RONALD A. SHUFFIELD**

Dates of Service: 11.28.01– Present

Committee Affiliations:

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

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## COMPLIANCE REPORT

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**Report of Independent Certified Public Accountants on Internal Control  
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, 2008 and have issued our report thereon dated October 1, 2008. 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 Foundation'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.



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

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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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, the Finance and Audit Committee, management, the State University System of Florida, the Florida Board of 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.

Miami, Florida  
October 1, 2008

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**THE FLORIDA INTERNATIONAL UNIVERSITY  
BOARD OF TRUSTEES**

**14 NOVEMBER 2008**

**SUBJECT: FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC.  
FINANCIAL AUDIT, 2007-2008**

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**PROPOSED COMMITTEE ACTION:**

Recommend Board adoption of the following Resolution:

WHEREAS, pursuant to Regulation FIU-1502 2.(f), 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 2007-2008, attached hereto as Exhibit "D", was approved by the FIU Research Foundation, Inc. Board of Directors on November 4, 2008 and the University President is recommending its approval;

THEREFORE, BE IT RESOLVED that the BOT hereby approves the attached FIU Research Foundation, Inc. Financial Audit for 2007-2008 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:**

**Regulation FIU-1502 2.(f), states in relevant part:**

2.(f) Have 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 and the Board of Governors 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.

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**EXHIBITS/SUPPORTING DOCUMENTS:**

- EXHIBIT “D”: FLORIDA  
INTERNATIONAL UNIVERSITY  
RESEARCH FOUNDATION, INC.  
FINANCIAL AUDIT 2007-2008

**DRAFT**

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

FINANCIAL STATEMENTS

JUNE 30, 2008

**FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INCORPORATED**

*(A Direct Support Organization)*

**DRAFT**

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**DRAFT**

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

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

We have audited the accompanying statement of net assets of Florida International University Research Foundation, Incorporated (the Research Foundation), a direct support organization and component unit of Florida International University, as of June 30, 2008 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, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 24, 2008 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 Vice President of Direct Support Organizations  
Florida International University Research Foundation, Incorporated  
Page Two

**DRAFT**

The Foundation has not presented 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  
October 24, 2008



## FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INCORPORATED

(A Direct Support Organization)

## STATEMENT OF NET ASSETS

JUNE 30, 2008

**DRAFT**ASSETS

## Current Assets:

Cash	\$ 827,397
Due from FIU	1,985,000
Grant receivable	<u>249,373</u>
Total current assets	3,061,770

## Noncurrent Assets:

Due from FIU	<u>2,045,000</u>
Total assets	<u>5,106,770</u>

LIABILITIES

## Current Liabilities:

Accounts Payable	253,407
Accrued interest payable	35,951
Derivative liability	40,701
Current portion of notes payable	1,970,000
Due to FIU	<u>207,444</u>
Total current liabilities	2,507,503

## Noncurrent Liabilities:

Notes payable	<u>2,545,000</u>
Total liabilities	<u>5,052,503</u>

NET ASSETS

Unrestricted Net Assets	<u>\$ 54,267</u>
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See notes to financial statements.

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2008

**DRAFT**

Operating Revenues:	
Federal grants and contracts	\$ 2,949,007
Operating Expenses:	
Operating expenses	<u>2,955,562</u>
Operating Loss	<u>(6,555)</u>
Non-Operating Revenues (Expenses):	
Non-operating revenues	214,571
Interest revenue	1,894
Interest expense	(168,840)
Unrealized loss on derivative instrument	<u>(114,982)</u>
Total non-operating expenses	(67,357)
Change in Net Assets	(73,912)
Net Assets, Beginning	<u>128,179</u>
Net Assets, Ending	<u>\$ 54,267</u>

See notes to financial statements.

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

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2008

**DRAFT**

Cash Flows from Operating Activities:	
Cash received from FIU	\$ 2,870,610
Cash paid for program activities	<u>(2,876,996)</u>
Net cash used by operating activities	<u>(6,386)</u>
Cash Flows from Non-Capital Financing Activities:	
Receipts from FIU	2,139,571
Interest paid	(184,094)
Repayment of note payable	<u>(1,910,000)</u>
Net cash provided by non-capital financing activities	<u>45,477</u>
Cash Flows from Investing Activities:	
Investment Income	<u>1,894</u>
Net cash provided by investing activities	<u>1,894</u>
Increase in Cash	40,985
Cash, Beginning	<u>786,412</u>
Cash, Ending	<u>\$ 827,397</u>
Reconciliation of Operating Loss to Net Cash	
Provided by Operating Activities:	
Operating loss	\$ (6,555)
Changes in assets and liabilities:	
(Increase) decrease in:	
Due to FIU	(130,094)
Grant receivable	51,698
Increase in:	
Accounts payable	<u>78,565</u>
Net cash used by operating activities	<u>\$ (6,386)</u>
Non-Cash Investing and Financing Activities:	
Unrealized loss on derivative instrument	<u>\$ (114,982)</u>

See notes to financial statements.

**FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INCORPORATED**

*(A Direct Support Organization)*

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2008

**DRAFT**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Reporting Entity***

The Florida International University Research Foundation, Incorporated (the Research Foundation or the Organization), a Florida not-for-profit corporation, is a direct support organization and a component unit of Florida International University and was organized in the State of Florida on November 25, 1997 for educational and scientific purposes. The articles of incorporation were amended and restated on March 24, 2008.

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, INCORPORATED

(A Direct Support Organization)

## NOTES TO FINANCIAL STATEMENTS (Continued)

<b>DRAFT</b>
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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 as interest expense and may change as market interest rates change. The fair value of the swap agreement is presented in the statement of financial position. The change in the fair value is presented as an unrealized gain or loss in the statement of revenues, expenses and changes in net assets.

#### *Long-Term Debt*

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

#### *Flow Assumption for Restricted Assets*

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

### 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, 2008, the Research Foundation had \$519,952 that was in excess of federally insured limits. Subsequent to year end, the FDIC deposit insurance threshold was temporarily increased from \$100,000 to \$250,000 per depositor through December 31, 2009. However, the balances exceeding the insured limits remain in the account only for a few days since the funds sent on the 26<sup>th</sup> of June were for the funding of the July 1, 2008 loan payment. In addition, the Research Foundation maintains a deposit balance in Colombia, South America, to manage its Colombian operations pertaining to a U.S. Agency for International Development (USAID) grant. The balance in this account of \$207,444 as of June 30, 2008 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, INCORPORATED

*(A Direct Support Organization)*

## NOTES TO FINANCIAL STATEMENTS (Continued)

**DRAFT**

### NOTE 3. RELATED PARTY TRANSACTIONS

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

On May 3, 2005, the University entered into an agreement with the FIU Research Foundation, Incorporated 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 Taxable Note totaling \$1,670,000 was paid off on October 1, 2006.

The University is obligated to fund the issuance costs and both the principal and interest payments on the obligations of the Research Foundation. The Research Foundation made principal payments on the remaining note in the amount of \$1,910,000 during the year. The University is expected to fund the remaining principal balance on the note.

### NOTE 4. LONG-TERM DEBT

The debt activity for the year ended June 30, 2008 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
Tax Exempt Note	\$6,425,000	\$ -	\$1,910,000	\$4,515,000	\$1,970,000

\$7,955,000 Florida International University Research Foundation, Incorporated 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 \$1,970,000 on July 1, 2009 to a final principal payment of \$515,000 on July 1, 2010.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2009	\$1,970,000	\$120,869	\$2,090,869
2010	2,030,000	57,235	2,087,235
2011	515,000	4,100	519,100
	<u>\$4,515,000</u>	<u>\$182,204</u>	<u>\$4,697,204</u>

**FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INCORPORATED**

*(A Direct Support Organization)*

NOTES TO FINANCIAL STATEMENTS  
(Continued)

**DRAFT**

**NOTE 5. DERIVATIVE FINANCIAL INSTRUMENTS**

On June 30, 2005, the Research Foundation entered into an interest rate swap agreement with a commercial bank on a notional amount of \$7,955,000. 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 39.23 basis points. As of June 30, 2008, the Research Foundation reported a derivative liability of \$40,701 in the statement of net assets and an unrealized loss of \$114,982 in the statement of revenues, expenses and changes in net assets. The difference is due to the positive derivative's value of \$74,281 in prior year. The swap agreement has a maturity date of July 1, 2010.

**DRAFT**

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## **COMPLIANCE SECTION**

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**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 Vice President of Direct Support Organizations  
Florida International University Research Foundation, Incorporated  
Miami, Florida

We have audited the financial statements of Florida International University Research Foundation, Incorporated (the Research Foundation) as of and for the year ended June 30, 2008, and have issued our report thereon dated October 24, 2008. 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 Foundation'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 Vice President of Direct Support Organizations  
Florida International University Research Foundation, Incorporated  
Page Two

**DRAFT**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Research Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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 Governors and the Board of Trustees of Florida International University and is not intended to be and should not be used by anyone other than these specified parties.

Miami, Florida  
October 24, 2008

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

**13 NOVEMBER 2008**

**SUBJECT: FLORIDA INTERNATIONAL UNIVERSITY ATHLETICS FINANCE  
CORPORATION, FINANCIAL AUDIT, 2007-2008**

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**PROPOSED COMMITTEE ACTION:**

Recommend Board adoption of the following Resolution:

WHEREAS, pursuant to Regulation FIU-1502 2.(f), 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 2007-2008 is attached hereto as Exhibit "E", 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 2007-2008 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:**

**Regulation FIU-1502 2.(f), states in relevant part:**

2.(f) Have 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 and the Board of Governors 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

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**EXHIBITS/SUPPORTING DOCUMENTS:**

- EXHIBIT "E": FLORIDA  
INTERNATIONAL UNIVERSITY  
ATHLETICS FINANCE CORPORATION,  
FINANCIAL AUDIT 2007-2008

**FACILITATOR/PRESENTER:**

- AIME MARTINEZ

**DRAFT**

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

FINANCIAL STATEMENTS

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

**DRAFT**

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**DRAFT**

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

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

We have audited the accompanying statement of net assets of FIU Athletics Finance Corporation (the Athletics Finance Corporation), a direct support organization and component unit of Florida International University, as of June 30, 2008 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, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued a report dated October, 2008 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 Vice President of Direct Support Organizations  
FIU Athletics Finance Corporation  
Page Two

**DRAFT**

The Athletics Finance Corporation has not presented 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  
October, 2008



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

STATEMENT OF NET ASSETS

JUNE 30, 2008

**DRAFT**

ASSETS

Current Assets:	
Cash	\$ 327,451
Investments	19,498,855
Accounts receivable	253,475
Interest receivable	21,706
Prepaid rent	<u>1,164,405</u>
Total current assets	<u>21,265,892</u>
Noncurrent Assets:	
Restricted cash	3,640,955
Restricted investments	2,582,500
Accounts receivable	138,400
Bond issuance costs	469,701
Prepaid rent	<u>13,419,168</u>
Total noncurrent assets	<u>20,250,724</u>
Total assets	<u>41,516,616</u>

LIABILITIES

Current Liabilities:	
Accounts payable	29,560
Accrued interest payable	144,603
Deferred revenue	935,934
Derivative liability	1,007,830
Due to FIU	<u>2,367,635</u>
Total current liabilities	<u>4,485,562</u>
Noncurrent Liabilities:	
Due to FIU	3,500,000
Bonds payable	<u>35,000,000</u>
Total noncurrent liabilities	<u>38,500,000</u>
Total liabilities	<u>42,985,562</u>

NET ASSETS

Unrestricted Net Assets (Deficit)	<u>\$ (1,468,946)</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, 2008

**DRAFT**

Operating Expenses:	
Professional fees	\$ (7,943)
Operating loss	<u>(7,943)</u>
Non-Operating Revenues (Expenses):	
Interest income	1,304,452
Interest expense and fiscal charges	(1,413,606)
Amortization of bond issuance costs	(26,775)
Unrealized loss on derivative instrument	(1,323,965)
Other non-operating expenses	<u>(27,532)</u>
Total non-operating expenses	<u>(1,487,426)</u>
Change in Net Assets	(1,495,369)
Net Assets, Beginning	<u>26,423</u>
Net Assets (Deficit), Ending	<u><u>\$ (1,468,946)</u></u>

See notes to financial statements.

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

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2008

**DRAFT**

Cash flows from operating activities:	\$ 544,059
Operating receipts	<u>(12,283,882)</u>
Payments to vendors	<u>(11,739,823)</u>
Net cash used by operating activities	
Cash flows from non-capital related financing activities:	<u>(27,532)</u>
Other non-operating expenses	
Cash flow from capital and related financing activities:	(1,403,113)
Interest paid	<u>56,561</u>
Refund of bond issuance costs	<u>(1,346,552)</u>
Net cash used by capital and related financing activities	
Cash Flows from Investing Activities:	14,849,964
Proceeds from sales and maturities of investments	<u>1,282,746</u>
Interest income	<u>16,132,710</u>
Net cash provided by financing activities	3,018,803
Increase in Cash	<u>3,532,103</u>
Cash, Beginning	\$ 6,550,906
Cash, Ending (Includes Restricted Cash)	
Reconciliation of Operating Loss to Net Cash	
Provided by operating activities:	\$ (7,943)
Operating loss	
Changes in assets and liabilities:	
(Increase) decrease in:	(391,875)
Accounts receivable	(1,164,405)
Other current assets	(11,051,533)
Prepaid rent	
Increase (decrease) in:	(60,001)
Accounts payable	<u>935,934</u>
Deferred revenue	<u>\$ (11,739,823)</u>
Net cash used by operating activities:	
Non-Cash Investing and Financing Activities:	\$ (1,323,965)
Unrealized loss on derivative instrument	
Amortization of Bond Issuance Costs	\$ 26,775
Increase in Prepaid Rent for Construction Draw	\$ 2,367,635

See notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2008

DRAFT

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Reporting Entity***

The FIU Athletics Finance Corporation (the Athletics Finance Corporation or the Organization), a Florida not-for-profit corporation, is a direct support organization and a component unit of Florida International University 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 the financing of the FIU football stadium and subsequently managing and operating the facility and has been designated by the FIU Board of Trustees as a University Direct Support Organization pursuant to §1004.28, Florida Statutes.

***Basis of Presentation***

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

***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.

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

NOTES TO FINANCIAL STATEMENTS  
 (Continued)

**DRAFT**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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 Organization also invests in SEC Rule 2a-7 eligible money market funds.

***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 revenues, expenses and changes in net assets.

***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 are being amortized over the life of the bonds.

***Prepaid Rent***

Pursuant to two (2) ground sublease agreements, the Organization prepaid a portion of their rent obligation to the University. The prepaid lease payments will be amortized on a straight-line basis over the life of the sublease, commencing in fiscal year ending June 30, 2009.

***Flow Assumption for Restricted Assets***

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

**NOTE 2. CONCENTRATION OF CREDIT RISK**

***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, 2008, \$3,540,955 was in excess of the Federal Depository Insurance Company (FDIC) limits. Subsequent to year end, the FDIC deposit insurance threshold temporarily increased from \$100,000 to \$250,000 per depositor through December 31, 2009.

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

NOTES TO FINANCIAL STATEMENTS  
(Continued)

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**NOTE 2. CONCENTRATION OF CREDIT RISK (Continued)**

*Cash and Investments (Continued)*

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, 2008, \$22,081,355 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 Athletics Finance Corporation's investments at June 30, 2008, are reported at fair value, as follows:

<u>Investment Type</u>	<u>Amount</u>
External Investment Pools:	
Florida State Board of Administration:	
Local Government Surplus Funds Trust Fund:	
Fund A	\$ 4,404,271
Fund B	1,476,705
Money Market Mutual Funds	<u>16,200,379</u>
Total investments (includes restricted investments)	<u>\$22,081,355</u>

The Athletics Finance Corporation reported investments at fair value totaling \$6,106,936 at June 30, 2008, in the Local Government Surplus Funds Trust Fund (LGIP) administered by State Board of Administration (SBA) pursuant to Section 218.405, Florida Statutes. The State Board of Administration governs the LGIP under Ch. 19-7 of the Florida Administrative Code. LGIP is not a registrant with the Securities and Exchange Commission (SEC); however, the board has adopted operating procedures consistent with the requirements for a SEC 2a7- like fund. The SBA has reported that LGIP is a "2a-7 like" pool and, therefore, these investments are valued using the pooled share price. Fund B is accounted for as a fluctuating net asset value (NAV) pool. The fair value factor for June 30, 2008 was .923331.

The Organization also invests in money market mutual funds that only invest in U.S. Government issues and other AAA rated issues with a maturity of 397 days or less. The fund maintains an average maturity of under 60 days and is rated AAA by Standard and Poor's. The fund complies with the requirements of Rule 2a-7 under the 1940 Act, which sets forth portfolio quality and diversification restrictions for money market mutual funds.

***Credit Risk***

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2008, LGIP Fund A and the money market mutual fund investments

**FIU ATHLETICS FINANCE CORPORATION**  
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NOTES TO FINANCIAL STATEMENTS  
(Continued)

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**NOTE 3. INVESTMENTS (Continued)**

*Credit Risk (Continued)*

were rated AAA by Standard and Poor's. Fund B is not rated by any nationally recognized statistical rating agency.

*Interest Rate Risk*

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

The WAM of LGIP Fund A and the money market mutual fund at June 30, 2008 were both less than 60 days.

The weighted average life (WAL) of Fund B at June 30, 2008 was 9.22 years. A portfolio's WAL is the dollar weighted average length of time until securities held reach maturity. WAL is based on legal final maturity dates for Fund B as of June 30, 2008.

**NOTE 4. BOND ISSUANCE COSTS**

As of June 30, 2008, issuance costs related to both the tax exempt and taxable bonds (FIU Athletics Finance Corporation Capital Improvement Revenue Bonds Series 2007A and 2007B) totaled \$469,701, net of amortization. The bond costs will be amortized over the term of the bonds which mature in March 2033.

Bond issuance costs	\$ 553,037
Less adjustment for reduction of closing costs	56,561
Less accumulated amortization	<u>26,775</u>
Bond issuance costs, net	<u>\$ 469,701</u>

**NOTE 5. LONG-TERM DEBT**

The debt activity for the year ended June 30, 2008 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>-</u>	<u>-</u>	<u>7,000,000</u>
	<u>\$35,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$35,000,000</u>

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

NOTES TO FINANCIAL STATEMENTS  
(Continued)

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**NOTE 5. LONG-TERM DEBT (Continued)**

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 Athletics Finance Corporation has funded a debt service reserve fund in an amount equal to the maximum allowable debt service on the bond in the current and any future fiscal year. This debt service reserve fund currently totals \$2,582,500 and is presented in restricted investments.

The interest rate on these bonds is both fixed and variable and is 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.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2009	\$ -	\$ 1,594,009	\$ 1,594,009
2010	730,000	1,585,156	2,315,156
2011	775,000	1,540,675	2,315,675
2012	825,000	1,495,516	2,320,516
2013	880,000	1,441,092	2,321,092
2014-2018	5,340,000	6,349,177	11,689,177
2019-2023	6,905,000	4,929,851	11,834,851
2024-2028	8,660,000	3,320,973	11,980,973
2029-2033	10,885,000	1,298,634	12,183,634
	<u>\$ 35,000,000</u>	<u>\$ 23,555,083</u>	<u>\$ 58,555,083</u>

**NOTE 6. LETTER OF CREDIT AGREEMENT**

On April 1, 2007, Regions Bank issued a letter of credit to serve as security for the payments of the bonds. The Letter of Credit will be in effect until April 15, 2012, and will automatically extend equal to the remaining balance of the bonds payable for a period of one year, subject to approval of Regions Bank but not to extend beyond April 15, 2033. Athletics Finance Corporation agrees to repay any draws against the Letter of Credit plus annual interest equal to the Three Month LIBOR plus two percent (2%). Construction draws to date as of June 30, 2008 are \$14,583,573.



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

NOTES TO FINANCIAL STATEMENTS  
(Continued)

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**NOTE 6. LETTER OF CREDIT AGREEMENT (Continued)**

The Athletics Finance Corporation is required under the terms of the letter of credit agreement dated April 1, 2007 to have deposited with Regions Bank \$3,500,000 in an interest-bearing reserve fund and is presented in restricted cash.

**NOTE 7. DERIVATIVE FINANCIAL INSTRUMENTS**

On May 30, 2007, Athletics Finance Corporation entered into an interest rate swap agreement with a commercial bank with a notational amount of \$21,000,000 which represents the fixed portion of the bonds payable mentioned in Note 5 above. Under the swap agreement, the Athletics Finance Corporation agrees to pay a fixed rate of 4.1451% and receive a variable rate based on the SIFMA index (tax-exempt variable demand bond index maintained by the Bond Marketing Association). As of June 30, 2008, the Athletics Finance Corporation reported a derivative liability of \$1,007,830 in the statement of net assets and an unrealized loss on derivative instrument of \$1,323,965 in the statement of revenues, expenses and changes in net assets. The swap agreement has a maturity date of March 1, 2033.

**NOTE 8. DEFERRED REVENUES**

The Athletics Finance Corporation and the University have pledged future revenues in order to meet certain minimum bond requirements under the issue of bond-related debt to finance the stadium project. Non-operating revenues may include athletic fees collected by the University, fund raising revenues, conference payments, naming rights revenues, capital gifts and investment revenues related to any of the above. The March 1, 2008 athletic fee revenues of \$218,333 collected by the University was transferred to Athletics Finance Corporation but was not yet considered as earned. Additionally, operating revenues related to the sale of football stadium suites and club seats have been deferred. Revenues are deferred until the year they are earned. Suite sales will be recognized annually based on their corresponding contracts.

The following schedule presents sales commitments under suite agreements that expires on June 30, 2011:

Year Ending June 30:	
2009	\$ 210,000
2010	210,000
2011	170,000
	<u>\$ 590,000</u>

**NOTE 9. LEASE COMMITMENTS**

Florida International University and the FIU Athletics Finance Corporation entered into two 25-year ground sublease agreements dated April 1, 2007 rendering the rights to the FIU Athletics

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

NOTES TO FINANCIAL STATEMENTS  
(Continued)

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**NOTE 9. LEASE COMMITMENTS (Continued)**

Finance Corporation to issue a series of capital improvement bonds of which a portion of the proceeds, along with contributions from the University, is to finance a stadium improvement project located on University premises. Under this agreement the FIU Athletics Finance Corporation shall prepay to the University for rental of the premises in the sum of \$28,819,024. The following schedule by years represents management's best estimate of future minimum rental expense that will be recognized for these sublease agreements:

Year Ending June 30:	
2009	\$ 1,164,405
2010	1,164,405
2011	1,164,405
2012	1,164,405
2013	1,164,405
2014 - 2018	5,822,025
2019 - 2023	5,822,025
2024 - 2028	5,822,025
2029 - 2033	5,530,924
	<u>\$28,819,024</u>

As of June 30, 2008, construction draws amounting to \$14,583,573 have been paid. The balance of \$14,235,451 is expected to be paid during fiscal year ended June 30, 2009.

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**COMPLIANCE SECTION**

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**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 Vice President of Direct Support Organizations  
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, 2008, and have issued our report thereon dated October 2, 2008. 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.

Members of the Board of Directors and the Assistant Vice President of Direct Support Organizations  
FIU Athletics Finance Corporation  
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Compliance and Other Matters

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

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

Miami, Florida  
October \_\_, 2008

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

**13 NOVEMBER 2008**

**SUBJECT: FLORIDA INTERNATIONAL UNIVERSITY COLLEGE OF MEDICINE SELF-  
INSURANCE PROGRAM**

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**PROPOSED COMMITTEE ACTION:**

Recommend Board Adoption of the following Resolution:

BE IT RESOLVED that the Florida International University Board of Trustees (the BOT) approves the proposed amendment to Board of Governors Regulation Section 10.001, attached hereto as Exhibit “F”, granting FIU the authority to establish a Self-Insurance Program to provide coverage for the clinical faculty practices; and

BE IT FURTHER RESOLVED THAT, the BOT delegates to the University President the authority to forward the proposed revisions to the BOG Regulation to the Board of Governors and to request that the BOG take the necessary action to revise the BOG Regulation 10.001. The University President may also approve any subsequent amendments to the proposed revisions in response to comments received from the Board of Governors;

AND BE IT FURTHER RESOLVED, that the President report to the BOT at its next regularly scheduled meeting on any substantive changes made to the proposed revisions to BOG Regulation 10.001 as a result of comments received by the Board of Governors.

**BACKGROUND INFORMATION:**

**LEGAL AUTHORITY:**

**Section 7(d), Art. IX** establishing the Board of Governors as a Constitutional body and empowering the Board of Governors to “operate, regulate, control, and be fully responsible for the management of the whole university system.”

**Section 1004.24**, Florida Statutes authorizes the Board of Governors to establish self insurance programs (“SIP”) to provide comprehensive general liability coverage, including professional liability coverage for health care coverage for:

- a) The Board of Governors and its officers and members.
- b) A university board of trustees and its officers and members.
- c) The faculty and other employees and agents of a university board of trustees.
- d) The students of a state university.
- e) A state university or any college, school, institute, center, or program thereof.
- f) Any not-for-profit corporation organized pursuant to chapter 617, and the directors, officers, employees, and agents thereof, which is affiliated with a state university, if the corporation is operated for the benefit of the state university in a manner consistent with the best interests of the state, and if such participation is approved by a self-insurance program council, the university president, and the board of trustees.

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**EXHIBITS/SUPPORTING DOCUMENTS:**

- EXHIBIT “F” – BOG REGULATION 10.001  
SELF-INSURANCE PROGRAMS

**FACILITATOR/PRESENTER:**

- JOHN ROCK



Exhibit "F"

**10.001 Self-Insurance Programs.**

(1) University of Florida (UF) Self-Insurance Program; University of South Florida (USF) Self-Insurance Program, Florida State University (FSU) Self-Insurance Program, ~~and~~ University of Central Florida (UCF) Self-Insurance Program and the Florida International University (FIU) Self-Insurance Program.

(a) The University of Florida J. Hillis Miller Health Center Self-Insurance Program, the University of South Florida Health Sciences Center Self-Insurance Program, Florida State University College of Medicine Self-Insurance Program, ~~and the University of Central Florida College of Medicine Self-Insurance Program;~~ and the Florida International University Self-Insurance Program are established for the purpose of providing comprehensive general liability protection, including professional liability protection, for the Board of Governors, the University of Florida Board of Trustees, the University of South Florida Board of Trustees, the Florida State University Board of Trustees, ~~and the University of Central Florida Board of Trustees,~~ the Florida International University Board of Trustees; and other persons and entities as provided by law and as authorized by the Board of Governors, the University Boards of Trustees or the Self-Insurance Programs Councils. The Self-Insurance Programs shall be funded by contributions paid by or on behalf of protected persons and entities. There shall be no funds appropriated to a Self-Insurance Program. The assets of the Self-Insurance Programs shall be deposited outside the State Treasury and shall be used only to pay the administrative expenses of the Self-Insurance Program and any claim, judgment, or claims bill arising out of the activities for which the Self-Insurance Program was created.

(b) The Self-Insurance Programs may not sue or be sued. The claims files of the Self-Insurance Program are privileged and confidential, exempt from the provisions of Section 119.07(1) Florida Statutes, and are only for the use of the Program in fulfilling its claims, underwriting and risk management duties.

(c) The Self-Insurance Programs shall be administered by the following Councils.

1. The J. Hillis Miller Health Center Self-Insurance Program shall be administered by the J. Hillis Miller Center Self-Insurance Program Council. The Council shall consist of the following officers of UF: Senior Vice President for Health Affairs, who shall serve as Chair; the Senior Associate Dean and Associate Vice President for Health Affairs, who shall serve as Vice Chair; the Vice President for Administrative Affairs; the Dean, College of Medicine; the Dean, College of Dentistry; two Gainesville based members of the faculty of the College of Medicine appointed by the Dean, College of Medicine and two Jacksonville based faculty of the College of Medicine, appointed by the Associate Vice President or Health Affairs/Jacksonville; the University of Florida Vice President and General Counsel; and the Self-Insurance Program Director; and such other persons as from time to time may be appointed to the Council by the Senior Vice President for Health Affairs or the President of UF; and if Shands Teaching Hospital and Clinics, Inc. (Shands Hospital), participates in the Self-Insurance Program: the Chief Executive Officer; the Senior VP and General Counsel and three members of the administrative staff of Shands Hospital to be appointed by the Chief Executive Officer, one of whom must be from the Jacksonville campus;

2. The USF Health Sciences Center Self-Insurance Program shall be administered by the USF Health Sciences Center Self-Insurance Program Council. The Council shall consist of the following officers of USF: Vice President for Health Sciences, who shall serve as Chair; two officers of the USF Health Sciences Center as designated by the Vice President for Health Sciences; four members of the faculty of the College of Medicine appointed by the Vice President for Health Sciences; the USF General Counsel or his/her designee; the Self-Insurance Program Director; and such other persons as from time to time may be appointed to the Council by the Vice President for Health Sciences or the President for USF;

Exhibit "F"

and if the H. Lee Moffitt Cancer Center and Research Institute, Inc. participates in the Self-Insurance Program, the Center Director (or his/her designee); and

3. The FSU COM Self-insurance Program shall be administered by The Florida State University College of Medicine Self-Insurance Program Council. The Council shall consist of the following officers of FSU: Dean of the College of Medicine, who shall serve as Chair; Associate Dean for Academic Affairs of the College of Medicine; Director of Community Clinical Relations of the College of Medicine; the FSU General Counsel or designee; and such other persons as from time to time may be appointed to the Council by the Dean of the College of Medicine.

4. The UCF College of Medicine Self-Insurance Program shall be administered by the UCF College of Medicine Self-Insurance Program Council. The Council shall consist of the following: Dean of the College of Medicine, who shall serve as Chair; one appointee of the Chair of the UCF Board of Trustees; one appointee of the President; the Provost or designee; the UCF Vice-President for Administration and Finance or designee; the College of Medicine Associate Dean for Administration and Finance; two or more College of Medicine clinical faculty appointed by the Dean; the UCF General Counsel or designee; the Self-Insurance Program Administrator; and such other persons as from time to time may be appointed by the Chair of the Board of Trustees or the President of UCF.

5. The FIU Self-Insurance Program shall be administered by the FIU Self-Insurance Program Council. The Council shall consist of the following officers of FIU: Senior Vice President for Medical Affairs and Dean of the College of Medicine; Executive Associate Dean for Clinical Affairs of the College of Medicine; the Executive Associate Dean for Finance and Administration of the College of Medicine; four faculty members appointed by the Dean of the College of Medicine; the General Counsel or his or her designee; and the Self-Insurance Program Administrator; and such other persons as from time to time may be appointed to the Council by the Senior Vice President of Medical Affairs or by the President of FIU.

(d) The power and duties of each council shall be:

1. To administer the Self-Insurance Program in accordance with the laws of Florida, and the regulations of the Board of Governors;

2. To develop and implement a financial expenditure policy that recognizes the unique mission, duties, obligations and fiscal responsibilities of the Self-Insurance Program. The Council's financial responsibility policies shall ensure fiscal responsibility and accountability and, to the maximum extent possible, be consistent with recognized practices of the insurance industry;

3. To propose and submit an annual budget for the Self-Insurance Program through the University Board of Trustees to the Board of Governors;

4. To develop and implement a Memorandum of Protection which shall constitute the Self-Insurance Program's coverage document. The Memorandum of Protection shall contain the insuring agreements, exclusions, and other conditions applicable to persons and entities protected and shall be part of this regulation by reference. The Council may extend by resolution the protections described in the Memorandum of Protection to persons and entities as authorized by statute and establish the levels of liability protections extended to such persons and entities;

5. To contract with an independent casualty actuary to establish funding requirements necessary to maintain the fiscal integrity of the Self-Insurance Program;

6. To appoint the Self-Insurance Program Director who shall carry out the policies and directives of the Council;

7. To receive from the University such administrative and logistical support as the Council may reasonably request and to reimburse the University for the cost of such support;

Exhibit "F"

8. To contract with professional consultants, including attorneys-at-law to represent the persons and entities protected by the Self-Insurance Program and perform services which further the interests of the Self-Insurance Program and perform services which further the interests of the Self-Insurance Program;

9. To establish committees and designate persons as necessary to assist in the performance of its duties, and authorize such committees or persons to act for and on behalf of the Council. In addition to any other committees it may elect to establish, the Council shall establish as a standing committee or committees to conduct investigations and the settlement and defense of claims and actions against protected entities and individuals and to identify risk factors which cause or contribute to such claims and suits and develop and implement risk management programs to reduce or eliminate those risk factors. The Council and such committee or committees shall conduct reviews pursuant to the provisions of Section 766.106, Florida Statutes, and shall be deemed a medical review committee or committees as defined in Section 766.101, Florida Statutes;

10. To participate in internal, local, regional, national and/or internal risk management and loss prevention research programs and to develop risk management and loss prevention programs for use by both protected and non-protected entities under such terms, conditions and reimbursement rates as the Councils may deem appropriate;

11. To purchase excess insurance on behalf of persons and entities protected by the Self-Insurance Program for claims which exceed the level of protection provided by the Self-Insurance Program, including claims bills, to award compensation in amounts which exceed the protection provided by the Self-Insurance Program or by commercial insurance; to assist entities not described in Section 768.28, Florida Statutes, which are authorized and approved as allowed by Florida laws to be protected by the Self-Insurance Program, in the procurement of insurance for losses which exceed the levels of protection provided by the Self-Insurance Program as established by the Council, but the Council is not authorized to purchase such insurance with Self-Insurance Program assets;

12. To participate in other self-insuring mechanisms such as Risk Retention Groups or group captive insurance companies, independently or in association with other compatible entities subject to the approval of the Board;

13. To establish an investment policy consistent with Section 215.47 Florida Statutes which shall be approved by the Board of Governors, and to maintain an investment account which shall optimize income for the support of the Self-Insurance Program as established by a casualty actuary be used to defray the annual contributions paid into the Program by the entities and persons protected by the Self-Insurance Program;

14. To submit to the Board of Governors for its review an annual post-audit of the Self-Insurance Program's financial accounts conducted by an independent certified public accountant. The annual audit report shall include a management letter and shall be submitted to the Board of Governors for review. Upon request of the Board of Governors the Self-Insurance Program Council or its independent auditor shall provide any detail or supplemental data relative to the operations of the Self-Insurance Program; and

15. To contract with other Self-Insurance Program Councils for the provision of liability protection and administrative, risk management, claims and other related services.

(2) Captive Insurance Companies.

(a) The Council defined in (1)(c)1. is authorized to establish as part of the Board of Governors' Self-Insurance Program a captive insurance company to be named the University of Florida Healthcare Education Insurance Company (HEIC) and the Council defined (1)(c)2. is authorized to establish a captive insurance company to be named the University of South Florida Health Sciences Insurance Company (HSIC); and the Council defined in (1)(c)5.

Exhibit "F"

~~may establish a captive insurance company to be named the Florida International University Health Sciences Insurance Company (FIUHSIC).~~ Each captive (HEIC, ~~and~~ HSIC, ~~and~~ FIUHSIC) shall be wholly owned by the Board of Governors and established in a domestic or foreign domicile acceptable to the Board of Governors. The Articles of Incorporation and Bylaws of each captive are subject to the prior written approval of the Board of Governors. Each captive shall insure the Board of Governors and the University Board of trustees and may insure any other entity or individual who is authorized by statute to purchase liability protection from a Self-Insurance Program created pursuant to this Regulation.

(b) Each captive shall provide liability protection as authorized by section 1004.24, Florida Statutes. The limits of liability protection to be provided for the Board shall be those described in section 768.28, Florida Statutes, unless otherwise established pursuant to a written endorsement to the insurance policy issued by the captive. The limit of liability protection for insured entities and persons not described in Section 768.28, Florida Statutes, shall be as established by the respective Board of Directors of the captive.

(c) Each captive shall be managed by a Board of Directors.

1. HEIC shall be managed by a Board of Directors, constituted as follows: the Senior Vice President for Health affairs of UF, who shall serve as Chair; the Dean of the College of Medicine; the Senior Associate Dean Jacksonville; the General Counsel of UF; the Self-Insurance Program Director who shall serve as President and Chief Executive Officer; and such persons who from time to time may be appointed by the Senior Vice President for Health Affairs or the President of UF; and if Shands Teaching Hospital and Clinic, Inc. (Shands) is insured, the Chief Executive Officer and three appointees of the Chief Executive Officer one of whom shall be from the Jacksonville campus.

2. HSIC shall be managed by a Board of Directors, constituted as follows: the USF Vice President for Health Sciences of USF (or his/her designee), who shall serve as Chair; two officers of the USF Health Sciences Center as designated by the Vice President for Health Sciences; the Dean of the USF College of Medicine (or his/her designee); the USF General Counsel (or his/her designee); the Self-Insurance Program Director who shall serve as President and Chief Executive Officer; and such persons who from time to time may be appointed to the Board of Directors by the Vice President for Health Sciences or the President of USF; and if the H. Lee Moffitt Cancer Center and Research Institute (Moffitt) is insured, the Center Director of Moffitt or his/her designee.

~~3. FIUHSIC shall be managed by a Board of Directors, constituted as follows: the Chairperson of the Board of Trustees or his or her designee; the President of Florida International University or his or her designee; the Chief Financial Officer of Florida International University or his or her designee; the General Counsel of Florida International University or his or her designee; Senior Vice President for Medical Affairs and Dean of the College of Medicine or his or her designee; the Executive Associate Dean of Clinical Affairs; the Self-Insurance Program Administrator, who shall serve as President and Chief Executive Officer; and an individual with substantial professional liability insurance industry experience; and such persons who from time to time may be appointed to the Board of Directors by the President of Florida International University.~~

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(d) The Board of Directors of each captive shall carry out the purposes of the entity in compliance with its Articles of Incorporation and Bylaws. The powers and duties of the Board of Directors shall include but not be limited to:

1. To issue policies of insurance protection which shall establish the perils and risks to be protected and the limits of liability protection in excess of those amounts described in Section 768.28, Florida Statutes, to be underwritten by the captive. Such limits of liability protection may supplant or be underwritten by the captive. Such limits of liability protection may supplant or be in excess of those liability protections provided by the Self-Insurance Program(s);

Exhibit "F"

2. To act as the underwriting committee;
3. To contract with the Self-Insurance Program(s) for administrative, risk management, claims and other related services. The Self-Insurance Program(s) and the captive shall share equitably in the administrative costs of the Self-Insurance Programs;
4. To annually assess and collect premiums from insured entities and individuals. All premium income shall be deposited in accounts and managed pursuant to the captive's administrative and investment policies;
5. To propose and submit an annual budget through the University Board of Trustees to the Board of Governors;
6. To establish an investment policy consistent with section 215.47 Florida Statutes which shall be approved by the Board of Governors, and to maintain an investment account which shall optimize income for the support of the captive;
7. To transfer any risks protected by the captive to commercial insurers through reinsurance, reciprocal or other risk sharing agreements with similar risk bearers;
8. To contract with an insurance management firm licensed in the selected domicile to serve as to serve as the registered office of the captive and to provide such services within the domicile as may be required by the insurance code or law of the selected domicile;
9. To accept the transfer of any contingent losses and loss reserves from the Self-Insurance Program(s) if requested by the Self-Insurance Council(s);
10. To contract with a casualty actuary, as defined by the insurance code or law of the domicile of the captive, to perform an annual review to recommend premium income levels to safeguard the fiscal integrity of the captive;
11. To provide for an annual audit of the captive's financial accounts by independent certified public accountant approved by the selected domicile and the Board of Directors. The annual audit report shall include a management letter and shall be submitted to the Board of Governors for review.

Authority: Section 7(d), Art. IX, Fla. Const., History—Former BOR Rule 6C-10.01, 1-6-88, 10-15-90, 5-30-93, 3-16-95, 11-27-95, 6-22-06.

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

**NOVEMBER 13, 2008**

**SUBJECT: FIU COLLEGE OF MEDICINE HEALTH CARE NETWORK**

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**PROPOSED COMMITTEE ACTION:**

None. Discussion Item.

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**EXHIBITS/SUPPORTING DOCUMENTS:**

- FIU COLLEGE OF MEDICINE HEALTH CARE NETWORK REPORT

**FACILITATOR/PRESENTER:**

- JOHN ROCK
- ROSA JONES

## **FIU College of Medicine Health Care Network**

The College of Medicine (COM) and University Health Services (UHS) wish to partner to bring world class medical care to the students, faculty and staff of the University. The COM intends to use the UHS medical office space after UHS standard hours to provide specialist physician services to FIU students, faculty and staff, and to provide primary care to faculty and staff. Our desire is to work collaboratively to ensure that this arrangement is beneficial to the University community.

With the creation of this campus service, the infrastructure systems for the Health Care Network will be put into place from which other clinical programs can be pursued quickly within the health care arena. This might include programs in association with the Jackson Health Trust, affiliated teaching faculty practices, or other programs of mutual interest.

The UHS and COM will establish an Operating Committee with representatives from UHS, Student Government Association (SGA) and the COM to guide development of the use of the UHS space by COM.

The COM commits to offering management expertise in connection with the operation of UHS such as billing, pharmacy compliance, accreditation and HIPAA compliance.

The COM will use the UHS medical office space after hours on Monday through Friday and weekends. The exact days and times will be defined as the plan is further developed. The COM will reimburse UHS for the cost of space, security, custodial services, utilities, supplies and services it uses. Other operational issues may be identified as the partnership develops.

This agreement will be subject to review and or modification on an annual basis, based on the needs of UHS to serve the students.



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

**13 NOVEMBER 2008**

**SUBJECT: OFFICE OF INTERNAL AUDIT REPORT**

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**PROPOSED COMMITTEE ACTION:**

None. Discussion item.

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**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 13, 2008

# Office of Internal Audit Status Report

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**Management Responses to Outstanding Audit Issues .....**

**Training and Seminars Update .....**



## **Executive Summary – Office of Internal Audit Status Report**

**Board of Trustees**

**Finance and Audit Committee**

**October 17, 2008**

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The report details the current status of the Office of Internal Audit, which includes audits, investigations, follow-up, and other audit related activities during this reporting period. As of October 17, 2008, we have completed the following audits: **Audit of the Applied Research Center's Information Systems and Audit of Controls over the ADP Payroll Process**. In addition, the following audits were in progress: **Audit of the College of Arts & Sciences-Environmental Studies, Audit of the College of Law, and Audit of Security over Personal & Confidential Information from Retired Computers**.

As for investigations, one investigation pertaining to **Improper Sales of FIU Equipment** was completed, in addition to another complaint pertaining to a research area received during this reporting period. Additionally, the report includes a summary of the current status of management's implementation of 81 prior recommendations from internal and external audits. Our current implementation rate is 95 percent as compared with 73 percent reported at the last Finance and Audit Committee Meeting. We also issued the annual report, which provides a summary of our Office's activities for the last year.

Finally, the report includes a recap of completed training hours for the prior and current fiscal years through October 17, 2008 by each auditor.

Please let me know if you have any questions or comments regarding our Internal Audit Status Report.

Pyong Cho  
Interim Audit Director

**FLORIDA INTERNATIONAL UNIVERSITY  
OFFICE OF INTERNAL AUDIT**

**AUDITS AND REVIEWS**

As of October 17, 2008, the status of our audit and review activities is as follows:

<b><u>Audits and Reviews</u></b>	<b><u>Status</u></b>
1. Audit of the Applied Research Center's Information Systems	Completed/report issued
2. Audit of Controls over the ADP Payroll Process	Completed/report pending
3. Audit of the College of Arts & Sciences – Environmental Studies	Field work in progress
4. Audit of the College of Law	Field work in progress
5. Audit of Security over Personal & Confidential Information from Retired Computers	Planning in progress

**FLORIDA INTERNATIONAL UNIVERSITY  
OFFICE OF INTERNAL AUDIT  
INVESTIGATIONS**

During this reporting period, we have received new allegations pertaining to a research center. As of October 17, 2008, the status of our investigative activities is as follows:

<b><u>Investigation/Responsible Executive</u></b>	<b><u>Status</u></b>
1. Southeast Environmental Research Center (SERC) - Dean Furton	Completed/closed
2. <b>College of Business Administration Complaint</b> - <b>Executive Dean Elam</b>	<b>Completed/report pending</b>
3. <b>Improper Sales of FIU Equipment</b> - <b>Deans Grossman and Banya</b>	<b>Completed/closed</b>
4. <b>A Research Center</b> - <b>Vice President Wartzok</b>	<b>Field Work in progress</b>

(Note: Items bolded are investigative activities during this reporting period.)

**FLORIDA INTERNATIONAL UNIVERSITY  
OFFICE OF INTERNAL AUDIT  
FOLLOW-UP STATUS REPORT**

**Summary of Follow-up Status Reports**

Total number of audit issues due for implementation as of September 30, 2008: **81**

Total number of audit issues completed as of September 30, 2008: **77**

Implementation rate: **95%**

**Explanatory Notes to Follow-up Status Reports**

- Explanation of status column – **Yes** = implemented; **No** = not fully implemented; N/A = not due for implementation this period.
- 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.



**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 September 30, 2008.

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

<b>Report</b>	<b>Audit Issue(s)</b>	<b>Responsible Executive/Director</b>	<b>Status</b>	<b>Revised Due Date</b>	<b>Original Due Date</b>
<b>Access Controls Over PS Student Records Module</b> Report Issued: Feb. 23, 2006	1. Logging User Access (Rec. #2.1)	Yao/Grillo	N/A	12/08	12/06
<b>Allegations Against the Director of Enterprise Technology Support Services</b> Report Issued: July 7, 2006	1. Purchasing Rule - Gift (Rec. #3.3)	Sanchez/Millspaugh	N/A	11/08	09/06
<b>Student Administration Oracle Databases</b> Report Issued: Dec. 19, 2006	1. Client Network Security (Rec. # 2.1) 2. Data Access (Rec. #5.1)	Yao/Grillo	N/A N/A	12/08 02/09	04/07 04/07
<b>Audit of the Contracts &amp; Grants Expenditures (Other Than Payroll)</b> Report Issued: March 21, 2007	1. Indirect/Direct Costs (Rec. #3.2)	Walker/Barabino	N/A	07/09	06/07
<b>Allegations Against the Associate Director of Purchasing Services</b> Report Issued: May 25, 2007	1. Credit Checks (Rec. #2.3)	Hardrick/Cuesta-Gomez	N/A	11/08	12/07
<b>Audit of Counseling &amp; Psychological Services Center - Patient Information Systems</b> Report Issued: July 5, 2007	1. File Encryption (Rec. #2) 2. Host Based Intrusion Detection Systems (Rec. #12) 3. Disaster Recovery (Rec. #18)	Jones/Nowell	<b>Yes</b> <b>Yes</b> <b>Yes</b>	N/A N/A N/A	09/07 01/08 01/08
<b>Audit of the University's Change Orders for Major Construction Projects</b> Report Issued: July 9, 2007	1. A/E Errors and Omissions (Rec. #1.2)	Sanchez/Cal/Berenguer	<b>Yes</b>	N/A	09/07
<b>Review of IT Resources in Student Affairs Health Departments</b> Report Issued: Nov. 13, 2007	1. Evaluation of IT needs and consolidation of IT resources and security	Berkman/Jones	N/A	10/08	04/08
<b>Review of University Computer Procurements and Related Purchases</b> Report Issued: Nov. 28, 2007	1. Evaluation of Current Computer Acquisition and Related Purchases	Executive Management	<b>Yes</b>	N/A	Pending
<b>Review of Management's Actions to Prior Audit Recommendations</b> Report Issued: Feb. 6, 2008	1. User Access Management (Rec. #1.3) 2. Close-out Checklist & Report of Expenditure Form (Rec. #1.1) 3. Excess of Expenses Over Revenues (Rec. #2) 4. Excess of Revenues Over Expenses (Rec. #3) 5. Project Accounting (Rec. #1)	Hardrick/Cuesta-Gomez Walker/Barabino	N/A N/A N/A N/A N/A	N/A 12/08 12/08 12/08 N/A	11/08 06/08 06/08 06/08 07/09

Report	Audit Issue(s)	Responsible Executive/Director	Status	Revised Due Date	Original Due Date
<b>Audit of Security Over University Wireless Access Points</b> Report Issued: April 10, 2008	1. Wireless Access Point Authorization Procedures (Rec. #6)	Yao/Drake	Yes	N/A	08/08
<b>Audit of University Minor Construction Projects</b> Report Issued: May 16, 2008	1. Contractor Selection Process (Rec. #1.1) 2. Contractor Selection Process (Rec. #1.2) 3. Oversight of Minor Construction Projects (Rec. #4) 4. Decentralized Project Filing System (Rec. #6)	Sanchez/Cal/ Berenguer	N/A Yes No  N/A	N/A N/A 12/08  N/A	12/08 08/08 08/08  10/08
<b>Audit of University Consultant Expenses</b> Report Issued: May 16, 2008	1. Competitive Solicitation (Rec. #2.1) 2. Competitive Solicitation (Rec. #2.3) 3. Unencumbered Payments (Rec. #3.1) 4. Classification of Expenses (Rec. #4.2) 5. Award Documentation (Rec. #9)	Sanchez/Millspaugh  Sanchez/Miller Sanchez/Millspaugh	Yes N/A Yes Yes Yes	N/A N/A N/A N/A N/A	09/08 11/08 09/08 09/08 09/08
<b>Audit of Controls Over University Vehicle Usage</b> Report Issued: July 8, 2008	1. Vehicle Policy/Procedure (Rec. #1) 2. Vehicle Trip Log (Rec. #2) 3. Vehicle Retirement (Rec. #4.1) 4. Vehicle Lease (Rec. #5.2) 5. Employees Driving Record (Rec. # 6) 6. Billing of Fuel (Rec.#7.1 - #7.3) 7. Calibration of Fuel Pumps (Rec. #8)	Sanchez/Foster  Sanchez/Miller  Mendoza/Mwaisela Sanchez/Foster	Yes Yes Yes Yes Yes Yes Yes	N/A N/A N/A N/A N/A N/A N/A	09/08 09/08 08/08 08/08 09/08 09/08 09/08
<b>Audit of Controls Over Decentralized Collections</b> Report Issued: July 31, 2008	1. Frost Art Museum (Rec. #1.1 - #1.8) 2. Theater and Dance (Rec.#2.1 - #2.6)  3. College of Business Administration (Rec.#3.1 - #3.5) 4. English Language Institute (Rec. #4.1 - #4.4) 5. School of Hospitality & Tourism (Rec. #5.1 - #5.3) 6. University Health Services (Rec. #6.1 - #6.3) 7. Parking & Transportation (Rec. #7.1 - #7.4) 8. University Housing (Rec. #8) 9. Controller's Office (Rec. #9.1 - #9.3)	Berkman/Damian Bueno/Bergwall/ Schriner Elam/Pico  Furton/Luis Sanchez  West/Remington  Jones/Loynaz  Sanchez/Foster  Jones/Wassenaar Sanchez/Miller	Yes N/A  Yes Yes  Yes Yes Yes Yes Yes Yes	N/A N/A  N/A N/A  N/A N/A N/A N/A N/A N/A	07/08 10/08  07/08 & 08/08 07/08  07/08 07/08 07/08 07/08 07/08 & 07/08
<b>Audit of the AIDS Prevention Program's Information Systems</b> Report Issued: August 8, 2008	1. Data Encryption (Rec. #1) 2. Outlook Protection (Rec. #2) 3. Screen Saver Password Protection (Rec. #3) 4. Active Directory Migration (Rec. #4) 5. Administrative Privileges (Rec. #5) 6. Network Firewall (Rec. #6) 7. Network Access Translation (Rec. #7) 8. File Shares (Rec. #8) 9. Server Roles (Rec. #9.1 - #9.2)) 10. Intrusion Detection System (Rec. #10) 11. Active Directory User Accounts (Rec. #11.1 - #11.3) 12. Terminal Services & Remote Desktop (Rec. #12) 13. Access Database (Rec. #13) 14. Physical Access to Unauthorized System Closet (Rec. #14)	Treviño/Malow/ Devieux                Yao/Granto	N/A N/A N/A  N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A	N/A N/A N/A  N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A	10/08 10/08 10/08  10/08 10/08 11/08 11/08 10/08 10/08 11/08 10/08 10/08 11/08 07/09

	15. Location of Server & Backup Media (Rec. #15)	Treviño/Malow/ Devieux	N/A	N/A	10/08
	16. Backup Procedures (Rec. #16)		N/A	N/A	10/08
	17. Contingency Plan (Rec. #17)		N/A	N/A	10/08
	18. System Administration Resources (Rec. #18)		N/A	N/A	10/08
<b>Allegations Against the Southeast Environmental Research Center (SERC)</b> Report Issued: August 26, 2008	1. Outside Activities (Rec. #1.1, #1.2, #2.1, #2.3, #2.6)	Hardrick/Cuesta-Gomez	<b>Yes</b>	N/A	09/08 & 08/08
	2. Outside Activities (Rec. #2.2, #2.4, #2.5)	Furton/Jaffe	<b>Yes</b>	N/A	09/08
	3. Misuse of University Resources (Rec. #3.1, #4.1, #5)	Hardrick/Cuesta-Gomez	<b>Yes</b>	N/A	09/08
	4. Misuse of University Resources (Rec. #3.2)		N/A	N/A	11/08
	5. Misuse of University Resources (Rec. #4.2)	Furton/Jaffe	<b>Yes</b>	N/A	09/08
	6. Conflict of Interest (Rec. #6)	Hardrick/Cuesta-Gomez	<b>Yes</b>	N/A	09/08
	7. Conflict of Interest (Rec. #7)	Furton/Jaffe	N/A	N/A	12/08
	8. Hiring Process (Rec. #8.1, #9.2, #9.3)	Hardrick/Cuesta-Gomez	<b>Yes</b>	N/A	09/08
	9. Hiring Process (Rec. #9.1)	Furton/Jaffe	<b>Yes</b>	N/A	08/08
	10. Overall Recommendation (Rec. #10)		N/A	N/A	12/08
<b>Allegations of Improper Selling of FIU Equipment</b> Report Issued: Sept. 8, 2008	1. Sales of FIU Equipment (Rec. #1.1, #1.2)	Grossman/Doherty-Restrepo	<b>Yes</b>	N/A	08/08 & 09/08
	2. Sales of FIU Equipment (Rec. #1.3)		<b>No</b>	11/08	09/08
	3. Transfer of FIU Property (Rec.#2.1)	Banya/Mendez	<b>No</b>	11/08	09/08
	4. Transfer of FIU Property (Rec.#2.2)		<b>Yes</b>	N/A	08/08
	5. Transfer of FIU Property (Rec.#2.3, #2.4, #2.5)		N/A	N/A	10/08 & 11/08
	6. Missing FIU Property (Rec. #3.1, #3.2)	Grossman/Doherty-Restrepo	<b>Yes</b>	N/A	09/08

**FLORIDA INTERNATIONAL UNIVERSITY  
OFFICE OF INTERNAL AUDIT**

**FOLLOW-UP STATUS REPORT - OPERATIONAL AUDIT**

The following summarizes the current status of audit issues from the State Auditor's Operational Audit (Report No. 2008-120, dated 03/11/08) as of September 30, 2008.

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

<b>Finding Number &amp; Area</b>	<b>Audit Issue(s)/Finding</b>	<b>Responsible Executive/Director</b>	<b>Status</b>	<b>Revised Due Date</b>	<b>Original Due Date</b>
<b>Finding No. 7</b> Purchasing Card Program	Purchasing card accounts for former employees were not always timely cancelled upon termination.	Sanchez/Millspaugh	<b>Yes</b>	N/A	03/08
<b>Finding No. 8</b> Cellular Telephones	The University did not, of record, adequately monitor cellular telephone (cell phone) usage to determine personal calls made and any needed reimbursements. As such, the University was required to, but did not, report to the Internal Revenue Service the value of cell phone services as income for employees.	Yao/Drake	<b>Yes</b>	N/A	08/08
<b>Finding No. 11</b> Fire Safety Inspections	The University did not always timely correct deficiencies noted in fire safety inspection reports.	Mendoza/Mwaisela	<b>Yes</b>	N/A	09/08
<b>Finding No. 12</b> Information Technology-University Governance	There was a need for improved University-level governance of the PeopleSoft financials system and the enterprise data contained therein.	Yao/Grillo	N/A	12/08	06/08
<b>Finding No. 13</b> Information Technology-Application Environment and Support Function	Improvements were needed in certain security controls within the overall operations of the application and the supporting network environment at the University.	Yao/Granto	<b>No</b>	11/08	06/08
<b>Finding No. 15</b> Information Technology-Environmental Controls	Environmental control improvements were needed at the University's Data Center.	Yao/Grillo	<b>Yes</b>	N/A	07/08

**FLORIDA INTERNATIONAL UNIVERSITY  
OFFICE OF INTERNAL AUDIT**

**MANAGEMENT RESPONSES TO OUTSTANDING AUDIT ISSUES**

<b>Audit of the University Minor Construction Projects</b>
--

1. Audit Issue: **Oversight of Minor Construction Projects** (Recommendation #4)

Status: Partially Implemented

Recommendation:

In order to administer minor construction projects properly, we recommend that Facilities Management should implement a more reliable tracking system for monitoring and reporting. The data for the minor construction projects should be complete, updated and accurate.

Action Plan to Complete:

The Department has begun implementing a SQL database to consolidate all key data for minor projects. Each project manager can now input the data for their respective projects into this centralized database stored on the Department's servers. This ensures all data is updated, accurate, and readily available. At this point, the financial data has not been totally integrated. The interface for the financial data will be in place by December 1, and the most current financial data will be input by the end of the year with historical data input to immediately follow.

New Target Date: December 31, 2008

<b>Allegations of Improper Selling of FIU Equipment</b>
---

1. Audit Issue: **Sales of FIU Equipment** (Recommendation #1.3)

Status: Partially Implemented

Recommendation:

If the Indiana State University (ISU) is to retain the items, we recommend that the Program Director work with Property Control to remove the equipment from the University property records.

Action Plan to Complete:

If ISU agrees to retain the equipment, the Athletic Training Program Director will work with Property Control to remove the equipment sold to ISU from FIU's Property Control listing. If ISU approves the sale, the check in the amount of \$6,923 will be deposited in the Athletic Training Program account at FIU.

New Target Date: November 1, 2008

2. Audit Issue: **Transfer of FIU Property** (Recommendation #2.1)

Status: Partially Implemented

Recommendation:

We recommend that the COE Dean's Office work with OSRA and Property Control to obtain the transfer approval and adjust the University property records to reflect the transfer of the properties to University of Florida.

Action Plan to Complete:

The University upper administration has agreed to transfer the equipment to University of Florida as soon as the paperwork is processed.

New Target Date: November 1, 2008

<b>State Auditor's Operational Audit</b>
--

1. Audit Issue: **Information Technology - Application Environment and Support Function**

(Finding No. 13)

Status: Partially Implemented

Recommendation:

University management should strengthen controls surrounding its enterprise information resources and systems in some areas.

Action Plan to Complete:

The policies are in the final approval stages. Currently, the policies are being reviewed by the Office of the General Counsel. It is planned that these policies will be presented to the Operations Committee in November. Implementation date is set to November 2008 if the policies are approved by the Operations Committee.

New Target Date: November 2008

**FLORIDA INTERNATIONAL UNIVERSITY  
OFFICE OF INTERNAL AUDIT**

**TRAINING AND SEMINARS UPDATE**

The following is an update on continuing professional education (CPE) obtained by each auditor through October 2008. Internal auditors are required to enhance their knowledge, skills, and other competencies through CPE. Below is a recap of completed CPE hours for the prior and current fiscal years by each auditor.

	<u><b>2007-2008</b></u>	<u><b>2008-2009</b></u>
Pyong Cho	45 hours	7 hours
Manuel Sanchez	74 hours	7 hours
Albert Mayungbe	44 hours	5 hours
Tenaye Arneson	3 hours	4 hours

<b>DATE</b>	<b>ATTENDED SEMINARS</b>	<b>HOURS</b>	<b>AUDITOR</b>
<b>2007 – 2008</b>			
07/08-11/07	IIA International Conference	17	Manuel Sanchez
07/16/07	NACUBO Webcast	2	Manuel Sanchez
07/15-20/07	18 <sup>th</sup> Annual ACFE Fraud Conference	40	Albert Mayungbe
07/15-20/07	18 <sup>th</sup> Annual ACFE Fraud Conference	40	Pyong Cho
10/09/07	Annual RSM McGladrey – Seminar	8	Manuel Sanchez
10/20/07	FIU Center for Accounting	8	Manuel Sanchez
12/06/07, 5/14/08	ACUA Webinar	2	Pyong Cho
12/06/07, 5/14/08	ACUA Webinar	2	Tenaye Arneson
05/09/08	FICPA	4	Albert Mayungbe
06/05/08	Ethics Point Webinar	1	Manuel Sanchez
06/05/08	Ethics Point Webinar	1	Pyong Cho
06/05/08	Ethics Point Webinar	1	Tenaye Arneson
06/06/08	Alpha Kappa Psi-Center for Accounting	8	Manuel Sanchez
06/06-14/08	FIU Center for Accounting	24	Manuel Sanchez
06/19/08	KPMG Seminar	6	Manuel Sanchez
06/19/08	KPMG Webinar	2	Pyong Cho
<b>2008 – 2009</b>			
07/10 & 08/21/08	Ethics Point Webinar	2	Manuel Sanchez
07/10 & 31, 8/13/08	Ethics Point Webinar	3	Pyong Cho
07/10 & 31, 8/13/08	Ethics Point Webinar	3	Tenaye Arneson
08/13 & 21/08	Ethics Point Webinar	2	Albert Mayungbe
08/28, 9/24, 10/01 & 08	KPMG Webinar	4	Pyong Cho
08/28, 9/24, 10/08	KPMG Webinar	3	Manuel Sanchez
09/11/08	PeopleTools 8.49	1	Manuel Sanchez
09/18/08	Paisley.Webex.com	1	Manuel Sanchez
09/24 & 10/01 & 08	KPMG Webinar	3	Albert Mayungbe
10/08/08	KPMG Webinar	1	Tenaye Arneson

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

**13 NOVEMBER 2008**

**SUBJECT: FIU FOUNDATION REPORT**

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**PROPOSED COMMITTEE ACTION:**

None. Discussion Item.

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**EXHIBITS/SUPPORTING DOCUMENTS:**

- FIU FOUNDATION, INC. - FINANCIAL STATEMENTS RECAP & INVESTMENT SUMMARY, SEPTEMBER 30, 2008

**FACILITATOR/PRESENTER:**

- DANY GARCIA

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**FIU FOUNDATION, INC.**

**PRELIMINARY  
FINANCIAL STATEMENTS RECAP  
& INVESTMENT SUMMARY**

**September 30, 2008**

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**FIU FOUNDATION, INC.**  
**Preliminary Recap of Statement of Activities<sup>1</sup>**  
**Through the Period Ended September 30, 2008**

*(In Thousands of Dollars)*

	<b>2008-09</b>	<b>2008-09</b>			<b>2008-09</b>	<b>2007-08</b>	<b>2007-08</b>
	<b>3-month</b>	<b>3-month</b>			<b>Annual</b>	<b>3-month</b>	<b>Total Year</b>
	<b><u>Budget</u></b>	<b><u>Actuals</u></b>	<b><u>Variance</u></b>		<b><u>Budget</u></b>	<b><u>Actuals</u></b>	<b><u>Actuals</u></b>
<b>REVENUES:</b>							
<u>Contributions:</u>							
Endowments	\$176	\$362	\$186	[1]	\$9,645	\$5,300	\$12,768
Non-Endowed Funds:							
Scholarship & Programs	\$1,773	\$1,600	(\$173)	[2]	\$6,322	\$1,668	\$5,249
Building Funds	\$110	\$29	(\$81)	[3]	\$1,045	\$238	\$2,052
Annual Fund	\$111	\$120	\$9		\$331	\$72	\$374
Pledged Revenue <sup>2</sup>	\$9	(\$19)	(\$28)	[4]	\$13,228	\$530	(\$892)
<b>TOTAL CONTRIBUTIONS</b>	<b>\$2,179</b>	<b>\$2,092</b>	<b>(\$87)</b>		<b>\$30,571</b>	<b>\$7,808</b>	<b>\$19,551</b>
<u>Other Revenues:</u>							
MARC Building - Rental Income	\$333	\$333	\$0		\$1,333	\$709	\$1,241
Estimated Investment Returns	\$348	(\$12,004)	(\$12,352)	[5]	\$5,373	\$1,359	\$0
Administrative Fee	\$0	\$0	\$0		\$0	\$0	\$0
<b>TOTAL OTHER REVENUES</b>	<b>\$681</b>	<b>(\$11,671)</b>	<b>(\$12,352)</b>		<b>\$6,706</b>	<b>\$2,068</b>	<b>\$1,241</b>
<b>TOTAL REVENUES</b>	<b>\$2,860</b>	<b>(\$9,579)</b>	<b>(\$12,439)</b>		<b>\$37,277</b>	<b>\$9,876</b>	<b>\$20,792</b>
<b>EXPENSES:</b>							
<u>University Programs:</u>							
Scholarships & Programs	\$2,610	\$1,671	\$939	[6]	\$8,273	\$2,172	\$8,719
Building Funds	\$0	\$865	(\$865)	[7]	\$1,461	\$2,011	\$2,021
Annual Fund	\$166	\$157	\$9		\$367	\$3	\$433
<b>TOTAL UNIVERSITY PROGRAMS EXPENSES</b>	<b>\$2,776</b>	<b>\$2,693</b>	<b>\$83</b>		<b>\$10,101</b>	<b>\$4,186</b>	<b>\$11,173</b>
<u>Operational:</u>							
MARC Building	\$204	\$80	\$124	[8]	\$1,579	\$130	\$825
Administrative Reserve	\$422	\$265	\$157	[9]	\$1,802	\$318	\$1,680
General Reserve	\$1,535	\$1,568	(\$33)	[10]	\$3,807	\$5	\$353
Administrative Fee	\$0	\$0	\$0		\$0	\$0	\$0
<b>TOTAL OPERATIONAL EXPENSES</b>	<b>\$2,161</b>	<b>\$1,913</b>	<b>\$248</b>		<b>\$7,188</b>	<b>\$453</b>	<b>\$2,858</b>
<b>TOTAL EXPENSES</b>	<b>\$4,937</b>	<b>\$4,606</b>	<b>\$331</b>		<b>\$17,289</b>	<b>\$4,639</b>	<b>\$14,031</b>
<b>EXCESS REVENUES OVER EXPENSES</b>	<b>(\$2,077)</b>	<b>(\$14,185)</b>	<b>(\$12,108)</b>		<b>\$19,988</b>	<b>\$5,237</b>	<b>\$6,761</b>

1. These financial statements recaps reflect revenue on a modified accrual basis and expenses on a cash basis.

2. Changes in contribution receivables are calculated on a quarterly basis.

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

**Florida International University Foundation, Inc.**  
**Preliminary Performance Summary as of**  
**September 30, 2008**

<i><u>Fund/Manager/Inception Date</u></i>	<b>Market Value</b>	<b>% Allocation</b>	<b>Target Allocation</b>	<b>Current Month 08/31/2008 - 09/30/2008</b>	<b>Calendar YTD 2008 12/31/07 - 09/30/2008</b>	<b>Fiscal YTD 6/30/08 - 09/30/2008</b>	<b>Trailing 1 Year 9/30/2007 09/30/2008</b>	<b>Trailing 3 Year 9/30/2005 09/30/2008</b>	<b>Trailing 5 Year 9/30/2003 09/30/2008</b>	<b>Since Investment Inception</b>
<b>Total Fund (6/30/00)</b>	<b>\$115,303,710</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-7.5%</b>	<b>-13.7%</b>	<b>-9.3%</b>	<b>-13.8%</b>	<b>2.0%</b>	<b>6.0%</b>	<b>2.5%</b>
Total Fund Composite				-5.8%	-11.1%	-5.5%	-11.9%	2.2%	5.6%	1.4%
+/- Benchmark				-1.7%	-2.6%	-3.8%	-1.9%	-0.1%	0.4%	1.0%
<b>Total Equity Accounts (6/30/00)</b>	<b>\$57,312,554</b>	<b>49.7%</b>	<b>50.0%</b>	<b>-9.7%</b>	<b>-20.8%</b>	<b>-11.0%</b>	<b>-22.3%</b>	<b>0.9%</b>	<b>8.2%</b>	<b>1.1%</b>
Total Equity Composite				-10.5%	-20.6%	-10.3%	-23.6%	0.2%	6.8%	-1.5%
+/- Benchmark				0.8%	-0.2%	-0.6%	1.3%	0.7%	1.3%	2.7%
<b>Total Fixed Income Accounts (6/30/00)</b>	<b>\$22,153,434</b>	<b>19.2%</b>	<b>18.0%</b>	<b>-1.4%</b>	<b>-0.4%</b>	<b>-1.3%</b>	<b>1.8%</b>	<b>3.6%</b>	<b>3.6%</b>	<b>5.4%</b>
Total Fixed Income Composite				-1.2%	-0.4%	-0.7%	1.6%	3.6%	3.3%	5.2%
+/- Benchmark				-0.2%	0.0%	-0.6%	0.3%	0.0%	0.3%	0.3%
<b>Total Alternative Investments (3/1/02)</b>	<b>\$35,837,722</b>	<b>31.1%</b>	<b>32.0%</b>	<b>-7.7%</b>	<b>-10.0%</b>	<b>-11.5%</b>	<b>-8.2%</b>	<b>3.6%</b>	<b>5.5%</b>	<b>5.9%</b>
Total Alternative Composite				-4.2%	-6.5%	-3.7%	-4.5%	2.8%	4.5%	4.0%
+/- Benchmark				-3.5%	-3.5%	-7.8%	-3.7%	0.8%	1.0%	1.9%

Florida International University Foundation, Inc.  
Preliminary Performance Summary as of  
September 30, 2008

<i>Fund/Manager/Inception Date</i>	Market Value	% Alloc.	Target Alloc.	Current Month 08/31/2008 - 09/30/2008	Calendar YTD 2008 12/31/07 - 09/30/2008	Fiscal YTD 6/30/08 - 09/30/2008	Trailing 1 Year 9/30/2007 09/30/2008	Trailing 3 Year 9/30/2005 09/30/2008	Trailing 5 Year 9/30/2003 09/30/2008	Since Investment Inception
<b><i>Domestic Equity Managed Accounts</i></b>										
Atalanta Sosnoff Large Cap Growth (3/1/06)	\$14,662,736	12.7%	12.5%	-8.1%	-22.3%	-10.1%	-22.1%	N/A	N/A	-0.7%
Russell 1000 Growth Index				-11.6%	-20.3%	-12.3%	-20.9%	0.0%	3.7%	-1.7%
Wedge Capital Large Cap Value QVM (12/29/06)	\$14,009,485	12.2%	12.5%	-10.9%	-22.7%	-11.2%	-25.9%	N/A	N/A	-11.4%
Russell 1000 Value Index				-7.4%	-18.9%	-6.1%	-23.6%	0.1%	7.1%	-11.3%
Advisory Research Small Cap Value (6/1/01)	\$7,371,331	6.4%	5.0%	-4.9%	-5.5%	-0.3%	-9.1%	2.9%	14.2%	11.9%
Russell 2000 Value				-4.7%	-5.4%	5.0%	-12.3%	2.0%	9.5%	8.9%
IronBridge Small Cap Core Equity (12/2/03)	\$7,063,330	6.1%	5.0%	-8.0%	-8.5%	-4.6%	-12.4%	4.9%	N/A	7.9%
Russell 2000 Small Cap Index				-8.0%	-10.4%	-1.1%	-14.5%	1.8%	8.2%	5.6%
<b><i>International Equity Managed Accounts</i></b>										
Julius Baer International Equity Fund (12/2/03)	\$8,368,062	7.3%	7.5%	-15.1%	-31.2%	-22.4%	-30.0%	3.6%	N/A	11.0%
MSCI EAFE Index				-14.4%	-28.9%	-20.5%	-30.1%	1.6%	10.2%	8.2%
Brandes International Value A (6/1/01)	\$5,837,610	5.1%	7.5%	-10.2%	-24.5%	-13.0%	-25.4%	2.5%	11.1%	6.1%
MSCI EAFE Index				-14.4%	-28.9%	-20.5%	-30.1%	1.6%	10.2%	4.5%
<b>TOTAL EQUITY INVESTMENTS</b>	<b>\$57,312,554</b>	<b>49.7%</b>	<b>50.0%</b>							
<b><i>Core Fixed Income Managed Accounts</i></b>										
SCM Advisors Enhanced Core Fixed (6/1/01)	\$9,639,673	8.4%	7.5%	-1.4%	-1.9%	-2.1%	0.5%	3.1%	3.3%	4.8%
Lehman Brothers Aggregate Index				-1.3%	0.6%	-0.5%	3.7%	4.2%	3.8%	5.2%
Hillswick Asset Management (6/1/01)	\$5,654,020	4.9%	3.0%	0.9%	5.1%	3.0%	9.9%	5.8%	4.9%	6.5%
Lehman Brothers Aggregate Index				-1.3%	0.6%	-0.5%	3.7%	4.2%	3.8%	5.2%
Brandywine Global Opp Bond (1/1/08)	\$6,306,503	5.5%	5.0%	-4.2%	-3.4%	-5.3%	N/A	N/A	N/A	-3.4%
Citigroup World Gov't Bond Index				-1.2%	1.9%	-3.0%	5.9%	5.6%	5.3%	1.9%
<b><i>Common Fund &amp; Gift Annuity Accounts</i></b>										
Common Fund Short Term Bond (6/1/85)*	\$32,335	0.0%	2.5%	0.2%	1.8%	0.5%	4.0%	5.1%	3.9%	5.3%
90 Day T-Bills				0.1%	1.5%	0.4%	2.6%	4.0%	3.1%	4.7%
SunTrust Balanced Annuity Account (10/22/03)	\$520,902	0.5%	N/A	-5.5%	-10.2%	-4.2%	-10.3%	1.1%	N/A	3.4%
70% Lehman Aggregate / 30% S&P 500				-3.6%	-5.6%	-2.9%	-4.5%	3.1%	N/A	4.3%
<b>TOTAL FIXED INCOME INVESTMENTS</b>	<b>\$22,153,434</b>	<b>19.2%</b>	<b>18.0%</b>							
<b><i>Alternative Investments</i></b>										
Ironwood Partners (03/01/04)	\$9,820,054	8.5%	10.0%	-7.5%	-12.0%	-10.6%	-10.2%	3.4%	N/A	4.6%
Lehman Brothers Aggregate Index				-1.3%	0.6%	-0.5%	3.7%	4.2%	3.8%	0.8%
Ironwood Partners (NDM Gift) (08/01/05)	\$2,144,538	1.9%	N/A	-7.5%	-12.0%	-10.6%	-10.2%	3.4%	N/A	3.7%
Lehman Brothers Aggregate Index				-1.3%	0.6%	-0.5%	3.7%	4.2%	3.8%	3.8%
Collins Capital (3/1/07)	\$8,239,401	7.1%	6.0%	-8.0%	-9.2%	-12.6%	-3.6%	N/A	N/A	4.4%
50% S&P 500/ 50% Leh Agg				-5.1%	-9.6%	-4.4%	-9.8%	2.3%	4.6%	-2.8%
Titan Advisors (3/1/07)	\$8,273,204	7.2%	6.0%	-6.6%	-6.7%	-8.5%	-3.8%	N/A	N/A	3.5%
50% S&P 500/ 50% Leh Agg				-5.1%	-9.6%	-4.4%	-9.8%	2.3%	4.6%	-2.8%
DTC Private Equity II (\$5 Million Commitment)	\$1,683,324	1.5%	5.0%							
DTC Private Equity III (\$2.5 Million Commitment)	\$50,000	0.0%								
Montegu Newhall Partners IV (\$2.5 MM Com.)	\$227,829	0.2%								
Citigroup Global RE Alpha Fund (1/1/08)	\$2,588,434	2.2%	2.5%	-11.6%	-26.1%	-13.9%	N/A	N/A	N/A	-26.1%
FTSE EPRA / NAREIT Global Real Estate Index				-9.3%	-22.7%	-10.4%	-30.6%	2.3%	12.8%	-22.7%
Deutsche Bank Liquid Comm. Fund (1/1/08)	\$2,810,938	2.4%	2.5%	-11.4%	5.6%	-25.3%	N/A	N/A	N/A	5.6%
<b>TOTAL ALTERNATIVE INVESTMENTS</b>	<b>\$35,837,722</b>	<b>31.1%</b>	<b>32.0%</b>							
<b>TOTAL FUND</b>	<b>\$115,303,710</b>	<b>100.0%</b>	<b>100.0%</b>							

\*These are short-term liquid funds

**Variance Notes:**

[1] The favorable variance for endowments was a result of receiving the following unexpected endowed donations: \$21,000 in support of the Environmental Studies program in the College of Arts & Sciences and more than \$200,000 to the College of Business Administration in support of scholarships. The positive variance has been offset by a \$50,000 donation in support of the School of Hospitality Management expected in the first quarter that will be received in December instead.

[2] The negative variance for Colleges, Schools and Centers is a result of timing in collecting expected non-endowed donations. Various gifts and pledge payments budgeted for receipt in the first quarter have not yet come in but are expected by the end of the calendar year.

[3] The following budgeted pledge payments have not yet been received but are expected to come in over the next few months: \$25,000 in support of the Art Museum; \$50,000 in support of the Hurricane Center; and \$10,000 in support of the Business Building.

[4] The change in receivables for the first quarter totaled (\$19,000), and it is comprised of \$530,000 in new endowment pledges which is offset by the collection of \$549,000 in non-endowed pledged payments. A 1% allowance for uncollectible gifts has been calculated for all pledges. Receivables will be discounted to present value only at year-end.

[5] Upon the recommendation of Consulting Services Group (CSG) and further reduction by the Board's Investment Committee, investment returns were budgeted at 4% for the 2008-09 fiscal year. Current fiscal year-to-date losses total approximately 9.3%, or \$12.0 million.

[6] Various budgeted expenses for Colleges, School and Centers have not yet been incurred.

[7] Matching funds from the Alec Courtelis program, which were expected to be requested from the University in October, were received in September for 4 out of the 6 building programs, including the College of Business Building Complex (\$573K), Civil Engineering Structures Lab (\$10K), International Hurricane Research Center (\$82K), and Nursing & Health Sciences Building (\$200K).

[8] The interest payment for the loan on the MARC Building in the amount of \$45,000 was wired on October 1<sup>st</sup> instead of September 30<sup>th</sup> as budgeted. In addition, the Foundation has not yet been billed by the University for utilities, maintenance & repairs, custodial or waste expenses related to the MARC Building that were incurred in the first quarter.

[9] The following Administrative Reserve budgeted expenses have not yet been incurred: \$52,000 for Capital Campaign/Fundraising/Stewardship; \$49,000 for Lobbying Activities; and \$35,000 for Marketing & Public Relations. Some of the budgeted expenses were deferred and others were processed in October instead of September.



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

**13 NOVEMBER 2008**

**SUBJECT: TREASURY REPORT**

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**PROPOSED COMMITTEE ACTION:**

None. Discussion Item.

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**EXHIBITS/SUPPORTING DOCUMENTS:**

- TREASURY REPORT

**FACILITATOR/PRESENTER:**

- JOHN M. MILLER

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**Board of Trustees  
Treasury Report  
November 13, 2008**

**Investment Performance September 30, 2008**

As the financial crisis continues, almost all investment classes suffered losses for the quarter ending September 30, 2008. Equity benchmarks had weakness across the entire spectrum with the S&P 500 losing 8.4%, the Russell 2000 losing 1.1% and EAFE down 20.6% for the quarter. Fixed income benchmarks also succumbed to the overall financial malaise with a losses in the Lehman Aggregate of 0.5%, in TIPS of 3.5% and High Yield of 9.5%. Capital sought the safety of U.S. government instruments, dropping the 91-day T-Bill benchmark to 0.6% for the quarter. REITs performed well with a benchmark gain of 5.6%.

Within the portfolio, negative returns from the Equity, Fixed Income and Absolute Return Composites were slightly offset by gains in the Real Estate Composite and Working Capital Pool. With 26.8% of the portfolio allocation, Fixed Income contributed to overall negative return with a loss of 3.4%. TIPS and Core Investments lagged behind benchmarks with losses of 4.5% and 1.6%, respectively. High Yield outperformed the benchmark but still lost 7.9% for the quarter. Absolute Returns (9% allocation) lost 7.9% as hedge funds adjust to changes in the financial landscape that require re-examination of standard industry strategies such as long-short equity, statistical arbitrage and convertible arbitrage. With 6.7% loss, the Domestic Equity (4.7% allocation) outperformed the benchmark loss of 8.7%. The International Equity (2.5% allocation) loss of 21.4% underperformed versus the benchmark loss of 20.1%.

Large cash inflows from student tuition and fees increased the Total Pool balance to \$241.0 million at September 30, 2008. This is \$51.2 million ahead of balances at September 30, 2007 of \$189.8 million.

While the governments' crisis mitigation plans are welcome, concerns regarding the core economy remain leading to continued weakness across all markets. The portfolio's overweight allocation to cash continues to provide a steady, albeit slowly falling, source of offset to the current negative returns.

**Florida International University**  
**Performance Summary as of**  
**September 30, 2008**

<i>Fund / Manager (Inception Date)</i>	<u>Market</u> <u>Value (000's)</u>	<u>%</u> <u>Allocation</u>	<u>Target</u> <u>Allocation*</u>	<u>Current</u> <u>Month</u>	<u>YTD</u>	<u>Fiscal</u> <u>YTD</u>	<u>Trailing 1</u> <u>Year</u>	<u>2 Years</u>	<u>Since</u> <u>Inception</u>
<b><u>Total Combined Pool (3/31/06)</u></b> Benchmark Index	240,976	100%	100%	-2.4%	-1.9%	-2.2%	-1.3%	2.5%	3.1%
				-2.5%	-1.9%	-2.3%	-0.9%	3.0%	3.7%
<b><u>Working Capital Pool (3/31/06)</u></b> 91-Day Treasury Bill	131,909	54.7%	30.0%	0.3%	2.5%	0.7%	3.4%	4.5%	4.5%
				0.3%	1.8%	0.6%	2.9%	4.1%	4.3%
<b><u>Total Combined Pool Less Cash Equivalents (3/31/06)</u></b> Benchmark Index	109,067	45.3%	70.0%	-5.5%	-6.5%	-5.5%	-5.8%	0.9%	2.2%
				-3.7%	-3.4%	-3.5%	-2.5%	2.6%	3.7%

\* Target Allocation based on market value of \$165 million. Excess market value over \$165 million (\$80.0 million at 09/30/08) is allocated to cash equivalents in the Working Capital Pool, causing variations in the allocations.

**Florida International University**  
**Performance Summary as of**  
**September 30, 2008**

<i>Fund / Manager (Inception Date)</i>	<u>Market</u> <u>Value (000's)</u>	<u>%</u> <u>Allocation</u>	<u>Target</u> <u>Allocation*</u>	<u>Current</u> <u>Month</u>	<u>YTD</u>	<u>Fiscal</u> <u>YTD</u>	<u>Since</u> <u>Inception</u>
<b>SPIA Account (3/31/06)</b> 91-Day Treasury Bill	43,889	18.2%	0.0%	0.3% 0.3%	2.2% 1.8%	0.7% 0.6%	4.5% 4.3%
<b>SBA-LGIP Account (9/30/06)</b> 91-Day Treasury Bill	20	0.0%	0.0%	0.3% 0.3%	1.0% 1.8%	0.3% 0.6%	3.6% 4.1%
<b>BOA Columbia Account (9/30/07)</b> 91-Day Treasury Bill	88,000	36.5%	0.0%	0.2% 0.3%	0.6% 1.8%	0.6% 0.6%	-- 4.1%
<b><u>FIXED INCOME COMPOSITE (3/31/06)</u></b>	<b>64,690</b>	<b>26.8%</b>	<b>38.5%</b>	<b>-3.6%</b>	<b>-1.2%</b>	<b>-3.4%</b>	<b>4.0%</b>
Benchmark Index				-2.9%	-0.2%	-2.4%	5.1%
<b>BlackRock HY Bond (3/31/06)</b> ML High Yield Master II	8,101	3.4%	3.5%	-6.7% -8.3%	-8.8% -10.7%	-7.9% -9.5%	0.9% -0.3%
<b>Northern Trust TIPS (6/30/06)</b> Lehman U.S. TIPS	21,522	8.9%	14.0%	-4.9% -3.8%	0.5% 1.2%	-4.5% -3.5%	6.4% 6.6%
<b>Prudential Core Fixed (11/30/07)</b> Lehman Aggregate	35,066	14.6%	21.0%	-2.0% -1.3%	-0.6% 0.6%	-1.6% -0.5%	-0.4% 0.9%
<b><u>HEDGE FUNDS (4/31/06)</u></b>	<b>21,665</b>	<b>9.0%</b>	<b>14.0%</b>	<b>-6.7%</b>	<b>-8.2%</b>	<b>-7.9%</b>	<b>1.6%</b>
<b>Aetos Alternatives Mgmt. (4/31/06)</b> CPI + 3.25%	<b>21,665</b>	<b>9.0%</b>	<b>14.0%</b>	<b>-6.7%</b> 0.6%	<b>-8.2%</b> 7.2%	<b>-7.9%</b> 1.3%	<b>1.6%</b> 7.1%
<b><u>REIT's (6/30/06)</u></b>	<b>5,285</b>	<b>2.2%</b>	<b>3.5%</b>	<b>-1.0%</b>	<b>2.3%</b>	<b>4.6%</b>	<b>2.4%</b>
<b>Urdang REIT (6/30/06)</b> NAREIT Equity	<b>5,285</b>	<b>2.2%</b>	<b>3.5%</b>	<b>-1.0%</b> -0.2%	<b>2.3%</b> 1.7%	<b>4.6%</b> 5.6%	<b>2.4%</b> 1.1%
<b><u>DOMESTIC EQUITY COMPOSITE (3/31/06)</u></b>	<b>11,373</b>	<b>4.7%</b>	<b>8.8%</b>	<b>-8.8%</b>	<b>-18.4%</b>	<b>-6.7%</b>	<b>-6.0%</b>
Wilshire 5000				-9.3%	-18.6%	-8.7%	-2.3%
<b>Northern Trust S&amp;P 500 (6/30/06)</b> S&P 500	8,742	3.6%	7.0%	-9.0% -8.9%	-19.3% -19.3%	-8.4% -8.4%	-1.8% -1.8%
<b>CS McKee Small Cap (6/30/08)</b> Russell 2000	2,631	1.1%	1.8%	-8.0% -8.0%	-- --	0.9% -1.1%	0.9% -1.1%
<b><u>INTERNATIONAL EQUITY COMPOSITE (3/31/06)</u></b>	<b>6,054</b>	<b>2.5%</b>	<b>5.3%</b>	<b>-17.3%</b>	<b>-30.0%</b>	<b>-21.4%</b>	<b>-4.9%</b>
<b>Alliance Bernstein (6/30/08)</b> MSCI EAFE Index (N)	<b>6,054</b>	<b>2.5%</b>	<b>5.3%</b>	<b>-17.3%</b> -14.5%	<b>--</b> --	<b>-18.2%</b> -20.6%	<b>-18.2%</b> -20.6%

\* Target Allocation based on market value of \$165 million. Excess market value over \$165 million (\$80.0 million at 09/30/08) is allocated to cash equivalents in the Working Capital Pool, causing variations in the allocations.

## **MEMBERSHIP**

Kirk Landon, Chair, BOT Finance & Audit Committee

Vivian A. Sanchez, CFO & SVP, Finance & Administration

John M. Miller, University Treasurer

Dr. William Welch, Department Chair & Professor for Finance,  
College of Business Administration

## **CONSULTANT**

Marc Friedberg, Vice President, Wilshire & Associates

## **OTHER STAFF**

Tony Vu, Treasury Manager

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

**13 NOVEMBER 2008**

**SUBJECT: CONSTRUCTION BOND UPDATE**

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**PROPOSED COMMITTEE ACTION:**

None. Discussion Item.

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**EXHIBITS/SUPPORTING DOCUMENTS:**

- NONE

**FACILITATOR/PRESENTER:**

- JOHN MILLER
- VIVIAN SANCHEZ

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

**13 NOVEMBER 2008**

**SUBJECT: CFO & ADMINISTRATION UPDATE**

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**PROPOSED COMMITTEE ACTION:**

None. Discussion Item.

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**EXHIBITS/SUPPORTING DOCUMENTS:**

- CFO & ADMINISTRATION UPDATE

**FACILITATOR/PRESENTER:**

- VIVIAN A. SANCHEZ

## **CFO & Administration Update**

### **FINANCIAL PERFORMANCE**

#### **State Budget Update**

The next state's revenue estimating conference, scheduled to take place in November, will most likely show a continued decline in the state's revenue outlook. The legislature will hold a special session in December or January to address this shortfall. It is expected that during the special session, the 4% holdback in General Revenue instituted by the Governor in July will be ratified. An additional permanent 3% cut could be approved. Regarding Lottery funding, subject to legislative confirmation, the Cabinet, chaired by the Governor, has approved replacing the new 08-09 Lottery funds with one-time non-recurring funds. For conservative budgeting, FIU did not budget any increase in lottery funds. Therefore, the non-recurring funds would off-set an additional 3% cut for 08-09 but requires a permanent solution for the following fiscal year.

Preliminary indications for FY09-10 show a potential further reduction to the state's recurring appropriation of 7%, bringing the total recurring FY09-10 cut to 10%, or \$18 million. Senior administration, in conjunction with the Budget Stabilization Task Force, is working to provide gap mitigation alternatives and determine further budget reduction strategies.

#### **Budget Variance Analysis**

Refer to following page.

	Year To Date September 30, 2008			
	Budget	Current Year Actual	Variance Fav/(Unfav)	
			\$	%
(\$ in millions)				
Revenues				
Educational and General (net) <sup>2</sup>	96.2	102.7	6.6	7%
Auxiliary Enterprises	41.7	42.5	0.7	2%
Sponsored Research	22.4	21.2	(1.2)	-5%
Student Scholarships	34.5	34.4	(0.1)	0%
Concessions	0.1	0.1	(0.0)	-18%
Intercollegiate Athletics	6.8	7.2	0.4	7%
Activities and Service	4.0	4.2	0.2	6%
FIU Foundation Inc	2.9	(9.6)	(12.4)	-435%
FIU Research Foundation	0.0	0.0	0.0	0%
FIU Athletics Finance Corp	1.4	0.5	(0.8)	-60%
Interfund Adjustments <sup>3</sup>	(5.9)	(5.9)	0.0	0%
Total University Budgeted Revenues	204.1	197.5	(6.5)	-3%
Expenses				
Educational and General	81.6	67.7	13.9	17%
Auxiliary Enterprises	24.7	23.4	1.2	5%
Sponsored Research	21.3	22.0	(0.7)	-3%
Student Scholarships	32.7	36.3	(3.6)	-11%
Concessions	0.1	0.1	0.1	41%
Intercollegiate Athletics	5.7	6.2	(0.5)	-9%
Activities and Service	1.5	1.3	0.2	14%
FIU Foundation Inc	4.9	4.6	0.3	7%
FIU Research Foundation	0.5	0.5	0.0	1%
FIU Athletics Finance Corp	0.2	0.0	0.2	86%
Interfund Adjustments	(5.9)	(5.9)	0.0	0%
Total University Budgeted Expenses	167.4	156.3	11.1	7%
Principal Payment of debt <sup>4</sup>	0.7	0.7	0.0	4%
Change in Net Assets	36.0	40.6	4.6	13%

**Notes:**

- <sup>1</sup> 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 if be recorded as an expense.
- <sup>2</sup> E&G revenues are net of waivers and uncollectible amounts.
- <sup>3</sup> 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.
- <sup>4</sup> Principal payment of debt reflected above per BOG requirement that debt service payments be shown on a cash basis.

## **COLLEGE OF MEDICINE**

The Florida International University College of Medicine continues to make considerable progress towards its opening in the fall of 2009. The Office of Medical Education has been reorganized to strengthen its focus on Faculty Development and Assessment in preparation of the upcoming SACS reaffirmation of accreditation visit. Last month, the National Board of Medical Examiners (NBME) visited the College to provide insight and consultations on our curricular development. The NBME administers the United States Medical Licensing Exam (USMLE), an exam that is considered an important barometer of medical student progress. Students are assessed by this exam at two stages in medical school as part of a three step licensing process.

As of mid October, approximately 2800 applications have been received. From this large pool of applicants, 215 candidates have been invited for on-campus interviews. The Admissions Committee utilizes a rolling acceptance program which means that top candidates will be accepted up until the admissions process comes to an end in December. The actual names of the inaugural class will not be known until mid May.

The organizational board of the FIU Health Care Network (HCN) met for the second time during the month of October. Dr. Rodolfo Hernandez Gutierrez, a community and civic leader, officially joined the HCN board as a result of the nominating committee decision in September. The HCN is moving forward with a Self Insurance Program (SIP) that will form the basis of the malpractice insurance needed to formally establish a faculty group practice. This will be presented for endorsement to the FIU Finance & Audit Committee. An initial business plan was presented reflecting on-going discussions with the Division of Student Affairs to work in collaboration with the University Health Services Center. The framework for this partnership will be discussed at the Committee meeting.

The College of Medicine's Office of Information Technology and Medical Library continue to prepare for the arrival of the charter class. The Medical Library has added new staff and is actively working with College faculty and leadership to finalize the journals, periodicals and other media content that will be part of the medical collections.

The Office of Information Technology is also working closely with the Office of Academic Affairs to finalize and implement the audio/visual and media components of the primary classroom, and the teaching and study rooms.

Lastly, the College continues its facilities development and planning.

## **INFORMATION TECHNOLOGY**

### **Student Information System Upgrade**

On October 28th, the upgrade to our student information system, PantherSoft Campus Solutions 9, went live at FIU. With a useful product lifespan of six years, PantherSoft Campus Solutions 9 provides various features that improve critical student services, including:

- User-friendly online application interface for both undergraduate and graduate students
- Automatic student email notification of course cancellation
- Automatic student email notification of course location change
- Schedule planner allowing student to check for prerequisites, time conflicts and repeats before submitting registration request
- Viewable and printable course rosters, including student photos
- Redesign of course enrollment process allowing for faster location of a class and all corresponding available sections
- Information provided for course book assignment and corresponding price
- Ability to pay for books on PantherSoft for subsequent pick-up in the campus bookstore

## **FACILITIES & CONSTRUCTION**

The following is an update of major construction projects:

### Projects Complete

- **Graduate School of Business** – \$32.0M project cost. Contractor punch list is complete. Contractor has been responsive when called to address warranty items.
- **Football Stadium** – \$34.5M project cost. Project completed on schedule and within budget. FIU played its first game in the new stadium on September 20, 2008. Construction continues on field house.

### Projects Substantially Complete

- **Frost Art Museum** – \$18.0M project cost. Project team final walk-through pending for late November. Construction warranty expires January 31, 2009. University is now testing the day-lighting solution proposed by the Architect/Engineer (A/E); canvas covers also being fabricated. Formal grand opening scheduled for November 2008 with a Smithsonian exhibition as part of Art Basel.
- **Wolfe University Center (BBC)** – Food Court VIP grand pre-opening was held on October 9, 2008 with official opening on October 13<sup>th</sup>. Construction was completed within budget. Pending completion of punch list. Target completion date November 30, 2008.

### Projects Under Construction

- **College of Nursing and Health Sciences** – \$46.9M project cost. 100% of Construction Documents have been delivered. Foundation/Building Guaranteed Maximum Price (GMP) has been signed for a not to exceed price of \$16.9M and total project GMP \$34.1M. Structural foundation has been laid. Building now “out of ground”. Target completion date is November 30, 2009 with a move in date of December 2009.

### Projects Under Design

- **International Studies** – \$22.8M Project cost. Design Development phase has been completed but due to program changes, 3<sup>rd</sup> through 5<sup>th</sup> floors will be redesigned in order to meet new academic realignment. A/E is working on new program and will deliver first draft of space layout by week of October 20<sup>th</sup>. CM selections submittals were received on October 2<sup>nd</sup> and final interviews are scheduled for November 10, 2008. Delivery date: October 2010.
- **International Hurricane Research Center** – \$15M Project cost. A/E contract negotiations are in final stages and design kick-off is being scheduled for end of October, 2008. Delivery date: December 2010.
- **Science Classroom Complex** –\$50.0M Project cost. A revised space program outline has been drafted. Once approved, administration will conclude the A/E selection.
- **Stempel School of Health** - \$54.3M Project cost. Program committee (comprised of both Stempel School of Health (SSH) and Miami-Dade County Department of Health (DOH) staff is currently working on the Program Outline by establishing the base line space documentation for SSH. The DOH component was ratified by an executed Affiliation Agreement dated September 26, 2007 and 30 year lease between FIU and the Miami-Dade County Department of Health. This \$31.0M component of the project will provide approximately 95,000 GSF of offices housing 21 administrative programs, a shared research lab, and patient clinic. It presents a unique opportunity for collaboration, returning Educational and Public Health Practice benefits by sharing knowledge, data, faculty and public health professionals providing a singular opportunity for our students. The intent is to develop both projects as one integrated facility where basic services and circulation (vertical transportation, infrastructure, emergency power for example) can be shared to maximize programmatic needs. FIU will need to issue bonds to construct the facility.
- **Parking Garage 5/Public Safety/Retail** – Project budget \$40M. Advance Schematics design phase for this multifunctional building is continuing based on added requirements and supplemental funding of \$2M anticipated in FY 10-11 for Public Safety portion of the project related to 2,100 sq ft increase and building hardening to withstand CAT 5 force winds and to operate independently for up to 72 hours.
- **Graduate Student Housing** – Program has been completed. A/E qualification final interviews on November 24<sup>th</sup>. Delivery date will depend on FIU's ability to issue bonds under favorable conditions.

### **UNIVERSITY OPERATIONS**

The first annual Business Services Resource Fair was held at the University Park (UP) Campus during housing move-in weekend to promote the services offered by FIU's business partners for the incoming residents and parents. Participating business partners included *Aramark, Bookstore, Flower Shop, Waves Spa, University Credit Union and Coca-Cola.*

A barbeque was hosted and sponsored by *Aramark* to all housing students in the Housing Quad at University Park in order to create a welcoming event for the students, awareness of the variety of meal plans available, strengthen the partnership between *Aramark* and Housing and bring exposure to Dining Services.

The BBC Food Court was completed and opened for business on Monday, October 13.

The Aramark's Market Match dining demand analysis study is complete for the UP Campus. Business Services is currently working with Aramark's local managers to implement the recommendations provided by the study. Recently completed projects include expansion of Subway and Burger King. Projects under final design and negotiations include the opening of Jamba Juice, Chilis and Java City.

## **HUMAN RESOURCES**

The Division of Human Resources is working towards its goal of enhancing customer service, improving processes and practices, and managing performance. The following provides a summary of initiatives undertaken:

- A Customer Service survey was launched to obtain feedback from university constituents regarding how effective HR is in meeting their needs as well as ascertain information regarding future training needs. In addition, metrics are being implemented to measure the effectiveness and quality of service.
- Information technology is being utilized to automate processes and procedures in order to streamline workloads, create improved workflow and minimize the volume of paper currently being handled.
- HR is engaged in negotiations with several consultants to provide training in the areas of Leadership, Customer Service, Diversity, and Conducting Effective Searches.
- Monthly meetings are being held with University-wide Human Resource Liaisons to ensure consistency with improved processes and to enhance communications throughout the University community.

Each year, the Division of Human Resources hosts the Employee Recognition Awards Ceremony to honor outstanding faculty and staff. This year's ceremony will be held on November 4, 2008.

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

**13 NOVEMBER 2008**

**SUBJECT: ATHLETICS UPDATE**

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**PROPOSED COMMITTEE ACTION:**

None. Discussion Item.

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**EXHIBITS/SUPPORTING DOCUMENTS:**

▪ NONE

**FACILITATOR/PRESENTER:**

▪ PETE GARCIA

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

**13 NOVEMBER 2008**

**SUBJECT: ENVIRONMENTAL – REGULATORY & COMPLIANCE**

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**PROPOSED COMMITTEE ACTION:**

None. Discussion Item.

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**EXHIBITS/SUPPORTING DOCUMENTS:**

- ENVIRONMENTAL – REGULATORY & COMPLIANCE REPORT

**FACILITATOR/PRESENTER:**

- JENNIFER MWAISELA

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## ENVIRONMENTAL – REGULATORY & COMPLIANCE REPORT

### BOATING & DIVE SAFETY

- On July 25, 2008, the FIU Scientific Research Diving Program logged a total of one year (8,760 hours) underwater- **ACCIDENT FREE**.

Further, FIU scientific and research divers have continued to expand the international scope of their activities through **reciprocity agreements established with underwater marine research institutions**. The following institutions are active research sites that have accepted FIU dive safety training certification and safety qualification standards:

Simon-Frazier –University:	Australia
Smithsonian Institution:	Mexico
Harbor Branch Oceanographic Institute & Caribbean Marine Research Institute:	Bahamas
Bermuda Research Institute:	Bermuda
NOAA:	Florida Keys

### SAFETY TRAINING:

- Employees continue to respond well to opportunities and requirements to complete safety training. There were eight hundred and fifty-six **(856)** registrants and completed courses in the first quarter of FY '08-09.

### CHEMICAL SAFETY

- The Department of Homeland Security (DHS) Appropriations Act of 2007 provides DHS with the authority to regulate the security of High Risk Chemical Facilities. High Risk Chemical Facilities are those that manufacture, distribute or possess DHS identified “Chemicals of Interest”, above specified quantities. As part of the federal Chemical Facility Anti-Terrorism Standards regulations, the University was required to submit a Top-Screen Report to DHS earlier this year about chemicals above identified thresholds. The University will continue to work with DHS, as necessary and appropriate, in order to ensure compliance with these recently enacted regulations.

## FIRE SAFETY

### CORRECTIVE ACTION STATUS REPORT FOR REPEAT VIOLATIONS IDENTIFIED IN THE 2007 OPERATIONAL AUDIT

ORIGINAL INSPECT. DATE	BLDG.	2 <sup>nd</sup> . CITATION DATE	DESCRIPTION	STATUS UPDATE
02-07-06	WUC	04-19-07	Suppression System	<b>COMPLETED</b>
02-07-06	WUC	04-19-07	Suppression System	
<b>02-17-05</b>	HM	02-28-07	Food Demo Lab Suppression System	<b>COMPLETED</b>
02-14-06	HM	02-28-07	Food Demo Lab Suppression System	
02-14-06	HM	02-28-07	Fire Separation  Magnetic Doors Holders - Five Doors	<b>COMPLETED</b>
02-17-05	Library (BBC)	02-28-07	Fire Sprinkler Heads Trim Piping	<b>COMPLETED</b>
02-14-06	KCC	02-28-07	Occupancy Load Signage	<b>COMPLETED</b>
02-14-06	KCC	02-28-07	Occupancy Load Signage	
02-14-06	KCC	02-06-07	Fire Separation  Magnetic Doors Holders	<b>COMPLETED</b>
<b>05-18-05</b>	WLF Museum	03-14-07	Fire Alarm	<b>COMPLETED</b>
<b>05-18-05</b>	WLF Museum	03-14-07	Sprinkler System	
<b>06-24-05</b>	WLF Museum	03-14-07	Exits	

## RISK MANAGEMENT & INSURANCE

### Insurance Renewals:

- All facilities in the State of Florida with single-walled underground petroleum products storage tanks are required to complete replacement or upgrade of these tanks by December 2009. As a result, the insurance market tightened considerably. Third party liability coverage, required by Florida Statute is in large part unavailable to facilities that have not yet completed upgrades. FIU was able to successfully renew coverage under an environmental policy as opposed to a strict “petroleum products liability” policy. The difference in cost was less than \$200 more than was paid last policy period. **Note:** The environmental liability policy is specific to the petroleum products storage tanks and does not include coverage for other environmental liability exposures.
- Medical Mal-practice Liability Insurance was renewed for 1,370 registered students in the Allied Health Professions, at a cost of \$12,127 or \$8.85 per student.

### Workers Compensation:

Eighteen (18) Workers’ Compensation claims were filed in the first quarter of Fiscal Year 2008-2009. There are:

- Eight (8) employees on temporary total disability (unable to work until recovered)
  - Two (2) employees on temporary partial disability ( physician approved modified duty)
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**THE FLORIDA INTERNATIONAL UNIVERSITY  
BOARD OF TRUSTEES  
FINANCE AND AUDIT COMMITTEE**

**13 NOVEMBER 2008**

**SUBJECT: UNIVERSITY COMPLIANCE REPORT**

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**PROPOSED COMMITTEE ACTION:**

None. Discussion Item.

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**EXHIBITS/SUPPORTING DOCUMENTS:**

- UNIVERSITY COMPLIANCE PROGRAM  
REPORT

**FACILITATOR/PRESENTER:**

- LEYDA BENITEZ

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**MEMORANDUM**

University Compliance Office

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**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 20, 2008

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The University Compliance Office respectfully submits this report to the Finance and Audit Committee of the Florida International University Board of Trustees on the status of compliance initiatives since the last report to this Committee dated August 20, 2008. This is the second interim report submitted during Fiscal Year 2008-2009.

I. Executive Summary:

The work of the University Compliance Office at this time continues to center around two general initiatives. The first focuses on raising awareness regarding the existence and import of the institutional compliance program through educational and training opportunities and the creation of resource materials and tools that will assist the University community in compliance efforts. The second general initiative consists of working in a collaborative capacity with University representatives in order to develop new policies, procedures or processes, or to strengthen existing ones, as may be required to comply with existing and applicable laws, regulations and University policies.

- On education and training, the University Compliance Officer was invited to present to new faculty members during orientation at the beginning of the 2008 Fall Term. In connection with this presentation, the University Compliance Officer prepared and distributed to the attendees, the academic deans, and the members of the Operations Committee a publication consisting of nine "Compliance Modules" in areas of specific compliance concern such as privacy, information technology security, export controls, research, and ethics.
- On compliance-related initiatives, work is ongoing in the development of necessary policies and procedures to comply with recent amendments to the Fair Credit Reporting Act; assisting in the review of new or updated policies in information technology, sponsored research, business and finance, and human

resources; and addressing matters related to laboratory licensure and health information privacy with representatives from University Health Services.

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

1. Fair and Accurate Credit Transactions Act Compliance: Last year, the Federal Trade Commission and federal banking agencies issued a regulation known as the Red Flags Rule which aims to reduce the risk and incidence of identity theft. Institutions subject to the Red Flags Rule are those creditors and financial institutions that provide covered accounts. Certain aspects of the Rule apply to FIU in connection with its student accounts and participation in the Federal Perkins Loan program. The University is analyzing the impact of the Rule on its operations to determine applicability, and developing a written identity theft prevention program. Compliance with the Red Flags Rule begins on November 1, 2008.
2. Education and Training Opportunities: On Tuesday, October 28, 2008, the University Compliance Officer and Associate Directors of Research Diana Oliva and Regnier Jurado are scheduled to present on the impact of export controls to the University's operations. This educational opportunity, which has been announced to the University community, will include a demonstration of a software tool the University uses in order to assist in its export controls compliance efforts. This presentation is a continuation of ongoing educational efforts in the area of export controls which began in Fiscal Year 2007-2008.
3. Pre-Employment Requirements Policy: Worked in close collaboration with the Division of Human Resources and the Office of the General Counsel in the review and update of the University's current policy on pre-employment requirements. At present, the institution conducts criminal background checks only for those individuals who will be hired to positions where such checks are required by law. Given the ever increasing number of both federal and Florida laws that would require such background checks, the University is exploring the possibility of requiring such checks on all new hires to either regular full-time or part-time, or temporary positions. The Vice President of Human Resources is leading this initiative on behalf of the institution.
4. University Policy on Cash Control: Reviewed policy in anticipation of presentation to the Operations Committee and the President's Staff for approval. Currently working with representatives from the Division of Business and Finance on procedural aspects of this now approved policy.
5. University Regulation on Demonstrations: Worked in close collaboration with the Office of the General Counsel and other University representatives in the review and update of the University regulation addressing the ability of

the University community and the general public to use University grounds for the conduct of activities such as assemblies, marches, parades and other exercises of free speech. This regulation has been posted and will be brought forth to the Board of Trustees for review and approval.

III. Current status of other previously reported compliance initiatives:

1. Academic Affairs Policies and Procedures: The University Compliance Officer is working with Vice Provost Kenneth Johnson in order to transition all of the Academic Affairs policies and procedures to the University Policies and Procedures Library. There are approximately eighty policies which are in the final stages of review and approval so that they may be transitioned over to the University Policies and Procedure Library. This project is ongoing, with an anticipated completion date at the end of the calendar year.
2. Conflict of Interest in Research Policy and Centralized Disclosure Process: The Conflict of Interest in Research Policy was presented to, and approved by the Operations Committee. Upon approval by the President's Staff, this policy will be posted to the University Policies and Procedures Library. The internal electronic process for conflict of interest disclosures is still in its development phase.
3. Ethics and Compliance Reporting Helpline: This specific initiative is on hold at this time, and must receive final approval from the institution's senior leadership.
4. Faculty Orientation: On August 20, 2008, the University Compliance Officer presented to new faculty members during orientation. The presentation provided basic information regarding the institutional compliance program and tools available to the University to assist in compliance such as the University Compliance Directory and the University Policies and Procedures Library; the ethical obligations of public employees under Florida law, conflicts of interest, nepotism, and privacy considerations.
5. Faculty Orientation "Compliance Modules":<sup>1</sup> As part of faculty compliance-related education, the University Compliance Office developed a number of Compliance Modules which were recently distributed to the new faculty members, academic deans, and members of the Operations Committee. These Compliance Modules cover the following subject matter areas:
  - Compliance Program and Tools
  - Ethics

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<sup>1</sup> The University Compliance Office is grateful for the assistance provided by the following University representatives in the development of the Compliance Modules: Karen Dlhosh, Director of Student Conduct and Conflict Resolution (Disruptive Students Module); Cheryl Grant, IT Security Officer (Information Technology Security Module); Diana Oliva, Associate Director for Research (Export Controls and Research Modules).

- Gifts
  - Conflicts of Interest
  - Nepotism
  - Student Education Records
- Privacy
- Public Records
- Information Technology Security
- Research
- Export Controls
- Disruptive Students

6. Governmental Relations Policies, Guidelines and Forms: A working group consisting of representatives from the Office of Governmental Relations, the Office of the General Counsel and the University Compliance Office continue to meet in order to finalize a university-wide policy on lobbying restrictions and limitations under both federal and Florida laws. It is anticipated that this initiative will be completed by the end of the calendar year. As reported previously, guidelines and forms to comply with the Federal Lobbying Disclosure Laws were distributed to members of the University community who need to know about these requirements and complete these forms.
7. Internal Audit Director Search and Screen Committee: The search for this position is active and ongoing. However, since the last report to this Committee, no new candidates have been identified. In light of the search's current status, the University Compliance Officer met with the Vice President of Human Resources to discuss an alternate approach. The Vice President of Human Resources has initiated the process of engaging a search firm to assist the University in this recruiting effort.
8. Summer Camps/Programs Involving Minors: As reported previously, a working group is reviewing and will make recommendations regarding requirements for agreements or activities such as short term academic or non-academic summer programs involving the participation of minors on campus or through the use of the University's name. The working group has met on several occasions; however, this initiative is still in its preliminary phase.
9. 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 have been drafted and are undergoing review. The anticipated date for implementation of these policies is the 2008 Fall Term.

10. Information Technology Security Policies and Procedures: Several key policies in the area of information technology security and e-commerce are at various stages of formulation and development including the E-commerce policy, Payment Card Industry Data Security Standard (PCI DSS), and an electronic records retention policy. Projected date for completion and implementation of these policies is December 31, 2008.
11. Jessica Lunsford Act Compliance: A working group has met to improve processes in place to assure compliance with this state law requirement on an institutional basis. At this time, compliance with this requirement is still achieved on a contract specific basis. This initiative will be accounted for, and incorporated into, the University's efforts regarding pre-employment inquiries further detailed in Section II, Subsection 3 above.
12. Mandatory Training (OSHA) Requirements for Employees: Representatives from the Division of Human Resources have implemented a procedure that streamlines the identification of new employees or those employees transferring to a new department who are required to receive specialized training under federal and Florida laws.
13. University Health Services Compliance-Related Matters: Work continues with representatives from University Health Services on various compliance-related matters including the laboratory licensure applications for the University Park and Biscayne Bay Campus facilities and elements of a comprehensive risk management program.
14. University Policies and Procedures Library and Compliance Directory: Since the last report to this Committee, policies and procedures in the following areas have been revised and updated: Enrollment Services, Facilities Management, Human Resources, Sponsored Research and University Graduate School. In addition, the University Compliance Directory was updated in October of 2008.

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 13, 2008. I welcome your questions, comments and concerns. Thank you.

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