

**THE UNIVERSITY OF
NORTH FLORIDA
FOUNDATION, INC.**

**Financial Statements and
Supplementary Information**

June 30, 2009 and 2008

**BERMAN HOPKINS
WRIGHT & LAHAM**
CPAS AND ASSOCIATES, LLP

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
REQUIRED SUPPLEMENTARY INFORMATION	
Management's Discussion and Analysis	3
BASIC FINANCIAL STATEMENTS	
Balance Sheets	17
Statements of Revenues, Expenses and Changes in Net Assets	18
Statements of Cash Flows	19
Notes to Financial Statements	20
SUPPLEMENTAL INFORMATION	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	40
Schedule of Expenditures of State Financial Assistance	42
Note to Schedule of Expenditures of State Financial Assistance	44
Report on Compliance with Requirements Applicable to Each Major State Financial Assistance Project and on Internal Control over Compliance in Accordance with the Florida EOG's <i>State Projects Compliance Supplement</i>	45
Schedule of Findings and Questioned Costs	47
Schedule I - Schedule of University Major Challenge Grant Program Endowment Corpus Accounts	48
Schedule II - Schedule of Assets and Liabilities by Account Type as of June 30, 2009	51
Schedule III - Schedule of Revenues and Expenses by Account Type for the year ended June 30, 2009	52
Management Letter	53

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The University of North Florida
Foundation, Inc.



We have audited the accompanying balance sheets of the University of North Florida Foundation, Inc. (the Foundation), a direct support organization and component unit of the University of North Florida, as of and for the years ended June 30, 2009 and 2008, as listed in the table of contents. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

8035 Spyglass Hill Road
Melbourne, FL 32940
321.757.2020
FAX 321.242.4844

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

480 N. Orlando Ave.
Suite 218
Winter Park, FL 32789
407.644.5811
FAX 407.644.6022

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2009 and 2008, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

301 Clematis Street
Suite 3000
W. Palm Beach, FL 33401
561-837-6627
FAX 561-837-6632

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2009 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

www.bermanhopkins.com

Management's discussion and analysis on pages 3 through 16 is not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audits were performed for the purpose of forming opinions on the basic financial statements of the Foundation taken as a whole. The accompanying schedule of expenditures of state financial assistance for the year ended June 30, 2009, as required by the Chapter 10.650, Rules of the Auditor General, State of Florida, and schedules I through III as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

September 9, 2009
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

The University of North Florida Foundation, Inc. Management's Discussion and Analysis

Overview of the Financial Statements and Financial Analysis

The University of North Florida Foundation, Inc. (the Foundation) presents its financial statements as of and for the fiscal year ended June 30, 2009, which include for comparative purposes the fiscal years ended June 30, 2008 and 2007. The Foundation exists for the sole purpose of providing financial support to students and programs of the University of North Florida (the "University") and is a direct support organization and component unit of the University (a governmental agency).

The Foundation's financial statements are presented on an accrual basis, including the recording of depreciation, which includes 1) assets and liabilities as current and non-current; 2) revenues and expenses as operating and non-operating; 3) the use of the direct method of statement of cash flows; 4) a management's discussion and analysis (MD&A) of the financial results.

The MD&A focuses on current activities, resulting changes and currently known facts to provide the reader with an overall summary of the accompanying financial statements. It should be read in conjunction with the basic financial statements and accompanying notes.

The financial statement report includes the following:

1. Basic financial statements-
 - a. Balance Sheets
 - b. Statements of Revenues, Expenses, and Changes in Net Assets
 - c. Statements of Cash Flows
 - d. Notes to the Financial Statements, and

2. Supplementary schedules-
 - a. Schedule of Expenditures of State Financial Assistance
 - b. Schedule I - Schedule of University Major Challenge Grant Program Endowment Corpus Accounts
 - c. Schedule II - Schedule of Assets and Liabilities by Account Type
 - d. Schedule III - Schedule of Revenues and Expenses by Account Type

FINANCIAL HIGHLIGHTS

2009

- *2009 Fundraising.* For the year ended June 30, 2009, the Foundation recorded a total of \$6.515 million in contributions. Of these contributions, \$2.661 million was designated for the endowment.

Additionally, the Foundation has a total of \$4.255 million in commitments for pledges. Of the pledges, the restricted pledge commitments are discounted and recorded on the Balance Sheet at \$3.165 million.

- *Facilities Enhancement Challenge Grants* (Courtelis funds). In fiscal 2009, there were no State matching funds appropriated for the Courtelis program. However, gifts designated for construction and/or equipping the Science and Engineering Building, John M. Golden Environmental Education Classroom, Coggin College of Business - Career Management Institute and the Fine Arts Complex were received totaling \$406,689.
- The 2009 annual *Foundation Board Drive* raised \$301,121, which surpassed the goal of \$285,000. All funds raised in this drive are unrestricted and used for scholarships, the Foundation's Board Initiatives projects, Presidential Lecture Series and board operations.
- *Student academic support*. In fiscal 2009, \$1.861 million was provided to more than 900 students in the form of scholarships, fellowships and study abroad programs.
- *First Generation Matching Program* provided additional scholarship funding. Students who are the first-generation college students in the family; who are admitted and attend at least six credit hours at a state university; and who have a demonstrated financial need are eligible to receive First Generation scholarship funds. The Foundation received approximately \$338,000 in gifts for this purpose and the State matching was a like amount for a total of \$676,000.
- The University continued in the "Quiet Phase" of its new *Capital Campaign*. A total of \$62.76 million in gifts and pledges was received through fiscal year end June 30, 2009.
- *Foundation Investments*. In 2009, the Foundation's endowed investment portfolio experienced a decrease, calculated on a total return basis of \$27.186 million as a result of the continued volatility in investment markets. The non-endowed investments met with a similar outcome with a decrease of approximately \$714,000 calculated on a total return basis.
- *Net Assets* decreased by 26.4% or \$28.946 million in fiscal 2009, which was a decrease of \$1.335 million in fiscal 2008, primarily due to decreases in fundraising, State matching funds and investment performance.

2008

- *2008 Fundraising*. For the year ended June 30, 2008, the Foundation recorded a total of \$12.882 million in contributions. Of these contributions, \$7.562 million was designated for the endowment.

Additionally, the Foundation has a total of \$7.100 million in pledge commitments. Of the pledges, the restricted pledge commitments are discounted and recorded on the Balance Sheet at \$3.648 million.

- *Alumni Hall*. In December 2007, the Foundation and the UNF Alumni Association assisted the University in the funding of the Alumni Hall building purchase (\$3.875 million.) The \$1.750 million from the Foundation consisted of a \$500,000 contribution and a \$1 million note payable to UNF while the UNF Alumni Association contributed \$250,000. The Board approved an additional endowment management fee of .25% for up to five years to repay the note to the University. The fee will be rescinded when the note is paid in full.

The Institutional Advancement Division, Alumni Association and Marketing and Publications department are the current occupants of the more than 24,000 sq. ft. building.

- *Facilities Enhancement Challenge Grants* (Courtelis funds). In fiscal 2008, \$161,116 was designated for constructing and/or equipping the Science and Engineering Building, Social Sciences Building, John M. Golden Environmental Education Classroom, Coggin College of Business - Career Management Institute and the Fine Arts Complex.
- The 2008 annual *Foundation Board Drive* raised \$282,521, which surpassed the goal of \$280,000. All funds raised in this drive are unrestricted and used for scholarships, the Foundation's Board Initiatives projects, Presidential Lecture Series and board operations.
- *Student academic support*. In fiscal 2008, \$1.733 million was provided to more than 800 students in the form of scholarships, fellowships and study abroad programs.
- In its second year, the State's *First Generation Matching Program* provided additional scholarship funding in the amount of approximately \$768,000. The Foundation received approximately \$384,000 in gifts for this purpose and the State matching was a like amount.
- The University finalized strategic goals for its new Capital campaign currently in its "Quiet Phase." A total of \$49.9 million in gifts and pledges was received through June 30, 2008. Four seven figure gifts were committed for campaign priorities.
- *Foundation Investments*. In 2008, the Foundation's investment portfolio at year-end reflected a total return of \$3.873 million. This was a 74.4% or \$11.283 million decrease in investment earnings over the previous year's \$14.885 million. The decrease is attributed to the current volatile investment markets.
- *Revenue Bonds*. The *Parking System Capital Improvement Revenue Bonds (Series 1998)* and leases were assigned to the University of North Florida Financing Corporation and the net fixed assets (buildings, equipment and land improvements) were transferred to the University at September 4, 2007. The accompanying financial statements reflect two months of operations for the Parking System.
- *Net Assets* decreased by 1.2% or \$1.335 million in fiscal 2008, from \$111.015 million in fiscal 2007, primarily due to decreases in student rental fees, fundraising, State matching funds and investment performance.

The following sections in the MD&A include an analysis of the three basic financial statements listed above, capital assets, and an economic outlook.

Balance Sheets

The purpose of the Balance Sheet is to present the reader with a look at the Foundation's financial condition as of the end of the fiscal year. In reading the Balance Sheet, the reader will be able to determine the Foundation's ability to continue operations; how much it owes to vendors, and lending institutions; and to see a snapshot of the assets that are available to pay the expenditures of the Foundation.

Condensed Summary of Balance Sheet Information
(In thousands of dollars)

	2009	2008	Increase (decrease)	Change	2007	Increase (decrease)	Change
Assets							
Current assets	\$ 2,095	\$ 2,008	\$ 87	4.3%	\$ 20,902	\$ (18,894)	-90.4%
Non-current assets:							
Other	79,746	109,540	(29,794)	-27.2%	100,720	8,820	8.8%
Total assets	<u>\$ 81,841</u>	<u>\$ 111,548</u>	<u>\$ (29,707)</u>	-26.6%	<u>\$ 121,622</u>	<u>\$ (10,074)</u>	-8.3%
Liabilities:							
Current liabilities	\$ 363	\$ 855	\$ (492)	-57.5%	\$ 10,360	\$ (9,505)	-91.7%
Non-current liabilities	744	1,014	(270)	-26.6%	247	767	310.5%
Total liabilities	<u>1,107</u>	<u>1,869</u>	<u>(762)</u>	-40.8%	<u>10,607</u>	<u>(8,738)</u>	-82.4%
Net assets:							
Investment in capital assets, net of debt	-	-	-	-	1,403	(1,403)	-100.0%
Restricted by donors- expendable	13,782	13,761	21	0.2%	11,008	2,753	25.0%
Restricted for capital assets - expendable	-	-	-	-	7,948	(7,948)	-100.0%
Restricted for gift annuity	290	290	-	0.0%	290	-	-
Permanent endowments - nonexpendable	66,385	95,209	(28,824)	-30.3%	88,785	6,424	7.2%
Unrestricted	277	419	(142)	-33.9%	1,581	(1,162)	-73.5%
Total net assets	<u>80,734</u>	<u>109,679</u>	<u>(28,945)</u>	-26.4%	<u>111,015</u>	<u>(1,336)</u>	-1.2%
Total liabilities and net assets	<u>\$ 81,841</u>	<u>\$ 111,548</u>	<u>\$ (29,707)</u>	-26.6%	<u>\$ 121,622</u>	<u>\$ (10,074)</u>	-8.3%

The Balance Sheets are presented as part of the basic financial statements. For fiscal year ended June 30, 2009, the total net assets decreased by \$28.945 million, or 26.4%. This year's activity included the following:

Current Assets

2009

- In fiscal 2009, *current assets* totaled \$2.095 million, which was an increase of approximately \$87,000, or 4.3%.
- *Cash and cash equivalents* increased to \$919,599. This was an increase of approximately \$22,000, or 2.4%, over fiscal 2008's \$897,973. These funds are available for operational expenses and transferring to investment managers.
- *Pledges receivable* current portion increased approximately \$78,000, or 7.2%.
- *Prepaid expenses and other expenses (e.g. travel advance)* reflect a decrease of approximately \$9,500, or -40.9%.

2008

- In fiscal 2008, *current assets* decreased by \$18.894 million or 90.4%.
- *Cash and cash equivalents* decreased by approximately \$95,000 or -9.6% from fiscal 2007.
- *Parking System Capital Improvement Revenue Bonds*. The decrease was attributed primarily to the transfer of the Parking System capital assets (\$11.003 million) to the University of North Florida along with other related assets (restricted funds on deposit with the University of \$7.808 million and deferred bond issue cost of approximately \$78,000.)
- *Pledges receivable* current portion increased by approximately \$72,000, or 7.1%.
- *Prepaid expenses and other expenses (e.g. accounts receivable and travel advance)* reflected a net increase of approximately \$18,000.

Non-current assets

2009

- In fiscal 2009, *non-current assets* totaled \$79.746 million, which is a decrease of \$29.794 million, or 27.2%.
- *Foundation Investments*. The decrease reflects the combination of restricted cash and cash equivalents and the Foundation's investments reduced from the very volatile investment markets over the past year of \$29.233 million, or -27.4%.
- *Pledges receivable* the non-current position decreased by approximately \$561,000, or 21.9%.

2008

- *Non-current assets* increased in total by \$8.821 million or 8.8%.
- *Foundation Investments*. The increase was due to the increases in restricted cash and cash equivalents (approximately \$6.261 million) and restricted investments (approximately \$1.273 million) The increase in restricted cash and cash equivalents was attributed to the redemption of an endowed investment at year end of approximately \$4 million, which has subsequently been transferred to a new investment account. The other \$2.261 million increase was due to increases in contributions from donors and State matching funds awaiting transfer to investment managers.
- *Pledges receivable* non-current position increased by approximately \$1.286 million.

Liabilities

2009

- *Current liabilities* totaled \$363,671, which is a decrease of approximately \$491,000 or 57.5%. The decrease is the result of a decrease in accounts payable and accrued expenses of approximately \$503,000, which was offset by an increase of \$11,524 for the current portion of amounts required to be accrued for compensated absences accrual.
- *Non-current liabilities* totaled \$743,742. This is a decrease of approximately \$270,000 or 26.6% representing a decrease in the Foundation's notes payable to the University for the Alumni Hall loan (\$224,703), a decrease in annuity payable (\$68,703) for annuity payments, and an increase in the accrued compensated absences (\$23,509) for employees paid with Foundation funds.

2008

- In fiscal 2008, the *current liabilities* decreased by \$9.505 million or 91.7%. The decrease was due to the transfer of operation for the Parking System to the University, which was offset by the current portion of a note payable (\$200,000) to UNF as part of the Foundation's portion of the purchase of Alumni Hall.
- A decrease in accounts payable and accrued expenses of \$125,890 was due to fewer invoices presented after fiscal year end that required recording as a 2008 expense.
- *Non-current liabilities* increased by approximately \$767,000 or 310.5%. The majority of the increase is attributed to the non-current portion of the note payable (\$800,000), the increase in compensated absences liability (\$21,806) for vacation and sick leave due to an increase in the number of University employees paid with Foundation's funds over the same period in prior year, and a decrease in annuities payable (\$65,622).

Net Assets

The net assets at June 30, 2009, decreased to \$80.734 million from \$109.679 million in 2008, or -26.4%.

The Net Assets section of the Balance Sheet provides two classifications:

1. The restricted assets are listed in three categories:
 - a) the restricted by donors category represents amounts which are available for spending in accordance with the donor's specified criteria;
 - b) the restricted for gift annuity represents the estimated net amount available for future payments by the Foundation.
 - c) The permanent endowments category represents the Foundation's restricted nonexpendable funds, which are required to be held in perpetuity.

2. The unrestricted assets are the amounts available to the Foundation for any purpose in support of its mission.

The \$28.945 million decrease in net assets equals the funds received (i.e. contributions, investment earnings and miscellaneous revenue) netted against the amounts expended for operations and the depreciation in investments.

Statements of Revenues, Expenses, and Changes in Net Assets

The purpose of the Statement of Revenues, Expenses, and Changes in Net Assets is to provide the details of the Foundation's operating and non-operating activities for the fiscal year. This includes the revenues (net of discounts and allowances) displayed by major source, expenses, and gains and losses received or incurred by the Foundation. For fiscal year 2009, the Statements of Revenues, Expenses, and Changes in Net Assets reflects a \$28.945 million decrease in net assets.

The Statements of Revenues, Expenses, and Changes in Net Assets include the following categories:

- Operating revenues are revenues received from donors (i.e. contributions, etc.) and services provided (i.e. workshops, lecture series, special events, etc.) to various customers and constituents of the Foundation.
- Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the Foundation. They are detailed by expenditure type, which includes educational items, program and professional fees, scholarships, fellowships, study abroad, etc.
- Net operating income represents the amount of operating revenue in excess of the year's operating expenses and does not include non-operating revenue.
- Non-operating revenue is received from sources for which no service is provided by the Foundation (i.e. investments.)
- Additions to endowments represent contributions and State matching funds received for the permanent endowments.
- The change in net assets is the result of the fiscal year's excess of revenues over expenses, which is also the difference in total net assets on the Balance Sheets.

Condensed Summary of Revenues, Expenses, and Changes in Net Assets
(In thousand of dollars)

	2009	2008	Increase (decrease)	Change	2007	Increase (decrease)	Change
Operating revenues:							
Contributions	\$ 3,854	\$ 5,319	\$ (1,465)	-27.5%	\$ 3,407	\$ 1,913	56.1%
Student rentals	-	-	-	-	9,040	(9,040)	-100.0%
Parking fees	-	1,500	(1,500)	-100.0%	3,515	(2,015)	-57.3%
Programs	199	176	23	13.1%	407	(231)	-56.8%
Total operating revenues	4,053	6,995	(2,942)	-42.1%	16,369	(9,374)	-57.3%
Operating expenses	7,759	7,497	262	3.5%	21,050	(13,553)	-64.4%
Operating loss	(3,706)	(502)	(3,204)	638.3%	(4,681)	4,179	-89.3%
Non-operating income (loss):							
Interest and dividends	222	927	(705)	-76.1%	4,038	(3,111)	-77.0%
Investment management fees	(318)	(957)	639	-66.8%	-	(957)	-
Net unrealized and realized gains (losses)	(27,804)	3,903	(31,707)	-812.4%	11,118	7,545	-64.9%
Other	-	-	-	-	(271)	271	-100.0%
Non-operating income	(27,900)	3,873	(31,773)	-820.3%	14,885	3,748	-74.0%
Income before additions to endowments and transfers	(31,606)	3,371	(34,978)	-1037.5%	10,205	7,927	-67.0%
Transfer of bonds payable to affiliate	-	9,600	(9,600)	-100.0%	34,200	(24,600)	-71.9%
Transfer of funds to UNF for Alumni Hall building purchase	-	(1,750)	1,750	-100.0%	-	(1,750)	-
Transfer of land improvements, buildings, and restricted funds to affiliate	-	(20,119)	20,119	-100.0%	(40,138)	20,019	-49.9%
Change in net assets before additions to endowments	(31,606)	(8,898)	(22,709)	255.2%	4,267	(4,264)	-99.9%
Additions to endowments:							
Contributions to permanent endowments	2,661	3,106	(445)	-14.3%	2,201	905	41.1%
State matching funds	-	4,456	(4,456)	-100.0%	1,108	3,348	302.3%
Total additions to endowments	2,661	7,562	(4,901)	-64.8%	3,309	4,253	128.5%
Change in net assets	(28,945)	(1,336)	(27,610)	2067.1%	7,576	(8,911)	-117.6%
Net assets, beginning of year	109,679	111,015	(1,336)	-1.2%	103,439	7,576	7.3%
Net assets, end of year	\$ 80,734	\$ 109,679	\$ (28,945)	-26.4%	\$ 111,015	\$ (1,336)	-1.2%

The Statements of Revenues, Expenses, and Changes in Net Assets presented as part of the basic financial statements. For fiscal year ended June 30, 2009, the Foundation's income before additions to endowments decreased approximately \$22.709 million, or 255.2%. The Statements' highlights are as follows:

Operating Revenues

2009

- In fiscal 2009, total *operating revenues* totaled \$4.053 million, which is a decrease of 42.1%, or approximately \$2.942 million.

- The non-endowed *contributions* decreased 27.5% or by \$1.465 million to \$3.854 million from \$5.319 million in fiscal 2008. Contributions shown under Operating Revenues are exclusive of the contributions for capital additions (contributions and state matching funds) to permanent endowment. The decrease in contributions is attributed to a decrease in gifts to the unrestricted and restricted funds.
- The 100% decrease in the parking fees revenue is due to the transfer of operations for Parking System to the University in September 2007, fiscal 2008.
- *Program revenues* increased slightly by approximately \$23,000 or 13.1%. The increase is attributed to the increase in the number of workshops, seminars and sponsored activities.

2008

- In fiscal 2008, total *operating revenues* decreased by 57.3%, or approximately \$9.374 million.
- The non-endowed *contributions* increased 56.1% or by \$1.913 million to \$5.319 million from \$3.407 million in fiscal 2007.
- *Parking fees* of \$1.5 million represent two months' operations at the beginning of the fiscal year. The \$2.015 million or 57.3% decrease is attributed to the transfer of Parking System operations to the University of North Florida in September 2007. Parking fees includes fees paid by students, employees and visitors as well as parking fines.
- *Program revenues* decreased approximately \$231,000 or 56.8% The decrease was attributed to a reduction in the number of workshops, seminars and sponsored activities.

Operating Expenses

2009

In total, the fiscal 2009 operating expenses increased by 3.5%, or approximately \$262,000. The following details several expense categories:

- *Education Programs* totaled \$482,284, which is an increase of approximately \$222,000 or 85.5%. The increase was due primarily to an increase in the amount of equipment and software that was purchased or donated.
- *Scholarships, Fellowships and Study Abroad.* During fiscal 2009, the Foundation disbursed \$2.199 million to the University for its scholarships (\$1.768 million), fellowships (\$43,319), Study Abroad awards (\$49,094) and First Generation Matching Program (\$338,333). In total, this was a 3.9% increase over the \$2.117 million disbursed during 2008.
- *Program fees* totaled \$2.270 million. The increase represents an increase in the number of employees' salaries and fringe benefits paid with Foundation funds and persons hired for contract services (e.g. workshop/seminar leaders, lecturers, athletics officials, etc.) This reflects an increase of approximately \$536,000 or 30.9% over fiscal year 2008's \$1.734 million for disbursed for program fees.

- *Professional Fees* totaled \$146,396, a slight decrease of approximately \$8,000, or -5.3% from fiscal 2008 (\$154,541). The decrease is attributed to fewer expenses associated with the Foundation's consultant fees, including Capital Campaign readiness consultants and outsourced Phonathon vendor.
- *General and administrative expenses* totaled \$2.662 million. This is a small decrease of \$76,000 or 2.8%. These expenses are operational expenses, which include educational material, printing, telephone, meeting, travel, public relations, registrations, memberships and other fees, etc.

Note:

- As of fiscal 2009, no operational revenues or expenses associated with Student Housing or the Parking System are reflected in the Foundation's financial statements. The capital assets and related bond obligations were transferred to its affiliates: The University and the UNF Financing Corporation in fiscal years 2007 and 2008 respectively.

2008

In total, the fiscal 2008 operating expenses decreased by 64.4%, or approximately \$13.553 million. The following details several expense categories:

- *Education Programs* decreased by approximately \$57,000 or 18.2%. The decrease was due primarily to a decrease in the amount of equipment and software that was purchased or donated.
- *Scholarships, Fellowships and Study Abroad.* During fiscal 2008, the Foundation disbursed \$2.117 million to the University for its scholarships (\$1.660 million), fellowships (\$45,113), Study Abroad awards (\$28,653) and First Generation Matching Program (\$383,876). In total, this was an 8.1% increase over the \$1.958 million disbursed during 2007.
- *Program fees* increased 24.5%, or approximately \$340,851, from fiscal 2007. This can be attributed to an increase in the number of University employee salaries paid from Foundation funds.
- *Professional Fees.* The 32.8% decrease from fiscal year 2007 (\$230,075) to fiscal year 2008 (\$154,541) is attributed to expenses associated with the Foundation's consultant fees, which include Capital Campaign readiness consultants and outsourced Phonathon vendor.

- *Courtelis Matching Funds (Facilities Enhancement Challenge Grant Program)*. The Foundation transferred to the University Construction Trust Fund for the Courtelis matching program \$161,116 which was a substantial decrease from the fiscal 2007 amount of \$2.553 million. These funds were transferred to the University in support of the following capital projects.

<u>Amount</u>	<u>UNF Construction Project</u>
\$ 69,326	College of Computing, Engineering and Construction - Engineering
42,104	College of Computing, Engineering and Construction - Sciences
20,000	Fine Arts Complex
15,686	John Golden Environmental Educational Pavilion
8,750	Social Sciences Building
5,250	Coggin College of Business - Career Management Institute
<u>\$ 161,116</u>	Total

This program provides a \$1 for \$1 match for donations received in support of capital projects. Donations are certified on an annual basis for the amounts received.

- *Interest expense* decreased by 98.1% or \$1.592 million. The decrease is due to the transfer of the Student Housing Capital Improvement Revenue Bonds (June 2007) and the Parking Capital Improvement Revenue Bonds (September 2007) to UNF Financing Corporation.
- *Expenses associated with student rentals and parking fees* totaled \$128,116, which was a decrease of 98.4% from fiscal 2007 (\$7.943 million). *Depreciation and amortization expense* decreased by 92.9% or approximately \$2.286 million.

These decreases were due to the transfer for the Student rentals and Parking operations to the University as part of the refunding Housing Bonds (June 2007) and assignment of the Parking Bonds (September 2007). The recorded activity represents two months' Parking operations.

Non-operating Revenues/Expenses

2009

- In fiscal 2009, *non-operating revenues/expenses* totaled (\$27,900,000), which is approximately a \$31.733 million decrease, or -820.3%, from prior year. The decrease is attributed to the continued volatile investment markets. The majority of the decrease was in the Foundation's endowed assets at approximately \$27.804 million. Non-operating income includes the return on the total amounts invested for both endowed and non-endowed (unrestricted and restricted) purposes.

2008

- *Non-operating revenue* includes the total return on Foundation investments, which resulted in a decrease of 74.0% to \$3.873 million in fiscal year 2008 from fiscal 2007's \$14.885 million. The decreased performance can be attributed to the current volatility in investment markets for the Foundation's investments. The other non-operating expense relates to the transfer of capital assets to the University and the assignment of bonds payable to an affiliate.

The investment performance for both the endowed and non-endowed investment balances is reflected below (in thousands of dollars):

	2009	2008	Increase (decrease)	Change	2007	Increase (decrease)	Change
Investment gains (losses):							
Endowed - Interest & Dividends	\$ 14	\$ 355	\$ (341)	-96.1%	\$ 1,116	\$ (761)	-68.2%
Endowed - Realized	(331)	(852)	521	-61.2%	759	(1,611)	-212.3%
Endowed - Unrealized	(26,870)	3,761	(30,631)	-814.4%	11,057	(7,296)	-66.0%
Total endowed investment income (loss)	(27,187)	3,264	(30,451)	-932.9%	12,932	(9,668)	-74.8%
Non-Endowed							
Interest & Dividends	235	572	(337)	-58.9%	9	563	6255.6%
Non-Endowed - Realized	(14)	1	(15)	-100.0%	2,154	(2,153)	-41.0%
Non-Endowed - Unrealized	(934)	36	(970)	-2694.4%	61	(25)	-41.0%
Total non-endowed investment income (loss)	(713)	609	(1,322)	-217.1%	2,224	(1,615)	-72.6%
Total investment income (loss)	<u>\$ (27,900)</u>	<u>\$ 3,873</u>	<u>\$ (31,773)</u>	-820.3%	<u>\$ 15,156</u>	<u>\$ (11,283)</u>	-74.4%

Additions to Endowments

2009

- *Permanent Endowments.* The Foundation received \$2.661 million in donor contributions to its permanent endowments. There were no State matching funds received in fiscal 2009.

2008

- *Permanent Endowments.* During fiscal 2008, the permanent endowments received \$7.562 million in contributions. Of these contributions, \$4.456 million represented State Matching funds received.

- *State Matching.* \$4.456 million in State matching funds was received during the year from the State of Florida Challenge Grant Program. The matching funds were received for the following endowed accounts:

<u>Amount</u>	<u>Endowed Account</u>
\$ 2,000,000	Brooks College of Health - Physical Therapy Professorships (4)
1,000,000	Brooks College of Health - Nursing Professorships (2)
<u>600,000</u>	Brooks College of Health - Pamela S Chally Distinguished Professorship
\$ 3,600,000	Total Brooks College of Health State Match
175,000	Charles M & Doris B Nevasier Endowed Nursing Scholarship
100,000	Herman & Virginia Terry Scholars Endowment
87,500	River Branch Foundation Endowment
	Linda Carter & Tom H Slade III Endowed Professorship of
62,500	Entrepreneurial Studies
50,083	Women & Girls Health Research Professorship Endowment
50,000	Stellar Group Scholarship Endowment
50,000	Mark E Workman Endowed Professorship
50,000	Crawford Early Childhood Research & Education Distinguished Professorship
50,000	The Wachovia Foundation Endowed Scholarship
50,000	Taylor Engineering Endowed Professorship
50,000	Thad M Moseley, MD Endowed Scholarship
50,000	Donald Loop Spanish Scholarship Endowment
25,000	Crawford Early Literacy Faculty Fellows Endowment
<u>5,675</u>	Sam E Mousa Endowed Merit Scholarship
<u>\$ 4,455,758</u>	2008 Total State Matching

Statements of Cash Flows

The Statements of Cash Flows show the cash provided and used for operating, capital and related financing activities and investing activities.

- Operating activities include funds received (i.e. from private donors, student rentals, parking fees, matching programs, etc.) and payments (i.e. for programs, employee services, and suppliers for goods and services) made for the Foundation's operation.
- Capital and related financing activities include outflows of cash for housing and parking system debt service, capital expenses, and other notes payable and receivable.
- Investing activities represent funds used to purchase investments and the associated investment earnings.

Capital Asset and Debt Administration

Prior to fiscal 2008, the Foundation reported its capital assets in two different categories: the Student Housing System and the Parking System. The revenue bonds for each were issued in the name of the University of North Florida Foundation, Inc. They were secured by Operating Leases executed with the University of North Florida and credit enhanced by letters of credit from financial institutions. During fiscal 2007, the Student Housing System bonds were refunded by and transferred to the University of North Florida Financing Corporation.

The Parking System bonds were assigned to the University of North Florida Financing Corporation and related capital assets were transferred to the University of North Florida during the first quarter of fiscal 2008.

Capital Asset

2009

In fiscal year 2009, there were no capital assets or operational functions on the Foundation's books. The Student Housing and Parking Systems Capital Improvement Bonds had been transferred to its affiliates. See notes for fiscal 2008 (Parking) below.

2008

In fiscal year 2008, the capital assets of the Parking System were transferred to the University of North Florida. They included *construction in progress* \$2.145 million; *buildings, equipment and land improvements* of \$17.048 million; and accumulated *depreciation* of \$10.829 million.

- *Depreciation Expense* of \$174,266 was recorded for the two months of operations prior to the transfer at September 4, 2007.

Debt Administration

- *2008 parking system bonds* were assigned to the University of North Florida Financing Corporation in September 2007.

Economic Outlook

The Foundation has no knowledge of any current facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during this fiscal year.

Management believes the Foundation's overall financial position is strong. With detailed monitoring of each account, the Foundation has sufficient funds to cover its obligations.

Requests for Information

This financial report is designed to provide a general overview of the Foundation's finances for all those with an interest therein. Questions concerning any of the information provided in this report or requests for additional information may be addressed to:

Beverly A. Evans, Director
University of North Florida
TSI/Foundation Accounting
UNF Hall, Suite 2900
1 UNF Drive
Jacksonville, FL 32224-2648
(904) 620-2790

The University of North Florida Foundation, Inc.

BALANCE SHEETS

June 30,

ASSETS	2009	2008
CURRENT ASSETS		
Cash and cash equivalents	\$ 919,599	\$ 897,973
Prepaid expenses	16,690	26,148
Pledges receivable, restricted	1,158,008	1,079,749
Other	953	3,699
Total current assets	<u>2,095,250</u>	<u>2,007,569</u>
NONCURRENT ASSETS		
Restricted cash and cash equivalents	13,490,856	11,574,306
Restricted investments	64,148,180	95,297,768
Pledges receivable, restricted	2,007,229	2,568,598
Other assets	99,962	99,962
Total non-current assets	<u>79,746,227</u>	<u>109,540,634</u>
Total assets	<u>\$ 81,841,477</u>	<u>\$ 111,548,203</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 131,147	\$ 633,943
Accrued compensated absences, current portion	32,524	21,000
Annuities payable, current portion	50,000	99,000
Notes payable	200,000	200,000
Total current liabilities	<u>413,671</u>	<u>953,943</u>
NONCURRENT LIABILITIES		
Notes payable	575,297	800,000
Annuities payable	69,660	89,363
Accrued compensated absences	48,785	25,276
Total non-current liabilities	<u>693,742</u>	<u>914,639</u>
Total liabilities	<u>1,107,413</u>	<u>1,868,582</u>
NET ASSETS		
Restricted		
Restricted by donors - expendable	13,782,219	13,761,800
Restricted for gift annuity	289,742	289,742
Permanent endowments - nonexpendable	66,385,006	95,209,237
Unrestricted	277,097	418,842
Total net assets	<u>80,734,064</u>	<u>109,679,621</u>
Total liabilities and net assets	<u>\$ 81,841,477</u>	<u>\$ 111,548,203</u>

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

The University of North Florida Foundation, Inc.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Years ended June 30,

	<u>2009</u>	<u>2008</u>
OPERATING REVENUES		
Contributions	\$ 3,853,706	\$ 5,319,017
Parking fees	-	1,500,612
Programs	198,759	176,351
Total operating revenues	<u>4,052,465</u>	<u>6,995,980</u>
OPERATING EXPENSES		
Program services:		
Education programs	482,284	260,041
Scholarships, fellowships and study abroad	2,198,884	2,117,263
	<u>2,681,168</u>	<u>2,377,304</u>
Supporting services:		
Program fees	2,269,868	1,733,731
Professional fees	146,396	154,541
	<u>2,416,264</u>	<u>1,888,272</u>
Other expenses:		
Interest	-	30,561
Depreciation and amortization	-	174,889
Expenses associated with parking fees	-	128,116
General and administrative expenses	2,661,499	2,737,214
Courtelis matching funds	-	161,116
	<u>2,661,499</u>	<u>3,231,896</u>
Total operating expenses	<u>7,758,931</u>	<u>7,497,472</u>
Operating loss before non-operating revenue (expenses) and transfers	<u>(3,706,466)</u>	<u>(501,492)</u>
NON-OPERATING REVENUE (EXPENSES) AND TRANSFERS		
Interest and dividends	221,711	927,138
Investment management fees	(317,863)	(956,731)
Net appreciation (depreciation) in investments	(27,803,842)	3,902,673
Total non-operating revenue	<u>(27,899,994)</u>	<u>3,873,080</u>
Change in net assets before transfers and additions to endowments	<u>(31,606,460)</u>	<u>3,371,588</u>
Transfer of bonds payable to affiliate	-	9,600,000
Transfer of funds to UNF for Alumni Hall building purchase	-	(1,750,000)
Transfer of land improvements, buildings, and restricted funds to affiliate	-	(20,118,515)
Change in net assets before additions to endowments	<u>(31,606,460)</u>	<u>(8,896,927)</u>
ADDITIONS TO ENDOWMENTS		
Contributions to permanent endowments	2,660,903	3,106,289
State matching funds	-	4,455,758
Total additions to endowments	<u>2,660,903</u>	<u>7,562,047</u>
Change in net assets	(28,945,557)	(1,334,880)
Net assets, beginning of year	<u>109,679,621</u>	<u>111,014,501</u>
Net assets, end of year	<u>\$ 80,734,064</u>	<u>\$ 109,679,621</u>

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

The University of North Florida Foundation, Inc.

STATEMENTS OF CASH FLOWS

Years ended June 30,

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from private donors	\$ 4,336,816	\$ 5,319,017
Received from student rentals and parking fees	-	1,500,612
Received from other sources	198,759	176,351
Payments to the University for programs	(2,681,168)	(2,377,304)
Payments to employees for services	(2,381,231)	(1,548,835)
Payments to suppliers for goods and services	<u>(3,152,091)</u>	<u>(4,866,242)</u>
Net cash used in operating activities	<u>(3,678,915)</u>	<u>(1,796,401)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest paid on bonds	-	(30,561)
Proceeds from notes payable	-	1,000,000
Transfer of funds to UNF for Alumni Hall building purchase	-	(1,750,000)
Payments on annuity payable	(68,703)	(45,622)
Payment on note payable	(224,703)	-
Contributions from State matching funds	-	4,455,758
Contributions to permanent endowments	<u>2,660,903</u>	<u>3,106,289</u>
Net cash provided by capital and related financing activities	<u>2,367,497</u>	<u>6,735,864</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(15,950,710)	(14,651,576)
Proceeds from sales of investments	18,978,593	14,950,633
Interest and dividends received	<u>221,711</u>	<u>927,138</u>
Net cash provided by investing activities	<u>3,249,594</u>	<u>1,226,195</u>
Net increase in cash and cash equivalents	1,938,176	6,165,658
Cash and cash equivalents, beginning of year	<u>12,472,279</u>	<u>6,306,621</u>
Cash and cash equivalents, end of year	<u>\$ 14,410,455</u>	<u>\$ 12,472,279</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating loss	\$ (3,706,466)	\$ (501,492)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	-	174,889
Change in allowance of pledges receivable	(192,958)	492,027
Changes in assets and liabilities:		
Prepaid expenses	9,458	(20,880)
Other current assets	2,746	2,400
Pledges receivable	676,068	(1,850,262)
Accounts payable and accrued expenses	(502,796)	(125,889)
Accrued compensated absences	35,033	32,806
Net cash used in operating activities	<u>\$ (3,678,915)</u>	<u>\$ (1,796,401)</u>
Reconciliation of cash and cash equivalents to the balance sheets:		
Cash and cash equivalents	\$ 919,599	\$ 897,973
Restricted cash and cash equivalents	<u>13,490,856</u>	<u>11,574,306</u>
Total cash and cash equivalents	<u>\$ 14,410,455</u>	<u>\$ 12,472,279</u>
Supplemental disclosure of non-cash investing and financing activities:		
Assignment of bonds payable to affiliate	<u>\$ -</u>	<u>\$ 9,600,000</u>
Transfer of land improvements, buildings, and restricted funds to affiliate	<u>\$ -</u>	<u>\$ 20,118,515</u>

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

The University of North Florida Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

The University of North Florida Foundation, Inc. (the Foundation), is a not-for-profit entity organized to provide financial support to the students and programs of the University of North Florida (the University). It is a direct support organization and component unit of the University.

2. Basis of accounting

The financial statements of the Foundation have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recognized when they are incurred. The Foundation follows GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*, GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus - an amendment of GASB Statements No. 21 and No. 34*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures* as applicable to proprietary funds.

GASB Statements No. 34 and 35 establish standards for external financial reporting which includes a balance sheet, a statement of revenues, expenses and changes in net assets, and a statement of cash flows using the direct method. GASB Statements No. 34 and 35 also include a requirement that management provide a discussion and analysis of the basic financial statements and it requires the classification of net assets into three components - invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in capital assets, net of related debt – consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any debt that is attributable to those assets.

Restricted - consists of assets that have externally imposed constraints placed upon their use, either by donors (such as through debt covenants) or through laws, regulations, or restrictions imposed by law through constitutional provisions or enabling legislation, reduced by any liabilities to be paid from these assets.

Unrestricted - consists of net assets that do not meet the definition of "restricted."

The University of North Florida Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Basis of accounting (continued)

As provided by GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Foundation has elected not to adopt any Financial Accounting Standards Board statements issued after November 30, 1989 unless so directed by the GASB.

3. Cash and cash equivalents

For purposes of the statement of cash flows, the Foundation includes cash on hand, cash on deposit, and investments with original maturities of ninety days or less to be cash and cash equivalents.

4. Investments

Investments are stated principally at fair value based on quoted market prices with the exception of the hedge and private equity fund investments which are based on external valuation sources. To the extent investments are held in commingled funds, the recorded amount is based on an allocation of the fair value based on the underlying securities of the fund. The Foundation intends to hold its investments for the long term. However, the needs of the organization may require the sale of a portion of these assets on a short-term basis, subject to the approval of the Investment Committee.

5. Capital Assets

Purchased or constructed additions to capital assets are recorded at cost. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, which are as follows:

Land improvements	10 years
Parking equipment	5 years
Buildings	20 to 30 years

Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of those assets.

Repairs and maintenance costs are charged to expense as incurred.

The University of North Florida Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Deferred bond issuance costs

Bond issuance costs are amortized over the term of the bonds using the straight-line method, which approximates the effective interest method, and are presented net of accumulated amortization of \$623 for June 30, 2008 (none for year ended June 30, 2009). During fiscal year 2008, the Parking System bonds payable and their associated deferred bond issuance costs were assigned (September 2007) to an affiliated entity.

7. In-kind contributions

Donated educational materials, equipment, books and other non-cash contributions are recorded at their estimated fair values, if determinable, at the date of the donations. Nominal values are recorded if fair values are not determinable.

Administrative and fiscal services, office space and other miscellaneous support services are provided to the Foundation by the University at no cost. No value has been assigned to these services in the accompanying statement of revenues, expenses, and changes in net assets, since there is no objective basis for determining the value.

8. Pledges receivable

The Foundation accounts for its pledges in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* (GASB 33). GASB 33 establishes reporting standards for nonexchange transactions, which in the case of the Foundation, are restricted pledges to be contributed in the future. Pledges are presented at fair value and recorded net of allowances for uncollectible accounts. Under the provisions of GASB 33, endowment pledges are not recognized.

9. Income taxes

The Foundation is a tax-exempt organization as defined in Section 501(c) (3) of the Internal Revenue Code and thus, is not subject to federal income taxes.

The Foundation has followed the provisions of FSP FIN 48-3, which delays the implementation of FIN 48, "Accounting for Income Taxes." The Foundation will be required to implement those provisions for its year ending June 30, 2010. The Foundation uses the FAS 5, "Loss Contingencies" approach for evaluating uncertain tax positions and continually evaluates tax status, changes in tax laws, and any authoritative rulings.

The University of North Florida Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE A - SUMMARY OF SIGNIFIANT ACCOUNTING POLICIES (continued)

10. Operating income

Operating revenues and expenses for a proprietary fund are those that result from providing services and producing and delivering goods and or services. Also included are all revenues and expenses not related to capital and related financing, non-capital financing, or investing activities. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Interest and dividends, net income (loss) on investments, and contributions received for endowments or from State matching funds are considered non-operating. When both restricted and unrestricted resources are available for use, the Foundation's policy is to use restricted resources first, then unrestricted resources as needed.

11. Vacation and sick leave accrual

Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave pursuant to Section 6C-5.305 of the Florida Administrative Code. Employees earn annual and sick leave based on their years of service. For annual leave, however, a maximum of 352 hours can be carried forward from one year to the next or paid upon termination for administrative and professional (A&P) employees and 240 hours can be carried forward from one year to the next or paid upon termination for University support personnel services (USPS) employees. Additionally, employees who have completed at least ten years of service are eligible to receive payment for one fourth of their accrued sick leave hours, upon termination, not to exceed 480 hours. Vacation pay and sick leave payments are expensed in the period earned by the employee.

Accrued compensated absences as of June 30, 2009 and 2008 were as follows:

	<u>2009</u>	<u>2008</u>
Beginning Balance	\$ 46,276	\$ 13,470
Additions	116,256	76,836
Reductions	<u>(81,223)</u>	<u>(44,030)</u>
Ending Balance	<u>\$ 81,309</u>	<u>\$ 46,276</u>

Accrued compensated absence liability due within one year is estimated at \$32,524.

12. Non-cash transactions

The Foundation's change in the fair value of its investments due to net unrealized gains(losses) was (\$27,803,842) and \$3,902,673 for June 30, 2009 and 2008, respectively.

The University of North Florida Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

13. Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS

Investment decisions are made subject to guidelines established by the Foundation's Investment Committee and approved by the Board. All deposits and investments are held at the financial institutions in the name of the Foundation.

Cash and cash equivalents

As of June 30, unrestricted cash and cash equivalents included bank demand accounts and money market funds subject to immediate withdrawal and consisted of the following:

	2009	2008
Cash on deposit	\$ 204,523	\$ 348,599
Money market funds	715,076	549,374
Total	<u>\$ 919,599</u>	<u>\$ 897,973</u>

As of June 30, restricted cash and cash equivalents included bank demand accounts, money market funds subject to immediate withdrawal, and certificate of deposit and consisted of the following:

	2009	2008
Cash on deposit	\$ -	\$ 3,761,657
Money market funds	10,466,657	7,812,649
Certificate of deposit	3,024,199	-
	<u>\$ 13,490,856</u>	<u>\$ 11,574,306</u>

Custodial credit risk - deposits. Custodial credit risk for deposits is the risk that, in the event of a depository financial institution's failure, the Foundation's deposits may not be returned to it. At June 30, 2009, the Foundation's unrestricted cash deposits with financial institutions were \$159,396. Of these deposits, \$250,000 was insured by the Federal Deposit Insurance Corporation (FDIC) and the balance was fully collateralized pursuant to Chapter 280, Florida Statutes.

The University of North Florida Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

At June 30, 2009, the Foundation's restricted cash deposits with financial institutions were \$3,524,199. All of these restricted deposits were insured by the FDIC. The Foundation's total restricted cash and cash equivalents consisted of demand deposits and money market funds restricted for endowment purposes.

Investments

Investments are recorded at fair value and consist of government and agency mortgage backed securities, corporate bonds, equity mutual funds, bond mutual funds, hedge funds, energy and natural sources.

The Foundation's investment policy states equity securities will be broadly diversified (e.g. country, economic sector, industry, etc.) to minimize the impact during sudden and severe market downturn, as equity markets have historically displayed a high degree of such correlation during these periods.

The role of hedge funds and private equity is to reduce the overall volatility of the equity fund performance. Fixed income securities will be diversified among different sectors of the fixed income market. With the exception of obligations of the U.S. Government and its agencies, no purchase will be made that will cause more than 5% of the fixed income fund to be invested in the securities of any one issuer.

The estimated fair values of investments were based on valuations provided by external investment managers at June 30, and consisted of the following:

<u>Investment Type</u>	<u>2009</u>	<u>2008</u>
U.S. Government bonds and agency securities	\$ 6,087,429	\$ 6,203,407
Fixed income mutual funds	32,643	41,650
Equity mutual funds	78,864	93,583
Hedge funds	43,885,819	77,439,161
Private equity	14,010,918	11,519,967
Corporate bonds	52,507	-
Total	<u>\$ 64,148,180</u>	<u>\$ 95,297,768</u>

The University of North Florida Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Credit risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2009, the Foundation securities quality ratings are as follows:

Investment Type	Fair Value	Quality Rating				Unrated
		A	AA	Aaa	AAA	
U. S. Government bonds and agency securities	\$ 6,087,429	\$ 5,845,140	\$ -	\$ -	\$ 242,289	\$ -
Fixed income mutual funds	32,643	-	-	-	-	32,643
Equity mutual funds	78,864	-	-	-	-	78,864
Hedge funds	43,885,819	-	-	-	-	43,885,819
Private equity	14,010,918	-	-	-	-	14,010,918
Corporate Bonds	52,507	15,712	36,795	-	-	-
Total	<u>\$ 64,148,180</u>	<u>\$ 5,860,852</u>	<u>\$ 36,795</u>	<u>\$ -</u>	<u>\$ 242,289</u>	<u>\$ 58,008,244</u>

Interest rate risk. Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. The Foundation's policy for managing its exposure to fair value loss occurring from interest rate risk is through maintaining diversification of its investments and investment maturities so as to minimize the impact of downturns in the market as stated above.

Income on investments. The following summarizes net (depreciation) appreciation in investments for the years ended June 30, 2009 and 2008:

	2009	2008
Net unrealized and realized gains (losses)	\$ (28,121,705)	\$ 2,945,942
Interest and dividends	221,711	927,138
Total	<u>\$ (27,899,994)</u>	<u>\$ 3,873,080</u>

The calculation of realized gains or losses is independent of the calculation of the net change in the fair value of the investments.

Permanent endowment pooled and non-pooled cash and investments

The fair value of the permanent endowment pooled cash and investments at June 30, 2009 and 2008 is \$64,658,550 and \$94,522,847, representing 569,428 and 572,103 units at approximately \$116 and \$165 per unit, respectively. Endowment non-pooled cash and investments totaled \$1,726,455 and \$686,390 at June 30, 2009 and 2008, respectively.

The aggregate amount of deficiencies for all donor-restricted endowment funds for which the fair value of the assets were less than the level required by donor stipulations was \$13,431,995 as of June 30, 2009.

The University of North Florida Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

In accordance with the policies of the Foundation's Board, the Foundation received \$1,137,345 and \$1,245,510 in investment management fees from the permanently endowed accounts during the years ended June 30, 2009 and 2008, respectively. These fees are to be utilized for unrestricted purposes. The investment management fees are calculated as 1.50% of the fair value of the endowed investments for both years ended June 30, 2009 and 2008, and deducted quarterly from the total return of the pooled and non-pooled endowment funds. The fees assessed by the Foundation are for expenses related to the operation of the Foundation such as management of the endowment, audit and accounting functions, development and alumni related activities, as they relate to the operations and fund-raising, gift receipting, acknowledging, and recognition of donors.

NOTE C - FAIR VALUE MEASUREMENTS

The Foundation has provided additional information about fair value measurements which is based on the assumptions that market participants would use when pricing an asset or liability. A fair value hierarchy was established that prioritizes the information used to develop these assumptions. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that an entity has the ability to access at the measurement date;
- Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active;
- Level 3 Inputs that are unobservable, about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Inputs broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. The Foundation uses the market approach valuation technique to value its investments.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the unobservable inputs. Prices for certain cash equivalents and investment securities, such as U.S. Government bonds and agency securities, fixed income and equity mutual funds, and corporate bonds, are readily available in the active markets in which those securities are traded, and the resulting fair values are categorized as Level 1.

The University of North Florida Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE C - FAIR VALUE MEASUREMENTS (continued)

There is little or no observable market data for the prices of hedge and private equity funds and pledges receivable that are held by the Foundation, and the resulting fair values of these investments are categorized as Level 3.

Following is a description of the valuation methodologies use for assets measured at fair value.

Level 1 Fair Value Measurements

The fair value of U.S. Government bonds, agency securities, and mutual funds is based on quoted net asset values of the shares held by the Foundation at year-end.

Level 3 Fair Value Measurements

Hedge funds are generally open-end funds as they typically offer subscription and redemption options to investors. The frequency of such subscriptions or redemptions is dictated by such funds governing documents. The amount of liquidity provided to investors in a particular fund is generally consistent with the liquidity and risk associated with the underlying portfolio (i.e., the more liquid the investments in the portfolio, the greater the liquidity provided the investors). Liquidity of individual hedge funds vary based on various factors and may include "gates," "holdbacks" and "side pockets" imposed by the manager of the hedge fund, as well as redemption fees which may also apply. As these investments are generally illiquid in whole or in part, and are classified as Level 3

Most private equity funds are structured as closed-end, commitment-based investment funds where the entity commits a specified amount of capital upon inception of the fund (i.e., committed capital) which is then drawn down over a specified period of the fund's life. Such funds generally do not provide redemption options for investors, and subsequent to final closing, do not permit subscriptions by new or existing investors. Accordingly, the entity generally holds interests in such funds for which there is no active market. These interests, in the absence of a recent and relevant secondary market transaction, and are classified as Level 3.

Pledges receivable represent unconditional promises to give, and are presented at their estimated net realizable value as of June 30, 2009. Pledges are discounted using a risk free interest rate, and are recorded net of allowances for uncollectible amounts. These assets, in the absence of observable market data, are classified as Level 3.

The University of North Florida Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE C - FAIR VALUE MEASUREMENTS (continued)

The following table presents the assets carried on the balance sheet by level within the valuation hierarchy as of June 30, 2009.

	Assets at Fair Value as of June 30, 2009			
	Level 1	Level 2	Level 3	Total
U.S. Government bonds and agency securities	\$ 6,087,429	\$ -	\$ -	\$ 6,087,429
Fixed income mutual funds	32,643	-	-	32,643
Cash	7,000,000	-	-	7,000,000
Equity mutual funds	78,864	-	-	78,864
Hedge funds	-	-	36,885,819	36,885,819
Private equity	-	-	14,010,918	14,010,918
Corporate bonds	52,507	-	-	52,507
Pledges receivable, net	-	-	3,165,237	3,165,237
Total	<u>\$ 13,251,443</u>	<u>\$ -</u>	<u>\$ 54,061,974</u>	<u>\$ 67,313,417</u>

The following table includes a rollforward of the amounts for the year ended June 30, 2009 for investments classified within Level 3. The classification of an asset within Level 3 is based upon the significance of the unobservable inputs to the over fair value measurement.

Fair value at June 30, 2008	\$ 92,607,475
Purchase of investments	429,585
Sale of investments	(9,586,753)
Unrealized gains (losses) on investments	(28,905,224)
Additions to pledges	669,800
Payments received on pledges	(1,358,602)
Change in discount and allowance	205,693
Fair value at June 30, 2009	<u>\$ 54,061,974</u>

The University of North Florida Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE D - RESTRICTED AMOUNTS DUE FROM THE UNIVERSITY OF NORTH FLORIDA

Operating Lease Agreement

During 2007, the Foundation had a ground lease and operating lease agreement for the Student Housing System and Parking System with the University. Under the terms of these operating lease agreements, the University operated and maintained the facilities, depositing revenues collected in its Auxiliary Trust Fund which was invested with the State of Florida Special Purpose Investment Account ("SPIA"). The University guaranteed that it would set revenue rates at a level to cover 100% of the operating costs and 120% (housing) and 125% (parking) of debt service coverage on the bonds.

The Foundation owned the facilities, recorded the associated revenues and expenses related to each, including the payment for debt service. The Foundation also recorded as amounts due from the University funds that were on deposit with the SPIA. Under the terms of the leases, the Foundation retained title to the facilities until the bonded indebtedness was retired at which time title passed to the University.

The student housing rental revenue and parking fees were pledged to fund the debt service on the Capital Improvement Revenue Bonds and Parking System Capital Improvement Revenue Bonds and the amounts due from the University were restricted for such use.

Transactions during the year ended June 30, 2009

As of fiscal 2008, the operations and bond obligations for the Student Housing and Parking Systems Capital Improvement Bonds were transferred to its affiliates. See notes below:

Transactions during the year ended June 30, 2008

In an agreement with the Foundation Board, on September 4, 2007 the outstanding Parking System Capital Improvement Revenue Bonds (\$9,600,000) and the associated deferred bond issuance costs were assigned to the University of North Florida Financing Corporation, Inc. and the other capital assets (i.e. building, equipment, land improvements and construction in progress) were transferred to the University of North Florida.

The account receivable balance from the University for approximately \$7,800,000 of funds on deposit with the SPIA for payment of future debt service was no longer required since the bonds had been assigned to an affiliate. Accordingly, the asset was transferred to the University during the September 2007 transaction.

The University of North Florida Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE E - ANNUITIES PAYABLE

Annuity trusts are gift agreements and are fixed irrevocable contributions at the time of the gift. The donor and/or beneficiary annually receives a payout that is stated in the trust agreement, which is established at the time the trust is created, and additions are not allowed. Income in excess of the annual payment is added to the principal to support future payouts. The trust assets are invested according to investment guidelines established by the Foundation's Investment Committee.

At June 30, 2009, the Foundation had three gift annuity accounts with the following changes:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Year ended June 30, 2008:					
Annuities payable	\$ 188,363	\$ 30,123	\$ 98,826	\$ 119,660	\$ 50,000
Total bonds	<u>\$ 188,363</u>	<u>\$ 30,123</u>	<u>\$ 98,826</u>	<u>\$ 119,660</u>	<u>\$ 50,000</u>

NOTE F - REVENUE BONDS

There was no bond activity for the year ended June 30, 2009.

Bonds payable activity for the year ended June 30, 2008 is presented below:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Year ended June 30, 2008:					
Parking system improvement revenue bonds	\$ 9,600,000	\$ -	\$ 9,600,000	\$ -	\$ -
Total bonds	<u>\$ 9,600,000</u>	<u>\$ -</u>	<u>\$ 9,600,000</u>	<u>\$ -</u>	<u>\$ -</u>

As of June 30, 2008

The parking system capital improvement revenue bonds issued in April 1998 by the Foundation, were assigned to the University of North Florida Financing Corporation and the net assets were transferred to the University on September 4, 2007. Therefore, only two months of Parking operational activity is included in the accompanying financial statements.

The University of North Florida Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE F - REVENUE BONDS (continued)

On April 30, 1998, the Foundation issued \$11,700,000 of Parking System Capital Improvement Revenue Bonds (the Parking Bonds). The proceeds were used to refund existing bonds and to finance the cost of an additional parking building located at the University. Bonds were collateralized by an operating lease with the University secured by the revenue stream from the parking system. The interest rate was a variable rate not to exceed 12%. Interest payments were made monthly. Principal was payable in twenty-eight annual installments from May 1, 2001 through May 1, 2028. The balance outstanding at September 4, 2007 was \$9,600,000.

The covenants of the Parking Bonds required parking revenues sufficient to pay 100% of the costs of operation and maintenance of the facility plus 125% of debt service during such year. The debt service covenants were sufficient at the time of the assignment of the Parking bonds to Financing.

NOTE G - SEGMENT INFORMATION

The Foundation issued separate revenue bonds to finance Housing and Parking System facilities (see Note F). The two segments were accounted for in a single fund group, but the covenants relied on the revenue generated by the individual segments to determine coverage and ability to repay the revenue bonds. The University Parking Services operated the University's parking garages, lots and services. Student Housing operated the University's dormitories and related services.

The Housing bonds were refunded and the leases terminated on June 1, 2007 therefore housing data are included only for the year ended June 30, 2008. The Parking bonds and related leases were assigned to the University Financing Corporation as of September 4, 2007 therefore only two months of parking operations are shown for the year ended June 30, 2008. There were no transactions for the year ended June 30, 2009.

Summary financial information for each segment is presented below as of and for the years ended June 30, 2008. No condensed statement of net assets was presented as of June 30, 2009 since the assets were transferred to affiliated entities as noted in the accompanying disclosures.

The University of North Florida Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE G - SEGMENT INFORMATION (continued)

Condensed Statement of Revenues Expenses and Changes in Net Assets
Year ended June 30, 2008

	University Parking Services	Student Housing
Operating revenues (pledged against bonds)	\$ 1,500,612	\$ -
Depreciation and amortization expense	(174,889)	-
Other operating expenses	(117,948)	-
Operating income	<u>1,207,775</u>	<u>-</u>
Non-operating revenues (expenses):		
Other income (pledged against bonds)	-	17
Other expense	(10,554,474)	(4,732)
Change in net assets	(9,346,699)	(4,715)
Beginning net assets	<u>9,346,699</u>	<u>4,715</u>
Ending net assets	<u>\$ -</u>	<u>\$ -</u>

Condensed Statement of Cash Flows
Year ended June 30, 2008

	University Parking Services
Net cash provided by (used in):	
Operating revenues	\$ 1,500,612
Operating expenses	(1,525,590)
Capital and related financing activities	(30,561)
Net decrease	(55,539)
Cash and cash equivalents beginning of year	<u>55,539</u>
Cash and cash equivalents end of year	<u>\$ -</u>

The University of North Florida Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE H - PLEDGES RECEIVABLE

Pledges receivable are recorded in the balance sheet for restricted accounts at estimated net realizable value in accordance with GASB 33. Pledges receivable were discounted using a risk free interest rate ranging from 3.6% to 6.0% as of June 30, 2009. Pledges receivable as of June 30, 2009 are summarized as follows:

Due in year ending June 30:	
2010	\$ 1,553,489
2011	627,693
2012	589,293
2013	397,975
2014	170,020
Thereafter	<u>917,000</u>
	4,255,470
Less allowance for bad debts	(618,507)
Less present value discounts	<u>(471,726)</u>
Total pledges receivable, net	3,165,237
Less current portion of pledges receivable	<u>(1,158,008)</u>
Long-term portion of pledges receivable	<u>\$ 2,007,229</u>

Endowment pledges receivable not recognized under the provisions of GASB 33 were \$6,057,552 and \$5,315,535 at June 30, 2009 and 2008, respectively.

NOTE I - STATE OF FLORIDA CHALLENGE GRANT - TRUST FUND FOR MAJOR GIFTS PROGRAM

State of Florida Challenge Grant Program Trust Fund established in 1979 provides the opportunity for state universities in Florida to receive and match private gifts to endow: a) scholarships, fellowships and study abroad, b) faculty positions such as eminent scholar chairs and professorships, and c) a fund for library holdings and acquisitions. Based on the size of the gift received, which must exceed \$100,000, the Foundation is eligible to receive between 50% - 100% matching funds.

The University of North Florida Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE I - STATE OF FLORIDA CHALLENGE GRANT - TRUST FUND FOR MAJOR GIFTS PROGRAM (continued)

Major gifts program

The Foundation received the following amounts in matching funds for the major gifts accounts in the years ended June 30, 2009 and 2008, respectively. There was not a State appropriation for the Challenge Grant Program in fiscal 2009.

	<u>2009</u>	<u>2008</u>
State of Florida Challenge Grant Program trust fund	<u>\$ -</u>	<u>\$ 4,455,758</u>

NOTE J - RELATED PARTY TRANSACTIONS

1. *Courtelis Program.* There were no Courtelis matching funds appropriated by the State in fiscal 2009. In fiscal year 2008, the Foundation directed \$161,116, to the University in order to obtain a match from the State of Florida through the State's Courtelis match program. Donors provided the funds to be matched for several capital projects. In 2008, donors provided \$69,326 for the College of Computing, Engineering and Construction (CCEC) - Engineering, \$42,104 for the CCEC - Sciences, \$20,000 for the Fine Arts Complex, \$15,686 for the John Golden Environmental Educational Pavilion, \$8,750 for the Social Sciences Building and \$5,250 for the Coggin College of Business - Career Management Institute.
2. The Foundation makes contributions to the University for equipment purchases. The University maintains title to all such equipment purchases with the Foundation having use of all equipment without further charges. Contributions to the University for equipment purchases were \$368,622 and \$205,298 for the years ended June 30, 2009 and 2008, respectively.
3. In December 2007, the Foundation Board received and approved a \$1 million loan from the University in support of the Alumni Hall building purchase. The Board approved an additional endowment management fee of .25% for up to five years to repay the non-interest bearing note to the University. The loan has no maturity date and is considered on demand from the University as such, no interest is imputed. A payment of \$224,703 was made during fiscal 2009. The balances at the end of the fiscal year were \$775,297 and \$1,000,000 at June 30, 2009 and 2008, respectfully.

The University of North Florida Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE J - RELATED PARTY TRANSACTIONS (continued)

4. Title to the land on which the parking facilities were constructed rests with the State of Florida. The Foundation has assigned the leases with the State of Florida Board of Trustees of the Internal Improvement Trust Fund to UNF Financing Corporation.
5. Parking System Improvement Revenue Bonds assigned to UNF Financing Corporation and other assets transferred to the University. (Note F)

NOTE K - RISK MANAGEMENT

In accordance with lease agreements for student dormitory and parking garage facilities (see note D), the University assumed the risks of loss of general liability and property and casualty losses of the Foundation. Settled claims resulting from the risks described above have not exceeded the insurance coverage during the previous three years.

NOTE L - PENSIONS

During the fiscal years 2009 and 2008, budget reductions from previous funding sources required that the Foundation pay salaries and benefits for certain employees previously paid directly by the University. Employees paid with Foundation funds are eligible to be covered by the State of Florida, Florida Retirement System, which is a cost-sharing, multiple-employer, defined-benefit pension plan. Pension benefits vest for employees who have completed at least six years of creditable service. Benefits may be received upon 30 years of service, death or disability, or at retirement age of 62. Reduced benefits may be received prior to age 62 for vested employees with terminated employment. The Foundation makes contributions to the plan in accordance with rates determined by Chapter 121 of the Florida Statutes. The retirement plan is funded by employer contributions at a rate of 9.85% of the gross pay for regular employees for 2009 and 2008.

The Pension Plan issues a publicly available financial report that includes financial statements, ten-year historical trend information and other required supplementary information. That report may be obtained by writing to the:

State of Florida Division of Retirement
Department of Management Services
P.O. Box 9000
Tallahassee, Florida 32315-9000

Faculty members and A&P employees can also elect to participate in an optional retirement program (ORP), a defined contribution pension plan. This program provides full and immediate vesting of all contributions. The Foundation contributes a percentage of earnings and the participants can also contribute up to 10.43% of salary in various investment options.

The University of North Florida Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE L - PENSIONS (continued)

There is no age or length of service requirements to participate in the ORP. Annuity income at retirement is based on the investment value and the type of annuity selected. During the years ended June 30, 2009, 2008, and 2007, total pension costs were \$84,513, \$32,241, and \$17,653, respectively. Such amounts are included in program fees in the accompanying statements of revenues, expenses, and changes in net assets. The Foundation's liability for any unfunded pension benefit obligation is limited to the payment of the required contribution at the rates established by law on future payrolls of the Foundation. The Foundation, at June 30, 2009 is current in its payments to the Florida Retirement System.

The Deferred Retirement Optional Program (DROP) is a program under which an eligible member of the Florida Retirement System may elect to participate, deferring receipt of retirement benefits while continuing employment with a Florida Retirement System employer. The deferred monthly benefit accrues on behalf of the participant, plus interest compounded monthly for the specified period of the DROP participation. Upon termination of employment, the participant receives the total DROP benefits and begins to receive previously determined retirement benefits.

NOTE M - SUBSEQUENT EVENT

Investments

In July 2009, private equity capital calls were funded in the amount of \$1.386 million for the Foundation's investments: Morgan Creek Partners I (\$513,131), Morgan Creek Partners II (\$249,525) and Morgan Creek Partners III (\$623,475.)

NOTE N - COMMITMENTS AND CONTINGENCIES

Investment Manager Subscription Agreements

The Foundation is a party to various subscription agreements with hedge fund managers. Due to the illiquid nature of the investments in these type funds, there are redemption, notification requirements before an account can be closed, and proceeds paid to the Foundation. The redemption notice on the majority of funds is approximately 95 days.

In addition to the initial investment provided to the private equity managers, the subscription agreement also provides for additional capital contributions to the fund on a quarterly basis. The estimated quarterly contribution requirements range from \$450,000 to \$540,000 per fund. Based on the most recent information as of June 30, 2009, it is anticipated that capital contributions for the third and fourth quarters of 2009 will be approximately \$1,440,000 for each quarter.

The University of North Florida Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE O - CONCENTRATIONS OF MARKET, CREDIT AND CURRENCY RISKS

Investments

As of June 30, 2009, the Foundation had approximately 79% (\$50,896,737) of their total portfolio invested in hedge funds and private equity funds.

The fund's investments are subject to various risk factors including market, credit, and currency risk. The fund's investments are made in the United States and internationally and thus have concentrations in such regions. The fund's investments are also subject to the risk associated with investing in private equity securities. The investments in private equity securities are generally illiquid, and there can be no assurance that the fund will be able to realize the value of such investments in a timely manner.

The funds have invested, for purposes of capital appreciation, in various underlying funds that vary by size, industry and geographical concentration. Investment performance of an industry sector in which the funds have a concentration of investments may have a significant impact on the performance of the fund.

The funds participate in assets and securities of non-U.S. issuers. Investments of this type may be subject to significant price fluctuations and above-average risk. Investments in non-U.S. securities involve certain factors not typically associated with investing in U.S. securities, including risks relating to currency exchange matters, differences between the U.S. and non-U.S. securities markets, certain economic and political risks, and the possible imposition of non-U.S. taxes on income and gains recognized with respect to such securities.

SUPPLEMENTAL INFORMATION

**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**



The Board of Directors
The University of North Florida
Foundation, Inc.

We have audited the financial statements of the University of North Florida Foundation, Inc. (the Foundation) as of and for the year ended June 30, 2009, and have issued our report thereon dated September 9, 2009. 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.

8035 Spyglass Hill Road
Melbourne, FL 32940
321.757.2020
FAX 321.242.4844

Internal Control over Financial Reporting

480 N. Orlando Ave.
Suite 218
Winter Park, FL 32789
407.644.5811
FAX 407.644.6022

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

301 Clematis Street
Suite 3000
W. Palm Beach, FL 33401
561-837-6627
FAX 561-837-6632

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

www.bermanhopkins.com

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

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

Compliance and Other Matters

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

This report is intended solely for the information and use of the Board, management of the Foundation, the Florida Office of the Auditor General, and state regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

September 9, 2009
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

The University of North Florida Foundation, Inc.

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

For the Fiscal Year Ended June 30, 2009

CSFA No. 48.074
 Agency: State of Florida Department of Education and Commissioner of Education
 Program: University Major Gift Challenge Grant Program

Account Number	Account Name	State Matching Appropriation received June 30, 2008 and prior	FY 2009 State Matching Appropriation Received	FY 2009 State Expenditures @ June 30, 2009
7001	Andrew Robinson Scholarship Endowment	\$ 63,746	\$ -	\$ 10,000
7002	Lovee and Hy Kliman Family Scholars Endowment	50,000	-	4,000
7003	Captain Blanchart Maritime Endowed Scholarship	55,000	-	29,906
7004	Wachovia Bank Scholarship Endowment	50,000	-	8,000
7005	Herman & Virginia Terry Scholars Endowment	1,231,739	-	121,000
7009	Mayor Jake Godbold Endowed Scholarship	50,000	-	6,000
7017	Presidential Endowed Scholarship	50,000	-	20,000
7018	Eminent Scholar Char in American Music	400,000	-	43,902
7020	Danciger Scholarship Endowment	52,200	-	8,000
7021	Madison-Mullis Endowment	50,016	-	13,500
7027	Richard deRaimis Kip Professor of International Business	50,000	-	16,232
7028-7032	de R. Kip Endowment	1,522,031	-	222,163
7048	de R. Kip Professorship in Financial Services	100,000	-	12,918
7049	Eminent Scholar Chair in Wholesaling	400,000	-	109,062
7050	Eminent Scholar Chair in Transportation	400,000	-	2,403
7051	BellSouth Scholarship Endowment	50,000	-	15,000
7052	Alumni Association Scholarship Endowment	50,180	-	2,000
7054	Hercules Scholarship Endowment - COAS	25,625	-	6,345
7055	Hercules Scholarship Endowment - COCSE	25,625	-	6,000
7057	Fred and Rose Cobb Endowment Scholarship	50,000	-	10,000
7059	Martinez Family Scholarship Endowment	109,500	-	14,625
7060	Eminent Scholar Chair in Education	400,000	-	67,556
7063	R Ernest & D Ferrell Endowed Scholarship	92,500	-	22,000
7064	Elizabeth Larsen Music Scholarship	60,451	-	22,750
7065	John E Mathews Endowment	50,000	-	1,650
7067	Marcus E Drewa Distinguished Professorship Endowment	117,118	-	45,962
7068	Jacksonville Kennel Club Scholarship Endowment	50,000	-	10,000
7069	William Sheffield Real Estate Professorship Endowment	100,000	-	17,500
7071	Delores Kesler Scholarship Endowment	750,019	-	78,800
7072	Pre-Law: Brown, Terrell, Hogan et al	12,500	-	-
7073	Pre-Law: Coker Visiting Professorship	12,500	-	500
7074	Pre-Law: RP & KR Liles Lecture	12,500	-	-
7075	Pre-Law: Child Advocacy Program	12,500	-	-
7076-7079	Hicks and Gray Scholars Endowment	862,500	-	257,282
7080	Fidelity National Financial - Ann & David Hicks Scholarship	20,000	-	5,000
7081	Florida Book Depository Endowed Graduate Fellows	50,000	-	7,052
7083	Coggin Professorship Endowment	100,000	-	11,834
7084	Coggin Endowment Scholarship	50,000	-	3,200
7085	Adam W. Herbert Scholarship Endowment	93,693	-	15,500
7086	E & I Zekaria Scholarship Endowment	62,724	-	8,750
7088	Bank of America Information Technology Endowed Professorship	100,000	-	17,735
7089	Bank of America Endowed Scholarship	55,000	-	5,863
7090	Jacksonville Jaguars Foundation Endowed Scholarship	165,000	-	22,246
7093-7098	Brooks Health Endowment Scholarships, Professorships	1,050,000	-	167,173
7099	Gerson Yessin Distinguished Endowed Professorship	50,000	-	13,183
7104	David A Stein Business Ethics Scholarship Endowment	1,000,000	-	91,180
7105	Donna L Harper Endowment Professor Business Admin	100,000	-	12,929
7106-7107	M & H Scheidel Scholarship Endowment	1,811,891	-	78,969
7108-7109	Jody & Layton Smith Professorship and Osprey Financial Group	646,203	-	38,672
7110	Jody & Layton Smith Scholarship Endowment	187,500	-	16,500
7111	Pat H Foster Graduate Nurse Fellowship Endowment	50,953	-	5,000
7114	University Scholars Endowment	63,526	-	4,000
7115	Memorial Hospital Jacksonville Auxiliary Endowment Scholarship	50,000	-	10,000
7116	St. Joe Company Endowed Scholarship	50,000	-	7,200
7117	Presser, Lahnen & Edelman Endowed Accounting Scholarship	100,000	-	5,000
7118	Weaver Family Foundation Business Endowment Scholarship	1,000,000	-	89,074
7120	CSX Transportation Scholarship Endowment	50,000	-	6,000
7122	Lazzara Family Scholarship Endowment	125,000	-	13,175
7123	Elkins Constructors Endowment Scholarship	50,000	-	10,500
7124	Fidelity National Financial Distinguished Professorship in CIS	200,000	-	18,000
7125	The Haskell Company Endowed Scholarship	50,000	-	8,000
7129	Let Us Play Scholarship Endowment	55,000	-	4,000
7130	Bill & Angie Halimandaris Endowed Scholarship	50,000	-	4,264
7131	Dr. Reza Vaghefi Endowed Scholarship	50,000	-	6,000

The University of North Florida Foundation, Inc.

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

For the Fiscal Year Ended June 30, 2009

CSFA No. 48.074
 Agency: State of Florida Department of Education and Commissioner of Education
 Program: University Major Gift Challenge Grant Program

Account Number	Account Name	State Matching Appropriation received June 30, 2008 and prior	FY 2009 State Matching Appropriation Received	FY 2009 State Expenditures @ June 30, 2009
7132	David A. Smith & PSS World Medical Inc., Endowed Scholar	50,000	-	4,000
7134	Ann C. Hicks Endowed Merit Scholarship	50,381	-	7,500
7137	Compass Bank Endowed Scholarship in International Business	50,000	-	4,446
7138	Baptist Health MSN Endowed Fellowships	150,000	-	10,000
7140	James Van Vleck Endowed Scholarship	12,500	-	2,200
7141	Dannehl & Kevin Twomey Endowed Scholarship	50,000	-	5,000
7142-7143	Blue Cross Blue Shield - Florida Ethics Center, Public Policy Professorship, Scholarships, Fellowships	761,998	-	87,654
7144	Stellar Group Scholarship Endowment	50,000	-	5,000
7146-7151	Coggin Scholarships, Fellowships, Professorships	5,000,007	-	246,749
7152	Mayor John A. Delaney Endowed Scholarship	50,000	-	4,000
7153	James Van Vleck Endowed Leadership & Ethics	50,000	-	6,250
7154	Pajcic Scholars Program Endowment	100,790	-	11,208
7155	Katherine H. Lovett Endowed Scholarship	50,012	-	11,000
7157	Mark E. Workman Endowed Professorship	150,000	-	-
7159	Thomas F & Eleanor H Aretz Endowed Nursing Scholarship	173,457	-	10,000
7167	Crawford Early Literacy Faculty Fellow Corpus	50,000	-	-
7168	Crawford Early Childhood Research & Educ Distinguished Prof	175,000	-	-
7179	Women & Girls Health Research Professorship Endowment	50,083	-	-
7180	Terry Presidential Professorship Endowment	100,000	-	13,651
7182	Pre-Law Scholarship Endowment	12,500	-	2,500
7184	Paul Mucciolo MD Pre-Medical Scholarship	12,500	-	1,500
7186	Panides-Doughty Memorial Endowed Scholarship	37,500	-	6,300
7187	Debra Doughty-Jason Panides Endowed Memorial Scholarship	37,500	-	8,900
7188	Betty Lawson Endowed Physical Therapy Fellowship	50,284	-	8,000
7191	James Kufeldt Memorial Endowed Scholarship	50,000	-	6,250
7195	Gate Petroleum Company Entrepreneurial Endowed Scholarship	50,000	-	3,000
7199	Sam E Mousa Endowed Merit Scholarship	55,675	-	2,000
7205	Linda Carter & Tom H Slade III Endowed Prof of Entrepreneurial Studies	125,000	-	15,194
7207	James Van Vleck Promising Future Endowed Scholarship	12,500	-	3,500
7213	The Wachovia Foundation Endowed Scholarship	100,000	-	10,000
7217	Blue Cross Blue Shield Endowed Nursing Professorship	420,000	-	21,600
7222	Brooks College of Health Physical Therapy Professorship 1	500,000	-	11,344
7223	Brooks College of Health Physical Therapy Professorship 2	500,000	-	32,944
7224	Brooks College of Health Physical Therapy Professor 3	500,000	-	10,033
7225	Brooks College of Health Physical Therapy Professor 4	500,000	-	4,409
7226	Brooks College of Health Nursing Professorship 1	500,000	-	51,559
7227	Brooks College of Health Nursing Professorship 2	500,000	-	37,137
7228	Pamela S Chally Distinguished Professorship	600,000	-	18,843
7229	Taylor Engineering Endowed Professorship	50,000	-	6,335
7232	Charles M & Doris B Nevasier Endowed Nursing Scholarship	175,000	-	6,000
7242	River Branch Foundation Endowment	87,500	-	-
7246	Thad M Moseley, MD Endowed Scholarship	50,000	-	4,000
7247	Donald Loop Spanish Scholarship Endowment	50,000	-	3,000
Total State Appropriations		\$ 26,954,927	\$ -	
Grand Total State Appropriations			\$ 26,954,927	
Total State Expenditures				\$ 2,614,061

The University of North Florida Foundation, Inc.

NOTE TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

June 30, 2009

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of State Financial Assistance includes the state grant activity of the Foundation and is presented on accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.650, Rules of the Auditor General, State of Florida.

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR STATE FINANCIAL ASSISTANCE PROJECT AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE FLORIDA EOG'S
STATE PROJECTS COMPLIANCE SUPPLEMENT**



The Board of Directors
The University of North Florida
Foundation, Inc.

Compliance

8035 Spyglass Hill Road
Melbourne, FL 32940
321.757.2020
FAX 321.242.4844

480 N. Orlando Ave.
Suite 218
Winter Park, FL 32789
407.644.5811
FAX 407.644.6022

301 Clematis Street
Suite 3000
W. Palm Beach, FL 33401
561-837-6627
FAX 561-837-6632

www.bermanhopkins.com

We have audited the compliance of The University of North Florida Foundation, Inc. (the Foundation) with the types of compliance requirements described in the Florida Executive Office of the Governor's (EOG) *State Projects Compliance Supplement*, and Chapter 27D-1, *Florida Administrative Code*, that are applicable to each of its major state financial assistance projects for the year ended June 30, 2009. The Foundation's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state projects is the responsibility of the Foundation's management. Our responsibility is to express an opinion on the Foundation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.650, Rules of the Auditor General. Those standards and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state financial assistance project occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides reasonable basis for our opinion. Our audit does not provide a legal determination of the Foundation's compliance with those requirements.

In our opinion, the Foundation complied, in all material respects, with the requirements referred to above that are applicable to its major state project for the year ended June 30, 2009.

Internal Control over Compliance

The management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to major state financial assistance projects. In planning and performing our audit, we considered the Foundation's internal control over compliance with the requirements that could have a direct and material effect on a major state financial assistance project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in a more than remote likelihood that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of the Board of Directors, management of the Foundation, the Florida Office of the Auditor General, and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

September 9, 2009
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

The University of North Florida Foundation, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2009

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

- | | |
|--|-------------|
| 1. Type of auditors' report issued: | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| 3. Noncompliance material to the financial statements noted? | No |

State financial assistance

- | | |
|--|---|
| 1. Internal control over major projects: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| 2. Type of auditors' report issued on compliance for major projects: | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Rule 10.656? | No |
| 4. Identification of major state financial assistance projects: | |
| <u>CSFA Number</u> | <u>Name of State Project</u> |
| 48.074 | University Major Gift Challenge Grant Program |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III - STATE FINANCIAL ASSISTANCE PROJECTS FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None reported.

The University of North Florida Foundation, Inc.

SCHEDULE I -
SCHEDULE OF UNIVERSITY MAJOR CHALLENGE GRANT PROGRAM ENDOWMENT CORPUS ACCOUNTS

Year ended June 30, 2009

Acct No.	Account Name	Corpus at 30-Jun-08	Account Balance 30-Jun-08	Corpus Contributed 2009	Investment Earnings	Administrative Fees	Transfer-In/Out	Spending Allocation	Corpus at 30-Jun-09	Account Balance 30-Jun-09
7001	Andrew Robinson Scholarship Endowment	\$ 218,583	\$ 248,316	\$ -	\$ (43,001)	\$ -	\$ (6,796)	\$ (1,722)	\$ 218,583	\$ 196,797
7002	Kliman Family Scholars Endowment	100,000	142,059	-	(40,809)	-	(6,449)	(1,634)	100,000	93,167
7003	Blanchart Endowed Scholarship	1,415,882	1,519,746	-	(440,791)	-	(40,486)	(17,765)	1,415,882	1,020,704
7004	Wachovia Scholarship Endowment	100,000	155,432	-	(44,651)	-	(7,056)	(1,788)	100,000	101,938
7005	Herman & Virginia Terry Scholars Endowment	3,190,914	3,717,830	-	(1,077,375)	187,480	(160,186)	(43,540)	3,340,914	2,624,209
7009	Mayor Godbold Endowed Scholarship	100,000	158,009	-	(45,391)	-	(7,174)	(1,817)	100,000	103,628
7017	Presidential Endowed Scholarship	375,477	494,441	540	(141,511)	25,000	(22,398)	(5,875)	401,017	350,197
7018	Eminent Scholar Chair in American Music	964,613	1,628,529	-	(467,822)	-	(73,939)	(18,729)	964,613	1,068,038
7020	Danciger Scholarship Endowment	106,607	153,613	-	(44,131)	-	(6,953)	(1,767)	106,607	100,762
7021	Madison-Mullis Endowment	167,965	235,519	550	(67,659)	-	(10,604)	(2,714)	168,515	155,092
7027	de R. Kip Professorship in Banking	227,726	340,334	-	(97,767)	-	(15,452)	(3,914)	227,726	223,201
7028	de R. Kip Endowment	2,213,443	2,999,342	-	(861,616)	-	(136,188)	(34,452)	2,213,443	1,967,085
7029	de R. Kip Operations Mgmt & Quant Methods	300,000	307,865	-	(88,439)	-	(13,978)	(3,541)	300,000	201,907
7030	de R. Kip Professorship in Accounting I	300,000	307,865	-	(88,439)	-	(13,978)	(3,541)	300,000	201,907
7031	de R. Kip Professorship in Accounting II	300,000	307,865	-	(88,439)	-	(13,978)	(3,541)	300,000	201,907
7032	Kip Professor of Mktg & Logistics Endowment	360,000	409,727	-	(117,700)	-	(18,567)	(4,755)	360,000	268,705
7048	de R. Kip Professorship in Financial Services	231,402	339,588	-	(97,552)	-	(15,418)	(3,905)	231,402	222,712
7049	Eminent Scholar Chair in Wholesaling	887,728	2,094,383	-	(600,693)	50,000	(95,090)	(24,459)	937,728	1,424,140
7050	Eminent Scholar Chair in Transportation	881,855	1,989,152	-	(570,464)	50,000	(90,313)	(23,249)	931,855	1,355,127
7051	BellSouth Scholarship Endowment	150,018	245,137	-	(70,420)	-	(11,130)	(2,819)	150,018	160,768
7052	Alumni Association Scholarship Endowment	117,524	169,826	1,500	(48,948)	-	(7,541)	(1,965)	119,024	112,872
7054	Hercules Scholarship Endowment - COAS	115,468	159,127	-	(45,712)	-	(7,221)	(1,830)	115,468	104,364
7055	Hercules Scholarship Endowment - COCSE	38,438	60,714	-	(17,441)	-	(2,757)	(698)	38,438	39,818
7057	Fred and Rose Cobb Endowment Scholarship	154,763	250,718	-	(72,027)	-	(11,356)	(2,884)	154,763	164,451
7059	Martinez Family Scholarship Endowment	329,250	425,930	8,000	(122,337)	10,000	(18,176)	(4,985)	347,250	298,433
7060	Eminent Scholar Chair - Education	1,003,335	1,967,817	-	(563,381)	100,000	(89,344)	(23,376)	1,103,335	1,391,716
7063	R Ernest & D Ferrell Endowed Scholarship	297,500	387,486	-	(111,313)	-	(4,456)	(4,566)	297,500	254,131
7064	Elizabeth Larsen Music Scholarship	331,353	530,395	-	(152,365)	-	(24,081)	(6,100)	331,353	347,849
7065	John E. Mathews Endowment	150,930	247,899	-	(71,213)	-	(11,255)	(2,851)	150,930	162,580
7067	Marcus E. Drewa Distinguished Professorship Endowment	500,430	664,485	50	(190,960)	-	(29,697)	(7,610)	500,480	436,268
7068	Jacksonville Kennel Club Scholarship Endowment	146,500	173,104	-	(49,727)	-	(7,859)	(1,991)	146,500	113,527
7069	William Sheffield Real Estate Professorship Endowment	350,000	385,414	-	(110,721)	-	(17,467)	(4,433)	350,000	252,793
7071	Delores Kesler Scholarship Endowment	1,750,544	1,944,085	-	(557,517)	50,000	(88,266)	(22,731)	1,800,544	1,325,570
7072	Pre-Law: Brown, Terrell, Hogan et al	36,250	45,422	-	(11,878)	-	(2,037)	(475)	36,250	31,032
7073	Pre-Law: Coker Visiting Professorship	37,500	44,150	-	(12,683)	-	(2,001)	(508)	37,500	28,958
7074	Pre-Law: RP & KR Liles Lecture	37,500	43,606	-	(12,527)	-	(1,976)	(502)	37,500	28,602
7075	Pre-Law: Child Advocacy Prg En	37,500	47,830	-	(13,740)	-	(2,169)	(550)	37,500	31,370
7076	Hicks Scholars	4,042,473	5,127,348	25	(1,472,974)	-	(232,397)	(58,974)	4,042,498	3,363,028
7077	Gray Scholars	2,029,973	2,396,997	25	(688,577)	-	(108,830)	(27,567)	2,029,998	1,572,048
7080	Fidelity-Hicks Scholarship	55,005	61,649	-	(17,710)	-	(2,799)	(709)	55,005	40,431
7081	Florida Book Depository End Graduate Fellows	180,000	208,094	-	(59,780)	-	(9,438)	(2,393)	180,000	136,482
7083	Coggin Professorship Endowment	300,000	323,201	-	(92,983)	-	(14,672)	(3,723)	300,000	211,823
7084	Coggin Endowment Scholarship	150,000	166,930	-	(47,815)	-	(7,581)	(1,914)	150,000	109,620
7085	Adam W. Herbert Scholarship Endowment	313,033	324,576	103	(93,293)	-	(14,365)	(3,737)	313,136	213,284
7086	E & I Zekaria Scholarship Endowment	188,373	202,756	66,126	(56,405)	-	(9,206)	(2,580)	254,499	200,692
7088	Bank of America Info Technology End Professorship	300,000	314,133	-	(90,240)	-	(14,262)	(3,613)	300,000	206,018
7089	Bank of America Endowed Scholarship	195,000	209,927	-	(60,306)	-	(9,525)	(2,414)	195,000	137,682
7090	Jacksonville Jaguars Fdn Endowed Scholarship	495,200	512,619	-	(146,305)	50,000	(23,274)	(6,268)	545,200	386,772
7093	Brooks Health Endowment - Scholarship	171,500	242,933	-	(69,787)	-	(11,030)	(2,794)	171,500	159,323
7094	Brooks Health Endowment - Professor 1	441,000	586,384	-	(168,449)	-	(26,623)	(6,744)	441,000	384,568
7095	Brooks Health Endowment - Professor 2	441,000	586,384	-	(168,449)	-	(26,623)	(6,744)	441,000	384,568
7096	Brooks Health Endowment - Professor 3	441,000	586,384	-	(168,449)	-	(26,623)	(6,744)	441,000	384,568

See independent auditors' report.

The University of North Florida Foundation, Inc.

SCHEDULE I -
SCHEDULE OF UNIVERSITY MAJOR CHALLENGE GRANT PROGRAM ENDOWMENT CORPUS ACCOUNTS

Year ended June 30, 2009

Acct No.	Account Name	Corpus at 30-Jun-08	Account Balance 30-Jun-08	Corpus Contributed 2009	Investment Earnings	Administrative Fees	Transfer-In/Out	Spending Allocation	Corpus at 30-Jun-09	Account Balance 30-Jun-09
7097	Brooks Health Endowment - Professor 4	441,000	586,384	-	(168,449)	-	(26,623)	(6,744)	441,000	384,568
7098	Brooks Health Endowment - Professor 5	514,500	684,115	-	(196,523)	-	(31,061)	(7,868)	514,500	448,663
7099	Gerson Yessin Dist Endowed Professorship	199,858	216,970	-	(62,328)	-	(9,850)	(2,495)	199,858	142,296
7104	David A Stein Business Ethics Scholarship Endowment	2,000,000	2,024,056	-	(581,444)	-	(91,897)	(23,278)	2,000,000	1,327,437
7105	Donna Harper Gibbs Endowment Professor Business Admin	300,000	374,769	-	(107,663)	-	(16,982)	(4,311)	300,000	245,812
7106	Miyuki & Herbert Scheidel Scholarship Endowment	4,228,623	4,979,338	-	(1,429,506)	50,000	(225,659)	(57,645)	4,278,623	3,316,528
7108	Jody & Layton Smith Distinguished Professorship Fin Endowment	1,007,809	1,052,625	-	(302,426)	-	(47,362)	(12,255)	1,007,809	690,582
7109	J & L Smith Dist Prof in Fin End - CGB Students-Managed Fund in Non-Pooled Investm	500,000	702,496	-	(12,020)	-	-	-	500,000	690,477
7110	Jody & Layton Smith Scholarship Endowment	437,551	562,285	-	(161,535)	-	(25,464)	(6,468)	437,551	368,818
7111	Pat H Foster Graduate Nurse Fellowship Endowment	170,315	196,075	-	(56,339)	-	(8,814)	(2,256)	170,315	128,666
7114	University Scholars Endowment	205,741	250,886	-	(72,086)	-	(11,294)	(2,887)	205,741	164,620
7115	Memorial Hospital Jax Auxiliaries, Inc. Endowment Scholarship	150,000	193,068	-	(55,464)	-	(8,750)	(2,221)	150,000	126,633
7116	St. Joe Co. Endowed Scholarship	150,000	188,960	-	(54,292)	-	(8,512)	(2,174)	150,000	123,982
7117	Presser, Lahren & Edelman Endowed Accounting Scholarship	250,000	322,637	-	(92,694)	-	(14,572)	(3,711)	250,000	211,659
7118	Weaver Family Foundation Business Endowment Scholarship	2,000,000	2,648,940	-	(759,522)	75,000	(120,267)	(31,023)	2,075,000	1,813,127
7120	CSX Transportation Scholarship Endowment	100,000	153,477	-	(44,086)	-	(6,989)	(1,765)	100,000	100,637
7122	Lazzara Family Scholarship Endowment	375,000	445,726	-	(128,062)	-	(20,101)	(5,129)	375,000	292,434
7123	Elkins Constructors Endowment Scholarship	167,000	210,899	-	(60,761)	-	(8,380)	(2,438)	167,000	139,320
7124	Fidelity National Financial Professorship Endowment	600,000	774,159	-	(222,420)	-	(34,947)	(8,907)	600,000	507,886
7125	The Haskell Company Endowed Scholarship	150,000	189,882	-	(54,680)	-	(7,721)	(2,193)	150,000	125,288
7129	Let Us Play Scholarship Endowment	110,000	160,620	-	(46,141)	-	(7,291)	(1,847)	110,000	105,340
7130	Bill & Angie Halimandaris Endowed Scholarship	76,640	156,209	-	(44,874)	-	(7,089)	(1,796)	76,640	102,450
7131	Reza and Simin Vaghefi International Business Endowed Scholarship	123,360	135,827	-	(39,018)	-	(6,167)	(1,562)	123,360	89,078
7132	David A. Smith & PSS World Medical Inc., Endowed Scholarship	100,000	154,510	-	(44,386)	-	(7,014)	(1,777)	100,000	101,333
7134	Ann C. Hicks Endowed Merit Scholarship	151,143	217,293	-	(62,424)	-	(9,848)	(2,499)	151,143	142,522
7137	Compass Bank Endowed Scholarship in International Business	150,000	190,047	-	(54,727)	-	(7,728)	(2,195)	150,000	125,397
7138	Baptist Health MSN Endowed Fellowships	450,000	646,950	-	(185,855)	-	(29,322)	(7,441)	450,000	424,332
7140	James Van Vleck Endowed Scholarship	37,500	51,992	-	(14,968)	-	(2,144)	(600)	37,500	34,281
7141	Dannehl & Kevin Twomey Endowed Scholarship	150,000	193,303	-	(55,538)	-	(8,717)	(2,224)	150,000	126,824
7142	BCBS - FL Ethics, Public Policy Professorship	1,563,996	2,117,969	-	(608,501)	-	(95,626)	(24,366)	1,563,996	1,389,476
7143	Blue Cross & Blue Shield-FL Ethics, Public Policy End Scholarship/Fe	253,999	379,339	-	(108,972)	-	(17,219)	(4,363)	253,999	248,785
7144	The Stellar Group Endowed Scholarship	150,000	172,698	-	(50,087)	-	(4,622)	(2,019)	150,000	115,971
7146	Coggin Scholarships Endowment	2,500,000	3,175,249	-	(912,507)	-	(141,702)	(36,549)	2,500,000	2,084,491
7147	Coggin Pathways to Success Scholarship	500,000	591,365	-	(169,935)	-	(26,471)	(6,806)	500,000	388,152
7148	Coggin Fellowships Endowment	999,752	1,292,269	-	(371,265)	-	(58,405)	(14,867)	999,752	847,732
7149	Coggin Earle Traynham Distinguished Professor Endow	1,054,000	1,426,699	-	(410,232)	-	(62,148)	(16,436)	1,054,000	937,883
7150	Coggin College Endowment for Strategic Professorships	3,000,511	3,543,401	-	(660,936)	(2,358,422)	(158,687)	(17,179)	642,089	348,177
7151	Coggin College of Business Dean's Dist Professorship	2,000,000	2,556,872	-	(734,556)	-	(115,737)	(29,412)	2,000,000	1,677,166
7152	Mayor John A. Delaney Endowed Scholarship	154,986	218,658	-	(62,625)	10,000	(9,908)	(2,590)	164,986	153,535
7153	James Van Vleck Endowed Leadership & Ethics	150,000	178,323	-	(51,358)	-	(7,353)	(1,911)	150,000	117,701
7154	Pajcic Scholars Program Endowment	302,471	437,515	-	(125,691)	-	(19,662)	(5,182)	302,471	286,979
7155	Katherine H. Lovett Endowed Scholarship	350,037	378,115	102,124	(107,561)	-	(11,344)	(4,984)	452,161	356,349
7157	Mark E. Workman Endowed Professorship	450,000	538,955	-	(155,115)	-	(22,499)	(6,219)	450,000	355,123
7159	Thomas F & Eleanor H Aretz Endowed Nursing Scholarship	520,372	643,463	-	(184,872)	-	(29,034)	(7,403)	520,372	422,154
7167	Crawford Early Literacy Faculty Fellow Corpus	250,100	275,158	50,000	(87,026)	-	(8,728)	(3,515)	300,100	225,889
7168	Crawford Early Childhood Research & Educ Distinguished Prof	575,000	648,888	100,000	(202,383)	-	(21,645)	(8,353)	675,000	516,507
7179	Women & Girls Health Research Professorship Endowment	224,445	238,342	8,035	(69,976)	18,269	(5,528)	(2,749)	250,749	186,392
7180	Terry Presidential Professorship Endowment	300,000	369,409	-	(106,160)	-	(16,393)	(4,354)	300,000	242,502
7182	Pre-Law Scholarship Endowment	37,500	50,677	5,350	(14,738)	-	(1,964)	(690)	42,850	38,635
7184	Dr. & Mrs. Paul Mucciolo MD Pre-Medical Scholarship	37,500	45,887	-	(13,216)	-	(1,851)	(530)	37,500	30,290

See independent auditors' report.

The University of North Florida Foundation, Inc.

SCHEDULE I -
SCHEDULE OF UNIVERSITY MAJOR CHALLENGE GRANT PROGRAM ENDOWMENT CORPUS ACCOUNTS

Year ended June 30, 2009

Acct No.	Account Name	Corpus at 30-Jun-08	Account Balance 30-Jun-08	Corpus Contributed 2009	Investment Earnings	Administrative Fees	Transfer-In/Out	Spending Allocation	Corpus at 30-Jun-09	Account Balance 30-Jun-09
7186	Panides-Doughty Memorial Endowed Scholarship	112,500	136,332	-	(39,151)	-	(6,273)	(1,567)	112,500	89,340
7187	Debra Doughty-Jason Panides End Memorial Scholarship	112,500	127,589	-	(36,696)	-	(5,635)	(1,330)	112,500	83,927
7188	Betty Lawson Endowed Physical Therapy Fellowship	151,028	186,207	-	(53,639)	-	(7,311)	(2,292)	151,028	122,965
7191	James Kufeldt Memorial Endowed Scholarship	150,000	182,136	2,500	(52,294)	-	(8,135)	(2,115)	152,500	122,093
7195	Gate Petroleum Company Endowed Entrepreneurial Scholarship	150,000	173,324	-	(49,824)	-	(7,829)	(1,809)	150,000	113,862
7199	Sam E Mousa Endowed Merit Scholarship	178,225	210,581	-	(60,760)	-	(7,759)	(2,440)	178,225	139,622
7205	L Carter & TH Slade III End Prof of Entrepreneurial Studies	375,000	434,408	-	(123,132)	-	(14,380)	(4,951)	375,000	291,946
7207	James Van Vleck Promising Future Endowed Scholarship	37,500	44,904	100	(12,935)	-	(1,779)	(520)	37,600	29,771
7213	The Wachovia Foundation Endowed Scholarship	400,000	431,994	-	(125,230)	-	(11,956)	(5,046)	400,000	289,762
7217	Blue Cross Blue Shield Endowed Nursing Professorship	1,020,000	1,212,930	-	(349,714)	-	(46,421)	(14,039)	1,020,000	802,757
7222	Brooks College of Health-Physical Therapy Professorship 1	1,000,000	1,092,357	-	(314,108)	-	(47,500)	(12,586)	1,000,000	718,163
7223	Brooks College of Health-Physical Therapy Professorship 2	1,000,000	1,092,391	-	(314,173)	-	(47,126)	(12,591)	1,000,000	718,502
7224	Brooks College of Health-Physical Therapy Professorship 3	1,000,000	1,094,497	-	(318,251)	-	(23,750)	(12,848)	1,000,000	739,648
7225	Brooks College of Health-Physical Therapy Professorship 4	1,000,000	1,053,572	-	(306,219)	-	(23,750)	(12,359)	1,000,000	711,243
7226	Brooks College of Health-Nursing Professorship 1	1,000,000	1,044,243	-	(299,963)	-	(47,500)	(12,011)	1,000,000	684,769
7227	Brooks College of Health-Nursing Professorship 2	1,000,000	1,044,243	-	(299,963)	-	(47,500)	(12,011)	1,000,000	684,769
7228	Pamela S. Chally Distinguished Professorship Endowment	1,200,000	1,255,659	-	(364,927)	-	(28,500)	(14,728)	1,200,000	847,504
7229	Taylor Engineering Endowment Professorship	290,650	292,395	60,000	(88,416)	-	(9,531)	(3,923)	350,650	250,526
7232	Charles M & Doris B Neviasser Endowed Nursing Scholarship	675,000	736,231	-	(215,310)	-	(7,636)	(8,726)	675,000	504,559
7242	River Branch Foundation	464,794	467,377	-	(135,089)	-	(16,625)	(5,428)	464,794	310,235
7246	Thad M. Moseley M.D. Endowment Scholarship	150,000	152,415	-	(44,105)	-	(4,750)	(1,775)	150,000	101,785
7247	Donald Loop Spanish Scholarship Endowment	150,000	152,415	-	(44,105)	-	(4,750)	(1,775)	150,000	101,785
	Total Endowment in Pooled Investments	<u>\$ 70,058,460</u>	<u>\$ 87,755,018</u>	<u>\$ 405,028</u>	<u>\$ (24,686,629)</u>	<u>\$ (1,682,673)</u>	<u>\$ (3,717,660)</u>	<u>\$ (985,439)</u>	<u>\$ 68,743,335</u>	<u>\$ 57,087,644</u>

* The beginning balance does not match the prior year schedule since major gift accounts are added to this schedule only after the State matching contributions are received. The majority of the accounts are established a few years before they either have enough contributions to receive a State match; or if gifts are eligible for the State match, there is a time lag of at least one year or more for the State allocation funding to be budgeted for the Foundation.

See independent auditors' report.

The University of North Florida Foundation, Inc.

**SCHEDULE II -
SCHEDULE OF ASSETS AND LIABILITIES BY ACCOUNT TYPE**

June 30, 2009

Assets	Unrestricted	Restricted	Endowment	Gift Annuity	Total
Current assets:					
Cash and cash equivalents	\$ 919,599	\$ -	\$ -	\$ -	\$ 919,599
Prepaid expenses	10,675	6,015	-	-	16,690
Pledge receivable, restricted	-	1,158,008	-	-	1,158,008
Other	-	953	-	-	953
Total current assets	<u>930,274</u>	<u>1,164,976</u>	<u>-</u>	<u>-</u>	<u>2,095,250</u>
Noncurrent assets:					
Restricted cash and cash equivalents	178,086	6,312,770	7,000,000	-	13,490,856
Restricted investments	-	4,453,734	59,285,045	409,401	64,148,180
Pledges receivable, restricted	-	2,007,229	-	-	2,007,229
Other assets	-	-	99,962	-	99,962
Total assets	<u>\$ 1,108,360</u>	<u>\$ 13,938,709</u>	<u>\$ 66,385,007</u>	<u>\$ 409,401</u>	<u>\$ 81,841,477</u>
Liabilities					
Current Liabilities:					
Accounts payable and accrued expenses	\$ 36,498	\$ 94,649	\$ -	\$ -	\$ 131,147
Note payable	200,000	-	-	-	200,000
Total current liabilities	<u>236,498</u>	<u>94,649</u>	<u>-</u>	<u>-</u>	<u>331,147</u>
Noncurrent liabilities:					
Note payable	575,297	-	-	-	575,297
Annuity payable	-	-	-	119,660	119,660
Accrued compensated absences	19,470	61,839	-	-	81,309
Total liabilities	<u>831,265</u>	<u>156,488</u>	<u>-</u>	<u>119,660</u>	<u>1,107,413</u>
Net assets:					
Restricted:					
Restricted by donors	-	13,782,219	-	-	13,782,219
Restricted for gift annuity	-	-	-	289,742	289,742
Permanent endowments	-	-	66,385,006	-	66,385,006
Unrestricted	<u>277,097</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>277,097</u>
Total net assets	<u>277,097</u>	<u>13,782,219</u>	<u>66,385,006</u>	<u>289,742</u>	<u>80,734,064</u>
Total liabilities and net assets	<u>\$ 1,108,362</u>	<u>\$ 13,938,707</u>	<u>\$ 66,385,006</u>	<u>\$ 409,402</u>	<u>\$ 81,841,477</u>

See independent auditors' report.

The University of North Florida Foundation Inc.

SCHEDULE III - SCHEDULE OF REVENUES AND EXPENSES BY ACCOUNT TYPE

Year ended June 30, 2009

	Unrestricted	Restricted	Endowment	Gift Annuity	Total
Operating revenues:					
Contributions	\$ 400,665	\$ 3,453,041	\$ -	\$ -	\$ 3,853,706
Programs	33,707	165,052	-	-	198,759
Total operating revenues	434,372	3,618,093	-	-	4,052,465
Operating expenses:					
Program services:					
Education programs	36,038	446,246	-	-	482,284
Scholarships, fellowships, study abroad	13,200	2,185,684	-	-	2,198,884
Total program services	49,238	2,631,930	-	-	2,681,168
Supporting services:					
Program fees	506,068	1,763,800	-	-	2,269,868
Professional fees	43,247	103,149	-	-	146,396
Total supporting services	549,315	1,866,949	-	-	2,416,264
Other expenses:					
General and administrative expenses	950,471	1,711,028	-	-	2,661,499
Total other expenses	950,471	1,711,028	-	-	2,661,499
Total operating expenses	1,549,024	6,209,907	-	-	7,758,931
Operating income (loss)	(1,114,652)	(2,591,814)	-	-	(3,706,466)
Nonoperating revenues (expenses) and transfers:					
Interest and dividends	241,626	650	(20,565)	-	221,711
Investment management fees	(21,540)	(6,771)	(289,552)	-	(317,863)
Net appreciation (depreciation) in investments	(64,507)	(869,633)	(26,869,702)	-	(27,803,842)
Total nonoperating revenues (expenses)	155,579	(875,754)	(27,179,819)	-	(27,899,994)
Change in net assets before additions to endowments	(959,073)	(3,467,568)	(27,179,819)	-	(31,606,460)
Additions to endowments:					
Contributions to permanent endowments	-	-	2,660,903	-	2,660,903
Total capital additions	-	-	2,660,903	-	2,660,903
Decrease in net assets	(959,073)	(3,467,568)	(24,518,916)	-	(28,945,557)
Transfers	817,328	3,487,987	(4,305,315)	-	-
Net assets, beginning of year	418,842	13,761,800	95,209,237	289,742	109,679,621
Net assets, end of year	\$ 277,097	\$ 13,782,219	\$ 66,385,006	\$ 289,742	\$ 80,734,064

See independent auditors' report.

MANAGEMENT LETTER

The Board of Directors
The University of North Florida
Foundation, Inc.



We have audited the financial statements of The University of North Florida Foundation, Inc. (the Foundation) as of and for the fiscal year ended June 30, 2009, and have issued our report thereon dated September 9, 2009.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.650, Rules of the Auditor General. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters, Independent Auditors' Report on Compliance with Requirements Applicable to Each Major State Project and on Internal Control over Compliance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are date September 9, 2009, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.650, Rules of the Auditor General, which requires disclosure in the management letter of violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement or State project amounts that is less than material but more than inconsequential. In addition, for matters that are inconsequential to the determination of financial statement or State project amounts, considering both quantitative and qualitative factors, the following may be reported based on professional judgment:

1. violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, and
2. control deficiencies that are not significant deficiencies, including, but not limited to:
 - a. improper or inadequate accounting procedures (e.g. the omission of required disclosures from the annual financial statements);
 - b. failures to properly record financial transactions; and
 - c. inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor.

8035 Spyglass Hill Road
Melbourne, FL 32940
321.757.2020
FAX 321.242.4844

480 N. Orlando Ave.
Suite 218
Winter Park, FL 32789
407.644.5811
FAX 407.644.6022

301 Clematis Street
Suite 3000
W. Palm Beach, FL 33401
561-837-6627
FAX 561-837-6632

www.bermanhopkins.com

Prior year Findings and Recommendations

08-01 Enhanced Procedures for Review of Bank Statements and Canceled Checks

Although the size of the Foundation's office staff is adequate for separation of duties, we believe certain steps could be taken to enhance the operations account bank reconciliation procedures.

We suggest that the Treasurer/Vice President of Administration and Finance receive and review the unopened bank statements and canceled checks before forwarding them to the Accounting Department for the senior accountant to prepare the bank reconciliation. The bank statements and canceled checks should be reviewed for any unusual items or endorsements. After the review is complete, the statements should be initialed and dated to provide support that a review was completed.

Management's Response

We agree with the recommendation above and will implement during the current fiscal year.

As of June 30, 2009, this issue has been resolved.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, the Florida Auditor General, and the regulatory agencies of state governments, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

September 9, 2009
Melbourne, Florida

*Berman Hopkins Wright & LaHam
CPAs and Associates, LLP*