FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE

Wednesday, December 9, 2015
9:00 am *approximate start time*
Florida International University
Modesto A. Maidique Campus
Graham Center Ballrooms

Committee Membership:
Gerald C. Grant, Jr, *Chair;* Justo L. Pozo, *Vice Chair;* Cesar L. Alvarez; Leonard Boord; Natasha Lowell; Kathleen L. Wilson

Liaison:
Richard Brilliant, *Foundation Board of Directors*

AGENDA

1. **Call to Order and Chair's Remarks** — **Gerald C. Grant, Jr.**

2. **Approval of Minutes** — **Gerald C. Grant, Jr.**

3. **Action Items**

   FA1. FIU Direct Support Organizations Financial Audits FY 2014-15 — **Kenneth A. Jessell**
   - A. FIU Foundation, Inc.
   - B. FIU Research Foundation, Inc.
   - C. FIU Athletics Finance Corporation
   - D. FIU Academic Health Center Health Care Network Faculty Group Practice, Inc.

   FA2. Amendment to Signature Authority – Authorization to Sign Checks for Certain Foreign Research Program Accounts — **Kenneth A. Jessell**

   FA3. Approval of construction of two (2) intramural/athletics department practice fields (the "Project"); Approval of Amendment to the 2015-16 Operating and Fixed Capital Budgets to include the Project; Approval of Amendment to the 2010-20 Campus Master Plan for the Modesto A. Maidique Campus to accommodate the Project — **Kenneth A. Jessell**

4. Discussion Items *(No Action Required)*

4.1	**Office of Internal Audit Status Report**	**Allen Vann**
4.2	**Financial Performance Review- First Quarter FY 2016**	**Kenneth A. Jessell**
4.3	**University Compliance Report**	**Karyn Boston**

5. Reports *(For Information Only)*

5.1	**Athletics Update**	**Pete Garcia**
5.2	**Business Services Report**	**Aime Martinez**
5.3	**Emergency Management Status Report**	**Ruben D. Almaguer**
5.4	**Facilities and Construction Update**	**John Cal**
5.5	**Foundation Report**	**Richard Brilliant**
5.6	**Safety and Environmental Compliance Report**	**Ruben D. Almaguer**
5.7	**Treasury Report**	**Phong Vu**

6. New Business

6.1	**Senior Management Discussion of Audit Processes**	**Gerald C. Grant, Jr.**

7. Concluding Remarks and Adjournment **Gerald C. Grant, Jr.**

The next Finance and Audit Committee Meeting is scheduled for Thursday, March 10, 2016

Finance and Audit Committee Meeting

Date: December 9, 2015

Subject: Approval of Minutes of Meeting held September 10, 2015

Proposed Committee Action:

Approval of Minutes of the Finance and Audit Committee meeting held on Thursday, September 10, 2015 at the FIU, Modesto A. Maidique Campus, Graham Center Ballrooms.

Background Information:

Committee members will review and approve the Minutes of the Finance and Audit meeting held on Thursday, September 10, 2015 at the FIU, Modesto A. Maidique Campus, Graham Center Ballrooms.

DRAFT

FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE
MINUTES
SEPTEMBER 10, 2015

1. Call to Order and Chair's Remarks
The Florida International University Board of Trustees' Finance and Audit Committee meeting was called to order by Committee Chair Gerald C. Grant, Jr. at 9:50 am on Thursday, September 10, 2015, at the Modesto A. Maidique Campus, Graham Center Ballrooms.

The following attendance was recorded:

Present	***Excused***
Gerald C. Grant, Jr., *Chair*	Cesar L. Alvarez
Justo L. Pozo, *Vice Chair*	
Leonard Boord	
Natasha Lowell	
Kathleen L. Wilson	

Trustees Jorge L. Arrizurieta and Alexis Calatayud and University President Mark B. Rosenberg were also in attendance.

Committee Chair Grant welcomed all Trustees, faculty and staff to the meeting.

2. Approval of Minutes
Committee Chair Grant asked that the Committee approve the Minutes of the meeting held on June 3, 2015. A motion was made and passed to approve the Minutes of the Finance and Audit Committee Meeting held on Wednesday, June 3, 2015.

3. Discussion Items
3.1 Office of Internal Audit Status Report
Internal Audit Director Allen Vann presented the Internal Audit Report, providing an update on recently completed audits, work in progress and the professional development activities of the University's Internal Audit staff.

3.2 Financial Performance Review – Fourth Quarter FY 2014-15
Senior Vice President and Chief Financial Officer Kenneth A. Jessell presented the Financial Performance Review for the fourth quarter of 2014-15 and provided a summary of University revenues and expenditures. He reported that the University and direct support organizations'

operating revenues were above estimates by $19.9M (or 2 percent), which can be primarily attributed to: higher auxiliary enterprise revenue, such as higher sales in the PantherTECH store and higher housing occupancy; higher than projected federal and other grants; and higher financial aid awards. He noted that these increases were offset by lower than anticipated cash donations to the FIU Foundation and lower than anticipated patient volumes for the FIU Health Care Network. He added that expenses were below estimates by $13.4M (or 1 percent), primarily due to lower expenditures, delayed spending and University and College of Medicine vacant positions.

3.3 Treasury Report

University Treasurer Phong Vu provided an overview of FIU's investment program and its governance and history, noting that prior to its implementation in 2006, all investments were in the Special Purpose Investment Account (SPIA) operated by the Florida State Treasury. He also presented descriptions of the Working Capital Pool and Strategic/Reserve Capital Pools and delineated the governance requirements. He noted that the value of FIU's portfolio as of June 30, 2015 was $294.2 million, adding that the portfolio had broad exposure across several asset classes. He added that the Working Capital Pool totaled $76.1 million, the Strategic/Reserve Capital Pool totaled $218.1 million, and highlighted data that delineated diversification and safety of capital. He presented data as of June 30, 2015 that compared FIU's performance in relation to SPIA and the benchmarks which are based upon target asset allocation. He stated that while performance for the fiscal year ending on June 30, 2015 was negative by 0.5 percent, FIU has consistently outperformed both SPIA and the benchmarks since inception.

3.4 University Compliance Report

Assistant Vice President, University Compliance and Privacy Officer Karyn Boston presented the University Compliance Report, providing implementation updates on compliance program goals for 2015-16. She also identified the compliance categories for risk assessment conducted and delineated the top categories, since January 1, 2015, for substantiated reports, policies communicated and compliance-related trainings.

4. Reports

Committee Chair Grant requested that the Athletics Update, Business Services Report, Emergency Management Status Report, Facilities and Construction Update, Foundation Report, and Safety and Environmental Compliance Report be accepted as written. There were no objections.

5. New Business

5.1 Office of Internal Audit Discussion of Audit Processes

Committee Chair Grant noted that as is stipulated in the Finance and Audit Committee Charter, the Committee must meet with the Office of Internal Audit without the presence of senior management. He further noted that as a public meeting conducted pursuant to the Sunshine law, no one present was required to leave during the discussion with the Office of Internal Audit, adding that this was strictly voluntary. Mr. Vann familiarized the new Committee member with the internal audit process. The Committee members discussed the Office of Internal Audit's process for following up on the implementation of past audit recommendations. Mr. Vann confirmed that management is cooperative with the Office of Internal Audit and that there were no scope impairments since the last separate session.

6. Concluding Remarks and Adjournment
With no other business, Committee Chair Gerald C. Grant, Jr. adjourned the meeting of the Florida International University Board of Trustees Finance and Audit Committee on Thursday, September 10, 2015 at 10:55 am.

There were no Trustee requests.

9.15.15 MB

Finance and Audit Committee
Date: December 9, 2015

Subject: Florida International University Foundation Inc., Financial Audit, 2014-15

Proposed Committee Action:

Recommend approval by the Florida International University Board of Trustees of the Florida International University Foundation, Inc. Financial Audit for the 2014-15 fiscal year and authorize the CEO of the Florida International University Foundation, Inc. to take all actions necessary pertaining to this Financial Audit, including filing the report with the Auditor General.

Background information:

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

The Florida International University Foundation, Inc. Financial Audit for 2014-15 was approved by the Florida International University Foundation, Inc. Board of Directors on October 24, 2015, and the University President is recommending its approval.

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

FLORIDA INTERNATIONAL UNIVERSITY
FOUNDATION, INC. AND SUBSIDIARIES
(A DIRECT SUPPORT ORGANIZATION)

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES
(A DIRECT SUPPORT ORGANIZATION)
TABLE OF CONTENTS
JUNE 30, 2015 AND 2014

INDEPENDENT AUDITORS' REPORT

Members of the Board of Directors and the Finance Committee and Audit Subcommittee
Florida International University Foundation, Inc. and Subsidiaries:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Florida International University Foundation, Inc. and Subsidiaries (the Foundation), a direct support organization and component unit of Florida International University, which comprise the consolidated statements of financial position as of June 30, 2015, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Foundation as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information included in the consolidated schedules of expenses on pages 32 and 33 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

2014 Financial Statements

The financial statements of the Foundation for the year ended June 30, 2014, were audited by another auditor who expressed an unmodified opinion on those statements on October 24, 2014.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2015, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Gainesville, Florida
October 24, 2015

CONSOLIDATED FINANCIAL STATEMENTS

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES
(A DIRECT SUPPORT ORGANIZATION)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

	2015	2014
Assets		
Cash and cash equivalents	$ 11,972,635	$ 6,218,875
Contributions receivable, net	82,383,328	65,477,408
Investments	231,026,551	232,884,625
Due from Florida International University	-	23,421
Bond issuance costs, net	85,181	97,651
Other assets	1,665,398	2,207,737
Fixed assets, net	18,190,373	16,290,009
Total Assets	$ 345,323,466	$ 323,199,726
Liabilities		
Accounts payable and other liabilities	$ 464,383	$ 506,415
Annuity payables	172,489	176,376
Deferred revenue	1,500,700	1,275,795
Due to Florida International University	2,154,133	1,645,566
Due to FIU Athletics Finance Corp.	-	218,000
Split-interest obligations	721,126	744,514
Derivative liability	-	103,307
Note payable	6,165,000	6,920,000
Total Liabilities	11,177,831	11,589,973
Net Assets		
Unrestricted	32,027,997	36,473,761
Temporarily restricted	95,709,060	75,751,823
Permanently restricted	206,408,578	199,384,169
Total Net Assets	334,145,635	311,609,753
Total Liabilities and Net Assets	$ 345,323,466	$ 323,199,726

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

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES
(A DIRECT SUPPORT ORGANIZATION)
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Gains and Other Support				
Contributions	$ 3,036,657	$ 28,778,519	$ 6,899,982	$ 38,715,158
Rental income	2,181,771	8,212	-	2,189,983
Administrative fees	2,282,209	-	-	2,282,209
Contributed services	899,905	-	-	899,905
Net investment income	2,303,160	4,622,249	-	6,925,409
Dues	351,942	281,153	73,544	706,639
Change in value of interest rate swap	103,307	-	-	103,307
Royalty income	90,220	-	-	90,220
Other	65,777	341,039	278,545	685,361
Net unrealized investment gain (loss)	(1,439,016)	899,117	-	(539,899)
	9,875,932	34,930,289	7,252,071	52,058,292
Net assets released from restrictions	14,734,175	(14,506,513)	(227,662)	-
Total Revenue, Gains and Other Support	24,610,107	20,423,776	7,024,409	52,058,292
Expenses				
Program services	19,803,693	-	-	19,803,693
General and administrative	5,872,791	-	-	5,872,791
Fundraising	4,352,252	-	-	4,352,252
Total expenses	30,028,736	-	-	30,028,736
Change in Net Assets From Current Operations	(5,418,629)	20,423,776	7,024,409	22,029,556
Other Changes				
Change in value of split-interest obligations	(60,613)	-	-	(60,613)
Provision for uncollectible promises to give	-	(466,539)	-	(466,539)
Loan guarantee	1,033,478	-	-	1,033,478
Change in Net Assets	(4,445,764)	19,957,237	7,024,409	22,535,882
Net Assets, beginning of year	36,473,761	75,751,823	199,384,169	311,609,753
Net Assets, end of year	$ 32,027,997	$ 95,709,060	$ 206,408,578	$ 334,145,635

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

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES
(A DIRECT SUPPORT ORGANIZATION)
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Gains and Other Support				
Contributions	$ 4,345,564	$ 8,924,339	$ 5,185,395	$ 18,455,298
Rental income	1,555,545	8,575	-	1,564,120
Administrative fees	2,128,367	-	-	2,128,367
Contributed services	887,007	-	-	887,007
Net investment income	9,084,641	30,432,727	-	39,517,368
Dues	496,209	194,109	87,956	778,274
Change in value of interest rate swap	160,720	-	-	160,720
Royalty income	100,939	-	-	100,939
Other	-	162,091	-	162,091
Net unrealized investment gain (loss)	424,442	(2,623,288)	-	(2,198,846)
	19,183,434	37,098,553	5,273,351	61,555,338
Net assets released from restrictions	14,351,660	(14,351,660)	-	-
Total Revenue, Gains and Other Support	33,535,094	22,746,893	5,273,351	61,555,338
Expenses				
Program services	18,084,327	-	-	18,084,327
General and administrative	4,454,372	-	-	4,454,372
Fundraising	3,497,757	-	-	3,497,757
Total Expenses	26,036,456	-	-	26,036,456
Change in Net Assets From Current Operations	7,498,638	22,746,893	5,273,351	35,518,882
Other Changes				
Change in value of split-interest obligations	(61,727)	-	-	(61,727)
Provision for uncollectible promises to give	-	(893,733)	(40,300)	(934,033)
Loan guarantee	(1,033,478)	-	-	(1,033,478)
Change in Net Assets	6,403,433	21,853,160	5,233,051	33,489,644
Net Assets, beginning of year	30,070,328	53,898,663	194,151,118	278,120,109
Net Assets, end of year	$ 36,473,761	$ 75,751,823	$ 199,384,169	$ 311,609,753

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

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES
(A DIRECT SUPPORT ORGANIZATION)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Cash Flows from Operating Activities		
Change in net assets	$ 22,535,882	$ 33,489,644
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	677,202	547,742
Provision for uncollectible promises to give	466,539	934,033
Net unrealized investment loss	539,898	2,198,846
Change in value of interest rate swap	(103,307)	(160,720)
Contribution revenue from FEH III gift agreement	-	(1,350,000)
Changes in value of split-interest obligations	60,613	61,727
Net investment income restricted for long-term reinvestment	(4,622,249)	(30,432,727)
Loss on disposal of property and equipment	2,432	3,200
Changes in assets and liabilities:		
(Increase) decrease in:		
Contributions receivable	(17,372,459)	2,766,944
Other assets	542,339	(1,304,421)
Due from Florida International University	23,421	36,908
Increase (decrease) in:		
Accounts payable and other liabilities	41,967	(183,580)
Annuity payables	(87,887)	(4,392)
Due to Florida International University	508,567	968,232
Due to FIU Athletics Finance Corp.	(218,000)	218,000
Deferred revenue	224,905	214,061
Total adjustments	(19,316,019)	(25,486,147)
Net cash provided by operating activities	3,219,863	8,003,497
Cash Flows from Investing Activities		
Contributions restricted for long-term investment	(5,747,943)	(7,169,545)
Proceeds from sale of capital assets	68	-
Purchases of property and equipment	(2,567,596)	(654,219)
Purchases of investments	(210,700,757)	(684,001,170)
Sales of investments	212,018,933	643,883,798
Net cash used in investing activities	(6,997,295)	(47,941,136)
Cash Flows from Financing Activities		
Principal repayments on note payable	(755,000)	(720,000)
Payments on split-interest obligations	(84,000)	(84,000)
Proceeds from contributions restricted for long-term investment	5,747,943	7,169,545
Net investment income restricted for long-term reinvestment	4,622,249	30,432,727
Net cash provided by financing activities	9,531,192	36,798,272
Net Increase (Decrease) in Cash and Cash Equivalents	5,753,760	(3,139,367)
Cash and Cash Equivalents, beginning of year	6,218,875	9,358,242
Cash and Cash Equivalents, end of year	$ 11,972,635	$ 6,218,875
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	$ 208,532	$ 297,143

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

(1) Nature of Organization and Significant Accounting Policies:

(a) **Organization and purpose**—Florida International University Foundation, Inc. (the "Foundation" or the "Organization"), a direct support organization ("DSO") 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 Mitchell Wolfson, Jr. Collection of nearly 27,000 objects of art and rare books dating from the late nineteenth to the mid-twentieth century has been loaned to the Wolfsonian, Inc. 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 periods. The Wolfsonian, Inc. is a tax-exempt organization as defined by Section 501(c)(3) of the Internal Revenue Code.

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.

Foundation Enterprise Holdings I, LLC ("FEH I") is a Florida limited liability company of which the sole member is the FIU Foundation, Inc. On March 29, 2011, the FEH I became the owner of real property located at 1035 and 1049 Washington Avenue, Miami Beach, Florida ("Property"), pursuant to an agreement with Mitchell Wolfson, Jr. and the Washington Storage Co. ("WSC") to convey Property to the FEH I for the benefit of the Wolfsonian-FIU. As part of the agreement with the WSC, the FEH I executed an Assignment and Assumption of Leases on March 29, 2011, and assumed all of the rights formerly held by WSC with regard to its lease agreements.

Foundation Enterprise Holdings II, LLC ("FEH II") is a Florida limited liability company of which the sole member is the FIU Foundation, Inc. On December 10, 2012, FEH II became the owner of real property located at 301, 311, and 321 Washington Avenue, Miami Beach, Florida ("JMOF Property"), pursuant to an agreement with the Jewish Museum of Florida, Inc. ("JMOF") and the University as explained in Note 2.

Foundation Enterprise Holdings III, LLC ("FEH III") is a Florida limited liability company of which the sole member is the FIU Foundation, Inc. On June 14, 2013, FEH III was organized pursuant to a gift agreement with Mitchell Wolfson, Jr. which transferred the gift of real property located at 100 East Flagler Street (Floors 2, 8, and 9), Miami, Florida, for the benefit of the Wolfsonian-FIU.

(1) **Nature of Organization and Significant Accounting Policies:** (Continued)

Foundation Enterprise Holdings IV, LLC ("FEH IV") is a Florida limited liability company of which the sole member is the FIU Foundation, Inc. On February 25, 2014, FEH IV became the owner of real property ("Islamorada Property") located at 85932 Overseas Highway, for the purpose of leasing to the University's College of Arts and Sciences to serve as the staging area for the Aquarius Reef Base, an undersea research laboratory. The Foundation has received a gift with pledged payments scheduled over five years in support of this acquisition.

FEH I, FEH II, FEH III and FEH IV have not elected under Section 301.8801-3(c) of the Income Tax Regulations to be classified as separate corporations or entities from its single member (the Foundation) for federal tax purposes. FEH I, FEH II, FEH III and FEH IV are treated, therefore, as "disregarded entities" for federal tax purposes under the Income Tax Regulations and are simply components or divisions of its single member for federal tax purposes.

(b) **Principles of consolidation**—The consolidated financial statements of the Foundation and its subsidiaries for the years ended June 30, 2015 and 2014, include the accounts of the Foundation, Wolfsonian, Inc., Foundation Enterprise Holdings I, LLC, Foundation Enterprise Holdings II, LLC, Foundation Enterprise Holdings III, LLC, and Foundation Enterprise Holdings IV, LLC based on the Foundation's controlling economic interest in the five entities. 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).

The Foundation's controlling economic interest in the Foundation Enterprise Holdings I, LLC was the result of a split interest agreement for the acquisition of a commercial real estate property on March 29, 2011.

The Foundation's controlling economic interest in the Foundation Enterprise Holdings II, LLC was the result of a gift agreement for the acquisition of museum property and its financial assets and obligations on December 10, 2012.

The Foundation's controlling economic interest in the Foundation Enterprise Holdings III, LLC was the result of a gift agreement for the acquisition of real property which was finalized on July 1, 2013.

The Foundation's controlling economic interest in the Foundation Enterprise Holdings IV, LLC was the result of a purchase of real property on February 25, 2014.

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

(c) **Basis of presentation**—Financial statement presentation follows the requirements of Accounting Standards Codification ("ASC") 958, Not-for-Profit Entities. Under ASC 958, the Foundation is required to report information regarding its consolidated 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.

(1) **Nature of Organization and Significant Accounting Policies:** (Continued)

(d) **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:

(i) **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.

(ii) **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.

(iii) **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.

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

(f) **Cash equivalents**—The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

(g) **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 fair value when received and subsequently at net realizable value which is based on prior years' collection experience and management's analysis of specific promises made. The receivables are further discounted to reflect their present value. The Foundation determines an allowance for uncollectible receivables based upon management’s judgment about such factors as prior collection history, type of contribution,

(1) **Nature of Organization and Significant Accounting Policies:** (Continued)

and nature of fundraising activity. Decreases in net realizable value are recognized as provision for uncollectable pledges in the period the decrease occurs. Increases in net realizable value are not recognized unless they represent recoveries of previous provision for uncollectable pledges incurred; increases are recognized as additional contribution revenue when the promise to give is collected.

(h) **Contributions**—Contributed goods and services are recorded as contributions at their estimated fair value at date of receipt.

(i) **Contributed services**—Donations of contributed services are recognized as contributions at their estimated fair value, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Services provided by volunteers throughout the year are not recognized as contributions in the consolidated financial statements since these services are not susceptible to objective measurement or valuation.

The consolidated statements of activities include services received from University personnel and these services are measured at the cost recognized by the University. Refer to recent accounting pronouncements described in this note for further information. For the years ended June 30, 2015 and 2014, the contributed services total $899,905 and $887,007, respectively.

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

(k) **Fair value of financial instruments**—ASC 820, *Fair Value Measurements and Disclosures*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, establishes a framework for measuring fair value, and requires financial statement preparers to disclose information about their fair value determinations in their financial statements. ASC 820 establishes a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best available information.

Equity investments that are listed on national securities exchanges, quoted on NASDAQ or on the over-the-counter market are valued at the last reported sale price, or in the absence of a recorded

(1) **Nature of Organization and Significant Accounting Policies:** (Continued)

sale, at a value between the most recent bid and asked prices. Mutual funds held by the Foundation which are deemed to be actively traded, are valued at the daily closing price as reported by the fund. These funds are required to publish their daily net asset value (NAV) and to transact at that price. Fixed income securities are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yield currently available on comparable securities of issuers with similar credit ratings. Alternative investments for which quoted market prices are not available include hedge funds and private investments. The estimated fair value of alternative investments is based on the net asset value of the fund or other valuation methods. The Foundation reviews and evaluates the values and assesses the valuation methods and assumptions used in determining the fair value of the alternative investments. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a readily available market for such investments existed and differences could be material.

See Note 5 for a summary of the inputs used as of June 30, 2015 and 2014, in determining the fair value of the Foundation's investments.

(l) **Property and equipment**—Property and equipment are defined assets with an initial individual cost of more than $1,000 and an estimated useful life in excess of 5 years and are recorded at historical cost. If contributed, the asset, with the exception of the collection of decorative and propaganda arts, is recorded at the fair 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. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, ranging from five to forty years.

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

(m) **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 the University's logo on credit cards and also to advertise on the University'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 from the University students and alumni population, faculty, staff, ticket holders, athletic teams and athletic departments.

(1) **Nature of Organization and Significant Accounting Policies:** (Continued)

(n) **Split-interest obligations**—The Foundation received a contribution of property in which the donor retains a life interest. The asset is a commercial real estate property and annual cash distributions are made to the donor under the terms of the agreement. The Foundation recorded the Property based on the fair value of the asset received. Initial recognition and subsequent adjustments to the asset carrying values are reported as a change in value of split-interest obligations in the accompanying consolidated financial statements.

Obligations under split-interest agreements are recorded when incurred at the present value of the anticipated distributions to be made to the donor designated beneficiaries. Distributions are paid over the lives of the beneficiaries. Present values are determined using appropriate discount rates and actuarially determined life expectancies. Obligations under split-interest agreements are revalued annually at June 30 to reflect actuarial experience; the discount rate is not changed. Any resulting difference between the asset and liability is recognized annually as revenue. The net revaluations together with any remaining recorded obligation after all trust or gift obligations under terminated agreements have been satisfied, are recorded as net changes in the value of split-interest obligations.

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

The Foundation's fair value estimate is based on its valuation models and assumptions and available market data, some of which may be internally developed.

(p) **Program services**—Program services expenses on the consolidated statements of activities include amounts transferred to related parties or amounts disbursed directly to third parties to benefit the University or its DSO's. These expenses include salaries, scholarships, and other program related expenses.

(q) **Income taxes**—The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The subsidiaries are Limited Liability Companies which are wholly owned by the Foundation and therefore are disregarded for tax purposes. However, the Foundation is subject to income tax on unrelated business income. The Foundation's primary source of unrelated business income is from certain investments in private equity partnerships. Income taxes incurred during the year, if any, are estimated to be immaterial to the consolidated financial statements.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of June 30, 2015, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements. If the Foundation were to incur an income tax liability in the future, interest and penalties would be reported as income taxes. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes the Foundation is no longer subject to income tax examinations from years prior to 2012.

(1) **Nature of Organization and Significant Accounting Policies:** (Continued)

(r) **Concentrations of credit risk**—Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents in banks, investments, and promises to give.

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

The Foundation maintains certain 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, 2015, approximately $230,500,000 was held in these accounts. The Foundation believes that the number, diversity and financial strength of the issuers mitigate the credit risks associated with all investments.

(s) **Recent accounting pronouncements**—In October 2012, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2012-05, *Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows*, (ASU 2012-05). ASU 2012-05 amended ASC 230-10 to clarify how cash received from the sale of donated securities should be presented in the consolidated statements of cash flows. The ASU requires a not-for-profit to classify cash receipts from the sale of donated securities in a manner consistent with cash donations received. The provisions of ASU 2012-05 will be effective for annual periods beginning after June 15, 2013. The Foundation incorporated the provisions of ASU 2012-05 in its consolidated financial statements for the year ended June 30, 2014 and it did not have a significant impact from this change.

In April 2013, the FASB issued Accounting Standards Update 2013-06, *Not-for-Profit Entities (Topic 958): Services Received from Personnel of an Affiliate*, (ASU 2013-06). ASU 2013-06 specifies the guidance that not-for-profit entities apply for recognizing and measuring services received from personnel of an affiliate. The Foundation incorporated the provisions of ASU 2013-06 in its consolidated financial statements for the years ended June 30, 2015 and 2014. This resulted in the recognition of contributed services revenue and general and administrative expenses with no impact to net assets.

In May 2015, the FASB issued Accounting Standards Update (ASU) 2015-07, *"Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)."* The ASU is effective for fiscal years beginning after December 15, 2016, with earlier adoption permitted. The Foundation has elected to early adopt the ASU, and apply it retrospectively to all periods presented.

(t) **Reclassifications**—In order to facilitate the comparison of financial data, certain June 30, 2014 account balances have been reclassified to conform to the current year reporting format. These reclassifications had no effect on net position.

(1) **Nature of Organization and Significant Accounting Policies:** (Continued)

(u) **Subsequent events**—Management has evaluated subsequent events to determine if events or transactions occurring through October 24, 2015, the date the consolidated financial statements were available to be issued, require adjustment to or disclosure in the consolidated financial statements. No subsequent events have been recognized or disclosed.

(2) **Gift Agreements:**

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 Foundation, subject to an agreement made and entered into by the Wolfsonian, Inc. and Mr. Wolfson, Jr., dated July 29, 1991. The agreement is dated through July 2021.

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

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

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

On December 10, 2012, the Foundation entered into a gift agreement with the Jewish Museum of Florida ("JMOF") and the University, whereby JMOF agreed to convey to the Foundation the JMOF Property together with all improvements, furnishings, fixtures, equipment and appurtenances. JMOF agreed to transfer to the Foundation all of its endowed funds, financial and other assets and interests in other property. As a result of this agreement, the Foundation also assumed all contractual and other obligations

(2) **Gift Agreements:** (Continued)

and liabilities of JMOF. The JMOF maintained a museum facility ("JMOF Museum") at the JMOF Property. In accordance with this gift agreement, JMOF Property is to be used exclusively in support of the JMOF Mission to collect, preserve and interpret for the public the material evidence of the Florida Jewish experience from at least 1763 to the present to Jews, non-Jews, Florida residents and visitors alike; and to examine how Jews form part of a dynamic mosaic of ethnicities, all seeking to balance the continuity and traditions of their heritage with the values and customs of a larger society.

According to the gift agreement, the University will develop a presence for the FIU Judaic Studies Program at the JMOF Property and the JMOF Museum will be operated and known as the "Jewish Museum of Florida – FIU". The University shall operate the JMOF Museum and educational and outreach activities in accordance with the guidelines of the American Association of Museums and will maintain the JMOF Museum as a unit of the University within its College of Arts and Sciences. The University and the Foundation will provide the JMOF Museum with the same administrative support afforded to other units pursuant to University and Foundation policies.

On June 14, 2013, the Foundation entered into a gift agreement with Mitchell Wolfson, Jr., Washington Storage Company, Inc., the University, and FEH III whereby Mr. Wolfson conveyed real property located at 100 E. Flagler Street (Floors 2, 8 and 9) to FEH III for the benefit of Wolfsonian-FIU and its programs.

(3) **Contributions Receivable:**

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

	2015	2014
Receivable in less than one year	$ 19,506,028	$ 13,791,215
Receivable in one to five years	46,682,729	56,800,601
Receivable in more than five years	24,689,409	1,603,619
	90,878,166	72,195,435
Less allowance for doubtful accounts	(1,473,658)	(1,450,475)
Less discount to present value	(7,021,180)	(5,267,552)
Contributions receivable, net	$ 82,383,328	$ 65,477,408

Contributions to be received after one year are discounted using U.S. Treasury yields. Amortization of discounts is recorded as additional contribution revenue reflecting donor-imposed restrictions, if any. The discount rates used ranged between 1-2%.

(3) **Contributions Receivable:** (Continued)

State match receivable

In accordance with Florida Statute Chapter 1011.94, Trust Fund for Major Gifts, endowment contributions of $100,000 or more, made after July 1, 1985 through June 29, 2011, with income to be used to "support libraries and instruction and research programs", are eligible for state match for gifts. Effective July 1, 2011, the state matching funds are temporarily suspended by the Legislature for donations received for this program on or after June 30, 2011. Existing eligible donations remain eligible for future matching funds. The program may be restarted after $200 million of the backlog for programs have been matched. The state has approved the Foundation's state matching requests that have not yet been received totaling $41,967,040. The State of Florida did not appropriate funds to pay for this program during fiscal year 2014-15; therefore the receivable is recorded in the accompanying consolidated financial statements discounted back through 2023 since the exact year of receipt is unknown. This receivable is included in the table above. The ultimate collection of the state match receivable is dependent upon the future appropriation of funds for this program by the State of Florida legislature. The estimate of the collectability of this receivable may be adjusted in future periods and any adjustment could be significant.

(4) **Investments:**

	As of June 30,	
	2015	**2014**
Domestic equities	$ 38,928,909	$ 39,592,756
Global equities	61,461,624	66,656,683
Real assets	12,232,126	19,864,453
Fixed income	30,919,505	31,101,247
Hedge funds	60,539,187	58,638,683
Private investments	26,931,444	17,018,260
	231,012,795	232,872,082
Plus accrued income	13,756	12,543
Total investments	$ 231,026,551	$ 232,884,625

Total net realized and unrealized investment gains and investment income for the year ended June 30, 2015 totaled $6,385,510, of which $4,520,871 was applied to individual endowments. Total net realized and unrealized investment gains and investment income for the year ended June 30, 2014 totaled $37,318,522 of which $28,497,041 was applied to individual endowments. Investment revenues are reported net of related expenses for custodial fees, investment management and incentive fees, and mutual fund expenses. Fees paid during the fiscal years ended June 30, 2015 and 2014, totaled $4,445,410 and $2,414,041, respectively. Investment consulting fees are reported as an expense in the consolidated statements of activities. Investment consultant fees totaled $559,665 and $351,747 for 2015 and 2014, respectively.

(5) **Fair Value Measurement:**

Accounting Standards Codification No. 820 (ASC 820), *Fair Value Measurements and Disclosures*, establishes a framework for determining fair value through a hierarchy that prioritizes the inputs in valuation techniques used to measure fair value. The three-level valuation hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The inputs are summarized in the three-level valuation hierarchy as follows:

Level 1 – Valuation is based on unadjusted quoted prices for identical assets or liabilities in active markets (e.g., exchange traded securities). An active market is defined as a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Valuation is based on significant observable inputs, either directly or indirectly, at the measurement date such as:

- (i) quoted prices for similar assets or liabilities in active markets;
- (ii) quoted prices for identical assets and liabilities in markets that are not active;
- (iii) observable inputs, other than quoted prices, for similar or identical assets and liabilities; or
- (iv) inputs that are derived from or corroborated by observable market data by correlation or other means.

Level 3 – Valuation is based on unobservable inputs for an asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of a market participant. Therefore, unobservable inputs reflect the Investment Manager's own assumptions about the assumptions that market participants would use in valuing the asset or liability, including assumptions about risk. Unobservable inputs are developed based on the best information available in the circumstances, which might include the Investment Manager's own data. The Investment Manager's own data used to develop unobservable inputs are adjusted if information is reasonably available without undue cost and effort that indicates market participants would use different assumptions. Investment types which have been valued using this approach generally include investments in investee funds that have lock-ups that are greater than 12 months.

(5) **Fair Value Measurement:** (Continued)

The following tables set forth by levels, within the fair value hierarchy, the Foundation's investments measured at fair value on a recurring basis as of June 30, 2015 and 2014:

	Investments at Fair Value as of June 30,			
	2015			
	Level 1	Level 2	Level 3	Fair Value Total
Investments				
Domestic equities[1]	$ 484,979	$ -	$ -	$ 484,979
Domestic equities measure at net asset value[2]				38,443,930
Total domestic equities	484,979	-	-	38,928,909
Global equities[1]	13,586,868	-	-	13,586,868
Global equities measured at net asset value[2]				47,874,756
Total global equities	13,586,868	-	-	61,461,624
Fixed income[1]	21,902,429	-	-	21,902,429
Fixed income measured at net asset value[2]				9,017,076
Total fixed income	21,902,429	-	-	30,919,505
Real assets[1]	8,690,367	-	-	8,690,367
Real assets measured at net asset value[2]				3,541,759
Total real assets	8,690,367	-	-	12,232,126
Hedge funds measured at net asset value[2]				60,539,187
Private investments measured at net asset value[2]				26,931,444
Subtotal investments at fair value	44,664,643	-	-	231,012,795
Plus accrued income	13,756	-	-	13,756
Total investments at fair value	$ 44,678,399	$ -	$ -	$ 231,026,551

[1] Excludes investments measured at net asset value.

[2] In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

(5) **Fair Value Measurement:** (Continued)

	Investments at Fair Value as of June 30,			
	2014			
	Level 1	**Level 2**	**Level 3**	**Fair Value Total**
Investments				
Domestic equities[1]	$ 6,926,057	$ -	$ -	$ 6,926,057
Domestic equities measure at net asset value[2]				32,666,699
Total domestic equities	6,926,057	-	-	39,592,756
Global equities[1]	34,063,354	-	-	34,063,354
Global equities measured at net asset value[2]				32,593,329
Total global equities	34,063,354	-	-	66,656,683
Fixed income[1]	22,021,438	-	-	22,021,438
Fixed income measured at net asset value[2]				9,079,809
Total fixed income	22,021,438	-	-	31,101,247
Real assets[1]	14,466,909	-	-	14,466,909
Real assets measured at net asset value[2]				5,397,544
Total real assets	14,466,909	-	-	19,864,453
Hedge funds measured at net asset value[2]				58,638,683
Private investments measured at net asset value[2]				17,018,260
Subtotal investments at fair value	77,477,758	-	-	232,872,082
Plus accrued income	12,543	-	-	12,543
Total investments at fair value	$ 77,490,301	$ -	$ -	$ 232,884,625
Swap agreement (see note 11)	$ -	$ (103,307)	$ -	$ (103,307)

[1] Excludes investments measured at net asset value.

[2] In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

(5) **Fair Value Measurement:** (Continued)

The following table discloses the nature and risk of investments for which fair value has been estimated using the net asset value per share (NAV) of the investments as a practical expedient as of June 30, 2015 and 2014:

	Investments Measured at Net Asset Value as of June 30, 2015			
	Total Fair Value	**Unfunded Commitments**	**Exit Frequency**	**Days Notice**
Equities				
Domestic equities (a)	$ 38,443,930	$ -	Monthly – Quarterly	5 – 40 days
Global equities (b)	40,098,829	-	Monthly – Quarterly	6 – 60 days
Emerging markets (c)	7,775,927	-	Monthly	7 – 30 days
Fixed income				
Domestic fixed income (d)	4,029,285	-	Daily	2 days
Global bonds (e)	4,987,790	-	Monthly	10 days
Real assets				
Natural resource equities (f)	3,541,758	-	Monthly	30 days
Hedge funds				
Fund of funds (g)	2,089,457	-	Quarterly – Semiannually	90 – 95 days
Long/short equity (h)	31,898,197	-	Quarterly – Every 3 Years *	30 – 180 days
Event driven/open mandate (i)	24,271,433	-	Quarterly – Annually*	30 – 90 days
Global macro (j)	2,280,100	-	Monthly	15 days
Private investments				
Private equity (k)	14,519,322	12,688,353	Illiquid	N/A
Venture capital (l)	12,412,122	6,761,988	Illiquid	N/A
	$ 186,348,150	$ 19,450,341		

* Ten percent of the redemption value is customarily held back by the hedge funds manager, for a period up to one year, pending a final audit of the fund for the year of exit.

(5) **Fair Value Measurement:** (Continued)

	Investments Measured at Net Asset Value as of June 30, 2014			
	Total Fair Value	**Unfunded Commitments**	**Exit Frequency**	**Days Notice**
Equities				
Domestic equities (a)	$ 32,666,699	$ -	Monthly	5 – 40 days
Global equities (b)	28,880,705	-	Monthly – Quarterly	6 – 60 days
Emerging markets (c)	3,712,624	-	Monthly	7 – 30 days
Fixed income				
Domestic fixed income (d)	230,016	-	Daily	2 days
Global bonds (e)	8,849,793	-	Monthly	10 days
Real assets				
Natural resource equities (f)	5,397,544	-	Monthly	30 days
Hedge funds				
Fund of funds (g)	6,030,309	-	Quarterly – Semiannually	90 – 95 days
Long/short equity (h)	25,292,479	-	Quarterly – Every 3 Years *	30 – 180 days
Event driven/open mandate (i)	23,413,729	-	Quarterly – Annually*	30 – 90 days
Global macro (j)	3,902,166	-	Monthly	15 days
Private investments				
Private equity (k)	9,505,877	4,484,066	Illiquid	N/A
Venture capital (l)	7,512,383	10,429,428	Illiquid	N/A
	$ 155,394,324	$ 14,913,494		

* Ten percent of the redemption value is customarily held back by the hedge funds manager, for a period up to one year, pending a final audit of the fund for the year of exit.

(a) **Domestic equities**—This category includes investments in publically listed equities of companies domiciled in the U.S.

(b) **Global equities**—This category includes investments in publically listed equities of companies domiciled globally.

(c) **Emerging markets**—This category includes investments in publically listed equities of companies listed in markets which have been categorized as emerging.

(d) **Domestic fixed income**—This category includes investments in publically traded debt instruments traded in the U.S.

(e) **Global bonds**—This category includes investments in globally listed public debt instruments.

(5) **Fair Value Measurement:** (Continued)

(f) **Natural resources equities**—This category includes investments in publically listed equities of companies that derive a substantial portion of their operations from natural resources related business operations.

(g) **Fund of funds**—This category includes investments in hedge funds that invest in a portfolio of other hedge funds.

(h) **Long/short equity**—This category includes investments in hedge funds that invest domestically and globally in both long and short common stocks across all market capitalizations. These investments offer a low correlation to traditional long-only equity benchmarks in order to achieve absolute return. Management of the hedge funds may opportunistically shift investments across sectors, geographies, and net market exposures.

(i) **Event driven/open mandate**—This category includes investments in hedge funds that invest in event-driven strategies including merger arbitrage, distressed debt, and convertible arbitrage to achieve returns.

(j) **Global macro**—This category includes investments in hedge funds that invest in global macro strategies including long and short equities, currencies, commodities, etc. based on evaluation of macroeconomic trends.

(k) **Private equity**—This category includes investments in several limited partnership funds that invest in equity securities and debt of private companies or conduct buyouts of public companies the result in a delisting of public equity. The nature of the investment in this category prohibits redemptions through the duration of the partnership, which ranges between 10 to 15 years. Distributions are received through the liquidation of underlying assets of the funds.

(l) **Venture capital**—This category includes investments in several limited partnership funds that invest in early-stage, high-potential startup companies or small businesses that do not have access to public funding. The nature of the investment in this category prohibits redemptions through the duration of the partnership, which ranges between 10 to 15 years. Distributions are received when underlying companies are exited via acquisition or IPO.

(6) Property and Equipment:

	2015	2014
MARC Building	$ 13,325,539	$ 13,325,539
Construction in progress – MARC	447,225	654,219
Infrastructure & other improvements – MARC	2,012,271	-
Foundation Enterprise Holdings I, LLC Building	2,100,000	2,100,000
Foundation Enterprise Holdings II, LLC Building	3,007,000	3,007,000
Foundation Enterprise Holdings III, LLC Building	1,350,000	1,350,000
Land	-	2,500
Furniture and equipment	926,465	169,030
	23,168,500	20,608,288
Less: Accumulated depreciation	(4,978,127)	(4,318,279)
Property and equipment, net	$ 18,190,373	$ 16,290,009

Depreciation expense was $664,732 and $535,272 for the years ended June 30, 2015 and 2014, respectively.

(7) Bond Issuance Costs:

As of June 30, 2015, 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 10. The issuance costs will be amortized over the term of the bonds which mature in 2022.

	2015	2014
Bond issuance costs	$ 230,985	$ 230,985
Less: Accumulated amortization	(145,804)	(133,334)
Bond issuance costs, net	$ 85,181	$ 97,651

Amortization expense was $12,470 for the years ended June 30, 2015 and 2014.

(8) Other Assets:

Other assets include the cash surrender value of life insurance policies in the amount of $804,653 and $824,106 at June 30, 2015 and 2014, respectively. The net benefit value of the underlying life insurance in force at June 30, 2015 and 2014, was approximately $6,754,543 and $4,629,903, respectively. Various individuals have donated the policies, with the Foundation designated as beneficiary and owner.

Additionally, other assets include a lease receivable in the amount of $620,510 and $1,037,000 at June 30, 2015 and 2014, respectively. In 2014, FEH IV entered into a lease agreement with Florida International University Board of Trustees to lease the Islamorada Property, commencing March 1, 2014, to the University's College of Arts and Sciences for five years beginning March 2015. The property is to be transferred to the University at the end of the lease term.

(8) **Other Assets:** (Continued)

As of June 30, 2015, the following represents the future principal payments to be received related to this lease agreement:

June 30	Amount
2016	$ 205,385
2017	222,814
2018	192,311
Total	$ 620,510

(9) Annuities Payable:

The Foundation has received, as of June 30, 2015 and 2014, $530,000 and $525,000, respectively, 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 $172,489 and $176,376 at June 30, 2015 and 2014, respectively.

(10) 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, Inc. and the Authority.

The Bonds are secured by an irrevocable letter of credit issued by a commercial bank as described below. The Foundation will finance the payments to the Authority under the loan agreement with lease payments received from the University under an operating lease (see Note 16). 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 11). 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, 2015 and 2014, the outstanding principal balance due under this note payable amounted to $6,165,000 and $6,870,000, respectively. For the years ended June 30, 2015 and 2014, total interest incurred and paid was $208,532 and $297,143, respectively.

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

(10) **Notes Payable:** (Continued)

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

The bonds were repurchased by the Trustee under the SunTrust Bank letter of credit due to the diminishing ability to remarket the variable rate demand bonds in the public marketplace. On July 30, 2010, the commercial bank converted the variable rate demand bonds into a five year tax exempt qualified loan. After the initial 5 year period, the bank would have the right to require the Foundation to refinance the bank qualified loan or could agree to extend the maturity date for an additional five year period. The Foundation agrees to pay interest at a rate of 67% of one month LIBOR plus 1.68% (1.81% at June 30, 2015). The bond maturity date of May 1, 2022 remains unchanged. The Foundation paid $52,213 in refinancing fees to complete this transaction. Since the terms remained substantially the same and the present value of the cash outflows is not substantially different, this is not considered an exchange of debt instruments and therefore, all remains unchanged.

On December 10, 2012 and pursuant to the JMOF Gift Agreement, the Foundation assumed the remaining mortgage on the property $150,000 due to Congregation Beth Jacob, Inc., a Florida not for profit corporation. The loan was payable in three $50,000 annual payments. In June 2015, a final payment of $50,000 was made.

The aggregate maturities of the note payable as of June 30, 2015 are as follows:

For the Year Ending June 30	Amount
2016	$ 745,000
2017	785,000
2018	825,000
2019	865,000
2020	910,000
Thereafter	2,035,000
Total	$ 6,165,000

(11) **Interest Rate Swap:**

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 10. Under the original swap agreement, the Foundation agreed to pay a fixed rate of 5.03 percent per annum and receive variable rates based on 67 percent of the one-month US Dollar LIBOR rate. Effective October 1, 2005, the Foundation renegotiated the swap agreement reducing the fixed payer rate under the swap to 4.63 percent per annum. The renegotiated swap agreement expired on February 1, 2015.

(12) **Split Interest Agreement:**

Foundation Enterprise Holdings became the owner of real property located at 1035 and 1049 Washington Avenue, Miami Beach, Florida pursuant to an agreement with Mitchell Wolfson, Jr. and the Washington Storage Co. ("WSC") to convey the Property to the FEH I for the benefit of the Wolfsonian-FIU. As part of the agreement with the WSC, the FEH I executed an Assignment and Assumption of Leases on March 29, 2011, and assumed all of the rights formerly held by WSC with regard to its lease agreements.

The Property and or net proceeds derived therefrom shall be used exclusively for the benefit of the Wolfsonian-FIU, and any net income or proceeds generated from the Property, after the satisfaction of the annual payments herein and reimbursement to the University, Foundation or FEH I of all expenses with respect to the Property, shall be used solely for the support and benefit of the Wolfsonian-FIU. Seller agrees that the Property may be used as a net revenue sources for the Wolfsonian-FIU, including but not limited to expansion of the Wolfsonian-FIU Facilities and/or other income generating projects such as the construction of the Wolfsonian-FIU facilities and/or other income generating projects such as the construction of a parking garage structure, with the express intent of achieving the highest and best use of the Property for the sole benefit of the Wolfsonian-FIU.

In return for the transfer of the Property and assignment of the leases to the FEH I, the Foundation or FEH I agreed to satisfy the seller's obligation under the current mortgage of $386,000; pay the 2010 property taxes on the real estate; documentary stamp taxes and Miami–Dade County surtax in connection with closing; pay the seller an annual sum of $84,000 commencing on April 1, 2011 and continuing until the demise of the donor.

The annual amount shall be paid in semi-annual installments of $42,000, with the first installment payment due on April 1, 2011. Notwithstanding references herein to net income or net proceeds generated by the Property, the payment shall be paid by the Foundation in all events without regard to income or proceeds generated by the Property.

Actuarial assumptions published by the Social Security Administration, actuarial publications period life table and a discount rate of 5% was used in calculating the present value of the anticipated distributions to be made to the donor.

The fair value of the assets held, included in fixed assets in the accompanying consolidated statements of financial position and corresponding liability to the donor, included in split-interest obligation are as follows:

	Fixed Asset	Liability to Donor	Net
Life Annuity	$ 2,100,000	$ 721,126	$ 1,378,874

(13) **Temporarily and Permanently Restricted Net Assets:**

Temporarily restricted net assets of $95,709,060 and $75,751,823, which includes $24,545,818 and $29,035,407 of endowment funds, at June 30, 2015 and 2014, respectively, represent gifts that are subject to donor-imposed restrictions, either for a specific purpose or subject to the passage of time. Temporarily restricted amounts also include earnings on permanently restricted endowments that have not yet been appropriated for expenditure by the Foundation.

Permanently restricted net assets of $206,408,578 and $199,684,169 at June 30, 2015 and 2014, respectively, 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 years ending June 30, 2015 and 2014 was 4.0%. The spendable earnings are recorded as either temporarily restricted or unrestricted assets, as stipulated by the donor.

(14) **Contributions to University Building Program:**

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

During the years ended June 30, 2015 and 2014, the Foundation transferred $2,324,638 and $2,221,694 to support numerous construction projects, as follows:

	As of June 30,	
	2015	2014
Army ROTC Center Building Fund	$ -	$ 1,300
CBA Building Complex	310,024	-
Football Stadium Expansion	299,576	2,100
Frost Art Museum Construction Fund	-	17,369
HM BBC Dining Facility Bldg	884,208	1,030,000
International Hurricane Research Center Building	-	115,000
Kovens Center BBC	1,234	17,766
Labor Center	-	5,285
Law School Building	16,481	60,252
Mixed Use Auxiliary Building	-	876,465
Nursing - Health Sciences Bldg	37,947	-
SIPA Bricks and Mortar Bldg	20,086	-
Southern Wine & Spirits Beverage Mgmt	20,485	-
Stocker Astrophysics Ctr Bldg	733,031	70,091
World for Tropical Botany	1,566	26,066
Total Contributions to University Building Program	$ 2,324,638	$ 2,221,694

(15) **Commitments and Contingencies:**

Loan Guarantees

The Foundation guaranteed amounts on fraternity housing projects on the University's Maidique Campus, specifically the Pi Kappa Alpha Kappa Gamma Greek Housing facility. On October 3, 2013, the fraternity's charter was revoked. The University provided the Pike Housing Corp. with notice of an event of default under the lease and a termination of the lease effective December 3, 2013. Regions Bank approved a 45 day extension of the maturity of the loan until November 15, 2013. Pike Housing Corp. failed to pay the full outstanding balance. Under the Guaranty, the Foundation was contractually obligated to pay the loan in the event of default. In November 2013, the Foundation paid the outstanding loan amount of $1,033,478 and was subsequently reimbursed by the University for the entire amount in December 2014. This is reported on the consolidated statement of activities.

In January of 2012, the Foundation board approved to guarantee the loan balance of the Graduate Association of Phi Gamma Delta Housing facility at Florida International University. This guarantee is expected to retire without being funded, and is not expected to significantly impact operations or future cash flows. The outstanding loan amount as of June 30, 2015 and 2014 was $351,594 and $479,313, respectively.

(16) **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, as lessee, has leased the grounds on which the multi-functional support complex was built, as described in Note 10. 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 10. Total amounts paid to the Foundation under this agreement were $1,678,177 and $1,375,281 for the years ended June 30, 2015 and 2014, respectively.

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 10, will be secured by the pledged lease 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.

(16) **Related Party Transactions:** (Continued)

The lease expires on May 1, 2022 which is the date of maturity of the loan agreement. The cost of the leased asset is $13,325,539 and the net book value is $9,096,459 at June 30, 2015. Minimum future rentals as of June 30, 2015 are approximately as follows:

For the Year Ending June 30	Amount
2016	$ 1,363,000
2017	1,363,000
2018	1,418,000
2019	1,418,000
2020	1,418,000
Thereafter	2,836,000
Total	$ 9,816,000

FEH IV entered into a lease agreement with Florida International University Board of Trustees to lease the Islamorada Property, commencing March 1, 2014, to the University's College of Arts and Sciences for an annual rent in the amount of $250,212 for five years beginning March 2015. The property is to be transferred to the University at the end of the lease term. At June 30, 2015, the $620,510 lease receivable was included in other assets on the consolidated statements of financial position. See further details in Note 8.

(17) **Endowments:**

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

Interpretation of Relevant Law

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

(17) **Endowments:** (Continued)

As of June 30, 2015, endowment net assets consisted of the following:

	Temporarily Restricted*	Permanently Restricted	Total
Endowment net assets, July 1, 2014	$ 29,035,407	$ 199,384,169	$ 228,419,576
Endowment investment return:			
Interest, dividends and realized gains	901,365	-	901,365
Unrealized gains	3,619,506	-	3,619,506
Total endowment investment returns	4,520,871	-	4,520,871
Contributions and other revenues	-	7,252,071	7,252,071
Appropriation of endowment assets for expenditure	(6,390,843)	-	(6,390,843)
Appropriation for administrative fee 2%	(2,218,347)	-	(2,218,347)
Release of JMOF endowment	(401,270)	(227,662)	(628,932)
Endowment net assets, June 30, 2015	$ 24,545,818	$ 206,408,578	$ 230,954,396

As of June 30, 2014, endowment net assets consisted of the following:

	Temporarily Restricted*	Permanently Restricted	Total
Endowment net assets, July 1, 2013	$ 8,553,241	$ 194,151,118	$ 202,704,359
Endowment investment return:			
Interest, dividends and realized gains	1,695,967	-	1,695,967
Unrealized gains	26,801,074	-	26,801,074
Total endowment investment returns	28,497,041	-	28,497,041
Contributions	-	5,273,351	5,273,351
Appropriation of endowment assets for expenditure	(5,920,846)	-	(5,920,846)
Appropriation for administrative fee 2%	(2,109,482)	-	(2,109,482)
Provision for uncollectible promises to give	-	(40,300)	(40,300)
Donor directed reinvestment of spending distributions	15,453	-	15,453
Endowment net assets, June 30, 2014	$ 29,035,407	$ 199,384,169	$ 228,419,576

* Temporarily restricted net assets shown above only include the earnings on permanently restricted endowments that have not yet been appropriated for expenditure by the Foundation.

(17) **Endowments:** (Continued)

Return Objectives and Risk Parameters
The Foundation has adopted investment policies and spending polices for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

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

Strategies Employed for Achieving Objectives
To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy
The Foundation's spending policy states that the Finance and Audit Committee will recommend, subject to approval by the Board of Directors, the annual spending distribution to be made to endowed accounts. In June 2014, the Board approved a resolution to determine the spending distribution as a percentage of the endowment's average market value (gift corpus plus undistributed investment earnings since inceptions) over twelve consecutive quarters ending on December 31 and distributed at the close of the Foundation's fiscal year. In prior years, the spending distribution was determined as a percentage of the endowment's average yearly market value.

Spending distributions are dependent on the Foundation's investment returns and are therefore not guaranteed. If in any given year investment losses reduce the endowment's market value below original corpus, future spending distributions are contingent on first restoring the endowment to its original corpus, before any distribution is made for spending. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. As of June 30, 2015 and 2014, the amount included in the endowment's temporarily restricted balance and approved for future spending on program services was $6,390,843 and $5,920,846, respectively.

SUPPLEMENTAL INFORMATION

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES
(A DIRECT SUPPORT ORGANIZATION)
CONSOLIDATED SCHEDULE OF EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014)

Project Name	Program Services	General and Administrative	Fundraising	2015	2014
Academic Affairs	$ 563,136	$ -	$ -	$ 563,136	$ 307,497
Administrative Reserve	-	53,664	-	53,664	48,722
Advancement operations	-	-	504,641	504,641	550,209
Athletics Fund - Golden Panthers	408,659	-	-	408,659	713,458
Banking fees	-	21,871	-	21,871	31,434
Business office operations	-	463,133	-	463,133	554,758
Capital Campaign	-	-	3,847,611	3,847,611	2,947,548
College of Architecture & the Arts	510,274	-	-	510,274	414,441
College of Arts & Sciences	2,586,166	-	-	2,586,166	2,370,752
College of Business Administration	2,091,911	-	-	2,091,911	1,860,090
College of Education	145,348	-	-	145,348	121,153
College of Engineering & Computing	1,061,271	-	-	1,061,271	1,005,886
College of Law	745,277	-	-	745,277	497,744
College of Medicine	2,807,316	-	-	2,807,316	2,799,395
College of Nursing & Health Sciences	621,110	-	-	621,110	485,476
College of Social Work, Justice & Public Affairs	-	-	-	-	47,206
Contributions to University Building Program	2,384,638	-	-	2,384,638	2,221,694
Depreciation & amortization	-	677,202	-	677,202	547,741
Division of Research	179,419	-	-	179,419	360
External Relations	26,367	-	-	26,367	52,296
FIU Alumni Association	569,944	-	-	569,944	287,303
FIU Libraries	71,146	-	-	71,146	62,310
FIU Vice President's allowance	-	8,720	-	8,720	12,239
Florida Board of Governor's assessment	-	36,254	-	36,254	36,318
Foundaton Enterprise Holdings I, LLC	-	146,647	-	146,647	132,622
Foundaton Enterprise Holdings II, LLC	-	55,341	-	55,341	49,639
Foundaton Enterprise Holdings III, LLC	-	164,488	-	164,488	90,808
Foundaton Enterprise Holdings IV, LLC	-	26,759	-	26,759	1,479

See accompanying notes to consolidated financial statements.

FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES
(A DIRECT SUPPORT ORGANIZATION)
CONSOLIDATED SCHEDULE OF EXPENSES (Continued)
FOR THE YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014)

Project Name	Program Services	General and Administrative	Fundraising	2015	2014
Frost Art Museum	$ 261,825	$ -	$ -	$ 261,825	$ 416,033
General Reserve	-	46,179	-	46,179	3,200
Honors College	77,734	-	-	77,734	93,896
Human Resources	22,038	-	-	22,038	26,753
Insurance	-	102,031	-	102,031	46,995
Interest	-	208,532	-	208,532	297,143
Investment consultant fees	-	559,665	-	559,665	351,889
Office of Engagement	505,331	-	-	505,331	298,186
President's Allowance	-	77,847	-	77,847	96,857
President's compensation	-	691,569	-	691,569	490,013
President's Office	102,606	-	-	102,606	10,127
Professional fees	-	961,926	-	961,926	281,496
School of Computing & Information	219,377	-	-	219,377	156,688
School of Hospitality Management	1,178,576	-	-	1,178,576	968,038
School of Journalism	239,199	-	-	239,199	305,849
Stempel School of Public Health	483,793	-	-	483,793	337,737
Student Affairs	85,953	-	-	85,953	37,849
University Advancement	93,934	-	-	93,934	17,743
University College	2,206	-	-	2,206	7,338
University Support	-	276,392	-	276,392	47,773
University Wide Scholarships and Programs	992,193	899,905	-	1,892,098	1,771,804
Utilities and Maintenance	-	384,273	-	384,273	293,885
Wolfsonian Museum	766,946	-	-	766,946	1,276,232
Wolfsonian, Inc. Expenses	-	10,393	-	10,393	152,353
Total Expenses	$ 19,803,693	$ 5,872,791	$ 4,352,252	$ 30,028,736	$ 26,036,456

See accompanying notes to consolidated financial statements.

COMPLIANCE REPORT

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Board of Directors and the Finance Committee and Audit Subcommittee
Florida International University Foundation, Inc. and Subsidiaries:

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Florida International University Foundation, Inc. and Subsidiaries (the Foundation), which comprise the consolidated statements of financial position as of and for the year ended June 30, 2015, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements and have issued our report thereon dated October 24, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Moore & Co., P.L.

Gainesville, Florida
October 24, 2015

Finance and Audit Committee

Date: December 9, 2015

Subject: Florida International University Research Foundation Inc., Financial Audit, 2014-15

Proposed Committee Action:

Recommend approval by the Florida International University Board of Trustees of the Florida International University Research Foundation, Inc. Financial Audit for the 2014-15 fiscal year and authorize the Executive Director of the Florida International University Research Foundation, Inc. to take all actions necessary pertaining to this Financial Audit, including filing the report with the Auditor General.

Background information:

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

The Florida International University Research Foundation, Inc. Financial Audit for 2014-15 was approved by the Florida International University Research Foundation, Inc. Board of Directors on October 14, 2015, and the University President is recommending its approval.

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

FLORIDA INTERNATIONAL UNIVERSITY
RESEARCH FOUNDATION, INC.
(A DIRECT SUPPORT ORGANIZATION)

FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC.
(A DIRECT SUPPORT ORGANIZATION)
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JUNE 30, 2015 AND 2014

James Moore
Certified Public Accountants and Consultants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Florida International University Research Foundation, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of the Florida International University Research Foundation, Inc. (the Research Foundation), a direct support organization and component unit of Florida International University, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Research Foundation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Research Foundation's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Research Foundation as of June 30, 2015, and the respective changes in financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Blended Component Unit

The financial statements of the Florida International Research iWASH Initiative Limited (iWASH) are presented in accordance with International Financial Reporting Standards (IFRSs) and its interpretations adopted by the International Accounting Standards Board (IASB). iWASH is a blended component unit, is presented in the Research Foundation's financial statements, and has a December 31st year-end. iWASH is audited by other independent auditors. Since the iWASH year end and presentation is not compatible with the Research Foundation's presentation as it is presented under the international accounting standards and not in accordance with generally accepted accounting principles in the United States of America, the financial statements and notes related to iWASH are presented on separate pages 14 – 29 along with the respective Report of Independent Auditors.

2014 Financial Statements

The financial statements of the Research Foundation for the year ended June 30, 2014, were audited by another auditor who expressed an unmodified opinion on those statements on October 6, 2014.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2015, on our consideration of the Research Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Research Foundation's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Gainesville, Florida
October 14, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the Florida International University Research Foundation, Incorporated (the "Research Foundation") for the fiscal year ended June 30, 2015 and 2014, and should be read in conjunction with the financial statements and notes thereto. The MD&A, financial statements and notes thereto, are the responsibility of management.

FINANCIAL HIGHLIGHTS

The Research Foundation's assets totaled $150.6 thousand at June 30, 2015. This balance reflects a $156.3 thousand, or 50.9 percent, decrease from the 2014 fiscal year, primarily resulting from a decrease in cash of $156.3 thousand. While assets decreased, liabilities also decreased by $10.2 thousand, or 11.9 percent. As a result, the Research Foundation's net assets decreased by $146.1 thousand reaching a year-end balance of $74.9 thousand.

The Research Foundation had no operating revenues for the 2015 fiscal year. Transfers from Florida International University (FIU) totaled $123.0 thousand. Operating expenses totaled $269.1 thousand for the 2015 fiscal year, representing an increase of 100.0 percent over the 2014 fiscal year. The Research Foundation participated as a partner with Florida High Tech Corridor Council, University of Central Florida Research Foundation, Inc., Osceola County and Enterprise Florida to establish a Florida Advanced Materials Research and Manufacturing Center. As part of the agreement, the Research Foundation paid $250.0 thousand. Refer to the Operating Expense section of the MD&A for more detailed information.

OVERVIEW OF FINANCIAL STATEMENTS

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

The Statements of Net Position

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

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

Condensed Statements of Net Position at June 30
(In Thousands)

	2015	2014	2013
Assets			
Current assets	$ 150.6	$ 306.9	$ 367.3
Total Assets	150.6	306.9	367.3
Liabilities			
Current liabilities	75.7	85.9	141.6
Total Liabilities	75.7	85.9	141.6
Net Position			
Unrestricted	74.9	221.0	225.7
Total Net Position	$ 74.9	$ 221.0	$ 225.7

Current assets are comprised mainly of cash. The University operates the U.S. Agency for International Development (USAID) grant in Burkina Faso, West Africa. The changes in cash are related to this grant in West Africa. The activities are reflected on the statement of net position as Due to FIU, which is part of Current Liabilities.

In summary, total assets decreased by $156.3 thousand, or 50.9 percent, while total liabilities decreased by $10.2 thousand, or 11.9 percent. As a result, the net assets balance at June 30, 2015, had an unfavorable decrease of $146.1 thousand, or 66.1 percent.

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

The Statements of Revenues, Expenses and Changes in Net Position

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

The following summarizes the Research Foundation's activity for the 2015, 2014, and 2013 fiscal years:

Condensed Statements of Revenues, Expenses and Changes in Net Position
(In Thousands)

	2015	2014	2013
Operating expenses	$ 269.1	$ 24.7	$ 22.3
Operating Loss	(269.1)	(24.7)	(22.3)
Expenses before transfers	(269.1)	(24.7)	(22.3)
Transfers from Florida International University	123.0	20.0	60.0
Changes in Net Position	(146.1)	(4.7)	37.7
Net Position - Beginning of Year	221.0	225.7	188.0
Net Position - End of Year	$ 74.9	$ 221.0	$ 225.7

Operating Revenues

The Research Foundation categorizes revenues as either operating or non-operating. Operating revenues generally result from exchange transactions where each of the parties to the transaction either give up or receive something of equal or similar value. There were no operating revenues in the current year.

Operating Expenses

The Research Foundation categorizes expenses as operating or non-operating. Government Accounting Standards Board (GASB) allows financial reporting entities the choice of reporting operating expenses in the functional or natural classifications. The Research Foundation has chosen to report the expenses in their natural classification on the statement of revenues, expenses, and changes in net position.

The following summarizes the operating expenses by natural classifications for the 2015, 2014, and 2013 fiscal years:

Operating Expenses
(In Thousands)

	2015	2014	2013
Professional services	$ 250.0	$ --	$ --
Audit and tax fees	18.5	17.5	22.0
Other operating expenses	0.6	7.2	0.3
Total Operating Expenses	$ 269.1	$ 24.7	$ 22.3

Operating expenses totaled $269.1 thousand for the 2015 fiscal year. This represents a 100.0 percent increase over the 2014 fiscal year and was due to an increase in other operating expenses related to the establishment of the Florida Advanced Materials Research and Manufacturing Center of $250.0 thousand. The Research Foundation participated as a partner with Florida High Tech Corridor Council, University of Central Florida Research Foundation, Inc., Osceola County and Enterprise Florida to establish a Florida Advanced Materials Research and Manufacturing Center. The areas of research and development included innovative advanced materials, advanced manufacturing and Energy and Emerging technologies. As part of the agreement, the Research Foundation paid $250.0 thousand. The collaboration of these different groups is creating an infrastructure that will provide research opportunities for faculty and students in the Corridor Universities.

TRANSFERS

As in prior years, the University transfers funds to the Research Foundation to support their operating expenses. Transfers for the June 30, 2015 fiscal year totaled $123.0 thousand versus $20.0 thousand for the June 30, 2014 fiscal year.

BLENDED COMPONENT UNIT

Florida International Research iWASH Initiative Limited

Florida International Research iWASH Initiative Limited was incorporated under the Tanzania Companies Act of 2002 on February 22, 2010. The company, Florida International Research iWASH Initiative Limited, is a "not for profit company."

In January 2010, Florida International University received a cooperative agreement funding award to support the Tanzania Integrated Water, Sanitation and Hygiene Program (iWASH). The company was established in Tanzania by the Florida International University Research Foundation, Inc. in order to implement the iWASH program in Tanzania. The funding is obligated under the USAID Strategic Assistance Objective #13 "Biodiversity Conserved in Targeted Landscapes through Livelihood Driven Approaches," and is under the bilateral Economic and Technical Cooperation Agreement signed between the Government of the United Republic of Tanzania and the Government of the United States of America. Current funding is for the period January 1, 2010 through December 31, 2015. The company has a year end of December 31. For additional information on this component unit, see the blended component unit section in Note 1 of the financial statements on page 11.

The goal of Tanzania iWASH Program is to support sustainable, market-driven water supply, sanitation, and hygiene services to improve health and increase economic resiliency of the poor in targeted rural areas and small towns within an integrated water resource management framework.

The period from January to March 2010 was the "set up phase", during which the company was established. The iWASH Office in Morogoro was established in April 2010. The full activities of the program started in July 2010.

The iWASH Program progressed well during the period from January to December 2014. USAID granted the Program a two-year 'with cost extension' to December 2015, so activities in early 2014 had to gear up quickly. Our partners Winrock International, and local partners SAWA and SEMA in Mvomero and Kilosa, MSABI in Kilombero, SHIPO in Njombe, and IDYDC in Iringa have provided water supply to serve 13,757 people. Achievements included the completion of 27 shallow wells fitted with rope pumps in the four Kidete Villages in Kilosa District. SHIPO completed Matowo Gravity Scheme serving 1049 people, and a further 27 shallow wells are serving and additional 5,372 people. In addition, a sanitation competition resulted in the construction of at least 254 improved household latrines serving 1,482 people, and over 35,000 were sensitized on sanitation and hygiene. New activities relating to productive use of water resulted in at least 1,098 households adopting new productive uses of water to improve their livelihoods and resilience. Also 277 people received training in NRM/WRM related activities.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The primary factor that will impact the Research Foundation in the future will be the University's ability to develop intellectual property rights. Royalty income generated from licenses of University intellectual property is transferred to the Research Foundation for re-investment in the FIU research enterprise. If the University is successful, the Research Foundation will have more funds to invest but this does not change the objectives of the Research Foundation.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC.
(A DIRECT SUPPORT ORGANIZATION)
STATEMENTS OF NET POSITION
JUNE 30, 2015 AND 2014

	2015	2014
ASSETS		
Current assets		
Cash	$ 150,584	$ 306,955
LIABILITIES		
Current liabilities		
Accounts payable	2,000	2,166
Due to Florida International University	73,674	83,705
Total current liabilities	75,674	85,871
NET POSITION		
Net position		
Unrestricted	$ 74,910	$ 221,084

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

FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC.
(A DIRECT SUPPORT ORGANIZATION)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Operating expenses		
Professional fees	$ 250,000	$ -
Audit and tax fees	18,534	17,418
Other operating expenses	640	7,252
Total operating expenses	269,174	24,670
Operating loss	(269,174)	(24,670)
Transfers from Florida International University	123,000	20,000
Change in net position	(146,174)	(4,670)
Net position, beginning of year	221,084	225,754
Net position, end of year	$ 74,910	$ 221,084

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

FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC.
(A DIRECT SUPPORT ORGANIZATION)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Cash flows from operating activities		
Receipts from Florida International University	$ -	$ 47,424
Cash paid for program activities	(279,371)	(127,786)
Net cash used in operating activities	(279,371)	(80,362)
Cash flows from non-capital and related financing activities		
Transfers from Florida International University	123,000	20,000
Net decrease in cash	(156,371)	(60,362)
Cash, beginning of year	306,955	367,317
Cash, end of year	$ 150,584	$ 306,955
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (269,174)	$ (24,670)
Change in assets and liabilities:		
Decrease in accounts payable	(166)	(821)
Decrease in due to Florida International University	(10,031)	(54,871)
Net cash used in operating activities	$ (279,371)	$ (80,362)

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

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies of the Florida International University Research Foundation, Inc. (the Research Foundation or the Organization), which affect elements of the accompanying basic financial statements:

(a) **Reporting entity**— The Research Foundation, a Florida not-for-profit corporation, is a direct support organization and a component unit of Florida International University (FIU or the 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 July 29, 2010.

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 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.

The financial reporting entity covered by this report includes the Organization and its component unit. The reporting entity has been defined by GASB as the Organization and those component units for which the Organization is financially accountable and has an ongoing relationship of financial burden towards the blended component unit. Blended component units, although legally separate entities, are, in substance, part of the government's operations, therefore, data for these units are generally combined with data of the Organization.

(b) **Blended component unit**—The Florida International Research iWASH Initiative Limited (iWASH) was created on February 22, 2010, under the Companies Act of 2002 which was formed in Tanzania. The entity is a not for profit company as defined by the laws in Tanzania. This entity was established solely as a legal entity to implement the development initiative known as Tanzania iWASH Program.

The financial statements of iWASH presented are prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB). The iWASH board members consist of two members, one of which is authorized as the Research Foundation's representative at any meeting of the company and is entitled to exercise the same powers on behalf of the company as if it were an individual member present at the meeting including power to vote. iWASH is fiscally dependent on the Research Foundation because the company was established as a legal entity solely to implement the development initiative known as Tanzania iWASH Program. Accordingly, iWASH is a blended component unit and is presented in the Research Foundation's financial statements. iWASH has a December 31st year-end. Since the iWASH year end and presentation is not compatible with the Research Foundation's presentation as it is presented under the international accounting standards and not in accordance with Generally Accepted Accounting Principles in the United States of America, the financial statements and notes related to iWASH are presented on separate pages. Complete financial statements for the iWASH Limited can be obtained by writing to: Controller, Florida International University, Division of Research, 11200 S.W. 8th Street, Miami, FL 33199.

(1) **Summary of Significant Accounting Policies:** (Continued)

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

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.

GASB Statement No. 65 "Items Previously Reported as Assets and Liabilities" establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. This implementation of this statement had no impact on the Research Foundation's financial statement.

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

(e) **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.

(f) **Operating revenues and expenses**—The Research Foundation's statement of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenue and expenses. Operating revenue results from exchange transactions associated in matters pertaining to research, which is the Research Foundation's principal activity. Other sources of revenue, including investment earnings, are reported as nonoperating revenue. Operating expenses include all expenses incurred in matters pertaining to research, other than external financing costs.

(g) **Income taxes**—The Organization is a not-for-profit corporation, as described in Section 501(c)(3) of the Internal Revenue Code and as such are subject to federal income taxes only on unrelated business income. There were no income taxes resulting from unrelated business income during the years ended June 30, 2015 and 2014.

(1) **Summary of Significant Accounting Policies:** (Continued)

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of June 30, 2015, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. If the Organization were to incur an income tax liability in the future, interest and penalties would be reported as income taxes. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Research Foundation's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination Management believes the Organization is no longer subject to income tax examinations for years prior to 2012.

(h) **Transfers**—For the years ended June 30, 2015 and 2014, transfers from the University to support the operating expenses of the Research Foundation totaled $123,000 and $20,000, respectively.

(2) **Deposits:**

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

CONCENTRATIONS OF CREDIT RISK FOR CASH

The Organization has a bank account in Burkina Faso, West Africa to support the operations pertaining to the West Africa Water Supply, Sanitation and Hygience (WA-WASH) Program under a U.S. Agency for International Development (USAID) grant. The balance in this account of $120,998 and $78,281 as of June 30, 2015 and 2014, respectively, is not FDIC insured and is subject to foreign currency exchange risk. The Research Foundation maintains its cash balances with high quality financial institutions, which the Research Foundation believes limits these risks.

(3) **Due to Florida International University:**

The amount Due to Florida International University of $73,674 and $83,705 as of June 30, 2015 and 2014, respectively, represents funds that were sent to Burkina Faso related to grant operations. This liability will be reduced as vendors are paid in Burkina Faso. The funds for grant operations in Burkina Faso are repaid directly to the University from the grantor.

FLORIDA INTERNATIONAL UNIVERSITY RESEARCH
iWASH INITIATIVE LIMITED

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REPORT OF THE INDEPENDENT AUDITORS' TO THE MEMBERS OF FLORIDA INTERNATIONAL RESEARCH IWASH INITIATIVE LIMITED

We have audited the financial statements of Florida International Research iWash Initiative Limited, which comprise the statement of financial position as at 31 December 2014, the statement of profit or loss and comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information as set out on pages 12 to 20.

The memorandum column representing results in Tanzania Shillings (TZS) do not form part of the audited financial statements and the basis for translation is stated in note 1(b) of the notes to the financial statements.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2002, and for such internal controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Florida International Research iWash Initiative Limited as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2002.

KPMG

REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF FLORIDA INTERNATIONAL RESEARCH IWASH INITIATIVE LIMITED (CONTINUED)

Report on other legal and regulatory requirements

As required by the Companies Act, 2002 we report that:

- in our opinion, proper accounting records have been kept by Florida International Research iWash Initiative Limited;
- the individual accounts are in agreement with the accounting records of the Company; and
- we obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

KPMG
Certified Public Accountants (T)

……………………………………

Signed by: M. Salim Bashir
Dar es Salaam

21 May 2015

FLORIDA INTERNATIONAL RESEARCH
iWASH INITIATIVE LIMITED
(A Component Unit)

STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2014

	2014	2013
Assets		
Non Current Assets		
Property and equipment	$ 4,336	$ 5,780
Current Assets		
Cash and cash equivalents	58,090	11,673
Total Assets	$ 62,426	$ 17,453
Equity and Liabilities		
Fund Accounts		
Retained earnings	$ -	$ -
Long Term Liabilities		
Capital grant	-	-
Current Liabilities		
Capital grant - current portion	4,336	5,780
Deferred grant	58,090	11,673
Total Current Liabilities	62,426	17,453
Total Equity and Liabilities	$ 62,426	$ 17,453

FLORIDA INTERNATIONAL RESEARCH
iWASH INITIATIVE LIMITED
(A Component Unit)

STATEMENT OF COMPREHENSIVE INCOME AND
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
Statement of Comprehensive Income		
Income		
Grant income	$ 385,506	$ 525,024
Amortization of capital grant	1,444	52,220
Total Income	386,950	577,244
Expenditure		
Operating expenditure	386,950	577,244
Operating Surplus	-	-
Other Comprehensive Income (Net Taxes)	-	-
Total Comprehensive Income	$ -	$ -

Statement of Changes in Equity

	Accumulated Surplus	Accumulated Surplus
Balance - January 1, 2014	$ -	$ -
Surplus for the period	-	-
Balance - December 31, 2014	$ -	$ -

FLORIDA INTERNATIONAL RESEARCH
iWASH INITIATIVE LIMITED
(A Component Unit)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
Cash Flow (Used in) from Operating Activities		
Operating surplus	$ -	$ -
Depreciation	1,444	52,220
Amortization of capital grant	(1,444)	(52,220)
Operating Profit before Working Capital Changes	-	-
Net Cash Flow from Operating Activities	$ -	$ -
Cash Flow from Financing Activities		
Capital grant received	-	-
Movement in deferred grant	46,417	(30,452)
Cash Flow from Financing Activities	46,417	(30,452)
Cash Flow from Investing Activities		
Acquisition of plant and equipments	-	-
Cash Flow from Investing Activities	-	-
Net Increase (Decrease) in Cash and Cash Equipvalents	46,417	(30,452)
Cash and Cash Equivalents - Beginning of Period	11,673	42,125
Cash and Cash Equivalents - End of Period	$ 58,090	$ 11,673

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Florida International Research iWASH Initiative Limited (the Company) is an Organization domiciled in Tanzania. The financial statements of the Company are for the period ended December 31, 2014.

The principal accounting policies adopted in the preparation of these financial statements are set out below:

STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB).

BASIS OF PREPARATION

Presentation of Financial Statements
The Company applies revised IAS 1 Presentation of Financial Statements (2007), which became effective as of January 1, 2009. As a result, the Program presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes (if any) in equity are presented in the statement of comprehensive income.

Statement of Compliance
The financial statements are prepared in accordance with and comply with IFRS.

Basis of Measurement
The financial statements have been prepared on the historical cost basis.

Translation of Foreign Currencies
Transaction in foreign currencies are translated to USD at the foreign exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to USD at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the statement of comprehensive income.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PREPARATION (CONTINUED)

Use of Estimates and Judgment

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liability, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Going Concern

The company operations are funded by its member, Florida International University Research Foundation, Inc.

Florida International University Research Foundation, Inc. has confirmed in its letter dated May 18, 2015 its intention to continue providing financial support and will not recall the outstanding advance within the foreseeable future.

EMPLOYEE BENEFITS

The Company makes statutory contributions (Defined Contribution Plan) to the Government Employees Pension Fund (GEPF). The Company's obligations in respect of contributions to such funds are 10% of the employees' gross emoluments. Contributions to this pension fund are recognized as an expense in the period the employees render the related services.

REVENUE RECOGNITION

Grants that compensate the Company for expenses incurred are recognized in Statement of Comprehensive Income on a systematic basis in the same periods in which the expenses are recognized. Grant income is comprised entirely of a grant from US Agency for International Development (USAID) to Florida International University.

Capital grant recognized as differed income and amortized over the useful life of the assets.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY AND EQUIPMENT

Recognition and Measurement
Items of property and equipment are stated at cost less accumulated depreciation.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to the working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Borrowing costs related to the acquisition or construction of qualifying assets is recognized in profit or loss as incurred.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within "operating expenses" in profit or loss.

Subsequent Costs
The cost of replacing an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its costs can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of day to day servicing of property, plant and equipment are recognized in statement of comprehensive income as incurred.

Depreciation
Depreciation is recognized in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The annual rates for the estimated useful lives for the current and comparative periods are as follows:

Motor vehicles	25.0%
Computer equipment	37.5%
Furniture and other equipment	12.5%

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY AND EQUIPMENT (CONTINUED)

New Relevant Standards, Amendments and Interpretations Issued but Not Yet Effective and Not Early Adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2014, and have not been applied in preparing these company financial statements. All Standards and Interpretations will be adopted at their effective date.

- Amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciations and amortization (effective for annual periods beginning on or after January 1, 2016).

  The amendments to IAS 16 *Property, Plant and Equipment* explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment.

  The amendments to IAS 38 *Intangible Assets* introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. The presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated,' or when the intangible asset is expressed as a measure of revenue.

The amendments apply prospectively for annual periods beginning on or after January 1, 2016 and early adoption is permitted. The adoption of these changes will not affect the amounts and disclosures of the Organization's property and equipment and intangible assets.

- Amendments to IAS 1: Disclosure initiative (effective for annual periods beginning on or after January 1, 2016).

  The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments apply for annual periods on beginning on or after January 1, 2016 and early application is permitted. The adoption of these changes will not bring any major change in the disclosure of the Organization's financial statements.

- IFRS 9 Financial Instruments – 2014: (effective for annual periods beginning on or after January 1, 2018).

  On July 24, 2014, the IASB issued the final IFRS 9 *Financial Instruments* Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*.

  This standard introduces changes in the measurement bases of the financial assets to amortized cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY AND EQUIPMENT (CONTINUED)

New Relevant Standards, Amendments and Interpretations Issued but Not Yet Effective and Not Early Adopted (Continued)

In addition, the IFRS 9 impairment model has been changed from an “incurred loss” model from IAS 39 to an “expected credit loss” model.

The standard is effective for annual periods beginning on or after January 1, 2018 with retrospective application, early adoption is permitted. The adoption of this standard is expected to have a significant impact in the financial statements of the Organization. The Organization is currently assessing the potential impact on its financial statements resulting from the application of IFRS 9.

Comparatives

Where necessary, comparative figures have been restated to conform with changes in presentation in the current year.

NOTE 2 – DEFERRED GRANT

	2014	2013
Opening Balance	$ 11,673	$ 42,125
Receipts for the period	431,923	494,572
Grant income release (see Note 3 below)	(385,506)	(525,024)
Exchange difference	-	-
Balance at December 31	$ 58,090	$ 11,673

NOTE 3 – OPERATING EXPENDITURES

	2014	2013
NRA-Salaries and consultants (non US personnel)	$ 224,927	$ 296,876
Foreign Travel (Travel in TZ)	43,063	79,530
Airfare - foreign	912	2,174
Maintenance Contracts	6,914	6,840
Security Services	7,981	6,767
Rent of buildings	5,850	4,410
Rent expenses	1,733	5,353
Cellular phones	1,713	1,725
Communications charges	3,688	5,401
Motor vehicles others	-	5,390
Bank fees	1,491	1,713
Office supplies	4,467	4,671
Other materials and supplies	627	645
Gasoline & diesel	14,171	23,889
Other motor fuel supplies	7,297	5,394
Auto insurance	1,987	3,072
Postage	-	2
Courier/freight	479	593
Printing, copy card, Xerox and reproduction	16,126	13
Miscellaneous	5,259	187
Scholarships	6,613	25,670
F&E <$1000	-	-
F&E <$5000 (is under $5,000 not over)	1,712	(4,230)
Computer equipment under $5,000	-	8,637
Stipend	12,709	27,867
Professional fees	14,490	4,458
Exchange loss	(79)	168
Subcontracts under $25,000	(7,178)	-
Consulting services	3,750	-
Food products	4,804	7,809
Total Operating Expenses	385,506	525,024
Depreciation	1,444	52,220
Total Operating Expenditures	$ 386,950	$ 577,244

NOTE 4 – PROPERTY AND EQUIPMENT

	Office Equipment	Motor Vehicles	Office Furniture and Fittings	Computer Accessories	Total
Cost					
At January 1, 2013	$ 2,465	$203,110	$ 9,091	$ 23,333	$ 237,999
Additions	-	-	-	-	-
	-	-	-	-	-
Translation difference	-	-	-	-	-
At December 31, 2013	2,465	203,110	9,091	23,333	237,999
At January 1, 2014	2,465	203,110	9,091	23,333	237,999
Additions	-	-	-	-	-
Disposals	-				
Translation difference	-	-	-	-	-
At December 31, 2014	2,465	203,110	9,091	23,333	237,999
Depreciation					
At January 1, 2013	924	152,334	3,408	23,333	179,999
Charge for the year	308	50,776	1,136	-	52,220
Eliminated on disposal	-	-	-	-	-
Translation difference	-	-	-	-	-
At December 31, 2013	1,232	203,110	4,544	23,333	232,219
At January 1, 2014	1,232	203,110	4,544	23,333	232,219
Charge for the year	308	-	1,136	-	1,444
Eliminated on disposal	-				
Translation difference	-	-	-	-	-
At December 31, 2014	1,540	203,110	5,680	23,333	233,663
Carrying Amount at					
December 31, 2013	$ 1,233	$ -	$ 4,547	$ -	$ 5,780
December 31, 2014	$ 925	$ -	$ 3,411	$ -	$ 4,336

NOTE 5 – CASH AND CASH EQUIVALENTS

	2014	2013
USD Account 6002092	$ 51,075	$ 9,782
TZS Account 6000200	7,015	1,891
	$ 58,090	$ 11,673

NOTE 6 – CAPITAL GRANTS MOVEMENT

	2014	2013
Opening Balance	$ 5,780	$ 58,000
Capital grant received during the period	-	-
Amortization of capital grants	(1,444)	(52,220)
Balance at December 31	$ 4,336	$ 5,780
Long term portion	$ -	$ -
Current portion	4,336	5,780
Total	$ 4,336	$ 5,780

Capital grants represent donations the company received in the form of fixed assets, and it is amortized annually depending on their useful life.

NOTE 7 – RELATED PARTY TRANSACTIONS

The Florida International University, Winrock International and Cooperate for Assistance and Relief Everywhere (CARE) are the only related parties of the Company. All transactions were conducted at arm's length.

NOTE 8 – TAXES

The Florida International Research iWASH Initiative Limited has been registered as company limited by guarantee, governed by Companies Act, 2002, having no motive to make profits. The company is exempted from VAT and Corporate Tax.

NOTE 9 – FINANCIAL INSTRUMENTS – FAIR VALUE AND MEASUREMENT

The Company has not disclosed the fair values of financial instruments such as short-term receivables and payables, because their carrying amounts are a reasonable approximation of the fair values hence they are presented under “Financial assets not measured at fair value.”

NOTE 10 – FINANCIAL RISK MANAGEMENT

The Company's principal financial instruments comprise cash and payables. These financial instruments arise directly from the Company's operations. The Company has not traded in financial instruments throughout the year end December 31, 2014.

The main risks arising from the Company's financial instruments are credit risks and market risk. The Company's management is responsible for the establishment and oversight of the Company's risk management framework. The Board of Directors reviews and agrees policies for managing each of these risks as summarized below.

LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damaging the Company's reputation.

The Company monitors its exposure to liquidity risk using projected cash flows from operations. The Company's exposure to liquidity risk is considered low due to existence of sufficient cash and bank balances.

The Company has a policy not to utilize debt or overdraft facilities.

MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company does not trade in financial markets and accordingly, there is no material exposure to market risk except as described below.

NOTE 10 – FINANCIAL RISK MANAGEMENT (CONTINUED)

INTEREST RATE RISK

The Company's exposure to the risk of changes in market interest rates relates primarily to cash and bank balances. Bank account balances are monitored monthly, and kept at the lowest possible operations balance. A fluctuation of interest rates due to the changes in economic conditions will not have a material impact on the financial position of the Company; therefore no sensitivity analysis has been presented.

CREDIT RISK

Credit risk is the risk of financial loss to the Organization if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Organization's balances receivable and money maintained in bank accounts.

There is no credit risk to the organization because there are no receivable balances.

FOREIGN CURRENCY RISK

The Company is exposed to currency risk on bank balances which are denominated in foreign currency. The Company manages this risk by ensuring that foreign currency bank balances are kept at the minimum amount possible. In the recent years, due to the depreciation of the local currency, the Company has not experienced any adverse effect from its foreign currency denominated bank balances.

FAIR VALUES

The Company's financial instruments are cash and cash equivalents and other payables. These financial instruments realize over a short term resulting in the financial instruments' carrying amounts reasonably approximating their fair values.

NOTE 11 – SUBSEQUENT EVENTS

At the date of signing the financial statements, the Company's Management is not aware of any other matter or circumstance arising since the date of the end of the reporting period, not otherwise dealt in these financial statements, which significantly affected the financial position of the Company and results of its operations.

NOTE 12 – CONTINGENT LIABILITIES AND OTHER COMMITMENTS

The Company's Management confirms that there were no significant contingent liabilities as at the date of the end of the reporting period. Similarly, there were no significant commitments for operational or capital expenditure as at the same date.

NOTE 13 – ULTIMATE HOLDING ENTITY

The organization's ultimate holding entity is the Florida International University, an entity incorporated and registered in the United States.

REPORTING SECTION

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Florida International University Research Foundation, Inc.:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Florida International University Research Foundation, Inc. (the Research Foundation), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Research Foundation's basic financial statements, and have issued our report thereon dated October 14, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Research Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Research Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Research Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Moore & Co., P.L.

Gainesville, Florida
October 14, 2015

Finance and Audit Committee

Date: December 9, 2015

Subject: Florida International University Athletics Finance Corporation Financial Audit, 2014-15

Proposed Committee Action:

Recommend approval by the Florida International University Board of Trustees of the Florida International University Athletics Finance Corporation Financial Audit for the 2014-15 fiscal year and authorize the Executive Director of the Florida International University Athletics Finance Corp. to take all actions necessary pertaining to this Financial Audit, including filing the report with the Auditor General.

Background information:

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

The Florida International University Athletics Finance Corp. Financial Audit for 2014-15 was approved by the Florida International University Athletics Finance Corp. Board of Directors on October 22, 2015, and the University President is recommending its approval.

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

FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)

FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
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JUNE 30, 2015 AND 2014

INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
FIU Athletics Finance Corporation:

Report on the Financial Statements

We have audited the accompanying financial statements of the FIU Athletics Finance Corporation (the Corporation), a direct support organization and component unit of Florida International University, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Corporation's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Member of AGN International with offices in principal cities worldwide

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of June 30, 2015, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

2014 Financial Statements

The financial statements of the Corporation for the year ended June 30, 2014, were audited by another auditor who expressed an unmodified opinion on those statements on October 21, 2014.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2015, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Gainesville, Florida
October 22, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015 AND 2014

The management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the FIU Athletics Finance Corporation (the Athletics Finance Corporation) as of and for the fiscal years ended June 30, 2015 and 2014, and should be read in conjunction with the financial statements and notes thereto. The MD&A, financial statements and notes thereto, are the responsibility of management.

OVERVIEW OF FINANCIAL STATEMENTS

The Athletics Finance Corporation's financial report includes three basic financial statements: the statements of net position; the statements of revenues, expenses, and changes in net position; and the statements of cash flows. The overview presented below highlights the significant financial activities that occurred during the past three years and describes changes in financial activity from the prior year.

RECLASSIFICATIONS

In order to facilitate the comparison of financial data, certain June 30, 2014 and 2013, account balances have been reclassified to conform to the current year report format. These reclassifications had no effect on net position.

THE STATEMENTS OF NET POSITION

The statements of net position reflects the assets, liabilities and deferred outflows (inflows) of resources of the Athletics Finance Corporation, using the accrual basis of accounting, and presents the financial position of the Athletics Finance Corporation at a specified time. The difference between total assets together with deferred outflows of resources and total liabilities together with deferred inflow of resources, net position, is one indicator of the Athletics Finance Corporation's current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the Athletics Finance Corporation's financial condition.

FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015 AND 2014

The following summarizes the Athletics Finance Corporation's total net position for fiscal years ended June 30:

Condensed Statements of Net Position at June 30
(In Millions)

	2015	2014	2013
Assets			
Current assets	$ 3.6	$ 3.5	$ 3.0
Noncurrent assets	25.7	27.5	29.7
Total Assets	29.3	31.0	32.7
Deferred Outflow of Resources	2.7	2.5	2.5
Liabilities			
Current liabilities	1.1	1.1	1.3
Noncurrent liabilities	35.9	37.0	38.2
Total Liabilities	37.0	38.1	39.5
Total Net Position	$ (5.0)	$ (4.6)	$ (4.3)

The statements of net position reflect an increase in the net deficit position of the Athletics Finance Corporation. Current assets mainly depict cash, current prepaid rent and investments. The current asset increase is principally a result of increased investments. Noncurrent assets consist mainly of restricted cash, investments and prepaid rent. The decrease in noncurrent assets is mainly a result of a decrease in prepaid rent and restricted cash. Deferred outflows of resources reflect the accumulated decrease in fair value of its derivatives.

Total assets totaled $29.3 million as of June 30, 2015. This balance reflects a decrease of $1.7 million, or 5.5 percent, compared to June 30, 2014. Total liabilities totaled $37.0 million as of June 30, 2015. This balance reflects a decrease of $1.1 million, or 3.0 percent, compared to June 30, 2014. As a result, the net position decreased at June 30, 2015, by $0.4 million.

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

THE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

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

The following summarizes the Athletics Finance Corporation's changes in net position for the fiscal years ended June 30:

Condensed Statements of Revenues, Expenses, and Changes in Net Position (In Millions)

	June 30,		
	2015	2014	2013
Operating revenues	$ 3.8	$ 3.6	$ 3.6
Operating expenses	2.5	2.3	2.0
Operating Income	1.3	1.3	1.6
Net non-operating expenses	(1.3)	(1.6)	(1.3)
Transfers to Florida International University	(0.4)	-	(2.4)
Change in Net Position	(0.4)	(0.3)	(2.1)
Net Position - beginning of year	(4.6)	(4.3)	(2.2)
Net Position - end of year	$ (5.0)	$ (4.6)	$ (4.3)

The statements of revenues, expenses, and changes in net position reflect slightly higher operating revenues and expenses with slightly lower net non-operating expenses.

Operating Revenues

The Athletics Finance Corporation categorizes revenues as either operating or non-operating. Operating revenues generally result from exchange transactions associated with managing and operating the stadium.

The following summarizes the operating revenues by source that were used to fund operating activities for the fiscal years ended June 30:

Operating Revenues
(In Millions)

	June 30, 2015	June 30, 2014	June 30, 2013
Athletic support	$ 0.9	$ 0.9	$ 0.9
Ticket sales	0.7	0.7	0.6
NCAA and conference payments	0.6	0.6	0.6
Suite revenues	0.5	0.6	0.6
Other operating revenues	0.5	0.3	0.4
Rental income	0.4	0.3	0.3
Contributions	0.2	0.2	0.2
Total Operating Revenues	$ 3.8	$ 3.6	$ 3.6

Operating revenues totaled $3.8 million for the fiscal year ended June 30, 2015, representing a 5.6 percent increase over the June 30, 2014 fiscal year. This was mainly due to an increase in rental income, sponsorship and stadium naming rights revenue of $0.2 million offset in part by lower suite revenues of $0.1 million.

Operating Expenses

The Athletics Finance Corporation categorizes expenses as operating or non-operating. GASB gives financial reporting entities the choice of reporting operating expenses in the functional or natural classifications.

The following summarizes the operating expenses by natural classifications for the fiscal years ended June 30:

Operating Expenses
(In Millions)

	June 30, 2015	June 30, 2014	June 30, 2013
Amortization of prepaid rent	$ 1.3	$ 1.3	$ 1.3
Game/Event day contractors and repairs	1.0	0.8	0.5
Other operating expenses	0.1	0.1	0.1
Utilities	0.1	0.1	0.1
Total Operating Expenses	$ 2.5	$ 2.3	$ 2.0

Operating expenses totaled $2.5 million for the fiscal year ended June 30, 2015, an increase of 8.7 percent over the June 30, 2014 fiscal year. In the 2014/2015 football season, there were 8 home games versus only 6 home games in the 2013/2014 football season. The increase in home games caused an increase in game day contractor expenses year over year.

Non-Operating Revenues and Expenses

Non-operating revenues include interest income and unrealized gains on investments. Non-operating expenses include interest expense. The following summarizes the Athletics Finance Corporation's non-operating revenues and expenses for the fiscal years ended June 30:

Non-operating Revenues (Expenses)
(In Millions)

	June		
	2015	2014	2013
Interest income (expense)	$ (1.3)	$ (1.6)	$ (1.4)
Unrealized gain on investments	-	-	0.1
Net Non-operating Expenses	$ (1.3)	$ (1.6)	$ (1.3)

Non-operating expenses totaled $1.3 million for the fiscal year ended June 30, 2015. This represents an 18.8 percent decrease over the June 30, 2014 fiscal year and was primarily due to a decrease in interest expense of $0.3 million.

TRANSFERS TO FLORIDA INTERNATIONAL UNIVERSITY

Transfers to Florida International University represent $0.4 million in the Statements of Revenues, Expenses and Changes in Net Position for the fiscal year ended June 30, 2015. The transfers were related to release of conference payments transferred back to Florida International University. During the fiscal year ended June 30, 2014, there were no transfers to Florida International University.

DEBT ADMINISTRATION

As of June 30, 2015, the Athletics Finance Corporation had $31.4 million in outstanding bonds payable, representing a decrease of $0.7 million, or 2.2 percent, from fiscal year ended June 30, 2014.

Additional information about the Athletics Finance Corporation's bond payable is presented in the note 4 to the financial statements on page 17.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The University has pledged a significant portion of game guarantee revenue, NCAA and Conference USA distribution revenues to the Athletics Finance Corporation. The Athletics Department including the Football Program joined Conference USA effective July 1, 2013.

Membership in this new conference has provided increased conference revenue and a venue for additional game guarantees.

REQUESTS FOR INFORMATION

These financial statements are designed to provide a general overview of the Athletics Finance Corporation's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Controller, FIU Athletics Finance Corporation, 11200 SW 8th Street, MARC Building, 5th floor, Miami, Florida 33199.

BASIC FINANCIAL STATEMENTS

FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
STATEMENTS OF NET POSITION
JUNE 30, 2015 AND 2014

	2015	2014
ASSETS		
Current assets		
Cash	$ 58,659	$ 303,596
Investments	1,821,049	1,149,160
Suites and ticket sales receivable	267,900	227,160
Due from Florida International University	126,724	270,092
Due from Florida International University Foundation	-	218,000
Prepaid rent and other	1,304,117	1,304,113
Total current assets	3,578,449	3,472,121
Noncurrent assets		
Restricted cash and cash equivalents	1,018,637	1,518,190
Restricted investments	2,668,904	2,648,876
Prepaid rent	22,060,740	23,364,823
Total noncurrent assets	25,748,281	27,531,889
Total Assets	29,326,730	31,004,010
Deferred Outflows of Resources		
Accumulated decrease in fair value of hedging derivatives	2,446,631	2,242,930
Deferred amount on debt refundings	286,160	312,381
Total deferred outflows of resources	2,732,791	2,555,311
LIABILITIES		
Current liabilities		
Accounts payable	12,036	11,941
Accrued interest payable	117,758	119,254
Due to Florida International University	-	2,620
Bonds payable	697,270	676,567
Unearned revenue	343,641	348,360
Total current liabilities	1,170,705	1,158,742
Noncurrent liabilities		
Due to Florida International University	1,000,000	1,500,000
Derivative liability	4,165,629	4,058,774
Bonds payable	30,718,607	31,415,877
Total noncurrent liabilities	35,884,236	36,974,651
Total Liabilities	37,054,941	38,133,393
NET POSITION		
Total Net Position - Unrestricted	$ (4,995,420)	$ (4,574,072)

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

FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Operating revenues		
Athletic support	$ 870,000	$ 870,000
Ticket sales	693,134	662,103
NCAA and conference payments	600,000	600,000
Suite revenues	494,240	582,096
Rental income	418,734	284,961
Contributions	234,225	227,245
Sponsorship revenues	291,950	249,850
General concessions and vending commissions	60,784	47,090
Stadium naming rights	86,100	46,400
Merchandise royalties	31,853	33,033
Total operating revenues	3,781,020	3,602,778
Operating expenses		
Amortization of prepaid rent	1,304,083	1,304,083
Game day contractors	556,598	381,801
Event day contractors	183,841	147,396
Repairs and maintenance	158,742	245,087
Utilities	127,308	97,951
Materials and supplies	62,216	37,983
Other operating expenses	22,750	30,941
Audit and tax professional fees	21,904	21,286
Banking fees	20,126	20,474
Total operating expenses	2,457,568	2,287,002
Operating income	1,323,452	1,315,776
Nonoperating revenues (expenses)		
Interest income	1,295	1,527
Interest expenses and fiscal charges	(1,342,489)	(1,579,690)
Unrealized loss on investments	(33,606)	(7,276)
Total nonoperating revenues (expenses)	(1,374,800)	(1,585,439)
Transfers to Florida International University	370,000	-
Decrease in net position	(421,348)	(269,663)
Net position, beginning of year	(4,574,072)	(4,304,409)
Net position, end of year	$ (4,995,420)	$ (4,574,072)

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

FIU ATHLETICS FINANCE CORPORATION
(A DIRECT SUPPORT ORGANIZATION)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Cash flows from operating activities		
Operating receipts	$ 4,096,929	$ 3,296,559
Payments to vendors	(1,156,014)	(989,121)
Net cash provided by operating activities	2,940,915	2,307,438
Cash flows from capital and related financing activities		
Payments and transfers to Florida International University	(870,000)	(500,000)
Principal payments on bonds	(676,567)	(656,479)
Interest paid	(1,414,610)	(1,435,222)
Net cash used in capital and related financing activities	(2,961,177)	(2,591,701)
Cash flows from investing activities		
Proceeds from sale and maturity of investments	7,228,896	10,550,287
Purchase of investments	(7,954,419)	(10,987,035)
Interest income received	1,295	1,528
Net cash used in investing activities	(724,228)	(435,220)
Net decrease in cash and cash equivalents	(744,490)	(719,483)
Cash and cash equivalents, beginning of year	1,821,786	2,541,269
Cash and cash equivalents, end of year	$ 1,077,296	$ 1,821,786
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 1,323,452	$ 1,315,776
Change in assets and liabilities:		
(Increase) decrease in:		
Suites and ticket sales receivable	(40,740)	580,303
Prepaid rent and other	1,304,079	1,304,083
Due from Florida International University	143,368	(156,070)
Due from the Florida International University Foundation	218,000	(218,000)
Increase (decrease) in:		
Accounts payable	95	(8,530)
Deferred revenue	(4,719)	(512,452)
Due to Florida International University	(2,620)	2,328
Total adjustments	1,617,463	991,662
Net cash provided by operating activities	$ 2,940,915	$ 2,307,438
Non-cash investing and financing activities		
Change in fair value derivative liability	$ (203,701)	$ (86,744)
Change in deferred amount on debt refundings	$ 26,221	$ 26,220
Amortization of derivative liability	$ 96,846	$ 96,845
Cash and cash equivalents are presented on the Statements of Net Position as:		
Cash	$ 58,659	$ 303,596
Restricted cash and cash equivalents	1,018,637	1,518,190
	$ 1,077,296	$ 1,821,786

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

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies and practices of the FIU Athletics Finance Corporation (the Athletics Finance Corporation), which affect significant elements of the accompanying financial statements:

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

The Athletics Finance Corporation is a tax-exempt organization as defined by Section 501(c) (3) of the Internal Revenue Code. The Athletics Finance Corporation provides direct support to FIU 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.

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

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

For the year ended June 30, 2014, the Organization implemented GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities.* This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Specifically, the deferred amount on debt refundings was reclassified from bonds payable to a deferred outflow of resources on the Statements of Net Position and the unamortized bond issue costs were written off to current operations.

(c) **Reclassifications**—In order to facilitate the comparison of financial data, certain June 30, 2014 account balances have been reclassified to conform to the current year reporting format. These reclassifications had no effect on net position.

(1) **Summary of Significant Accounting Policies:** (Continued)

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

(e) **Cash and cash equivalents**—Amounts reported as cash and cash equivalents consist of cash on hand, cash held by a trust institution and invested in money market funds, and investments with original maturities of three months or less. Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other restricted assets, are classified as restricted.

(f) **Investments**—Amounts reported as investments consist of investments in mutual funds that invest primarily in money market funds and collateralized debt obligations with maturities ranging from one to three years. Investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other restricted assets, are classified as restricted.

(g) **Derivative financial instruments**—The Athletics Finance Corporation entered into an interest rate swap agreement to reduce its exposure to market risks from changing interest rates. For interest rate swaps, the differential to be paid or received is accrued and recognized in interest expense and may change as market interest rates change. The fair value of the derivative liability is presented in the statements of net position. The Organization uses the synthetic instrument method to evaluate the effectiveness as of the end of the reporting period. The Organization determined the interest rate swap met the criteria as an effective hedging transaction. Therefore, the change in the fair value in the effective interest rate swap is presented in the statements of net position as a hedging derivative in deferred outflows of resources. See Note 5 for additional information on the interest rate swap.

(h) **Income taxes**—The Organization is a not-for-profit corporation, as described in Section 501(c)(3) of the Internal Revenue Code and as such is subject to federal income taxes only on unrelated business income. There were no income taxes resulting from unrelated business income during the years ended June 30, 2015 and 2014.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of June 30, 2015, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. If the Organization were to incur an income tax liability in the future, interest and penalties would be reported as income taxes. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Athletics Finance Corporation's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination

(1) **Summary of Significant Accounting Policies:** (Continued)

Management believes the Organization is no longer subject to income tax examinations for years prior to 2012.

(i) **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.

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

(k) **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.

(l) **Future accounting pronouncements—**The Governmental Accounting Standards Board (GASB) issued Statement No. 72, Fair Value Measurement and Application, in February 2015. GASB 72 seeks to improve accounting and financial reporting by clarifying and enhancing the guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. The provisions in GASB 72 are effective for fiscal years beginning after June 15, 2015. Management has determined that the implementation of this pronouncement will provide for additional note disclosures but will have no impact on the basic financial statements.

(2) **Concentration of Credit Risk:**

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

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

(2) **Concentration of Credit Risk:** (Continued)

(b) **Investments**—In addition, the Athletics Finance Corporation maintains investment accounts with financial institutions that are not insured by the FDIC. Fund shares are not guaranteed by the U.S. government. Current and future portfolio holdings are subject to risk. At June 30, 2015 and 2014, $4,489,953 and $3,798,036, respectively, were 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.

(3) **Investments:**

Investments are made in accordance with the trust indenture. The Athletics Finance Corporation's investments at June 30, 2015 and 2014, are reported at fair value, as follows:

Investment Type	2015	2014
Florida State Board of Administration Fund B	$ -	$ 110,267
Money market mutual funds	4,489,953	3,687,769
Total investments (includes restricted investments)	$ 4,489,953	$ 3,798,036

The Organization invests in a Fidelity Institutional Money Market Treasury Portfolio – Class III Fund (Fidelity Money Market Fund). This is a money market mutual fund seeking to provide current income consistent with stability of principal by investing in a portfolio of short-term, U.S. treasury and government securities. These investments include repurchase agreements collateralized fully by U.S Treasury and government securities. The Fund limits its investment to those that would enable it to qualify as a permissible investment for federally chartered credit unions. The fund complies with the requirements of Rule 2a-7 under the Investment Company Act of 1940 Act, which sets forth portfolio quality and diversification restrictions for money market mutual funds. Investments are made in accordance with the Trust Indenture dated as of December 1, 2009 (the "Trust Indenture") between the Miami-Dade County Industrial Development Authority and Regions Bank, as trustee. This transaction is further described in Note 4.

The Athletics Finance Corporation reported investments at fair value totaling $110,267 at June 30, 2014, in the Fund B Surplus Funds Trust Fund administered by State Board of Administration ("SBA"} pursuant to Section 218.405, Florida Statutes. The State Board of Administration governs the trust fund under Ch. 19-7 of the Florida Administrative Code.

As a participant of Fund B, the entity invests in a pool of investments whereby the entity owns a share of the respective pool, not the underlying securities. The SBA's interpretation in regards to Fund B is that it does not meet the requirements of an SEC 2a7-like fund; therefore, SBA provided a fair -value factor of 1.84438408 as of June 30, 2014 (i .e., total net asset value of Fund B divided by total participant balances of Fund B). The Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are effected by transferring eligible cash or securities to the Florida PRIME,

(3) **Investments:** (Continued)

consistent with the pro rata allocation of pool shareholders of record at the creation of Fund B. One hundred percent of such distributions from Fund B are available as liquid balance within the Florida PRIME.

The Athletics Finance Corporation had no amounts invested in Fund B as of June 30, 2015.

(a) **Credit risk**—Credit risk is the risk that an issuer of securities in which the Fund invests may default on the payment of interest or principal on the securities when due, which would cause the Fund to lose money. At June 30, 2015 and 2014, the money market mutual fund investments were rated AAAm by Standard & Poor's.

(b) **Concentration credit risk**—All of the investments at June 30, 2015 and approximately 97% of the investments at June 30, 2014 are held with Regions Morgan Keegan money market mutual funds. According to the bond indenture, the organization can invest the bond proceeds in these investment vehicles; there are no stated limitations on the amount that can be invested in any one issuer. The short term nature of the investments is due to liquidity needs, since those funds are being used for operating expenses, debt service payments and stadium construction costs.

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

Due to the nature of the securities in Fund B, the interest rate risk information is not available. An estimated weighted average life (WAL) is available. In the calculation of WAL, the time at which an expected principal amount is to be received (measured in years) is weighted by the principal amount received at that time divided by the sum of all expected principal payments. The principal amounts used in the WAL calculation are not discounted to present value as they would be in a weighted average duration calculation. The WAL (based on expected cash flows) of Fund B at June 30, 2014, is estimated at 2.86 years. However, because Fund B consists of restructured or defaulted securities there is considerable uncertainty regarding the weighted average life.

The Fidelity Money Market Fund prices of fixed-income securities generally fall when interest rates rise. Interest rate changes have a greater effect on the price of fixed-income securities with longer maturities. The money market mutual fund WAM at June 30, 2015 and 2014 was 33 and 52 days, respectively, while the weighted average life (WAL) was 82 and 105 days at June 30, 2015 and 2014, respectively.

(4) **Long-term Debt:**

The debt activity for the years ended June 30, 2015 and 2014 is as follows:

	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
June 30, 2015:					
2009 Tax Exempt Capital Improvement Revenue Bonds (Series A)	$ 30,000,000	$ -	$ -	$ 30,000,000	$ -
2009 Tax Capital Improvement Revenue Bonds (Series B)	2,092,444	-	676,567	1,415,877	697,270
Total Long-term Debt	$ 32,092,444	$ -	$ 676,567	$ 31,415,877	$ 697,270

	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
June 30, 2014:					
2009 Tax Exempt Capital Improvement Revenue Bonds (Series A)	$ 30,000,000	$ -	$ -	$ 30,000,000	$ -
2009 Tax Capital Improvement Revenue Bonds (Series B)	2,748,923	-	656,479	2,092,444	676,567
Total Long-term Debt	$ 32,748,923	$ -	$ 656,479	$ 32,092,444	$ 676,567

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

These bonds were issued and secured under and pursuant to a trust indenture. Repayments of the bonds will be payable from pledged revenues, which are all operating and non-operating revenues. Principal payments for the bonds began March 1, 2010. Interest payments are made on a quarterly basis. The interest rate on the Series 2009A Bonds is equal to the sum of 63.7% of three-month LIBOR plus 1.90%. The interest rate on the Series 2009B Bonds shall be at a rate equal to three-month LIBOR plus 2.65%. The total proceeds from the new bond issue were used solely to retire and current refund the outstanding Series 2007 A and B bonds and pay costs of issuance of the bonds and other refinancing costs. The bonds are secured by operating and non-operating revenues as well as University athletic fees, not to exceed 5% of the total athletic fees collected. Total principal due at June 30, 2015 and 2014, was $31,415,877 and $32,092,444, respectively.

(4) **Long-term Debt:** (Continued)

The Athletics Finance Corporation has funded a debt service reserve fund in accordance with the bond indenture requirement of maintaining an amount equal to the maximum allowable debt service on the bond in the current and any future fiscal year. This debt service reserve fund totaled $2,668,904 and $2,648,876 as of June 30, 2015 and 2014, respectively, and is presented in restricted investments.

The Athletics Finance Corporation is required to maintain minimum deposits of $1,000,000 with Regions Bank. The deposit is to be held in an interest-bearing additional reserve fund and is presented in restricted cash.

The interest rate on these bonds is both fixed and variable and is subject to a hedge agreement (see Note 5) that was entered into to reduce the exposure to market risks from changing interest rates. Interest is computed on the basis of the actual number of days elapsed over a year of 365 or 366 days.

The aggregate maturities of these bonds as of June 30, 2015 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Principal and Interest
2016	$ 697,270	$ 1,684,647	$ 2,381,917
2017	1,090,035	1,649,191	2,739,226
2018	1,300,000	1,592,684	2,892,684
2019	1,357,143	1,522,802	2,879,945
2020	1,421,429	1,449,849	2,871,278
2021-2025	8,135,714	6,031,311	14,167,025
2026-2030	10,150,000	3,637,678	13,787,678
2031-2033	7,264,286	792,888	8,057,174
Total	$ 31,415,877	$ 18,361,050	$ 49,776,927

(5) **Derivative Financial Instruments:**

(a) **Objectives**—As a means to lower its borrowing costs and increase its savings, the Organization entered into an interest rate swap agreement in connection with its $30,000,000 2009A Miami-Dade County Industrial Development Authority Revenue Bond issuance (Refunding Bonds). The intention of the swap agreement was to effectively change the Organization's variable interest rate on the bonds to a synthetic fixed rate of 5.50%, which is the fixed rate payable by the Organization under the swap agreement of 3.60% plus 1.90%.

(b) **Terms**—On December 22, 2009, Athletics Finance Corporation entered into an interest rate swap agreement to hedge the floating rate on $21,000,000 of the principal amount of the 2009A Bonds. This represents the fixed portion of the tax exempt bonds payable mentioned in Note 4 above. Under the swap agreement, the Athletics Finance Corporation agrees to pay a fixed rate of 3.60% and receive a variable rate equal to 63.7% of three-month LIBOR. The swap agreement has a maturity date of March 1, 2033.

(5) **Derivative Financial Instruments:** (Continued)

(c) **Fair value**—The Athletics Finance Corporation swap had a derivative liability of $4,165,629 and $4,058,774 at June 30, 2015 and 2014, respectively, as reported in the statements of net position. The negative fair value was determined using a Mark-to-Market Value and represents the closing mid-market values.

As of June 30, 2015 and 2014, the fair value of the Series 2007A ineffective interest rate swap was $1,718,999 and $1,815,844, respectively. This interest rate swap was not terminated when the bonds were refunded in December 2009. The interest rate on the refunded Series 2009A bonds reflects a higher rate due to not terminating this interest rate swap. Accordingly, the fair value of $1,718,999 of the ineffective Series 2007A interest rate swap at June 30, 2015, is being amortized over the remaining life of the refunded Series 2009A bond.

The synthetic instrument method evaluates the effectiveness by quantitative approach. The synthetic instrument method evaluates effectiveness by combining the hedgeable item and the potential hedging derivative instrument to simulate a third synthetic instrument. A potential hedging derivative instrument is effective if its total variable cash flows substantially offset the variable cash flows of the hedgeable item. The Organization determined that it met the criteria of the synthetic instrument method. Therefore, the change in the fair value of the effective interest rate swap is presented in the statements of net position as a deferred outflow of resources in the amount of $2,446,631 and $2,242,930 at June 30, 2015 and 2014, respectively.

(d) **Credit risk**—As of June 30, 2015 and 2014, the Athletics Finance Corporation was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the Organization would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty (Regions Bank) was rated Baa3 by Moody's Investors Service, BBB+ by Standard and Poor's and BBB by Fitch Ratings at June 30, 2015.

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

(f) **Termination risk**—The derivative contract uses the International Swap Dealers Association (ISDA) Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The schedule to the Master Agreement includes an "additional termination event". That is, the swap agreement may be terminated if: (i) the loan or other indebtedness in connection with which a transaction entered into by the Athletics Finance Corporation for the purpose or with the effect of altering the net combined payment from a floating to fixed or a fixed to floating rate basis is repaid, whether upon acceleration of principal, at maturity, or otherwise, or for any other reason ceases to be an obligation of the Athletics Finance Corporation, with or without the consent of the counterparty (Regions Bank); or (ii) any credit support document expires, terminates or ceases to be of full force and effect. Also, the swap agreement may be terminated or assigned by Athletics Finance Corporation if the counterparty's (Regions Bank) long-term, senior, unsecured, unenhanced debt rating is withdrawn, suspended, or falls below at least two of the following: a) "Baa3" as determined by Moody's; or b) "BBB+" as determined by Standard and Poor's; or c) "BBB" as determined by Fitch.

(5) **Derivative Financial Instruments:** (Continued)

(g) **Swap payments and associated debt**—Using rates as of June 30, 2015, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, are as follows:

Fiscal Year Ending June 30,	Variable-Rate Bond Principal	Variable-Rate Bond Interest	Interest Rate Swap, Net	Total
2016	$ -	$ 436,690	$ 718,310	$ 1,155,000
2017	260,000	436,690	718,310	1,415,000
2018	910,000	431,283	709,417	2,050,700
2019	950,000	412,360	678,290	2,040,650
2020	995,000	392,605	645,795	2,033,400
2021-2025	5,695,000	1,633,220	2,686,480	10,014,700
2026-2030	7,105,000	985,047	1,620,303	9,710,350
2031-2033	5,085,000	214,705	353,170	5,652,875
Total	$ 21,000,000	$ 4,942,600	$ 8,130,075	$ 34,072,675

As rates vary, variable-rate bond interest payments and net swap payments will vary.

(6) **Unearned 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. Operating revenues may include athletics fees collected by the University, fund raising revenues, conference payments, naming rights revenues. Non-operating revenues include capital gifts and investment revenues related to any of the above. Operating revenues related to the sale of football stadium suites and club seats have been deferred. Revenues are unavailable 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 and ticket sales that expire on June 30, 2021:

Fiscal Year Ending June 30,	Amount
2016	$ 343,641
2017	89,320
2018	40,000
2019	40,000
2020	40,000
2021	40,000
Total	$ 592,961

(7) **Related Party Transactions:**

(a) **Related party revenues**—In accordance with the Memorandum of Understanding dated March 5, 2010, the University manages stadium-related activities, collects revenues on behalf of the Athletics Finance Corporation, and remits revenues timely as required under the existing trust indenture. For the years ended June 30, 2015 and 2014, the Athletics Finance Corporation received revenue for NCAA and conference payments, athletic support, suite revenue, ticket sales, sponsorship revenues, rental income, contributions and other operating revenues. The total of these revenues was $3,781,020 and $3,558,821 in 2015 and 2014, respectively. As of June 30, 2015 and 2014, the Athletics Finance Corporation had amounts due from FIU related to these revenues of approximately $127,000 and $270,000, respectively.

(b) **Lease commitments**—Florida International University and the FIU Athletics Finance Corporation entered into two 25-year ground sublease agreements dated April 1, 2007 rendering the rights to the FIU Athletics Finance Corporation to issue a series of capital improvement bonds of which a portion of the proceeds, along with contributions from the University, was 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 $31,937,211.

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

Fiscal Year Ending June 30,	Amount
2016	$ 1,304,083
2017	1,304,083
2018	1,304,083
2019	1,304,083
2020	1,304,083
2021-2025	6,520,416
2026-2030	6,520,416
2031-2032	3,803,576
	$ 23,364,823

	2015	2014
Reconciliation of the Statements of Net Position to the Lease Commitment:		
Current prepaid rent and other	$ 1,304,083	$ 1,304,083
Noncurrent prepaid rent	22,060,740	23,364,823
Total prepaid rent	23,364,823	24,668,906
Other assets	34	30
	$ 23,364,857	$ 24,668,936

As of June 30, 2015 and 2014, construction draws amounting to $31,937,211 have been paid by the University to various contractors. The prepaid rent has been amortized by $1,304,083 in both years.

REPORTING SECTION

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
FIU Athletics Finance Corporation:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the FIU Athletics Finance Corporation (the Corporation), a direct support organization and component unit of Florida International University, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated October 22, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Moore & Co., P.L.

Gainesville, Florida
October 22, 2015

Finance and Audit Committee
Date: December 9, 2015

Subject: Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. Financial Audit, 2014-15

Proposed Committee Action:

Recommend approval by the Florida International University Board of Trustees of the Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. Financial Audit for the 2014-15 fiscal year and authorize the Executive Director of the Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. to take all actions necessary pertaining to this Financial Audit, including filing the report with the Auditor General.

Background information:

The Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. (FIU HCN) must submit an independently conducted financial audit of its accounts and records, which has been approved by its governing board and recommended by the University President to the Florida International University Board of Trustees for review and approval.

The FIU HCN Financial Audit for the 2014-15 fiscal year was submitted and approved by the Florida International University Academic Health Center Health Care Network Faculty Group Practice Board of Directors on October 22, 2015, and the University President is recommending its approval.

Florida Board of Governors Regulation 9.017 (2)(e) Faculty Practice Plans, states in relevant part that each Faculty Practice Plan shall include and/or provide for an annual audit, which shall be forwarded to the Board of Governors for review and oversight.

THE FLORIDA INTERNATIONAL UNIVERSITY ACADEMIC HEALTH CENTER HEALTH CARE NETWORK FACULTY GROUP PRACTICE, INC.

FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

THE FLORIDA INTERNATIONAL UNIVERSITY ACADEMIC HEALTH CENTER HEALTH CARE NETWORK FACULTY GROUP PRACTICE, INC.
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JUNE 30, 2015 AND 2014

James Moore
Certified Public Accountants and Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Audit Committee of The
Florida International University Academic Health Center
Health Care Network Faculty Group Practice, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of The Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. (the FIU HCN), a component unit of Florida International University, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the FIU HCN's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The FIU HCN's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the FIU HCN as of June 30, 2015, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 – 8 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

2014 Financial Statements

The financial statements of the FIU HCN for the year ended June 30, 2014, were audited by another auditor who expressed an unmodified opinion on those statements on October 15, 2014.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2015, on our consideration of the FIU HCN's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the FIU HCN's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Gainesville, Florida
September 15, 2015

THE FLORIDA INTERNATIONAL UNIVERSITY ACADEMIC HEALTH CENTER
HEALTH CARE NETWORK FACULTY GROUP PRACTICE, INC.
MANAGEMENT'S DISCUSSION ANALYSIS
JUNE 30, 2015 AND 2014

The management's discussion and analysis (MD&A) provides an overview of the financial position and activities of The Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. (the FIU HCN) for the fiscal years ended June 30, 2015 and 2014, and should be read in conjunction with the financial statements and notes thereto. The MD&A, financial statements and notes thereto, are the responsibility of management.

FINANCIAL HIGHLIGHTS – CURRENT YEAR

The FIU HCN assets totaled $1.8 million at June 30, 2015. This balance reflects an approximate $900 thousand decrease from the 2014 fiscal year, resulting primarily from termination of the lease for clinical facility in Market Square Garage (PG5) requiring that lease improvements be written off. While assets decreased, liabilities also increased by approximately $2.9 million, totaling approximately $9.6 million at June 30, 2015, compared to approximately $6.7 million at June 30, 2014. The increase in liabilities was a result of the increase in the loan agreement with Florida International University (the University or FIU), whereby the University loaned the FIU HCN an additional approximate $3.1 million to offset losses from operations. The total amount loaned by the University to FIU HCN is approximately $8.3 million as of June 30, 2015.

The FIU HCN's operating revenues totaled approximately $6 million for the 2015 fiscal year, an approximate $1.5 million increase from the 2014 fiscal year. This amount was comprised of primary care and specialty care physician clinical services (approximately $3.1 million), as well as other operating revenues generated by the HCN relating to non-clinical practice services (approximately $2.8 million). Operating expenses totaled approximately $8.6 million for the 2015 fiscal year, representing an increase of approximately $1.3 million over the 2014 fiscal year due to the following: (a) salaries of administrative, clinical and support staff of the Herbert Wertheim College of Medicine and their associated benefits; (b) contracted services for additional rotations of international programs, and operations of on campus, Sunset and DOH clinical sites; (c) other operating expenses for project management services.

FINANCIAL HIGHLIGHTS – PRIOR YEAR

The FIU HCN assets totaled $2.7 million at June 30, 2014. While assets remained consistent, liabilities also increased by approximately $1.5 million, totaling approximately $6.7 million at June 30, 2014, compared to approximately $5.2 million at June 30, 2013. The increase in liabilities was a result of the following: (a) accounts payable increases due to growth in operations; (b) deferred revenues increases from the agreement with American University of Antigua; and (c) from additional borrowings on the loan agreement with Florida International University (the University or FIU), whereby the University loaned the FIU HCN $5.3 million to provide working capital and build out capital to fund the expansion of the faculty practice plan. As of June 30, 2014, the draw downs on the loan totaled $5.5 million, which includes accrued interest. As a result, the FIU HCN's net position decreased by $1.5 million, reaching a year-end deficit of $4.1 million.

The FIU HCN's operating revenues totaled approximately $4.5 million for the 2014 fiscal year, a $3.2 million increase from the 2013 fiscal year. This increase was comprised of primary care and specialty care physician clinical services (approximately $2.2 million), as well as other operating revenues generated by the HCN relating to non-clinical practice services (approximately $1 million). Operating expenses totaled $7.3 million for the 2014 fiscal year, representing an increase of approximately $4.1 million over the 2013 fiscal year due to increases in the following: (a) salaries of administrative, clinical and support staff of the Herbert Wertheim College of Medicine and their associated benefits; (b) rent and lease expense; (c) non-capitalized equipment and medical supplies; (d) higher billing and collection fees due to increased clinical service revenues; (e) additional software and increased user licenses; and (f) consulting, professional, marketing and other expenses, many related to the Department of Health – NHELP Community Collaborative project, for which the FIU HCN received $1.4 million in non-reciprocal funding from FIU. These operating expenses and equipment all were incurred related to the expansion of medical services and the administration capabilities for the faculty practice.

OVERVIEW OF FINANCIAL STATEMENTS

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

Statement of Net Position

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

The following summarizes the FIU HCN's assets, liabilities, and net position at June 30:

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

	2015	2014	2013
Assets			
Current assets	$ 1,355	$ 1,164	$ 1,348
Noncurrent assets	440	1,498	1,316
Total Assets	$ 1,795	$ 2,662	$ 2,664
Liabilities			
Current liabilities	$ 1,250	$ 1,198	$ 263
Noncurrent liabilities	8,338	5,525	4,916
Total Liabilities	$ 9,588	$ 6,723	$ 5,179
Net Position			
Unrestricted	$ (7,793)	$ (4,061)	$ (2,515)
Total Net Position	$ (7,793)	$ (4,061)	$ (2,515)

The statement of net position reflects the FIU HCN's expansion of operations. Current assets mainly depict cash and receivables.

In summary of fiscal year 2015, total assets decreased by approximately $900 thousand, while total liabilities increased by approximately $2.9 million. As a result, the net position balance at June 30, 2015, had an unfavorable decrease of approximately $3.7 million.

In summary of fiscal year 2014, total assets remained flat, while total liabilities increased by $1.5 million. As a result, the net position balance at June 30, 2014, had an unfavorable decrease of $1.5 million.

Statement of Revenues, Expenses and Changes in Net Position

The statement of revenues, expenses, and changes in net position presents the FIU HCN's revenue and expense activity, categorized as operating and non-operating. Operating revenues are comprised principally of net patient service revenues and revenues earned from non-patient service activities. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

The following summarizes the FIU HCN's activity for the fiscal years ended June 30:

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

	2015	2014	2013
Operating revenues	$ 5,966	$ 4,482	$ 1,329
Operating expenses	8,635	7,308	3,152
Operating Loss	(2,669)	(2,826)	(1,823)
Non-operating expenses	(948)	(100)	(78)
Transfers from the University	48	1,380	1,483
Transfers to the University	(163)	-	-
Change in Net Position	(3,732)	(1,546)	(418)
Net Position, beginning of year	(4,061)	(2,515)	(2,097)
Net Position, end of year	$ (7,793)	$ (4,061)	$ (2,515)

Operating Revenues

The FIU HCN categorizes revenues as either operating or non-operating. Operating revenues are derived from direct patient care services provided by employed physicians of Florida International University's Herbert Wertheim College of Medicine (HWCOM) and from revenues derived from administrative, management and business development services performed (non-patient care services).

The following summarizes the operating revenues by source that were used to fund operating activities during the fiscal years ended June 30:

Operating Revenues (In Thousands)

	2015	2014	2013
Net patient service revenue	$ 3,140	$ 3,009	$ 810
Other revenues	2,826	1,473	519
Total Operating Revenues	$ 5,966	$ 4,482	$ 1,329

The activities of the FIU HCN primarily consist of the provision of specialty and primary care clinical services to patients of the local community, as well as the University's faculty and staff. For fiscal year 2015 FIU HCN clinical services provided by Family Medicine, Internal Medicine, Pain Management, Obstetrics/Gynecology, Psychiatry, Behavioral Health and Cardiology providers. FIU HCN operated in four clinical sites; Modesto A. Maidique Campus, Broward, Sunset and the Department of Health facilities. In addition, clinical services were provided via a contract with Department of Health at their Sexually Transmitted Infections clinic via a contract which terminated at the end of the fiscal year. However, due to negative financial outcomes from clinical operations resulting from the uncertainty in the healthcare market in January; FIU HCN undertook a restructuring that resulted in elimination of the Family Medicine, Pain Management and Cardiology lines of business and divestment of clinical facilities at Sunset and Department of Health.

For fiscal year 2014 FIU HCN clinical services were provided by Pain Management, Obstetrics/ Gynecology, Cardiology, Internal Medicine, and the Department of Health at their Sexually Transmitted Infections clinic.

Other revenues for fiscal year 2015 represent the following: (a) approximately $130 thousand in rental income from leasing physicians and Miami Children's Hospital of the second floor of the Ambulatory Care Center building which opened in April of 2015 and (b) approximately $2.7 million of management services and program revenues relating to the HWCOM Certificate Program, which currently has enrolled 3rd Year international medical students from the American University of Antigua.

Other revenues for fiscal year 2014 represent the following: (a) rental income from leasing physicians and (b) approximately $1.4 million of management services and program revenues relating to the HWCOM Certificate Program.

Operating Expenses

The FIU HCN categorizes expenses as operating or non-operating. The Governmental Accounting Standards Board (GASB) gives financial reporting entities the choice of reporting operating expenses in the functional or natural classifications. The FIU HCN has chosen to report the expenses in their natural classification on the statement of revenues, expenses, and changes in net position.

The following summarizes the operating expenses by natural classifications for the fiscal years ended June 30:

Operating Expenses (In Thousands)

	2015	2014	2013
Contractual personnel services	$ 5,660	$ 5,307	$ 2,204
Contracted professional and Consulting Services	1,539	829	191
Rentals and leases	331	331	223
Other operating	465	206	123
Depreciation	235	187	185
Supplies - medical	164	155	53
Utilities	79	73	54
Repairs and maintenance	20	61	8
Advertising and promotion	45	58	57
Insurance	59	58	22
Supplies - other	38	43	32
Total Operating Expenses	$ 8,635	$ 7,308	$ 3,152

Operating expenses totaled approximately $8.6 million for the 2015 fiscal year. This represents an approximate $1.3 million increase over the 2014 fiscal year and was primarily due to: (a) salaries of administrative, clinical and support staff of the HWCOM and their associated benefits; (b) contracted professional and consulting services; higher billing and collection fees due to increased clinical service revenues, additional software and increased user licenses and (c) other operating expenses; for project management consulting, These operating expenses all were incurred related to the expansion of medical services and the administrative capabilities for the faculty practice plan.

Operating expenses totaled approximately $7.3 million for the 2014 fiscal year. This represents an approximate $4.1 million increase over the 2013 fiscal year and was primarily due to increases in: (a) salaries of administrative, clinical and support staff of the HWCOM and their associated benefits; (b) rent and lease expense: (c) medical, office and non-capitalized equipment supplies; (d) higher billing and collection fees due to increased clinical service revenues; (e) additional software and increased user licenses and (f) consulting, professional, marketing and other expenses, many related to the Department of Health – NHELP Community Collaborative project for which the FIU HCN received approximately $1.4 million in non-reciprocal funding from the University. These operating expenses all were incurred related to the expansion of medical services and the administrative capabilities for the faculty practice plan.

Non-Operating Expenses and Transfers

Non-operating expenses include interest expense on the loans owed to the University for start-up costs, working capital and the loss on disposal of facility build out on resulting from the termination of the lease of the FIU PG5 clinical facility. Transfers reflect the transfer of patient account receivables to WHCOM resulting from the FIU HCN change of business model to a management service organization.

The following summarizes the FIU HCN's non-operating expenses for the fiscal years ended June 30:

Non-Operating Revenues (Expenses) (In Thousands)

	2015	2014	2013
Interest Expense	$ (112)	$ (100)	$ (78)
Loss on disposal of capital assets	(836)	-	-
Non-Operating Expenses	$ (948)	$ (100)	$ (78)

There was no non-operating income for 2015, 2014, or 2013.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

Healthcare finances in the State of Florida have never been so uncertain. The transition of Medicaid to managed care has created a migration of patients moving from traditional Medicaid providers to providers in the networks of managed care companies. In addition, Florida refused to expand Medicaid under the Affordable Care Act which has left many uninsured as they do not qualify for Medicaid or subsidies for healthcare insurance coverage.

As it relates to the 2015 current funding of its operations, the FIU HCN is dependent upon the following funding sources: (a) clinical operating revenues; (b) management service revenues; and (c) physician lease revenue.

The FIU HCN entered this fiscal year 2015 with a budget that projected volume numbers for all lines of services that would increase capturing market share under both the Affordable Care Act and Managed Care Medicaid. However, the result of this transition had a negative effect rather than positive. The FIU HCN specialists lost hospital contracts and thus did much fewer cases than predicted. Our primary care providers fared no better as the projected assigned lives from managed care companies did not materialize. The lack of financial reserves to weather the market swings created by these events adversely affected the liquidity of the FIU HCN.

On July 1, 2015, FIU HCN will operate as a management services organization for FIU. FIU HCN will retain 15% of gross patient service charges as a management fee. The remaining 85% of gross patient service charges will be transferred to FIU. All cash collections after July 1, 2015 will be transferred to FIU. Therefore, the net patient accounts receivable of $163,384 at June 30, 2015 has been recorded as due to FIU and transfer to FIU. This arrangement will shift the risk associated with collections on patient services to cover faculty practice expenses from HCN to FIU.

Revenues from international programs continue to be strong and provide a positive impact on the bottom line. In addition to existing programs, there is great interest by other foreign academic institutions in partnering for programs with FIU through the FIU HCN.

REQUESTS FOR INFORMATION

This financial statement is designed to provide a general overview of the FIU HCN's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, The Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc., 11200 SW 8th Street, Miami, Florida 33199.

THE FLORIDA INTERNATIONAL UNIVERSITY
ACADEMIC HEALTH CENTER HEALTH CARE NETWORK
FACULTY GROUP PRACTICE, INC.
STATEMENTS OF NET POSITION
JUNE 30, 2015 AND 2014

	2015	2014
ASSETS		
Current assets		
Cash and cash equivalents	$ 792,005	$ 398,675
Patient accounts receivable, net	163,384	412,265
Other receivables	312,268	296,766
Due from Florida International University	77,913	-
Other current assets	9,444	56,212
Total current assets	1,355,014	1,163,918
Noncurrent assets		
Depreciable capital assets, net	440,144	1,498,333
Total assets	1,795,158	2,662,251
LIABILITIES		
Current liabilities		
Accounts payable	248,829	676,257
Due to Florida International University	459,413	1,713
Unearned revenue	541,578	520,743
Total current liabilities	1,249,820	1,198,713
Noncurrent liabilities		
Due to Florida International University	8,338,522	5,524,577
Total liabilities	9,588,342	6,723,290
NET POSITION		
Unrestricted Net Position	$ (7,793,184)	$ (4,061,039)

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

THE FLORIDA INTERNATIONAL UNIVERSITY
ACADEMIC HEALTH CENTER HEALTH CARE NETWORK
FACULTY GROUP PRACTICE, INC.
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Operating revenues		
Net patient service revenue	$ 3,139,638	$ 3,009,155
Educational program	2,685,969	1,440,780
Rental income	129,702	14,785
Miscellaneous revenue	10,940	17,025
Total operating revenues	5,966,249	4,481,745
Operating expenses		
Contractual personnel services	5,660,205	5,306,642
Contracted professional consulting services	1,532,738	828,766
Rentals and leases	331,267	331,316
Other operating	464,136	205,889
Depreciation	235,107	186,513
Supplies - medical	164,074	156,675
Utilities	79,276	72,625
Repairs and maintenance	19,623	61,137
Advertising and promotion	44,623	58,283
Insurance	59,015	57,792
Supplies - other	45,112	42,361
Total operating expenses	8,635,176	7,307,999
Operating loss	(2,668,927)	(2,826,254)
Nonoperating expenses		
Interest expense	(112,366)	(99,645)
Loss on disposal of capital assets	(836,157)	-
Total nonoperating expenses	(948,523)	(99,645)
Loss before transfers	(3,617,450)	(2,925,899)
Transfers		
Transfers from Florida International University	48,689	1,380,001
Transfers to Florida International University	(163,384)	-
Total transfers	(114,695)	1,380,001
Change in net position	(3,732,145)	(1,545,898)
Net position, beginning of year	(4,061,039)	(2,515,141)
Net position, end of year	$ (7,793,184)	$ (4,061,039)

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

THE FLORIDA INTERNATIONAL UNIVERSITY
ACADEMIC HEALTH CENTER HEALTH CARE NETWORK
FACULTY GROUP PRACTICE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Cash flows from operating activities		
Receipts from patient service	$ 3,379,549	$ 3,183,237
Receipts from educational program and other revenue	2,831,944	1,197,591
Payments to suppliers for goods and services	(8,780,729)	(4,938,313)
Net cash and cash equivalents used in operations	(2,569,236)	(557,485)
Cash flows from capital and related financing activities		
Purchase of capital assets	(13,075)	(233,467)
Cash flows from noncapital financing activities		
Transfer from Florida International University	3,088,007	-
Transfer to Florida International University	(112,366)	-
Net cash and cash equivalents used in noncapital financing activities	2,975,641	-
Net change in cash and cash equivalents	393,330	(790,952)
Cash and cash equivalents, beginning of year	398,675	1,189,627
Cash and cash equivalents, end of year	$ 792,005	$ 398,675
Reconciliation of operating loss to net cash and cash equivalents used in operations		
Operating loss	$ (2,668,927)	$ (2,826,254)
Depreciation	235,107	186,513
Expenses paid by Florida International University	-	1,380,001
Adjustments to reconcile operating loss to net cash used in operating activities:		
Decrease (increase) in patient accounts receivable	248,881	(325,917)
Decrease in other receivables	(15,502)	(274,999)
Decrease (increase) in due from Florida International University	(8,970)	-
Decrease (increase) in other current assets	46,768	(6,375)
Increase (decrease) in accounts payable	(427,428)	878,803
Increase in unearned revenue	20,835	430,743
Net cash and cash equivalents used in operating activities	$ (2,569,236)	$ (557,485)
Non-Cash Investing and Financing Activities		
Accrued interest on balance due to FIU	$ -	$ (99,645)
Purchase of capital assets paid by FIU	$ -	$ 134,814
Borrowings from FIU	$ -	$ 509,125
Transfers from FIU	$ -	$ 1,380,001

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

(1) **Summary of Significant Accounting Policies:**

(a) **Reporting entity**—The Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. (the FIU HCN), a Florida not-for-profit corporation, is a component unit of Florida International University (FIU). The FIU HCN exists exclusively to support the mission of Florida International University to improve and support health education at the Florida International University in the Herbert Wertheim College of Medicine (HWCOM), the Robert Stempel College of Public Health and Social Work, the College of Nursing and Health Sciences, and departments in the College of Arts and Sciences with clinical activities. The FIU HCN has been granted tax-exempt organization status as defined by Section 501(c)(3) of the Internal Revenue Code.

The FIU HCN was organized in the State of Florida on February 21, 2008 and on August 9, 2012, the FIU HCN changed its name from The Florida International University College of Medicine Health Care Network Faculty Group Practice, Inc. to The Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc.

(b) **Basis of presentation**—The financial statements of the FIU HCN have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The FIU HCN 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 FIU HCN's governing body by one or more state or local governments.

In accordance with GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,* the FIU HCN 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.

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

(d) **Cash and cash equivalents**—The FIU HCN considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution, eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits (includes cash and restricted cash) are insured or collateralized.

(1) **Summary of Significant Accounting Policies:** (Continued)

(e) **Capital assets**—Capital assets are reported at historical cost less accumulated depreciation and amortization. Capital assets consist of fixed and moveable medical equipment and leasehold improvements. Depreciation and amortization are calculated using the straight line method over the following estimated service lives, which consist of 10 years for leasehold improvements, 5-15 years for moveable equipment and 7 years for fixed equipment.

(f) **Flow assumption for restricted assets**—If both restricted and unrestricted assets are available for use for a certain purpose, it is the FIU HCN's policy to use restricted assets first, and then use unrestricted assets as needed.

(g) **Operating revenue and expenses**—The FIU HCN's statements of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenue and expenses. Operating revenue results from exchange transactions associated with providing healthcare services, which is the FIU HCN's principal activity. Other sources of revenue, including investment earnings, are reported as non-operating revenue. Operating expenses include all expenses incurred to provide healthcare, other than external financing costs.

(h) **Net patient service revenue and patient accounts receivable**—Patient service revenue is recognized as revenue in the period when the services are performed and is reported on the accrual basis at the estimated net realizable amounts from patients. Net patient service revenue includes amounts estimated by management to be reimbursable by third-party payor programs under payment formulas in effect. Net patient service revenue also includes an estimated provision for bad debts based upon management's evaluation of collectability of patient receivables considering the age of the receivables and other criteria, such as payor classifications.

Patient accounts receivable are reported net of both an estimated allowance for uncollectible accounts and an allowance for contractual adjustments. Individual accounts are charged-off against the estimated allowance for uncollectible accounts when management determines that it is unlikely that the account will be collected. The contractual adjustments represent the difference between established billing rates and estimated reimbursement from patients and third party payors. The FIU HCN does not require collateral or other security for patient accounts receivable.

(i) **Educational program revenue**—Educational program revenues are earned under the terms of the agreement with the American University of Antigua and consist of monthly management fee revenues, as well as clinical program revenues earned at the start of each six (6) week clinical rotation cycle. Additionally, an advance payment of clinical program fees is amortized monthly on a pro- rata basis over the life of the agreement which is sixty four (64) months.

(j) **Income taxes**—The FIU HCN is a not-for-profit corporation, as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes, except for unrelated business income. There were no income taxes resulting from unrelated business income during the year ended June 30, 2015.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability (or asset) if the FIU HCN has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of June 30, 2015, there are no uncertain positions taken or expected to be taken that would require recognition

(1) **Summary of Significant Accounting Policies:** (Continued)

of a liability (or asset) or disclosure in the financial statements. If the FIU HCN were to incur an income tax liability in the future, interest and penalties would be reported as income taxes. The FIU HCN is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. FIU HCN's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

(2) **Net Patient Service Revenue and Patient Accounts Receivable:**

Net patient service revenue is derived principally from professional fees generated by the faculty of the FIU Academic Health Center for treating patients. Net patient service revenue represents direct revenue from patient care. This revenue is derived from professional fees charged to individual patients and funded through third party payors and private patient payments based on established reimbursement rates. A reconciliation of the net patient service revenue and amounts of services provided to patients at established rates to direct revenue from patient care, as presented in the statement of revenue, expenses and changes in net position is as follows:

	Year Ending June 30,	
	2015	2014
Gross direct charges from patient care	$ 6,058,372	$ 5,318,442
Less: Contractual adjustments	(2,427,290)	(2,085,459)
Less: Bad debt expense	(491,444)	(223,828)
Total net patient service revenue	$ 3,139,638	$ 3,009,155

Contractual adjustments for 2015 and 2014 included approximately $131,000 and $157,000 related to adjustments provided to self-insured patient accounts, respectively. The majority of these adjustments were for hospital services provided to unfunded patients, which represents individuals who are not enrolled in a health plan and must meet their financial obligations by using personal resources. These adjustments do not include allowances offered under a discount program according to the FIU HCN's self-pay discount policy, which were immaterial.

The following is a summary of the payment arrangements with major third party payors:

Medicare: As of June 30, 2015 and 2014, all HWCOM faculty physicians are participating in the Medicare program. In most instances, Medicare pays 80% of the allowed charge with the patient being responsible for 20% co-payment and an annual deductible.

Medicaid: As of June 30, 2015 and 2014, a number of the HWCOM faculty physicians are participating in the Medicaid program. Those physicians that meet the enhanced reimbursement requirement for Medicaid have been enrolled; all other faculty physicians are reimbursed at the current Medicaid fee schedule rates.

(2) **Net Patient Service Revenue and Patient Accounts Receivable:** (Continued)

Other: HWCOM, on behalf of FIU, has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations ("HMO's") and preferred provider organizations ("PPO's"). The basis for payment, which is deposited into an FIU HCN account under these arrangements, varies. Many of the HMO and PPO arrangements are based on the third party's fee schedule or capitated arrangements with certain Medicare Advantage HMO's which have been executed. Capitation revenue for the years ended June 30, 2015 and 2014 were approximately $193,076 and $240,000, respectively, which was included in net patient service revenue.

The FIU HCN's net patient accounts receivable consists primarily of amounts owed by third party payors and private payments. Net patient accounts receivable are summarized as follows:

	Year Ending June 30, 2015	Year Ending June 30, 2014
Patient accounts receivable based on established charges	$ 2,051,821	$ 1,467,238
Less: Contractual adjustments	(1,084,090)	(831,145)
Less: Allowance for doubtful accounts	(804,347)	(223,828)
Patient accounts receivable, net	$ 163,384	$ 412,265

Net patient accounts receivable by major financial classification is as follows:

	Year Ending June 30, 2015	Year Ending June 30, 2014
Commercial and managed care	$ 96,667	$ 245,487
Medicare	28,713	138,886
Medicaid	35,052	27,892
Self-pay	2,952	-
Patient accounts receivable, net	$ 163,384	$ 412,265

(3) **Educational Program:**

Effective October 1, 2013, an Agreement was executed by HWCOM on behalf of the FIU HCN with the American University of Antigua (the School) that allows for the opportunity for qualified School students to participate in a HWCOM Clinical Certificate Program that offers core clinical rotations in multiple medical specialties to third year students. The agreement is for a period of sixty four (64) months and will generate management and clinical program service revenues for the FIU HCN. As per the terms of the Agreement, the FIU HCN received a $500,000 advance in October 2013, which will be earned as revenue on a pro-rata basis over the term of the Agreement. As of June 30, 2015 and 2014, the unearned amount was approximately $337,000 and $431,000, respectively, and was included in unearned revenue as a liability.

For the years ended June 30, 2015 and 2014, total revenues earned under the terms of this Agreement approximated $2,686,000 and $1,441,000, composed of $1,280,000 and $960,000 in management fees for the clinical certificate program and $1,406,000 and $481,000 for the clinical certificate program, respectively.

(4) Depreciable Capital Assets:

A summary of depreciable capital assets is as follows:

	Depreciable Capital Assets			
	Beginning Balance	Additions	Disposals	Ending Balance
June 30, 2015:				
Medical equipment	$ 612,492	$ 13,075	$ -	$ 625,567
Leasehold improvements	1,422,715	-	1,422,715	-
Depreciable capital assets	2,035,207	13,075	1,422,715	625,567
Accumulated depreciation	(536,874)	(235,107)	(586,558)	(185,423)
Depreciable capital assets, net	$ 1,498,333	$ (222,032)	$ (836,157)	$ 440,144
June 30, 2014:				
Medical equipment	$ 244,211	$ 368,281	$ -	$ 612,492
Leasehold improvements	1,422,715	-	-	1,422,715
Depreciable capital assets	1,666,926	368,281	-	2,035,207
Accumulated depreciation	(350,361)	(186,513)	-	(536,874)
Depreciable capital assets, net	$ 1,316,565	$ 181,768	$ -	$ 1,498,333

(5) Related Party Transactions:

(a) **Due to FIU**—On August 27, 2010, the FIU HCN entered into a loan agreement totaling $5,321,198 with FIU in order to provide working capital and build out capital to fund the expansion of the faculty practice plan and the establishment of the ambulatory care center and other FIU clinical activities. Interest on the loan accrues at 2.00% simple interest and the loan is scheduled to mature on June 1, 2030. Draw downs on the loan through fiscal year ended June 30, 2014 totaled $5,321,198 and relate principally to expenses paid directly by FIU on behalf of FIU HCN. The loan also includes approximately $203,000 of accrued interest as of June 30, 2014. First payment of $112,366 of interest on the original loan of was made in June 2015.

In June of 2015 FIU HCN renegotiated the loan agreement with FIU and borrowed an additional $3,109,385. The total loaned by FIU to HCN is $8,663,962 and the terms are for twenty one years a 2% annual interest rate.

In addition, as of July 1, 2015, FIU HCN will operate as a management services organization for FIU. FIU HCN will retain 15% of gross patient service charges as a management fee. The remaining 85% of gross patient service charges will be transferred to FIU. All cash collections after July 1, 2015 on patient accounts receivable at June 30, 2015 will be transferred to FIU. Therefore, the net patient accounts receivable of $163,384 has been recorded as due to FIU and transfer to FIU at June 30, 2015.

(5) **Related Party Transactions:** (Continued)

Estimated principal and interest payments for the life of the amounts due to FIU, based on the balance due as of June 30, 2015, are as follows:

For the Year Ending June 30,	Principal	Interest	Total
2016	$ 295,440	$ 172,679	$ 468,119
2017	306,030	166,770	472,800
2018	316,878	160,650	477,528
2019	327,991	154,312	482,303
2020	339,374	147,752	487,126
2021-2025	1,877,482	632,201	2,509,683
2026-2030	2,206,083	431,619	2,637,702
2031-2035	2,575,678	196,574	2,772,252
2036	389,006	7,780	396,786
Total	$ 8,633,962	$ 2,070,337	$ 10,704,299

(b) **Lease commitments**—The University and the FIU HCN were parties to a space leasing agreement for the Faculty Group Practice site at PG 5 Market Station that was canceled in 2015 due to the renegotiated loan discussed in above. For the years ended June 30, 2015 and 2014, rent expense under this agreement amounted to $167,686 and $196,050, respectively. Furthermore, certain space within this facility was subleased. For the years ended June 30, 2015 and 2014, the total sub-lease rental income was $12,672 and $14,785, respectively.

The University and the FIU HCN were also parties to a space leasing agreement for the Ambulatory Care Center with an initial term of 40 years, expiring in October 2053. For the years ended June 30, 2015 and 2014, rent expense under this agreement amounted to $1. Furthermore, certain space within this facility was subleased in fiscal year 2015 with rental income of $117,030.

(6) **Operating Leases:**

The FIU HCN is party to a non-cancelable medical equipment lease with an unrelated third party vendor, with a four year term ending in December 2015. Future minimum payments required under this lease total $12,222 for the year ending June 30, 2016.

For the years ended June 30, 2015 and 2014, the FIU HCN recognized $163,580 and $87,787, respectively, in expenses related to this operating lease and others that were canceled during fiscal year 2015.

(7) **Commitments and Contingencies:**

(a) **Self-insurance program**—Board of Governor's Regulation 10.001 authorizes self-insurance programs for the purpose of providing comprehensive general liability and professional liability insurance for health care and veterinary sciences to university boards of trustees. On October 1, 2010, the University made an initial non-refundable deposit into a Self-Insurance Program (the SIP) bank account of $1,000,000.

(7) **Commitments and Contingencies:** (Continued)

As part of its mission to support the Academic Health Center and FIU, the FIU HCN will transfer a portion of its future surplus from operations to the Academic Health Center and FIU to fund the future cost of the SIP. This future surplus will be transferred to an appropriate FIU account as directed by the FIU's Division of Finance when such funds are available and budgeted by the Board of Directors of the FIU HCN for this purpose. FIU HCN will, when there is sufficient surplus from operations; fulfill its commitment to provide future SIP funding. Through June 30, 2015, FIU HCN has not made any transfers to this SIP.

(b) **Healthcare industry**—The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare participation requirements, reimbursement for patient services, Medicare fraud and abuse and most recently, under provisions of the Health Insurance Portability and Accountability Act of 1996, patient records privacy and security. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

Management believes that the FIU HCN is currently in compliance with fraud and abuse statutes as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

COMPLIANCE SECTION

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors and Audit Committee of
The Florida International University Academic Health Center
Health Care Network Faculty Group Practice, Inc.:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. (the FIU HCN) as of and for the year ended June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated September 15, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the FIU HCN's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the FIU HCN's internal control. Accordingly, we do not express an opinion on the effectiveness of the FIU HCN's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Moore & Co., P.L.

Gainesville, Florida
September 15, 2015

Finance and Audit Committee
Date: December 9, 2015

Subject: Amendment to Signature Authority – Authorization to Sign Checks for Certain Foreign Research Program Accounts

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Proposed Committee Action:

Recommend that the Florida International University Board of Trustees amend the Signature Authority - Authorization to Sign Checks for Certain Foreign Research Program Accounts to reflect the following changes:

For the West Africa Water Supply, Sanitation and Hygiene Program:

Remove: Ms. Sara Miner, West Africa Deputy Program Director

For the Rwanda Integrated Water Security Program:

Remove: Ms. Liliane Cyakwela, Office Manager
Ms. Jan Stofkoper, Director

Approve: Mr. Jean Pierre Nkuranga, Program Accountant

Background Information:

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

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

INTERNATIONAL WATER PROGRAMS

Amendment to Signature Authority – Authorization to Sign Checks for Certain Foreign Research Program Accounts

Florida International University Board of Trustees (the BOT) approval is requested to amend a previously approved Signature Authority on the designated local depositories for the following international water programs, which were funded by the U.S. Agency for International Development (USAID)**:**

1. West Africa Water Supply, Sanitation and Hygiene Program with USAID funding of $28 million (the "West African Water Program")

2. Rwanda Integrated Water Security Program with USAID funding of $28 million

On March 30, 2011, the BOT approved the following designated local depositories for the aforementioned programs:

In Mali:	Bank of Africa -Mali (BoA) (Correspondent Bank to Societe Generale) Bamako-Mali http:// www.bank-of-africa.net
In Burkina Faso:	Societe Generale Ouagadougou, Burkina Faso http://www.sgbb.bf
In Rwanda:	Bank of Kigali Kigali, Rwanda http://www.bk.rw

On March, 30, 2011, the BOT also approved the following officers and employees of the University as authorized to sign checks on accounts related to the aforementioned depositories and programs:

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

Cecilia Hamilton, Associate Vice President and University Controller

Luis Salas, Associate Vice President for Research

Lakhdar Boukerrou, West African Program Director
(authorized only for the West African Water Program)

The BOT is requested to approve the following employees of the University as authorized to sign checks from the designated depositories as further specified below:

APPROVE Jean Pierre Nkuranga, Program Accountant
(for the Rwanda Integrated Water Security Program only)

Signature Authority has been removed for the following individuals as they are no longer employed by the University:

REMOVED – Sara Miner
As of July 16, 2015, Sara Miner is no longer employed by the West African Water Program.

REMOVED – Liliane Cyakwela
As of September 30, 2013, Liliane Cyakwela is no longer employed by the Rwanda Integrated Water Security Program.

REMOVED – Jan Stofkoper
As of April 11, 2012, Jan Stofkoper is no longer employed by the Rwanda Integrated Water Security Program.

All controls on the bank accounts previously approved by the BOT shall continue to apply. Specifically, those controls are:

Controls in place for the West African Water Program Bank Accounts amended by the Board of Trustees on March 27, 2014

Access to the bank accounts by local Program staff will be kept to the minimum persons necessary to effectively perform the Program. Controls will be implemented to ensure that the bank accounts are used appropriately for Program purposes and that FIU Program personnel maintain oversight and monitoring of the bank accounts' use. In addition to world-wide insurance coverage for liability and theft by FIU employees overseas, the following controls, which have been used successfully by FIU in other international projects, will be adhered to:

- Checks on the bank accounts will require signature by two authorized Program personnel and no cash withdrawal cards will be issued. All checks issued in the foreign countries must be cosigned by two of the authorized signatories on the account and all checks issued to one of the authorized signatories in foreign countries must be cosigned by one of the authorized signatories in FIU/Miami.
- The maximum check amount will be US$10,000. If the check amount is to exceed the $10,000 it will require the signature of Luis Salas, Associate Vice President for Research.
- The bank accounts will have a balance of no more than US $300,000 at any given time.
- Replenishment of the bank accounts will be done only when financial reports of expenditures on the bank accounts have been approved by FIU personnel. Every month, the local Program offices will send to the FIU/Miami Program office substantiated financial reports (i.e., reports with back-up documentation) detailing the expenditures for the preceding period and requesting funds to replenish the bank accounts by the amount accounted for in the report. Such reports and back-up documentation will be reviewed by the FIU/Miami Program office.
- If the FIU/Miami Program office approves the monthly financial report, it will forward a reimbursement package to the Division of Research for its review and auditing. Each reimbursement package will have a unique Report Number that will separate it from other reports. Invoices will be submitted with the report detailing each payment made, the currency rate used, check payee, amount, and date. In addition, any deposits made will be totaled separately and will equal any deposits made to that account. After the Division of Research audits the report and if it is approved, it will then be sent to the FIU Controller's Office for wire processing and reconciliation.
- The FIU Controller's Office personnel reconciling the accounts will have online access to the banks accounts, if available.
- Extraordinary fund requests may be requested on occasions when sufficient funds are not available for a planned activity that is not part of the reoccurring monthly operational costs. The procedures outlined in the attachment are to be followed when requesting and accounting for these funds. The requests for extraordinary funds will never increase the bank balance beyond the $300,000 maximum.

GENERAL PROCEDURES FOR FOREIGN ACCOUNTS TO REQUEST EXTRAORDINARY FUNDS

Although the local office will make sure that, whenever possible, all local payments are made within the funding provided, given the nature of the project, there will be local payments that will have to be made in addition to regular monthly expenditures.

The following procedure will be followed to make sure those obligations are paid:

1) The local office will prepare a request to the FIU/Miami office indicating the nature of the expenditures and the amount needed.
2) The request will include an explanation stating the purpose for the additional / extraordinary funds that also accounts for why the funds are needed for immediate use.
3) Only one request can be outstanding.
4) The request will include a chart that details the following: a) name of person/entity to be paid; b) description or explanation of services to be paid / reason for not being an FIU vendor; c) amount in local currency to be paid; d) exchange rate; e) amount in US dollars to be paid and; f) total amount requested in US dollars.

Item #	**Name**	**Item Description / Explanation of Services**	**Amount in Local Currency**	**Exchange Rate**	**Amount in US $**
1	Juan Perez	Consultant Services: technical assistance French speaking	10,000,000.00	500/1	$20,000.00
2	Local Water Authority	Certification of clean water services	30,000,000.00	500/1	$60,000.00
3	xx	xxx	xx	xx	xx
Total					**$xx.xx**

5) The request will include copies of all supporting documents related to the expense(s).

Upon receipt of the request from the local office, the FIU/Miami office will:

a) Review and verify that all supporting documents are attached and the request has merits.
b) Formally request authorization to transfer the requested funds from the Associate Vice President for Research Administration or the Director of Post Award in the Division of Research (DOR).
c) Upon receipt of DOR authorization, the FIU/Miami office will process the corresponding un-encumbered payment form to transfer the funds to the local office.
d) Upon receipt of the funds in the local bank, the funds are to be expended for the requested purpose (s) within five (5) business days.
e) All receipts must be mailed to the FIU/Miami office within five (5) business days of completing the transaction.

Controls in place for Rwanda Integrated Water Security Program Bank Accounts approved by the Board on March 30, 2011

Access to the bank accounts by local Program staff will be kept to the minimum persons necessary to effectively perform the Programs. Controls will be implemented to ensure that the bank accounts are used appropriately for Program purposes and that FIU Program personnel maintain oversight and monitoring of the bank accounts' use. In addition to world-wide insurance coverage for liability and theft by FIU employees overseas, the following controls, which have been used successfully by FIU in other international projects, will be adhered to:

- Checks on the bank accounts will require signature by two authorized Program personnel and no cash withdrawal cards will be issued. All checks issued in the foreign countries must be cosigned by two of the authorized signatories on the account and all checks issued to one of the authorized signatories in foreign countries must be cosigned by one of the authorized signatories in FIU/Miami.
- The maximum check amount will be US$10,000.
- There will always be one bank account in US Dollars that will receive wires from the US and another in local currency.
- The bank accounts will have a monthly balance of no more than between US$55,000 to US$70,000 at any given time.
- Replenishment of the bank accounts will be done only when financial reports of expenditures on the bank accounts have been approved by FIU personnel. Every

month the local Program offices will send to the FIU/Miami Program office substantiated financial reports (i.e., reports with back-up documentation) detailing the expenditures for the preceding period and requesting funds to replenish the bank accounts by the amount accounted for in the report. Such reports and back-up documentation will be reviewed by the FIU Program office.

- If the local FIU Program office approves the monthly financial report, it will forward a reimbursement package to the Division of Research for its review and auditing. Each reimbursement package will have a unique Report Number that will separate it from other reports. Invoices will be submitted with the report detailing each payment made, the currency rate used, check payee, amount, and date. In addition, any deposits made will be totaled separately and will equal any deposits made to that account. After the Division of Research audits the report and if it is approved, it will then be sent to the FIU Controller's Office for wire processing and reconciliation.
- The FIU personnel reconciling the accounts will have online access to the banks accounts, if available.

Finance and Audit Committee Meeting
Date: December 9, 2015

Subject: Approval of construction of two (2) intramural/athletics department practice fields (the "Project"); Approval of Amendment to the 2015-16 Operating and Fixed Capital Budgets to include the Project; Approval of Amendment to the 2010-20 Campus Master Plan for the Modesto A. Maidique Campus to accommodate the Project

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Proposed Committee Action:

Recommend that the Florida International University Board of Trustees hereby approve (i) construction of the Project, (ii) an amendment to the 2015-16 Operating and Fixed Capital Budgets for the Project, and (iii) an amendment to the 2010-20 Campus Master Plan for the Modesto A. Maidique Campus (MMC) to accommodate the Project; delegate to the University President the authority to amend the construction program as required, consider and implement alternative lower-cost opportunities for the Project that achieve the same objectives, and finalize all exhibits and execute all documents related thereto.

Background Information:

FIU students have very limited access to recreational intramural fields and our football program does not have access to any practice fields; all football practice sessions are held on the Ocean Bank Football Field at FIU stadium, an artificial turf field.

The construction program for the Project currently includes:

- one natural turf field
- one artificial turf field
- lighting systems on each field
- fencing
- demolition/construction of Southwest 17 Street
- replacement parking
- relocation of existing trees

The Project does not include relocating existing underground utilities that run along the north and south sides of Southwest 17 Street, including FPL primary power line, water main, sanitary sewer main, and telecommunications lines due to excessive relocation costs. However, since no permanent facilities are being constructed over the utilities, they are easily accessible in the event that repairs are needed.

The practice fields will serve both the recreational needs of students engaged in intramural athletics programs as well as needs of our football and other athletics programs. Students participating in intramural athletics programs will have access to the fields averaging 50 percent of the time, including the use of the artificial turf field year round after athletics team practice. The natural turf field will be available for intramural purposes after the conclusion of the football season except when being used for athletics team practice. The Recreation and Wellness Center oversees the intramural and club sports program, including flag football, lacrosse, rugby, and soccer. Currently, FIU has only one recreation field located north of Panther Garage and it is impossible to accommodate the recreational needs of all of these sports.

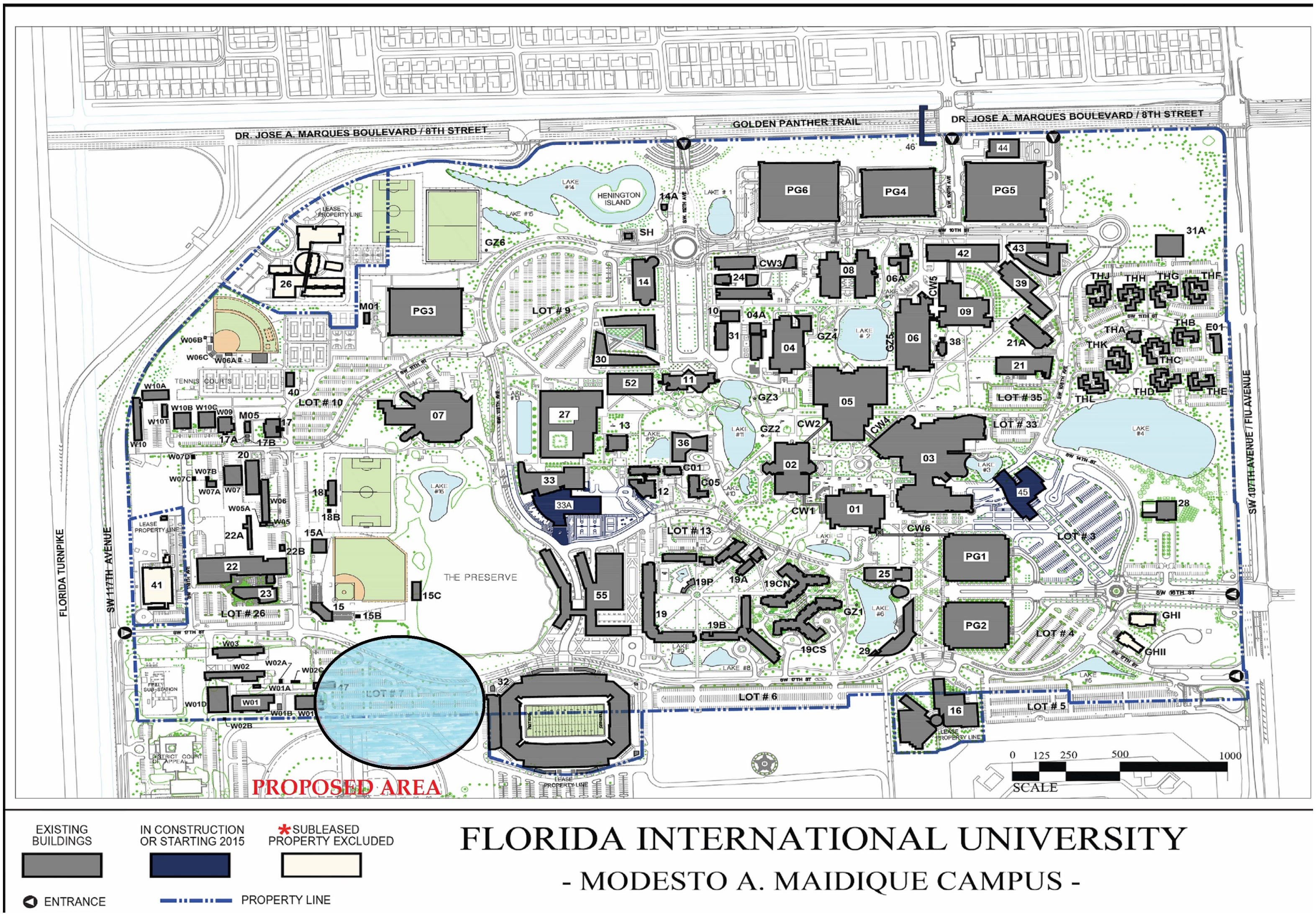
The football program will benefit immensely from the addition of the Project; as stated earlier, currently the football team practices in the FIU Stadium. FIU is the only institution in Conference USA without practice fields. Adding the Project will allow the football team to practice on both artificial and natural grass, an important training element, and also will allow the football program to conduct separate but adjacent practices of the offensive and defensive teams. Currently, individual, group, offensive, defense and special team drills cannot be held at the same time, and it is difficult to practice deep throws without interrupting another group. Lastly, practicing on natural grass is also considered advantageous as certain types of injuries may be reduced and natural grass is also 10-15 degrees cooler than artificial turf.

The Amendment to the 2010-20 Campus Master Plan will reflect the relocation of Southwest 17 Street that runs north of FIU Stadium northward so that two football practice fields may be constructed west of the Stadium, partially on existing surface parking lots as shown in the attached site plan.

The outside estimated cost of the Project is $8.9 million. The Project will not exceed this amount. Funding for the Project will consist of $500,000 from the student Activity and Service Fee Trust Fund balance and FIU unrestricted fund balances through Treasury. The Department of Athletics will be responsible for one-half of the Project cost repaid through an internal loan and/or fundraising, such as the naming of the Project.

All operating and maintenance expenses associated with the Project will be borne by the Athletics Department.

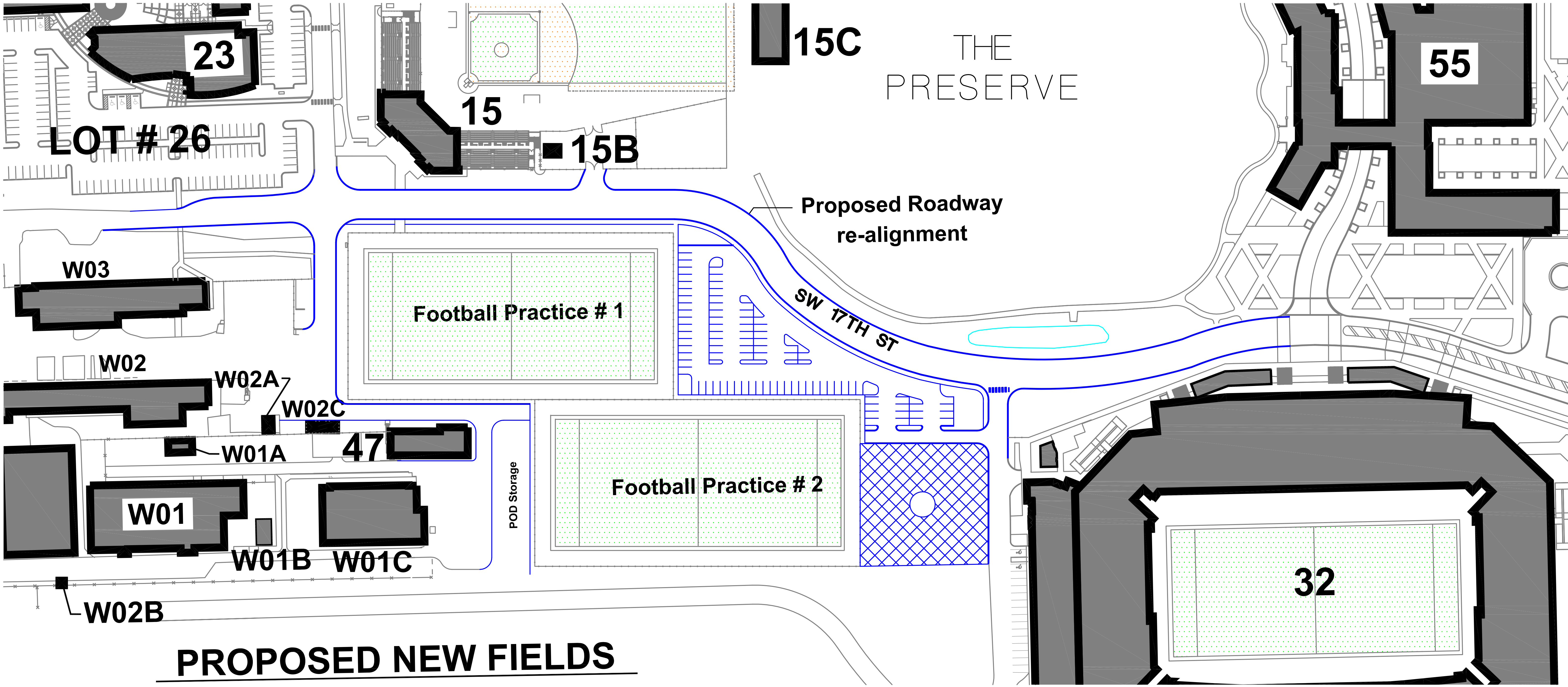
Legal Authority:
Florida Statute 1013.74(2)(a) provides the Board of Trustees with the authority to approve certain fixed capital outlay projects. Florida Statute 1013.61 requires the Board of Trustees to approve an annual fixed capital outlay budget as part of the University's annual budget.



FLORIDA INTERNATIONAL UNIVERSITY

- MODESTO A. MAIDIQUE CAMPUS -

22
41
SW 116TH AVE
23
PROPERTY LINE
LOT # 26
15
15B
15C
THE PRESERVE
SW 17TH ST
Proposed Roadway re-alignment
Existing Parking & Road to be demolished
SW 17TH ST
SW 17TH ST
W03
FP&L SUB-STATION
W02
W02A
W02C
W01A
47
LOT # 7
W01D
W01
W01B
W01C
W02B
32
AREA OF DEMOLITION


23
LOT # 26
15
15B
15C
THE
PRESERVE
55
Proposed Roadway
re-alignment
SW 17TH ST
W03
Football Practice # 1
W02
W02A
W02C
W01A
47
POD Storage
Football Practice # 2
W01
W01B
W01C
W02B
32
PROPOSED NEW FIELDS

Florida International University

Practice Football Fields # 1 & #2

DRAFT Cost Magnitude - November 19, 2015

Item	Description	Quantity	Unit	Unit Cost	Total
1.1	**Field Area #1**				**$503,143**
1.1.1	Water line (2" dia.)	1,250	LF	$10.00	$12,500
1.1.2	Quick couplers (1")	5	EA	$400.00	$2,000
1.1.3	Water line connection to existing supply	1	LS	$500.00	$500
1.1.4	Water valves	2	EA	$500.00	$1,000
1.1.5	Storm header / collection piping (12" - 15")	1,385	LF	$24.00	$33,240
1.1.6	Infield perimeter drain (8")	430	LF	$19.00	$8,170
1.1.7	Perimeter drain (6")	1,800	LF	$15.00	$27,000
1.1.8	Drain Basins	6	EA	$800.00	$4,800
1.1.9	USGA grade sand rootzone mix (9")	94,415	SF	$3.00	$283,245
1.2.0	Gravel Drainage Blanket	0	TON	0	$0
1.2.1	Field Underdrainage (4"pipe)	4,040	LF	$12.00	$48,480
1.2.2	Sod layer	94,415	SF	$0.50	$47,208
1.2.3	Irrigation	1	LS	$35,000.00	$35,000
2.11	**Fencing / Apron**				**$180,920**
2.11.1	4' Concrete apron - 5" thick (wwf)	6,815	SF	$8.00	$54,520
2.11.2	10'-0" Ht. Black Chainlink Fence(galv)	1,720	LF	$70.00	$120,400
2.11.3	10'-0" Ht. Black Chainlink, 4' W. Dbl Gate	4	EA	$700.00	$2,800
2.11.4	10'-0" Ht. Black Chainlink, 12' W. Dbl. Gate	2	EA	$1,600.00	$3,200
3.1	**Site General**				**$281,000**
3.1.1	Mobilization	1	LS	$10,000.00	$10,000
3.1.2	Demolition (fencing, walks)	1	LS	$50,000.00	$50,000
3.1.3	Erosion and Sediment Control	1	LS	$25,000.00	$25,000
3.1.4	Storm Water Treatment	1	LS	$50,000.00	$50,000
3.1.5	Utility relocation	1	LS	$50,000.00	$50,000
3.1.6	Strip Existing Site	235,000	SF	$0.10	$23,500
3.1.7	Rough Grading	290,000	SF	$0.25	$72,500
3.3	**Sports Lighting System**				**$360,000**
3.3.1	6-pole Musco Lighting System (75 fc)	1	LS	$300,000.00	$300,000
3.3.2	Electrical Service	1	LS	$60,000.00	$60,000
1.1	**Field Area #2 (Artificial Turf)**				**$800,000**
1.1.1	Water line (2" dia.)	0	LF	$10.00	$0
1.1.2	Quick couplers (1")	0	EA	$400.00	$0
1.1.3	Water line connection to existing supply	0	LS	$500.00	$0
1.1.4	Water valves	0	EA	$500.00	$0
1.1.5	Storm header / collection piping (12" - 15")	0	LF	$24.00	$0
1.1.6	Infield perimeter drain (8")	0	LF	$19.00	$0
1.1.7	Perimeter drain (6")	0	LF	$15.00	$0
1.1.8	Drain Basins	0	EA	$800.00	$0
1.1.9	USGA grade sand rootzone mix (9")	0	SF	$3.00	$0
1.2.0	Gravel Drainage Blanket	0	TON	0	$0
1.2.1	Field Underdrainage (4"pipe)	0	LF	$12.00	$0
1.2.2	Sod layer	0	SF	$0.50	$0
1.2.3	Irrigation	0	LS	$35,000.00	$0
2.11	**Fencing / Apron**				**$180,920**
2.11.1	4' Concrete apron - 5" thick (wwf)	6,815	SF	$8.00	$54,520
2.11.2	10'-0" Ht. Black Chainlink Fence(galv)	1,720	LF	$70.00	$120,400
2.11.3	10'-0" Ht. Black Chainlink, 4' W. Dbl Gate	4	EA	$700.00	$2,800
2.11.4	10'-0" Ht. Black Chainlink, 12' W. Dbl. Gate	2	EA	$1,600.00	$3,200

Florida International University

Practice Football Fields # 1 & #2

DRAFT Cost Magnitude - November 19, 2015

Item	Description	Quantity	Unit	Unit Cost	Total
3.1	**Site General**				**$281,000**
3.1.1	Mobilization	1	LS	$10,000.00	$10,000
3.1.2	Demolition (fencing, walks)	1	LS	$50,000.00	$50,000
3.1.3	Erosion and Sediment Control	1	LS	$25,000.00	$25,000
3.1.4	Storm Water Treatment	1	LS	$50,000.00	$50,000
3.1.5	Utility reloation	1	LS	$50,000.00	$50,000
3.1.6	Strip Existing Site	235,000	SF	$0.10	$23,500
3.1.7	Rough Grading	290,000	SF	$0.25	$72,500
3.3	**Sports Lighting System**				**$360,000**
3.3.1	6-pole Musco Lighting System (75 fc)	1	LS	$300,000.00	$300,000
3.3.2	Electrical Service	1	LS	$60,000.00	$60,000
4.1	**Road Realignment**				**$953,190**
4.1.1	Mobilization	1	LS	$10,000.00	$10,000
4.1.2	Demolition (asphalt, concrete)	1	LS	$40,000.00	$40,000
4.1.3	Erosion and Sediment Control	1	LS	$50,000.00	$50,000
4.1.4	Storm Water Treatment	1	LS	$100,000.00	$100,000
4.1.5	Earthwork	1	LS	$100,000.00	$100,000
4.1.1	Concrete Curb and Gutter	2,900	LF	$15.00	$43,500
4.1.2	Asphalt Road	5,934	SY	$35.00	$207,690
4.1.3	Cross Walks	7	EA	$0.00	$0
4.1.4	Storm Drainage System	1	LS	$100,000.00	$100,000
4.1.5	Street Lighting	1	LS	$80,000.00	$80,000
4.1.6	Utility	1	LS	$100,000.00	$100,000
4.1.7	Concrete Walk	22,000	SF	$5.00	$110,000
4.1.8	Street Signage	1	LS	$12,000.00	$12,000
4.3	**Parking Lot Adjustments**				**$151,975**
4.3.1	Concrete Curb and Gutter	1,240	LF	$15.00	$18,600
4.3.2	Asphalt paving (base)	400	SY	$20.00	$8,000
4.3.3	Parking Lot Overlay (affected areas)	2,250	SY	$7.00	$15,750
4.3.4	Storm Drainage System	1	LS	$40,000.00	$40,000
4.3.5	Parking Lighting	1	LS	$25,000.00	$25,000
4.3.6	Utility	1	LS	$20,000.00	$20,000
4.3.7	Concrete Walk	3,725	SF	$5.00	$18,625
4.3.8	Street Signage	1	LS	$6,000.00	$6,000
	Hard Costs Total				**$4,052,148**
	Design Contingecy (10%)				$405,215
	Construction Contingency (10%)				$405,215
	Soft Costs (10%)				$405,215
	Equipment & POD Storage Units				$25,000
	Parking Replacement Allowance TBD	387	EA	$2,000.00	$774,000
	Tree Relocation Allowance	30	EA	$1,500.00	$45,000
	Soft Costs and Contingency				**$2,014,644**
	Campus Improvements Total				**$6,066,792**
	10% Inflation from 2013 to 2016				**$808,144**
	Project Total				**$8,889,579.60**

Office of Internal Audit Status Report

BOARD OF TRUSTEES

December 9, 2015

FLORIDA INTERNATIONAL UNIVERSITY

OFFICE OF INTERNAL AUDIT

Date: December 9, 2015

To: Board of Trustees and Finance and Audit Committee

From: Allen Vann, Chief Audit Executive

Subject: **OFFICE OF INTERNAL AUDIT STATUS REPORT**

I am pleased to provide you with the quarterly update on the status of our office's work activities. Since our last update to you on September 10, 2015, we completed the following audits:

Audit of the Performance Based Funding Metrics Data Integrity

Beginning in fiscal year 2013-14, the State University System of Florida Board of Governors (BOG) instituted a performance based funding program, which is based on 10 performance metrics used to evaluate Florida's 12 public universities. Pursuant to their request, we have completed an audit relating to the University's performance based funding metrics for the current period.

In December 2014, we issued our first audit on the reliability of FIU's metrics. Our current audit confirmed the results of our previous audit; that FIU continues to have good process controls for maintaining and reporting performance metrics data. In our opinion, the system in all material respects continues to function in a reliable manner.

Audit of the University's IT Network Security Controls

The primary objective of this audit was to determine if the University's IT network security controls and procedures adequately protect the confidentiality, integrity, and availability of the University's sensitive and/or critical data.

Cybersecurity is a collaborative effort between the University's centralized IT services and the end users in the various departments. A Network Systems and Security group provides security tools to the local business units. One security tool, Data Loss Prevention (DLP), identifies which device is transmitting sensitive data. Additionally, local units Information Technology Administrators are alerted of threats identified through an Intrusion Protection

System (IPS). Depending on the threat, the IPS either immediately stops the data transmission or alerts the Network System and Security Engineering of its existence. If further clarification is required, the business unit examines the device to determine whether there is a threat to sensitive data.

Our audit identified areas where FIU has opportunities to strengthen network security particularly in reducing access privileges, coordinating and formalizing threat identification and mitigation processes, and performing risk assessments. Maintaining a strong cybersecurity requires the cooperation of the end users in the various departments, particularly their Information Technology Administrators. Accordingly, well-designed centralized security system controls are only as effective as the prevailing governance structure permits. Management agreed to implement the 13 recommendations in this report.

Audit of Laboratory Safety

An internal audit of the Laboratory Safety Process was last concluded in May 2014. The primary objective of the current audit was to determine whether prior audit recommendations have been effectively implemented and controls over tracking of chemical inventory and disposing of chemical waste, which were not tested during our last audit, are adequate and effective.

During the current audit, we observed that nine of the previous recommendations were fully implemented and five were partially implemented. We tested the controls over the collection storage and disposal of hazardous waste and found them to be adequate. The University recently partnered with an outside vendor to provide hazardous chemical tracking management and support service for a FIU research lab supply store. This will provide better control over tracking hazardous chemicals and monitoring who has access to them.

Work In Progress

The following ongoing audits are in various stages of completion:

Audits	*Status*
Facilities Management - University Building Access Controls	Draft Report issued
Global Affairs - Study Abroad and Exchange Programs	Drafting Report
Division of Human Resources - Financial and Operating Controls	Fieldwork Completed
College of Law - Financial and Operating Controls	Fieldwork in Progress
College of Education – Financial and Operating Controls	Fieldwork in Progress
University Mobile Healthcare Clinics	Planning Stage
Payment Services/Cash Controls	Planning Stage
Major Construction Projects	Planning Stage

Investigations

One of the responsibilities of the Office of Internal Audit is to investigate allegations of financial fraud, waste, abuse, wrongdoing, and any whistleblower complaints. Accordingly, from time to time our office receives and reviews complaints from various sources: the BOG Inspector General, the FIU hotline, Human Resources and sometimes directly from a complainant.

Since the beginning of this fiscal year, our office received and/or reviewed eight complaints. Several cases did not fall under our purview and were referred to other departments for appropriate action. Most of the complaints we investigated were found to be unsubstantiated. However, in one case the subject of the complaint was separated from employment. We are currently performing one active investigation. Further details will be provided upon request.

Other Matters

As the Chief Audit Executive of FIU, I am a member of Florida's State University Audit Council. We meet semiannually to share experiences, understand the risks and challenges common to our universities and develop plans to better serve our respective institutions. At our last meeting in October at Florida Gulf Coast University, I was elected Chairman of the Council.

Also in October, I performed a quality assurance review of Kennesaw State University's Internal Audit Department. These reviews are conducted at least every five years to ensure that an internal audit department is performing their audit work in accordance with the auditing standards promulgated by the Institute of Internal Auditors. As the evaluator, I gain relevant information about best practices, which in turn enhances the value added I provide to our FIU.

Attachment: Semi-Annual Follow-Up Status Report

Semi-Annual Follow-Up Status Report

Twice a year, we survey management on their progress towards completing past recommendations. According to management, 42 of 55 recommendations due for implementation this quarter were satisfactorily completed. They are working to complete the remaining recommendations.

Areas Audited	Total Due for Implementation	Implemented	Partially Implemented
Southeast Environmental Research Center	4	3	1
Minor Construction Projects	5	5	
HCN's Billing, Collections, and Electronic Medical Record Systems	4	3	1
College of Architecture + The Arts (CARTA)	5	5	
Nicole Wertheim College of Nursing and Health Sciences	6	6	
Performance Based Funding Metrics Data Integrity	1	1	
Extreme Events Institute	5	4	1
Controller's Office - Purchasing Services for Commodities	1	1	
The Patricia & Phillip Frost Art Museum	2		2
Laboratory Safety Process	5	2	3
Camps and Programs Offered to Minors	6	3	3
University College – Student Activity and Service Fee	1	1	
Office of Research and Economic Development	1	1	
Parking and Transportation Department	4	2	2
Wolfsonian - FIU	5	5	
Totals	**55**	**42**	**13**
Percentages	**100%**	**76%**	**24%**

Florida International University
Financial Summary Overview [1]
FY 2015-16

($ in millions)	Year To Date September 2015 Budget	Current Year Actual	Variance $	Variance %
Revenue / Receipts				
University				
Educational and General (net) [2]	156.5	158.7	*2.2*	*1%*
University	*139.4*	*141.7*	*2.3*	*2%*
College of Medicine	*17.1*	*17.0*	*(0.1)*	*-1%*
FIU Self-Insurance Program	-	-	-	*0%*
Auxiliary Enterprises	67.4	69.1	*1.7*	*3%*
Intercollegiate Athletics	9.0	10.3	*1.3*	*14%*
Activities and Service	7.4	7.7	*0.3*	*4%*
Technology Fee	4.0	4.0	-	*0%*
Board Approved Fees	0.2	0.2	-	*0%*
Contracts and Grants	25.1	29.2	*4.1*	*16%*
Student Financial Aid	70.7	72.3	*1.6*	*2%*
Concessions	0.1	0.1	-	*0%*
Direct Support Organizations				
FIU Athletic Finance Corp	1.1	0.7	*(0.4)*	*-36%*
FIU Foundation Inc.	5.3	4.0	(1.3)	*-24%*
FIU Health Care Network	1.0	1.3	*0.3*	*30%*
FIU Research Foundation	-	-	-	*0%*
Interfund Adjustments [3]	(1.4)	(1.8)	*(0.4)*	*29%*
Total Operating Revenues	**346.4**	**355.8**	***9.4***	***3%***
University Treasury (net)	3.0	(4.9)	*(7.9)*	*-263%*
FIU Foundation Inc	0.9	(15.2)	*(16.1)*	*-1789%*
Total Investment Revenues	**3.9**	**(20.1)**	***(24.0)***	***-615%***
Total Revenues / Receipts	**350.3**	**335.7**	***(14.6)***	***-4%***
Expenses				
University				
Educational and General (net)	89.1	80.1	*9.0*	*10%*
University	*79.0*	*72.1*	*6.9*	*9%*
College of Medicine	*10.1*	*8.0*	*2.1*	*21%*
FIU Self-Insurance Program	-	-	-	*0%*
Auxiliary Enterprises	42.2	38.7	*3.5*	*8%*
Intercollegiate Athletics	7.2	7.4	*(0.2)*	*-3%*
Activities and Service	5.5	3.2	*2.3*	*42%*
Technology Fee	2.4	1.3	*1.1*	*46%*
Board Approved Fees	0.2	0.3	*(0.1)*	*-50%*
Contracts and Grants	28.0	31.4	*(3.4)*	*-12%*
Student Financial Aid	74.9	76.8	*(1.9)*	*-3%*
Concessions	0.1	0.1	-	*0%*
Direct Support Organizations				
FIU Athletic Finance Corp	0.6	0.5	*0.1*	*17%*
FIU Foundation Inc.	6.8	4.2	*2.6*	*38%*
FIU Health Care Network	0.7	0.8	*(0.1)*	*-14%*
FIU Research Foundation	0.0	0.0	*(0.0)*	*-430%*
Interfund Adjustments [3]	(1.4)	(1.8)	*0.4*	*-29%*
Total Expenses	**256.3**	**243.0**	***13.3***	***5%***
Principal Payment of Debt [4]	-	-	-	*0%*
Change in Net Assets (incl. Investments)	**94.0**	**92.7**	***(1.3)***	***-1%***
Change in Net Assets (excl. Investments)	**90.1**	**112.8**	***22.7***	***25%***

Notes:

[1] *The financials presented above reflects the state budgeting methodology which differs from full accrual Financial Statements. The following have the most significant impact:*

▪ *Depreciation of Assets: For budgeting purposes equipment purchases are fully expensed in their acquisition year, therefore depreciation is not included in the budget.*

▪ *Payables: At fiscal year-end, E&G expenses will include year end commitments (encumbrances) which have not yet been invoiced.*

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

[2] *E&G revenues include State Funding and Tuition and are net of waivers, uncollectible amounts and 30% Financial Aid need-based amounts per BOG regulation. The difference between E&G Revenues and Expenses will be funded from prior years carry forward.*

[3] *Interfund transfers have been included resulting in higher revenue and expenses by fund allowing for an individual fund performance analysis. The interfund adjustments above eliminate this double counting. However, interfund transactions such as tuition funded by scholarships and auxiliary services provided to other units have not been eliminated. Since revenues and expenses are equal, the interfund adjustments are the same for both.*

[4] *Principal payment of debt reflected above per BOG requirement that debt service payments be shown on a cash basis.*

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
December 9, 2015

UNIVERSITY COMPLIANCE PROGRAM REPORT

The Office of University Compliance and Integrity is pleased to present our current status update on the 2015-2016 goals for the University's Institutional Compliance and Ethics program.

Federal Sentencing Guidelines Provision	Compliance Program Objective	Key Action Items	% Completed	Completion Date
Policies and Procedures Organizations should have standards reasonably capable of preventing and detecting misconduct	Enhance effectiveness of the policy governance structure	• Support the launch of the Code of Conduct	20%	
		• Develop and launch the new policy administration framework	75%	
		• Roll out the process to begin tracking policy review and electronic certificate of completion	70%	
Program Structure and Oversight Organizations should have high-level oversight and adequate resources and authority given to those responsible for program	Implement compliance framework at the department level for high risk compliance areas	• Develop the infrastructure and roll out the Compliance Liaison system	100%	4/8/15
		• Develop and roll out department level compliance risk assessments	10%	
		• Incorporate University compliance objectives and strategies into the department level goals and objectives	10%	

Federal Sentencing Guidelines Provision	Compliance Program Objective	Key Action Items	% Completed	Completion Date
Training and Communication Organizations should include periodic education, communication and awareness of its compliance and ethics program in its everyday organizational structure	Integrate policy and procedure objectives with training and communication plans	• Develop and pilot test the new communication and training process as part of the policy administration program	90%	
		• Train Policy Liaisons on the new policy framework and the policy taxonomy	25%	
Measurement and Monitoring Organizations should have in place a system and schedule for routine monitoring and auditing of organizational transactions, business risks, controls and behaviors	Launch self-monitoring tools, processes and schedules to support Compliance Liaisons with monitoring compliance	• Develop a compliance monitoring plan for high risk compliance functions based on risk assessments and audit plans	5%	
		• Distribute a monitoring resource kit and provide guidance to Compliance Liaisons on executing the compliance monitoring plans	5%	
Allegation Reporting and Investigations Organizations should take appropriate investigative actions in response to suspected ethics and compliance violations	Align standards and procedures, communications and training, incident reporting and monitoring to identify targeted training opportunities and increase program efficiencies	• Re-brand and re-launch the ethics and compliance reporting line	100%	2/1/15
		• Revise the incident reporting intake process and set up the new Convercent reporting system	100%	3/15/15
		• Train FIU investigators on investigation protocols and distribute investigation guidelines	100%	1/28/15
		• Embed the review of compliance analytics data into the compliance program improvement process	50%	

Federal Sentencing Guidelines Provision	Compliance Program Objective	Key Action Items	% Completed	Completion Date
Discipline and Incentives Organizations should have policies and procedures to effectively enforce compliance and incentivize employees to perform in accordance with the compliance program	Develop the framework for incentivizing and enforcing compliance at the department level	• Develop the templates and tracking mechanisms for generating compliance data	95%	
		• Provide department level guidelines to enforce policy and training requirements	10%	
		• Develop and roll out a plan to integrate ethics and compliance incentive opportunities	10%	
Compliance Risk Management Appropriate compliance and ethics program improvements should be designed to reduce identified risks or compliance violations	Evaluate organizational models for managing enterprise risks	• Launch the enterprise risk assessment survey	10%	
		• Launch targeted compliance risk assessments for high risk activities	10%	
		• Determine the University risk priorities	5%	
		• Establish ownership and oversight responsibilities	0%	
		• Determine the methodology to use for a periodic risk assessment process	0%	

Federal Sentencing Guidelines Provision	Compliance Program Objective	Key Action Items	% Completed	Completion Date
Organization Culture Organizations should encourage a speak up culture to support reporting instances of misconduct	Re-brand the ethics hotline	• Launch the FIU Convercent Ethical Panther Reporting system	100%	2/15/15
		• Conduct a University ethics and compliance culture and awareness survey	50%	
		• Expand our awareness reach to students, faculty and staff as part of Compliance and Ethics Week	100%	11/16/15

Top Categories of Complaints
Reported Since September 1, 2015

- Drug law policy violations
- Harassment (non-sexual)
- NCAA Rules Violations
- Political Activity Violations
- Firearms and Dangerous Weapons
- Fraud and Financial Abuse (Student Related)

University Policies and Standards Published/Updated (by category) Since September 1, 2015

- **Responsible Conduct of Research**
- **Harassment (non sexual)**
- **NCAA Rules**
- **Political Activity**
- **Firearms and Dangerous Weapons**
- **Fraud and Financial Abuse (student related)**

Categories of Compliance Trainings Conducted Since September 1, 2015

- Financial Controls
- NCAA Rules
- Responsible Conduct of Research
- Firearms and Dangerous Weapons
- Human Subject Research
- Faculty Misconduct

Compliance Categories for Risk Assessments Conducted Since September 1, 2015

- **NCAA Rules**
- **Human Subject Research**
- **Academic Affairs**
- **Access/Accountability/Disability**
- **Animal Subject Research**
- **Discrimination (age, marital, sex, national origin, race, sex and gender)**

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
December 9, 2015

Reports *(For Information Only – no action required)* Pete Garcia
Executive Director of Sports and Entertainment

Fundraising Report

FIU Foundation, Inc.
Unaudited Preliminary Recap
Through the Period Ended September 30, 2015 (in thousands)

	Budget	Actual	Variance
Revenues	$229	$201	($28)

- Unfavorable budget to actuals is a result of the timing of revenue collection.

Athletics Finance Corporation

FIU Athletics Finance Corporation
Unaudited Preliminary Recap
Through the Period Ended September 30, 2015 (in thousands)

	Budget	Actual	Variance
Revenues	$1,120	$1,043	($77)
Expenses	$285	$199	$86

- Year-to-date Net Income excluding debt service was $708 thousand, favorable to budgeted $9 thousand.
  - Primary drivers include:
    - Timing of game day expenses as there was only one home game scheduled in quarter one.
    - The debt coverage covenant requirement is forecasted to be met for the period ending June 30, 2016.

<u>Other Financial Highlights:</u>

Miami Dolphin exhibition game produced $24,353 in revenues (i.e. concessions).

Multi-year rental agreement with Miami FC (Football Club) for use of the stadium for NASL (North American Soccer League) soccer matches:

- Base rent of $10,000 per match (estimated 12 matches) and $2,500 per practice day
- Miami FC is responsible for all operating expenses associated with matches and practices
- FIU Athletics will receive $2 per ticket after the first 500 tickets sold per match
- FIU Athletics will receive a minimum gift of $450,000 for its program

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
December 9, 2015

BUSINESS SERVICES REPORT AS OF NOVEMBER 3, 2015

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

Updates

- **PG-6 Tech Station:**

  The **Reebok's CrossFit Keep Charging** gym opened September 2015 in PG-6 with brand new amenities. The facility, which is over 7,000 sq. ft., has a state-of-the-art work out area and a full therapy center with a physical therapist and chiropractor.
  License agreements for approximately 1,600 sq. feet of retail space in PG-6 was recently executed with **Hillel at FIU** and **Becqtech Construction**. Hillel is the Foundation for Jewish Campus Life, the largest Jewish campus organization in the world, working with thousands of college students globally. Hillel's mission is "to enrich the lives of Jewish undergraduate and graduate students so that they may enrich the Jewish people and the world". FIU's Jewish population is extremely excited about the new center which is planned to be completed in Spring 2016. Becqtech Construction will be using their space as a small storage facility.
- **Half Moon Empanadas:** Half Moon opened in PG-6 as our 30th food service location on campus. The services have contributed to energizing the facility and is a welcomed addition by the FIU community in the north neighborhood of the Modesto A. Maidique Campus (MMC). In October, Half Moon Empanadas partnered with the Division of External Relations to highlight "FIU Everyday Champions" as a social media campaign to recognize FIU individuals who go above and beyond to serve the FIU community.
- **JuiceBlendz Café**: JuiceBlendz opened for operation February 2015 in PG-5 Market Station. JuiceBlendz has been well received and continues to gain exposure in the FIU community. Sampling using the JuiceBlendz truck took place at the Residence Halls earlier this month to bring awareness and boost sales.
- **MANGO:** Total dining sales are up by 12.5% at MANGO.
- **BBC Dining:** The new dining locations **Starbucks** and **Subway** are up by 33%. The addition of the new venues have made a positive impact in customer satisfaction.
- **Internship Program:** Dining Services launched an FIU-specific internship program in cooperation with the Chaplin School of Hospitality and Tourism Management to provide two students an opportunity to learn about the various career opportunities within higher education through hands-on working rotations that included overall safety, residential, retail, catering, human resources and marketing.
- **Voice of the Consumer Program (VOC):** Approximately 41% of the participants who have used Dining Services' VOC use their mobile device to participate. VOC uses live-feedback to allow the FIU community to take a short survey at the point of service, which translates into WOWs indicating job well done or RESCUES which require immediate operational fixes.

- **Network Printing and Copying**: Approximately 130 new pieces of equipment have been installed on campus with the assistance of Toshiba and the Division of IT. The deployment of the project presented some challenges regarding compatibility issues and customization concerns that were required to fit the FIU community. This caused a delay in the project, however, it is anticipated that the deployment will resume prior to end of November.

Quick Facts

Services under Management

- 46 food and retail venues, beverage and snack vending, FIU *One* Card Program, printing and copying, multi-use facilities, property management and advertising.

Investments

- For fiscal year 2015-16, Business Services will invest nearly $3M to build out new facilities, expand services and increase indoor and outdoor seating to help foster affinity and retention at FIU. Business Services will also contribute $1.7M to fund University initiatives, provide scholarships, underwrite student services and support FIU facilities.

Barnes & Noble at FIU

- As of September 30, 2015, sales are down by 7% over the prior year. School supplies remain strong with sales increases of 11% in addition to gains in non-emblematic clothing, dorm furnishings and school spirit gifts and accessories, however, these gains have been overshadowed by declines in textbook sales due to the expanding digital market and increased online competition.

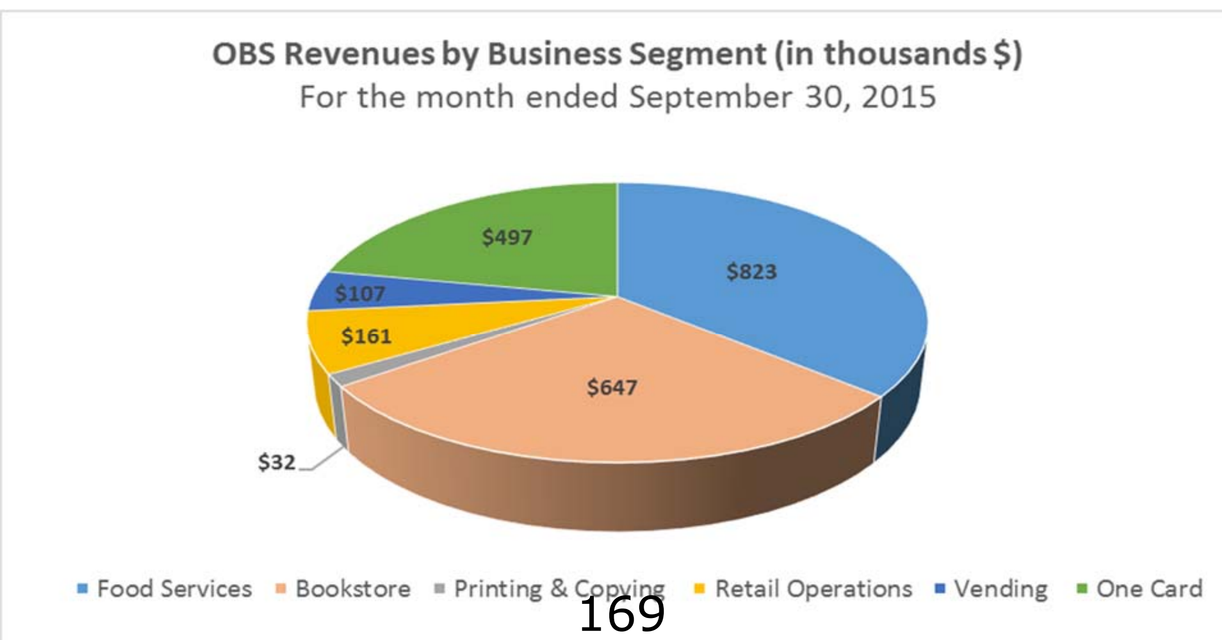
Vending

- As of September 30, 2015, vending sales increased by 29% compared to the same period in 2014 primarily due to an increase in credit card sales, as well as, the addition of accepting the FIU *One* Card. New products and daily audits have been implemented to ensure machines are always stocked and fully functional.

Revenues

- For the period ended September 30, 2015, Business Services managed sales of nearly $13.0M from operations. Total operating revenues for the period ended September 30, 2015 are $2.3M.

OPERATING REVENUE



THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
December 9, 2015

EMERGENCY MANAGEMENT STATUS REPORT AS OF NOVEMBER 2, 2015

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

Training and Exercise

On August 17, 2015, Department of Emergency Management (DEM) staff facilitated the annual hurricane preparedness tabletop exercise for the University President and his executive staff.

FIU Alert Emergency Notification System Test

Attached please find the summary report of the Fall test of FIU Alert.

Emergency Notification System
September 8, 2015
University Wide Emergency Notification Test
Department of Emergency Management

Incident Summary

On September 8, 2015 at approximately 11:00 am, the FIU Police Department initiated a University-wide FIU Alert emergency notification test, that attempted to initialize text messages to cellphones, automated voice calls, email, outdoor speakers, callboxes, VOIP phones and electronic messaging boards (EMBs). The FIU Alert message read as follows:

> **FIU ALERT! This is a test of the FIU emergency notification system. This is only a test.**

An email containing a survey was sent immediately following the test to the FIU community to gauge the effectiveness of the FIU Alert emergency notification system.

FIU Alert Performance Evaluation Data

FIU Alert Results

System Performance	Attempted	Delivered
Voice Calls	52,988	49,103
Cell phone text messages	52,994	50,560
FIU VOIP and Speakers	7,367	7,296
Email		Successful
Facebook		Unsuccessful
Twitter		Successful
Electronic message boards		Partially Successful

Issues and Solutions

- Facebook failed to activate
  - Staffing changes at the Division of External Relations led to the removal of authority to send alerts. Issue was identified and rectified. Subsequent test resulted in successful delivery of an FIU Alert test message to the FIU Facebook account.

- Electronic messaging board system only partially activated
  - Since this was a scheduled test, Libraries staff actively monitored all the EMBs. A significant portion of them did not display the alert. Technicians hypothesized that long uptimes caused the individual systems to have saturated memory which may have caused the individual failures. Resetting the systems on a daily basis may solve the issue. This however causes a daily short outage of the system. The outage will be scheduled to occur when the libraries are closed and unoccupied.

  - It is important to note that this was a newly integrated part of a system and therefore was still in the testing phase. This was the first instance in which this part of the system had been activated. Subsequent testing will be done to ensure full activation after individual systems are configured to restart each day.

- Notification test was delayed
  - The test was initiated at 11:06 am instead of 11:00 am. This may have impacted survey results negatively. Respondents may have been led to believe that they received their alert messages six minutes later than they should have.

Summary

- Most of the systems used for initiating FIU Alerts functioned correctly and provided timely notification. The specific systems that failed highlight the importance of operating multiple forms of emergency alert notification and testing the entire system on a regular basis.

- Library implementation of the EMBs is near completion. This last test pointed out technical issues that need to be addressed as it pertains to student housing, the Wolfe University Center, and other University units that may want to implement FIU Alerts in their EMBs.

Survey Results

1. What best describes your affiliation to Florida International University?

#	Answer		Response	%
1	Student		1,365	68%
2	Faculty		208	10%
3	Staff		432	22%
	Total		2,005	100%

2. How did you receive the test message? (Mark all that apply)

#	Answer		Response	%
1	University email		1,461	73%
2	University telephone system		847	42%
3	Cell phone text message		1,399	70%
4	Outdoor speaker		334	17%
5	FIU Website		18	1%
6	Facebook or Twitter		28	1%
7	Friend / co-worker		30	1%
8	Emergency call box		116	6%
9	I did not receive it		111	6%
10	Automatic telephone call		1,116	56%
11	Indoor/outdoor digital display		42	2%

3. On September 8th, 2015 at 11:00 a.m., the University conducted a University-wide test of the FIU Alert emergency notification system. Where were you located when the test alert was sent out?

#	Answer		Response	%
1	On campus outdoors		110	5%
2	On campus indoors		1,021	51%
3	Off campus		796	40%
4	Did not receive the alert		79	4%
	Total		2,006	100%

4. If you did receive the cellphone text message, how long after 11:00 a.m. did you receive the message?

#	Answer		Response	%
1	Within 5 minutes		495	26%
2	Between 5 to 10 minutes		580	30%
3	10 minutes to 15 minutes		390	20%
4	15 minutes to 30 minutes		65	3%
5	More than 30 minutes		26	1%
6	Did not receive alert		359	19%
	Total		1,915	100%

5. If you had difficulties receiving the alert, which best describes why? (Mark all that apply)

#	Answer		Response	%
1	I do not have a cellphone		14	3%
2	I am not able to receive text messages		30	7%
3	I am faculty/staff and are not signed up to receive cellphone text alerts		72	18%
4	I have not liked FIU on Facebook/ I am not following FIU on Twitter		116	29%
5	Could not hear the alert clearly, (Please specify your location)		62	15%
6	Other (Please briefly describe problem)		153	38%

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
December 9, 2015

FACILITIES AND CONSTRUCTION UPDATE AS OF NOVEMBER 1, 2015

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

Projects Completed

- **Parking Garage 6 (BT-868)** – $49.4M (multiple sources) project budget. A/E – PGAL; CM – Facchina. This facility reuses the PG5/Market Station design. Dimensions: 800,949 gsf total with 50,771 gsf shelled for retail and academic use; and approximately 2,000 parking spaces. The project incorporates site specific modifications such as improved traffic lanes at the SW 112th Avenue entry, a traffic circle at the intersection of Palm Avenue and Loop Road, and a pedestrian bridge across Loop Road. The FIU School of Computing and Information Sciences space was completed in the Spring 2015. Classroom construction was completed for the Fall semester. "The Gabor Agency", "Cross-fit," and "Half-Moon Empanada" are all complete and open to the University community. "Care-Giver Services" is substantially complete. "EXN Nutrition" is under construction. Planning with Miami-Dade Transit (MDT) and Florida Department of Transportation (FDOT) continues regarding the use of PG6 as a multi-modal transit station. Based on current FDOT plans, it does not appear that the Turnpike express lanes will provide access to FIU. Service by multiple high-speed bus express routes traveling in all directions is still under discussion. Target delivery date for the parking garage element in January 2015 was achieved. Delivery for each retail store varies by contract. *(Since this project has been completed, this entry will be removed from future Board of Trustees reports).*

Projects under Construction

- **Student Academic Support Center (SASC) (BT-882)** - $30.9M Public Education Capital Outlay (PECO) project budget. A/E – Gould Evans; CM – Balfour Beatty. (81,045 gsf with an additional 7,350 gsf for an elevated exterior amphitheater terrace and stair system). The construction budget continues to be analyzed to include additional scope. The wood acoustical paneling in the 750 seat auditorium, the atrium stair redesign, terrazzo flooring, department space changes, and

Welcome Center entry features are the top priorities. Parking lot modifications are being designed. Refinements to the floor plan are currently being priced. Slab-on-grade work and precast concrete panel installation are complete. Framing is approximately 95% complete. Plumbing, HVAC and electrical rough-in are approximately 80% complete. Roofing and storefront installation is underway. The chilled water connection is scheduled for November 27, 2015 and permanent power to the building is scheduled for December 1, 2015. Current Owner Direct Purchase (ODP) savings total $267,258.53 approaching the objective of $300k. Budget and schedule are both under pressure in the current South Florida construction market. Target delivery date: May 2016.

Projects in Design

- **Recreation Center Expansion (BT-903)** - $26.0M Capital Improvement Trust Fund (CITF) and Housing Auxiliary Fund project budget. A/E – HKS; CM –Moss Construction. (61,738 gsf). The project will expand the existing facility into Parking Lot #8 and will include an indoor basketball/volleyball gym, a weight training room, additional locker rooms, exterior basketball courts, sand volleyball courts, and a mezzanine level to include a jogging track. While the original budget was established at $8,595,233, the opportunity for a more robust expansion matching the growth in the FIU student body and demand for additional recreational resources will take advantage of additional CITF appropriations for a revised total project budget of $25,977,849. The 50% Construction Documents (CD's) are now under review. The CM cost projection for 50% CD is scheduled for December 2015. Estimated delivery date is June 2017 pending negotiations of the guaranteed maximum price (GMP). As with the SASC project, the current south Florida construction market is placing severe pressure on both budget and schedule.

- **Frost Museum of Science Batchelor Environmental Center at FIU (BT-913)** - $5.0M privately funded project budget. The project includes a new research wildlife center to be developed at the Biscayne Bay Campus (BBC) in conjunction with the Frost/Miami Science Museum. Programming has been formally approved. Phase I includes infrastructure, a portion of the animal holding area and support facilities. The Frost Museum of Science has provided an initial projection of $1.3M for equipment as a component of the overall $5.0M project budget. LEO A DALY (a continuing service contract architect) was retained for Phase I. CD's were submitted April 21, 2015 for review and pricing. Kaufman Lynn Construction (a continuing service contractor) prepared a proposal for Phase I of $1.8M, approximately $500K over budget. FIU Facilities Management Department (FMD), along with the architect, contractor, and the Museum reviewed both the proposed pricing and the project scope to bring the project within budget. To validate Kaufman Lynn's proposal an alternate bid was solicited from another continuing service contractor, Pirtle Construction. Both proposals are under review. Start date for Phase I will be determined when a revised proposal has been accepted. Phase II will be a classroom and lab building (approximately 3,000 gsf) and the balance of the animal holding area. Phase II is on hold pending resolution of the budget shortfall in Phase I. MC Harry Associates (a continuing service contract architect) has been engaged for the scope of work associated with Phase II.

Projects in Planning Stage

- **International Center for Tropical Botany (ICTB) (BT-914) at The Kampong-** $5.0M privately funded project budget to construct a new 8,000 -12,000 gsf facility on a site adjacent to the National Tropical Botanical Garden (NTBG) property in Coconut Grove to house educational, lab and office spaces. Programming was formally approved August 28, 2015. A/E selection is in progress and the shortlist of candidates was completed on October 15, 2015. Presentations and interviews are scheduled for November 10, 2015. Construction Manager proposals are due November 2, 2015 and the CM shortlist selection is scheduled for December 2, 2015. Target delivery date of the facility is August 2017.

FIU FOUNDATION, INC.

FINANCIAL STATEMENTS RECAP & INVESTMENT SUMMARIES

September 30, 2015

FIU FOUNDATION, INC.

Recap of Statement of Activities
For the Period Ended September 30, 2015

(In Thousands of Dollars)

	2015-16 3-Month Budget	2015-16 3-Month Actuals	Budget to Actual 3-Month Variance		2015-16 Annual Budget	2014-15 3-Month Actuals	Current Year to Previous Year Variance
REVENUES:							
Cash Contributions	$ 4,593	$ 3,506	$ (1,087)	[1]	$ 27,000	$ 3,893	$ (388)
MARC Building	$ 424	$ 445	$ 22		$ 1,694	$ 484	$ (39)
Foundation Subsidiaries	$ 291	$ 279	$ (12)	[2]	$ 511	$ 277	$ 2
Estimated Investment Returns	$ 856	$ (15,219)	$ (16,076)	[3]	$ 12,220	$ (4,756)	$ (10,463)
TOTAL REVENUES	**$ 6,164**	**$ (10,990)**	**$ (17,154)**		**$ 41,425**	**$ (102)**	**$ (10,888)**
EXPENSES:							
University Programs:							
Scholarships & Programs	$ 3,401	$ 2,552	$ 849	[4]	$ 15,976	$ 1,798	$ (754)
Building Funds	$ 881	$ 29	$ 852	[5]	$ 1,243	$ 24	$ (5)
Unrestricted Annual Expenses	$ 523	$ 221	$ 302	[6]	$ 2,171	$ 226	$ 5
TOTAL UNIVERSITY PROGRAMS EXPENSES	$ 4,805	$ 2,803	$ 2,002		$ 19,390	$ 2,048	$ (754)
Operational:							
MARC Building	$ 175	$ 130	$ 45		$ 608	$ 153	$ 23
Foundation Subsidiaries	$ 100	$ 77	$ 23	[2]	$ 452	$ 81	$ 4
Administrative & Fund-Raising	$ 1,738	$ 1,146	$ 592	[7]	$ 7,427	$ 1,504	$ 359
TOTAL OPERATIONAL EXPENSES	$ 2,013	$ 1,352	$ 660		$ 8,488	$ 1,738	$ 385
TOTAL EXPENSES	**$ 6,817**	**$ 4,155**	**$ 2,662**		**$ 27,878**	**$ 3,786**	**$ (369)**
EXCESS REVENUES OVER EXPENSES	**$ (654)**	**$ (15,145)**	**$ (14,491)**		**$ 13,548**	**$ (3,888)**	**$ (11,257)**

**These financial statements recaps reflect expenses on an accrual basis and receipts on a cash basis, with the exception of investment returns.*

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

Florida International University Foundation
Preliminary Performance Summary
As of September 30, 2015

Asset Class/Manager	Market Value ($000s)	% of Total Managed Assets	Long-Term Policy Target	Long-Term Policy Ranges	Current Month	Trailing 3-Months	Calendar Year to Date	Fiscal Year to Date	Trailing 1-Year	Trailing 3-Years	Trailing 5-Years	Trailing 10-Years	Since Inception
GMO Global Equity Asset Allocation	4,738	2.2%			-3.7	-11.1	-8.5	-11.1	-10.6	---	---	---	-3.1
Indus Markor Master Fund	4,519	2.1%			-2.9	-4.6	8.9	-4.6	19.1	---	---	---	7.2
Kiltearn Global Equity Fund	8,580	4.0%			-6.1	-12.7	-9.9	-12.7	-11.2	---	---	---	-9.2
Maverick Long Fund, Ltd	8,168	3.8%			-5.7	-7.8	1.0	-7.8	7.2	---	---	---	7.2
Vanguard Total World Stock Index	2,870	1.3%			-3.7	-9.6	-6.3	-9.6	-6.0	---	---	---	-3.2
Global Public Equity	**28,876**	**13.5%**	**12.5%**	**5.0%-25.0%**	**-4.9**	**-9.4**	**-3.6**	**-9.4**	**-1.8**	**---**	**---**	**---**	**1.4**
D.E. Shaw Core Alpha Extension	8,443	3.9%			-2.8	-6.0	-1.9	-6.0	1.2	---	---	---	4.3
First Eagle U.S. Equity Fund	8,124	3.8%			-3.8	-7.9	-4.2	-7.9	0.3	---	---	---	3.3
Sirios Focus Fund	8,232	3.8%			-4.3	-8.6	-3.1	-8.6	2.4	---	---	---	2.7
HHR Titan Offshore	4,849	2.3%			-2.1	-4.2	-4.2	-4.2	-3.0	---	---	---	-3.0
U.S. Public Equity	**29,648**	**13.8%**	**15.0%**	**7.5%-35.0%**	**-3.4**	**-7.0**	**-3.3**	**-7.0**	**0.5**	**11.5**	**10.9**	**5.6**	**4.0**
AKO European Master Fund	7,426	3.5%			-2.0	-5.7	1.5	-5.7	8.4	---	---	---	6.1
Vanguard FTSE Dev. Markets	330	0.2%			-4.1	-9.7	-3.9	-9.7	-7.9	---	---	---	-3.9
Cevian Capital II	3,805	1.8%			-10.5	-15.0	-9.0	-15.0	-7.9	---	---	---	-2.8
Buena Vista Asian Opp. Fund	4,720	2.2%			0.5	-11.5	-9.2	-11.5	-11.6	---	---	---	-4.2
Kabouter International Opps. Fund II	4,226	2.0%			-3.3	-5.8	3.7	-5.8	--	---	---	---	3.9
Non-U.S. Developed Public Equity	**20,507**	**9.6%**	**10.0%**	**5.0%-25.0%**	**-3.4**	**-8.8**	**-2.5**	**-8.8**	**-1.0**	**7.7**	**3.8**	**2.9**	**1.7**
DFA Emerging Markets Value	5,314	2.5%			-3.3	-19.2	-18.0	-19.2	-23.1	---	---	---	-11.8
Somerset Emerging Markets	2,995	1.4%			-0.9	-12.8	-13.2	-12.8	-17.2	---	---	---	-10.4
Polunin Developing Countries Fund	3,440	1.6%			-2.8	-20.5	-16.4	-20.5	-17.4	---	---	---	-19.0
Emerging Markets Public Equity	**11,749**	**5.5%**	**5.0%**	**0.0%-15.0%**	**-2.6**	**-18.0**	**-16.3**	**-18.0**	**-20.0**	**---**	**---**	**---**	**-6.7**
Total Global Private Equity	**23,841**	**11.1%**	**15.0%**	**0.0%-25.0%**	**---**	**---**	**6.8**	**---**	**10.7**	**17.6**	**17.7**	**---**	**7.5**
Total Long Public and Private Equity	**114,621**	**53.4%**	**57.5%**	**45.0%-70.0%**	**-3.1**	**-7.9**	**-2.8**	**-7.9**	**-1.0**	**10.4**	**9.3**	**5.0**	**3.7**
Blue Harbour Strategic Value	3,751	1.7%			-3.6	-7.5	-6.3	-7.5	-1.9	---	---	---	0.0
Valinor Capital Partners	4,172	1.9%			-7.0	-11.9	-7.8	-11.9	-0.6	---	---	---	6.3
Roystone Master Fund	3,961	1.8%			-5.2	-9.8	-0.8	-9.8	1.9	---	---	---	3.3
Highfields Capital	3,655	1.7%			-4.9	-8.6	---	-8.6	---	---	---	---	-8.6
Pelham Long/Short Fund Ltd	3,470	1.6%			-3.3	-5.6	---	-5.6	---	---	---	---	-0.9
Fir Tree International Value	3,488	1.6%			-4.9	-8.7	-6.7	-8.7	-7.0	---	---	---	-5.0
Hedge Funds (Growth Objective)	**22,497**	**10.5%**	**---**	**0.0%-15.0%**	**-4.9**	**-8.8**	**-3.8**	**-8.8**	**-0.1**	**---**	**---**	**---**	**2.4**
Indus Asia Pacific Fund	3,020	1.4%			-3.2	-8.5	-1.4	-8.5	6.1	---	---	---	3.7
Brahman Capital Partners	3,982	1.9%			-4.7	0.1	13.0	0.1	16.6	---	---	---	4.3
Naya Offshore Fund	3,655	1.7%			-2.7	-4.2	5.0	-4.2	5.7	---	---	---	3.8
Hedge Funds (Blended Objective)	**10,657**	**5.0%**	**---**	**0.0%-15.0%**	**-3.6**	**-3.9**	**5.4**	**-3.9**	**8.8**	**7.3**	**6.1**	**4.0**	**5.0**
Davidson Kempner	4,234	2.0%			-0.3	-0.4	1.0	-0.4	-0.3	---	---	---	3.3
Bain ARC	2,128	1.0%			-4.1	-6.7	---	-6.7	---	---	---	---	-14.9
Kynikos Opportunity Fund	4,035	1.9%			2.7	10.2	12.2	10.2	11.3	---	---	---	4.7
Luxor Capital Partners	2,959	1.4%			-4.3	-13.1	-10.7	-13.1	-18.3	---	---	---	-15.4
GMO Systematic Global Macro Fund	5,000	2.3%			---	---	---	---	---	---	---	---	---
Scopia PX Funds	3,653	1.7%			-0.7	-5.1	-4.0	-5.1	0.9	---	---	---	4.0
Hedge Funds (Diversifying Objective)	**22,008**	**10.3%**	**---**	**0.0%-15.0%**	**-0.9**	**-2.5**	**-2.0**	**-2.5**	**-2.9**	**---**	**---**	**---**	**-0.1**
Total Hedge Funds	**55,163**	**25.7%**	**17.5%**	**10.0%-30.0%**	**-3.3**	**-5.7**	**-1.4**	**-5.7**	**0.3**	**5.7**	**5.2**	**3.5**	**4.7**
Franklin Templeton Global Bond Fund	132	0.1%			-1.9	-6.1	-6.1	-6.1	-7.6	---	---	---	-1.9
Clifton Global Defensive Equity	3,391	1.6%			0.2	---	---	---	---	---	---	---	0.2
Other Diversifying Investments	**3,523**	**1.6%**	**---**	**0.0%-30.0%**	**0.1**	**-2.4**	**-0.7**	**-2.4**	**-0.4**	**5.5**	**---**	**---**	**6.5**
Total Diversified Growth	**58,686**	**27.4%**	**17.5%**	**10.0%-40.0%**	**-3.1**	**-5.5**	**-1.6**	**-5.5**	**-0.0**	**5.3**	**5.0**	**3.4**	**4.6**
Van Eck Global Hard Assets	3,998	1.9%			-11.4	-27.2	-28.3	-27.2	-42.9	---	---	---	-24.8
SPDR Gold ETF	4,192	2.0%			-1.8	-4.9	-5.9	-4.9	-8.0	---	---	---	-3.9
Harvest MLP Income Fund	2,722	1.3%			-15.9	-23.1	-26.9	-23.1	-31.2	---	---	---	-9.4
Public Inflation Sensitive	**10,913**	**5.1%**	**4.0%**	**0.0%-12.5%**	**-9.2**	**-18.3**	**-20.1**	**-18.3**	**-28.2**	**-7.7**	**-0.6**	**---**	**-4.3**
Private Inflation Sensitive	**4,761**	**2.2%**	**6.0%**	**0.0%-15.0%**	**---**	**---**	**-17.7**	**---**	**-17.6**	**---**	**---**	**---**	**-0.4**
Total Inflation Sensitive	**15,674**	**7.3%**	**10.0%**	**5.0-20.0%**	**-6.6**	**-13.4**	**-18.4**	**-13.4**	**-25.2**	**-5.7**	**0.7**	**---**	**-3.5**
Colchester Global Bonds ($-Hdg)	4,917	2.3%			-0.3	-1.4	-2.2	-1.4	-0.8	---	---	---	2.0
Vanguard Short-Term Bond Index Fund	2,546	1.2%			0.5	0.6	1.6	0.6	---	---	---	---	1.6
Dodge and Cox Income Fund	12,575	5.9%			-0.3	-0.8	-0.7	-0.8	0.2	---	---	---	1.8
SunTrust Cash	2,429	1.1%			0.0	---	---	0.0	--	---	---	---	0.0
Cash Pending	3,000	1.4%			---	---	---	---	---	---	---	---	---
Total Deflation Sensitive	**25,466**	**11.9%**	**15.0%**	**9.0%-30.0%**	**-0.2**	**-0.6**	**-0.8**	**-0.6**	**0.1**	**1.0**	**3.5**	**5.5**	**5.8**
Total Managed Assets Net of CA Fees	**214,447**	**100.0%**	**100.0%**	**---**	**-3.0**	**-6.9**	**-3.7**	**-6.9**	**-2.9**	**6.7**	**6.9**	**4.5**	**3.9**
Foundation Enterprise Holdings I	574	---			---	---	---	---	---	---	---	---	1.7
Student Managed Investment Fund	255	---			-4.6	-9.5	-9.6	-9.5	-14.0	4.4	4.4	---	3.7
SunTrust Balanced Annuity Account	261	---			-4.6	-6.7	-7.9	-6.7	-9.7	-2.4	1.2	2.9	3.5
Islamorada Investment	855	---			---	---	7.5	---	7.5	---	---	---	5.4
StoneCastle FICA Program	3,006	---			0.0	0.1	0.2	0.1	0.2	---	---	---	0.2
IR&M Short Fund	4,042	---			0.3	0.4	1.1	0.4	1.3	---	---	---	1.2
Archstone Offshore	1,916	---			-3.5	-6.4	-4.6	-6.4	-3.7	5.1	4.0	---	3.7
State of Florida Treasury Fund	1,233	---			---	0.0	---	0.0	---	---	---	---	0.0
Other Alternatives	**12,143**	**---**			**-0.7**	**-1.3**	**-0.0**	**-1.3**	**-0.1**	**2.3**	**4.0**	**3.5**	**4.0**
Total Assets Net of CA Fees	**226,590**	**---**			**-2.9**	**-6.6**	**-3.4**	**-6.6**	**-2.7**	**6.7**	**6.9**	**4.5**	**3.9**

Notes:

1. Funds available for investment in the Wells Fargo operating account have been deployed to the investment portfolio as of December 31, 2013.

2. Private Investments' trailing performance represents time-weighted quarterly returns. Data represents NAVs and performance through June 30th, 2015, updated with cashflows through the most recent period.

Florida International University Foundation
Preliminary Performance Summary
As of September 30, 2015

Asset Class/Composite	Market Value ($000s)	% of Total Managed Assets	Long-Term Policy Target	Long-Term Policy Ranges	Current Month	Trailing 3-Months	Calendar Year to Date	Fiscal Year to Date	Trailing 1-Year	Trailing 3-Years	Trailing 5-Years	Trailing 10-Years	Since Inception
Global Public Equity	28,876	13.5%	12.5%	5.0%-25.0%	-4.9	-9.4	-3.6	-9.4	-1.8	---	---	---	1.4
U.S. Public Equity	29,648	13.8%	15.0%	7.5%-35.0%	-3.4	-7.0	-3.3	-7.0	0.5	11.5	10.9	5.6	4.0
Non-U.S. Developed Public Equity	20,507	9.6%	10.0%	5.0%-25.0%	-3.4	-8.8	-2.5	-8.8	-1.0	7.7	3.8	2.9	1.7
Emerging Markets Public Equity	11,749	5.5%	5.0%	0.0%-15.0%	-2.6	-18.0	-16.3	-18.0	-20.0	---	---	---	-6.7
Global Private Long Equity	23,841	11.1%	15.0%	0.0%-25.0%	---	---	6.8	---	10.7	17.6	17.7	---	7.5
Total Long Public Equity and Private Investments	**114,621**	**53.4%**	**57.5%**	**45.0%-70.0%**	**-3.1**	**-7.9**	**-2.8**	**-7.9**	**-1.0**	**10.4**	**9.3**	**5.0**	**3.7**
Total Hedge Funds	55,163	25.7%	17.5%	10.0%-30.0%	-3.3	-5.7	-1.4	-5.7	0.3	5.7	5.2	3.5	4.7
Other Diversifying Investments	3,523	1.6%	---	0.0%-30.0%	0.1	-2.4	-0.7	-2.4	-0.4	5.5	---	---	6.5
Total Diversified Growth	**58,686**	**27.4%**	**17.5%**	**10.0%-40.0%**	**-3.1**	**-5.5**	**-1.6**	**-5.5**	**-0.0**	**5.3**	**5.0**	**3.4**	**4.6**
Total Inflation Sensitive	**15,674**	**7.3%**	**10.0%**	**5.0%-20.0%**	**-6.6**	**-13.4**	**-18.4**	**-13.4**	**-25.2**	**-5.7**	**0.7**	**---**	**-3.5**
Total Deflation Sensitive	**25,466**	**11.9%**	**15.0%**	**9.0%-30.0%**	**-0.2**	**-0.6**	**-0.8**	**-0.6**	**0.1**	**1.0**	**3.5**	**5.5**	**5.8**
Total Managed Assets Net of CA Fees	**214,447**	**100.0%**	**100.0%**	**---**	**-3.0**	**-6.9**	**-3.7**	**-6.9**	**-2.9**	**6.7**	**6.9**	**4.5**	**3.9**
Total Assets Net of CA Fees	**226,590**	**---**	**---**	**---**	**-2.9**	**-6.6**	**-3.4**	**-6.6**	**-2.7**	**6.7**	**6.9**	**4.5**	**3.9**

Variance Notes:

[1] The negative variance of $1.1 million in cash contributions as of September 30, 2015 is a timing issue related to some anticipated gifts that have not yet been received.

[2] Foundation subsidiaries are comprised of four single member LLCs – Foundation Enterprise Holdings I through IV – with FIU Foundation as their sole member. Each LLC has its own operating budget, with positive or break-even net income, that rolls into the Foundation's overall budget. The negative variance in revenues and positive variance in expenses is related to a sewer system connection project for the Islamorada property that has not yet occurred (since the expense has not yet occurred, revenue has not been collected from the College of Arts and Sciences). The negative variance for revenues has been offset by the 100% occupancy rate against the 10% budgeted allowance.

[3] Investment returns for fiscal year 2015-16 were projected at 5.0% or $12.2 million, based on a beginning balance of $235 million. The monthly returns were forecasted based on our asset allocation and the historical performance of indexes for each asset class. Fiscal year-to-date investment losses on the portfolio through September 30, 2015 totaled approximately 6.6%, or $15.2 million. These losses are broken down as follows by asset class: long public and private equity (53.4% allocation) down 7.9%; diversified growth (27.4% allocation) down 5.5%; inflation sensitive (7.3% allocation) down 13.4%; and deflation sensitive (11.9% allocation) down 0.6%.

[4] The positive $849,000 variance in scholarships and program expenses is mainly due to timing of the processing of several scholarships, salary reimbursements, and event-related invoices mainly the College of Medicine, Wolfsonian, and College of Business. The majority of these expenses are expected to be incurred throughout the second quarter.

[5] The positive $852,000 variance for Building Funds expenses is due to timing of Facilities billing the Foundation for the Hospitality Management third floor and stair renovation construction project (budgeted at $800,000).

[6] The positive variance in Unrestricted Annual Expenses of $302,000 is mainly due to timing of expenses for the Call Center consultant and University Advancement salary expenses that posted in October instead of September. In addition, the Annual Giving Parent Campaign and Faculty Staff Campaign expenses budgeted for the first quarter will instead be incurred throughout the second and third quarters.

[7] The positive variance in Administrative and Fund-Raising expenses is mainly due to timing of expenses and unfilled Capital Campaign positions.

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
December 9, 2015

SAFETY AND ENVIRONMENTAL COMPLIANCE REPORT AS OF OCTOBER 28, 2015

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

Issue #1: Miami-Dade Country Industrial Waste Permit Inspections - Biscayne Bay Campus (BBC)
Agency: Miami-Dade Country Regulatory and Economic Resources
Status: On August 19, 2015, an IWP (Industrial waste permit IWP5 10875) inspection was conducted at the BBC campus by DERM (Miami Dade Regulatory Agency acting on behalf of the State/Federal). One Pollution Prevention Field Notice (Notice of violation) was issued (no fines). One recommendation was issued and will be inspected in the follow-up inspection. **Findings:** There was a Notice of Violation (Pollution Prevention Field Notice/General Conditions) issued in the AC2 photography lab (Room 101). There were sinks, photo development equipment, and a silver recovery unit all connected to the same effluent point. The main environmental concern is the potential discharge of silver into the sewer. Corrective actions implemented as of September 4, 2015 included the installation of an accessible sampling point in the sinks after the last point of treatment and before discharging to the sewer. The University's Department of Environmental Health and Safety (EH&S) provided proof of closure to the inspector who then returned to take a water sample per permit condition and sent it for analysis. We would only be notified if the results exceed the discharge limits. To date, no notification has been received.

Issue #2: Annual Life and Fire Safety Inspections – Modesto A. Maidique Campus (MMC)
Agency: Division of State Fire Marshal, Florida Department of Financial Services
Status: On September 23, 2015 and October 8, 2015, multiple state fire marshal inspections were completed. The following buildings were inspected: Academic Health Center 5; Satellite Chiller Plant; Children's Creative Learning Center (CCLC) Trailer, CCLC Storage Buildings 1 and 2, and the CCLC Building. **Findings:** No major fire safety violations were observed during the inspections.

Issue #3: X-ray Machine Registration and Inspection - MMC
Agency: Bureau of Radiation Control, Florida Department of Health
Status: EH&S registered one mobile mammography x-ray machine with the Bureau of Radiation Control on behalf of the Herbert Wertheim College of Medicine. On August 3, 2015, the Bureau of Radiation Control inspected the registered machine. **Findings:** No violations were observed during the time of inspection.

Issue #4: Controlled Substances Registration Renewal - MMC
Agency: Drug Enforcement Administration (DEA)
Status: FIU currently has seven DEA registrations to conduct research using controlled substances. As of October 21, 2015, the seven registrations were renewed and one new application was submitted. **Findings:** New application is pending review and approval by DEA.

FLORIDA INTERNATIONAL UNIVERSITY

THE FLORIDA INTERNATIONAL UNIVERSITY

BOARD OF TRUSTEES

Finance and Audit Committee

December 9, 2015

TREASURY REPORT *(For quarter ending September 30, 2015)*

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

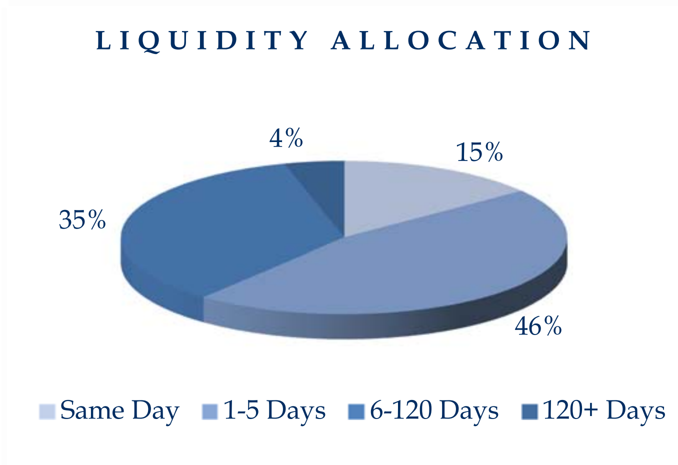
OVERVIEW

The University's total liquidity position of $344.7 million was 2.0 times the University's debt position of $170.9 million at the end of FY 2016 Q1. Including direct support organization ("DSO") debt, the liquidity to debt ratio was 1.7 times. These results are higher compared to the end of FY 2015 Q1 with the liquidity to university debt ratio (1.9x) and the liquidity to total debt ratio (1.6x).

LIQUIDITY

Real Days Payable

At the end of FY 2016 Q1, $209.7 million, or 60.8 percent, of the liquidity position was accessible within 5 business days (See *Liquidity Allocation* chart for detail). At the end of FY 2016 Q1, the university had 49 real days payable[1] ("RDP") versus 46 RDP at the end of FY 2015 Q1. The slight increase in RDP was due mainly to higher operational inflows and lower operating expenses (see details in Sources and Uses sections).



Sources

The University started the fiscal year with $76.1 million in cash balances[2]. Total FYTD 2016 inflows (state and operational) were $342.6 million as compared to $340.1 million for the same period last fiscal year. On average, $5.2 million flowed into the university each business day in FYTD 2016 versus $5.2 million/day in FYTD 2015.

Uses

FYTD 2016, the university used $281.2 million as compared to $282.5 million in the same period last fiscal year. The FYTD 2016 velocity cash outflows was $4.3 million/day and was flat to FYTD 2015. The University ended the fiscal quarter with $137.6 million in cash balances.

[1] Real Days Payable represents the available balance of liquid funds divided by the average cash outflows of the university. The calculation uses the available balance in the university's bank accounts plus the market value of investments that are accessible within 5 business days as its balance of liquid funds.

[2] Cash includes Working Capital Pool assets and cash balances in the concentration bank account.

Stress Tests/Performance Simulations

The Office of the Treasurer ("Treasury") analyzes the effect of negative market performance on its liquidity position through both value-at-risk analysis and Monte Carlo simulation.

VAR analysis, completed quarterly, estimates the maximum potential loss during a specific time period at a given level of confidence. VAR uses the historical behavior of each asset class over various time horizons (five years, ten years, full history). Our VAR analysis predicts that there is a 5 percent probability that the portfolio (as of the FY 2016 Q1 ending balance) could have unrealized losses of up to $11.2 million and 1 percent probability of up to $21.7 million of unrealized losses within a twelve month period.

At the end of FY 2016 Q1, the Monte Carlo model generated by a bottom decile performance for fixed income investments, translated into median 1.5 percent, or $5.0 million, in unrealized losses. Liquidity, as measured by 5-day accessibility, would drop to 57.1 percent, or $196.9 million, of the total current available cash and investment balances. RDP would fall to 46 days based on fiscal year outflows.

The scenario with the bottom decile equity performance generates a median 2.6 percent, or $8.8 million, in unrealized losses. Liquidity, as measured by 5-days accessibility, would drop to $207.3 million or 60.1 percent of the total current available cash and investment balances. RDP would remain stable at 49 days based on fiscal year outflows in this stress scenario.

Bottom decile of overall portfolio performance represents a 3.7 percent loss, or $12.9 million, and a projected drop in liquidity to $184.7 million or 53.6 percent of the total current available balances. Furthermore, RDP drops to 43 days.

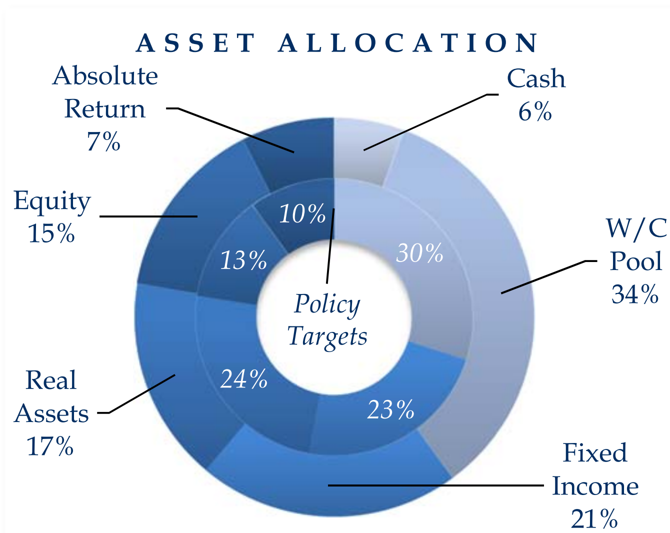
Forecast and Budget

Combined Cash and Investment Balances continue to follow historical seasonality. Actual balances at the end of FY 2016 Q1 were 7.0 percent higher than the rolling forecast, 9.0 percent lower than the budget and flat to the prior year. For the next quarter, the university should experience a gradual decrease in the cash and investment balances lasting through the second quarter of FY 2016.

INVESTMENTS

Composition

Asset allocations at the end of FYTD 2016 remained within policy guidelines (See *Asset Allocation* chart for detail of asset allocation at quarter end).

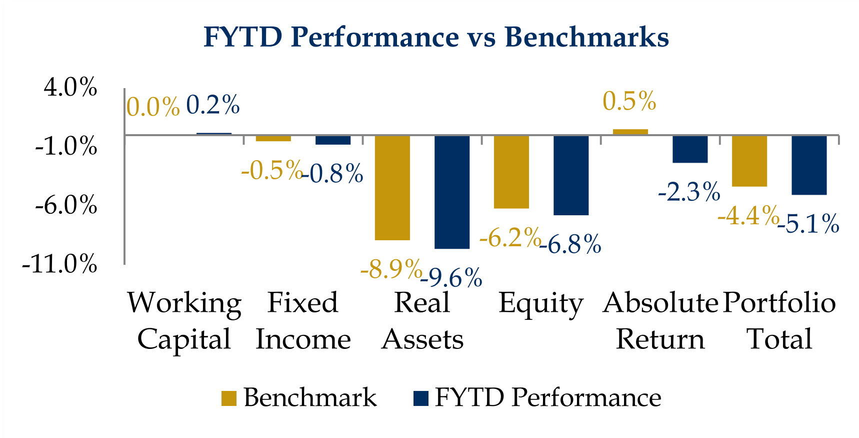


At the end of FY 2016 Q1 the market value of the University's operating funds portfolio and cash was $344.7 million. This balance reflects an increase of $50.5 million or 17.2 percent, from the previous quarter and was in line with the quarter-to-quarter seasonality of cash flows. The total portfolio market value was flat to the market value at the end of FY 2015 Q1.

The portfolio currently allocates 61.1 percent to liquidity strategies (Cash/Fixed Income), 28.3 percent to growth strategies (Public/Private Equity and Hedge Funds) and 10.6 percent to inflation strategies (TIPS, Commodities).

Performance

FIU's operating portfolio continues to outperform the State Treasury investment pool ("SPIA"), returning 3.8 percent since inception versus the SPIA's 2.7 percent for the same time. At the end of FY 2016 Q1, the portfolio was down 3.5 percent. This compares unfavorably to a 1.3 percent negative return at the end of FY 2015 Q1. The Strategic Capital and Reserve Pools were down 5.0 percent while the Working Capital Pool gained 0.2 percent. Returns from the SPIA totaled 0.3 percent FYTD 2016 (See FYTD Performance vs. Benchmarks chart for additional performance detail by asset class).



The Working Capital Pool was the top performer and exceeded the benchmark by 0.2 percent. Most other asset classes lagged their respective benchmarks. Fixed Income returned -0.8 percent (vs -0.5 percent benchmark), Equity returned -6.8 percent (vs -6.2 percent benchmark), Real Assets returned -9.6 percent (vs -8.9 percent benchmark), Absolute Return returned -2.3 percent (vs. 0.5 percent benchmark).

DEBT

Total

The University and DSOs ended FY 2016 Q1 with $208.3 million in outstanding debt versus $218.9 million at the end of FY 2015 Q1. The weighted average interest rate for the University and DSO issuances was 4.2 percent. At the end of FY 2016 Q1, 95.0 percent, or $197.9 million, of the University and DSOs' outstanding debt was fixed rate and 5.0 percent, or $10.4 million, was variable rate debt. All of the variable rate exposures are obligations of the DSOs (Athletics Finance Corporation, FIU Foundation).

Housing

The University's housing debt consists of revenue bonds for the Housing System. The outstanding housing debt was $98.5 million at the end of FY2016 Q1. This compares to $104.8 million at the end of FY 2015 Q1. The year over year decrease was due to the scheduled principal payments as included in the debt service. The weighted average interest rate for the housing bonds, at the end of FY 2016 Q1, was 3.9 percent. The housing bonds are rated A+/A/Aa3 (Fitch/S&P/Moody's).

Parking

The University's parking debt consists of revenue bonds for the Parking System. The outstanding parking debt was $72.5 million at the end of FY 2016 Q1. This compares to $75.3 million at the end of FY 2015 Q1. The year over year decrease was due to the scheduled principal payments as included in the debt service. The weighted average interest rate for the parking bonds, at the end of FY 2016 Q1, was 4.7 percent. The parking bonds are rated A+/AA-/Aa3 (Fitch/S&P/Moody's).

Direct Support Organizations

Currently, DSOs' outstanding debt of $37.4 million includes stadium bonds with $31.4 million outstanding and a Foundation loan with $6.0 million outstanding. At the end of FY 2015 Q1, DSOs had outstanding debt of $38.8 million including $32.1 million of stadium bonds and $6.7 million outstanding for the Foundation loan. The year over year decrease was due to the scheduled principal payments as included in the debt service. The average interest rate for the stadium bonds was 4.6 percent and 2.0 percent for the Foundation Loan. Neither of the DSOs' debt are rated.

Bond Refunding

The University, since 2010, in conjunction with the Division of Bond Finance, has refunded all eligible outstanding bond series. These refundings are expected to save the University $9.4 million in interest expense over the term of the issuances. As of September 30, 2015, the University has realized $1.3 million of interest savings from these refunding activities. The University is expected to save $0.8 million in interest expense in Fiscal Year 2016 and $3.4 million over the next 5 years. We will continue to seek additional opportunities to reduce capital costs.

Period Ending September 30, 2015

(000's)

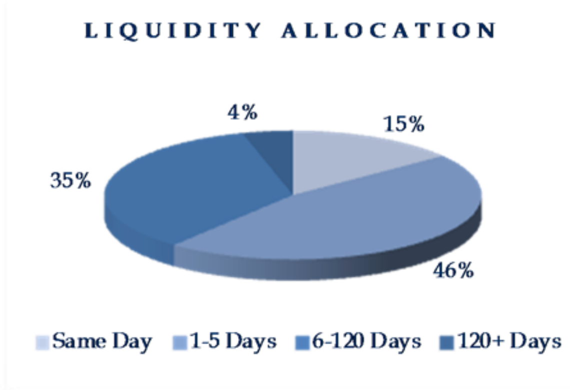
OVERVIEW

Liquidity/University Debt		2.02
Liquidity/Total Debt		1.65
Liquidity Position		
Cash + W/C Pool	$	137,562
Strategic + Reserve Pools		207,119
Total	**$**	**344,681**
Debt Position		
University Debt	$	170,940
DSO Debt		37,395
Total	**$**	**208,335**

LIQUIDITY

Availability		
Same Day	$	50,315
1-5 Days		159,371
6-120 Days		120,030
120+ Days		14,965
Total	**$**	**344,681**

Real Days Payable (<5 Days)	
MTD Outflows	41
QTD Outflows	49
YTD Outflow	49

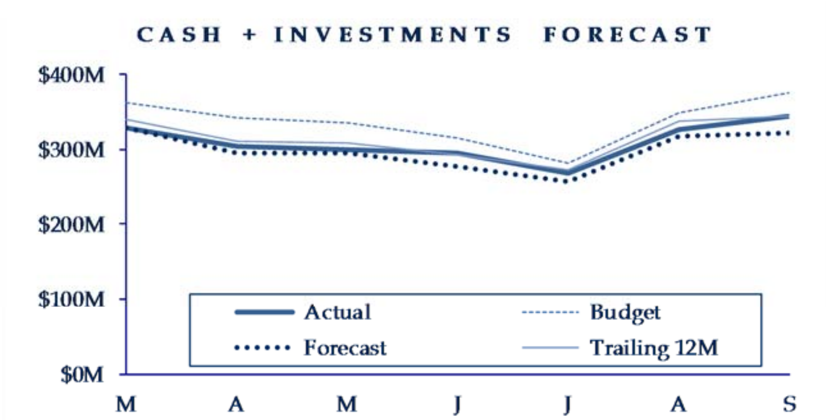


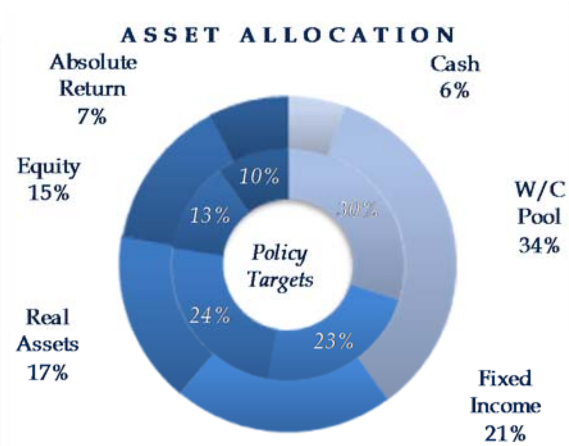
LIQUIDITY SOURCES AND USES

Sources		**MTD**		**QTD**		**YTD**
Opening W/C Pool Balance	$	107,036	$	70,135	$	70,135
Opening Cash Balance		7,883		5,949		5,949
From State		20,188		64,340		64,340
From Operations		114,770		278,294		278,294
Uses						
To Payroll		(41,344)		(116,726)		(116,726)
To Operations		(29,318)		(80,800)		(80,800)
To Students		(41,652)		(83,630)		(83,630)
Cash + W/C Pool	**$**	**137,562**	**$**	**137,562**	**$**	**137,562**

INVESTMENTS

Cash + W/C Pool		**Balance**	**FYTD**	**Last 1Y**
Cash	$	19,587	0.0%	0.0%
W/C Pool		117,975	0.2%	1.3%
Strategic + Reserve Pools				
Fixed Income		73,056	-0.8%	0.6%
Real Assets		57,267	-9.6%	-14.3%
Equity		50,812	-6.8%	-1.7%
Absolute Return		25,984	-2.3%	-0.1%
Total	**$**	**344,681**	**-5.1%**	**-4.1%**



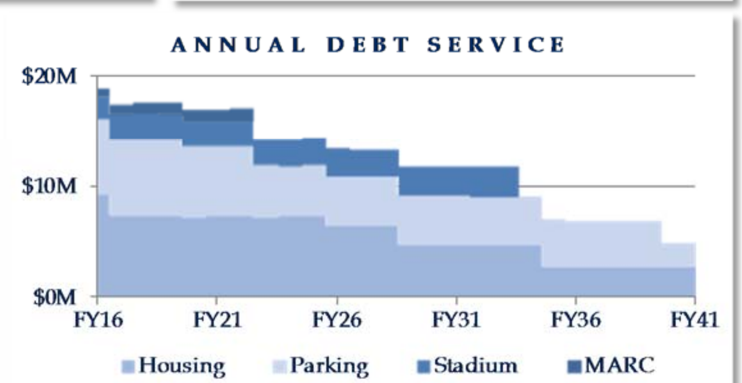


DEBT

University		**O/s Balance**	**Avg. Rate**
Housing (Aa3 | A | A+)*	$	98,485	3.9%
Parking (Aa3 | AA- | A+)*		72,455	4.7%
Direct Support Organizations			
AFC (Unrated, Stadium)		31,416	4.6%
Foundation (Unrated, MARC)		5,979	2.0%
Total Outstanding Debt	**$**	**208,335**	**4.2%**

** (Moody's | S&P | Fitch)*

Fixed Rate Debt	197,919	95.0%
Variable Rate Debt	10,416	5.0%



	2016 Q1 Actuals		2015 FY Actuals	
ASSETS (Uses of Funds)				
Current Assets				
Cash and Cash Equivalents	$	56,339,768	$	55,246,452
Adjustments to Fair Market Value		11,832,094		17,824,402
Total Current Assets	**$**	**68,171,862**	**$**	**73,070,853**
Noncurrent Assets				
Due from Component Units/University				
Parking Deferred Payment Plan	$	793,152	$	793,152
Athletics Operations Loan		4,707,892		4,707,892
Stadium Expansion Loan		-		
Total Non-Current Assets	**$**	**5,501,045**	**$**	**5,501,045**
TOTAL ASSETS	**$**	**73,672,907**	**$**	**78,571,898**
LIABILITIES AND CAPITAL (Sources of Funds)				
Accounts Payable	$	9,267	$	9,005
Accrued Salaries & Wages		-		1,692
Due to/(from) Component Units		-		-
Total Liabilities	**$**	**9,267**	**$**	**10,697**
Total Capital (Net Assets)	**$**	**73,663,640**	**$**	**78,561,201**
TOTAL LIABILITES AND CAPITAL	**$**	**73,672,907**	**$**	**78,571,898**