

**FLORIDA BOARD OF GOVERNORS FOUNDATION, INC.
TALLAHASSEE, FLORIDA**

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

FLORIDA BOARD OF GOVERNORS FOUNDATION, INC.
Tallahassee, Florida

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Independent Auditors' Report

The Board of Directors
Florida Board of Governors Foundation, Inc.
Tallahassee, Florida

We have audited the accompanying statement of financial position of Florida Board of Governors Foundation, Inc., (a nonprofit organization) as of December 31, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Florida Board of Governors Foundation, Inc., as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2009, on our consideration of Florida Board of Governors Foundation, Inc.'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.



Charles J. Reed & Associates, CPA's
Tallahassee, Florida
July 20, 2009

FLORIDA BOARD OF GOVERNORS FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2008 AND 2007

ASSETS

Current Assets	<u>2008</u>	<u>2007</u>
Cash in Banks	\$ 196,822	\$ 124,360
Investments	5,597,318	5,826,791
Accrued Interest Receivable	11,225	35,300
Other Receivables	<u>0</u>	<u>10,073</u>
Total Current Assets	<u>5,805,365</u>	<u>5,996,524</u>
Total Assets	<u>\$ 5,805,365</u>	<u>\$ 5,996,524</u>

LIABILITIES AND NET ASSETS

Liabilities		
Current Liabilities - Accounts Payable	\$ <u>2,770</u>	\$ <u>299</u>
Net Assets		
Unrestricted	531,339	501,039
Temporarily Restricted	<u>5,271,256</u>	<u>5,495,186</u>
Total Net Assets	<u>5,802,595</u>	<u>5,996,225</u>
Total Liabilities and Net Assets	<u>\$ 5,805,365</u>	<u>\$ 5,996,524</u>

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

FLORIDA BOARD OF GOVERNORS FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

Unrestricted Net Assets

	<u>2008</u>	<u>2007</u>
Revenue and Support		
Contributions	\$ 285,016	\$ 266,167
Interest Income	<u>13,500</u>	<u>22,710</u>
Total Unrestricted Revenue and Support	<u>298,516</u>	<u>288,877</u>

Net Assets Released From Restrictions

Satisfaction of Program Activities	<u>944,479</u>	<u>843,526</u>
Total Net Assets Released from Restrictions	<u>944,479</u>	<u>843,526</u>
Total Unrestricted Revenue and Support	<u>1,242,995</u>	<u>1,132,403</u>

Expenses

Administrative	4,061	4,061
Educational Consulting Services	15,000	124,700
Conferences and Meetings	5,337	8,624
Miscellaneous	3,892	6,454
Grants/Scholarships	944,479	843,526
Legal Fees	65,676	35,452
Supplemental Chancellor Payments	174,250	218,662
Educational Donation	<u>0</u>	<u>7,064</u>
Total Expenses	<u>1,212,695</u>	<u>1,248,543</u>

Increase (Decrease) in Unrestricted Net Assets	<u>30,300</u>	<u>(116,140)</u>
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Temporarily Restricted Net Assets

Contributions	509,500	703,000
Interest Income	211,049	290,712
Net Assets Released From Restrictions	<u>(944,479)</u>	<u>(843,526)</u>

Increase (Decrease) in Temporarily Restricted Net Assets	<u>(223,930)</u>	<u>150,186</u>
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Increase (Decrease) in Net Assets	<u>(193,630)</u>	<u>34,046</u>
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Net Assets at Beginning of Year	<u>5,996,225</u>	<u>5,962,179</u>
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Net Assets at End of Year	<u>\$ 5,802,595</u>	<u>\$ 5,996,225</u>
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The accompanying notes are an integral part of these financial statements.

FLORIDA BOARD OF GOVERNORS FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

Cash Flows From Operating Activities	<u>2008</u>	<u>2007</u>
Increase (Decrease) in Net Assets	\$ (193,630)	\$ 34,046
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
(Increase) Decrease in:		
Investments	229,473	43,346
Accrued Interest Receivable	24,075	(8,616)
Other Receivables	10,073	12,043
Increase (Decrease) in:		
Accounts Payable	<u>2,471</u>	<u>(7,278)</u>
Net Cash Provided (Used) by Operating Activities	<u>72,462</u>	<u>73,541</u>
Net Increase (Decrease) in Cash	72,462	73,541
Cash at Beginning of Year	<u>124,360</u>	<u>50,819</u>
Cash at End of Year	<u><u>\$ 196,822</u></u>	<u><u>\$ 124,360</u></u>

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

**FLORIDA BOARD OF GOVERNORS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2000**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Florida Board of Governors Foundation, Inc., (Foundation), conform to generally accepted accounting principles. The following is a description of the more significant policies:

(1) Accrual Basis - The financial statements of the Foundation are prepared on the accrual basis of accounting.

(a) Basis of Presentation - In 1995, the Foundation adopted Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made" (SFAS 116). In accordance with the new standard, prospective application of the recognition of restrictions is reflected in the financial statements. Other provisions of SFAS No. 116 whose effect on 1994 financial statements is immaterial have been applied retroactively.

In 1995, the Foundation also adopted Statement of Financial Accounting Standards No. 117, "Financial Statements for Not-For-Profit Organizations." The provisions of the new standard have been applied to the periods presented.

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

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time.

(2) Organization and Tax Exempt Status - The Foundation was established September 23, 1969, to receive donations for educational purposes which would be used for the advancement of the State University System of Florida and its objectives.

Management Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**FLORIDA BOARD OF GOVERNORS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2000**

NOTE A - Continued

The Foundation is a nonprofit corporation under Internal Revenue Code Section 501(c)(3) and is exempt from Federal and state income taxes.

(3) Fund Accounting - To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. Resources are classified for accounting purposes in accordance with activities and objectives as specified by donors; or regulations, restrictions or limitations imposed by external authorities; or according to directions issued by the Foundation board of directors.

(4) Gift Accounting - The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

(5) University Contributions Support - The Foundation derives support from two types of University Contributions as follows: (a) General Contributions and, (b) Special Contributions.

General and special Contributions are made and recognized on a calendar year basis.

NOTE B - INVESTMENTS

All investments are on account with the Office of the Treasurer of the State of Florida Community of Public Investments. The investments held by the State Treasurer's office on behalf of the Foundation have been made in accordance with state statutes. The Treasury Investment Pool is rated by Standard and Poors. The rating on December 31, 2008 and 2007 was AA-f. The effective duration of the Treasury Investment Pool on December 31, 2008 and 2007 was 2.26 years and 3.43 years respectively. The Fair Value Factor on December 31, 2008 and 2007 was .9510 and 1.0054 respectively. The disclosures for the Treasury Investment Pool are made in Note 2 to *The Florida Comprehensive Annual Report*. Interest income is reflected in the financial statement of fees of \$7,540 and \$7,539 respectively for the years ending December 31, 2008 and 2007.

**FLORIDA BOARD OF GOVERNORS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

NOTE C - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2008</u>	<u>2007</u>
Helio's Education Foundation First Generation Scholars Program to provide scholarships for first generation students at universities in Florida's State University System	\$ 5,083,177	\$ 5,150,915
Theodore R. and Vivian M. Johnson Grant and Scholarship Fund grants and scholarships for equipment and assisted services to students with disabilities annual awards	<u>188,079</u>	<u>344,271</u>
	<u>\$ 5,271,256</u>	<u>\$ 5,495,186</u>

NOTE D - NET ASSETS RELEASED FROM RESTRICTIONS

Net Assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donor.

Satisfaction of program activities are as follows:

	<u>2008</u>	<u>2007</u>
Helio's Education First Generation Scholars Program	\$ 264,159	\$ 136,117
Theodore R. and Vivian M. Johnson Grant and Scholarship Fund	<u>680,320</u>	<u>707,409</u>
	<u>\$ 944,479</u>	<u>\$ 843,526</u>

**FLORIDA BOARD OF GOVERNORS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

NOTE E - NAME CHANGE

The Foundation is a support organization that was created by the Board of Regents in September 1969 under Chapter 617, F. S. as a Not for Profit Corporation. Section 1001.01, Florida Statutes abolishes the Florida Board of Regents. On November 5, 2002, the voters of the State of Florida passed Amendment 11 to Article IX, Section 7 of the Florida Constitution creating the Board of Governors. The Florida Board of Governors is now the successor organization to that Board for purposes of the Foundation. The Florida Board of Governors amended the Articles of Incorporation and By-laws to elect a new Board and change the name of the Foundation at their meeting on April 30, 2007. The purpose of the Foundation has essentially and effectively remained the same.

NOTE F - OTHER RECEIVABLES

Other Receivables represents unused scholarship donations from universities at December 31, 2007.

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

The Board of Directors
Florida Board of Governors Foundation, Inc.
Tallahassee, Florida

We have audited the financial statements of Florida Board of Governors Foundation, Inc. (the Organization) for the years ended December 31, 2008 and 2007 and have issued our report thereon dated July 20, 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 the *Government Auditing Standards* issued by the Comptroller General of the United States.

Compliance and Other Matters

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

We noted certain matters that we reported to management of Florida Board of Governors Foundation, Inc. in a separate letter dated July 20, 2009.

This report is intended solely for the use and information of the Board of Directors and management of Florida Board of Governors Foundation, Inc. and should not be used for any other purpose. However this report is a matter of public record and its distribution is not limited.

Internal Control Over Financial Reporting

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

A 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 Organization'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 Organization's internal control.

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

A handwritten signature in cursive script, reading "Charles J. Reed".

Charles J. Reed & Associates, CPA's
Tallahassee, Florida
July 20, 2009

INDEPENDENT AUDITORS' MANAGEMENT LETTER

The Board of Directors
Florida Board of Governors Foundation, Inc.
Tallahassee, Florida

In planning and performing our audit of the financial statements of Florida Board of Governors Foundation, Inc., for the years ended December 31, 2008 and 2007, we considered its internal control to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control. Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control and its operations 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 and management. However, this report is a matter of public record and its distribution is not limited.

We noted the following exceptions which are significant deficiencies not believed to be material weakness.

Segregation of Duties

Although the small size of the Organization's all-volunteer staff limits the extent of separation of duties, we believe certain steps could be taken to improve certain incompatible duties.

Reimbursement Requests

It is the policy of the Organization to require a list of attendees be attached to the Reimbursement Request Form. Several instances were noted where said list was not attached. The documentation should be reviewed for completeness prior to reimbursement.



Charles J. Reed & Associates, CPA's
Tallahassee, Florida
July 20, 2009