

**FLORIDA BOARD OF GOVERNORS FOUNDATION, INC.**  
**TALLAHASSEE, FLORIDA**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

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

**Tallahassee, Florida**

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### Independent Auditors' Report

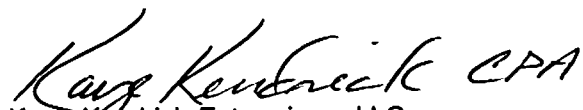
To The Board of Directors of the Florida Board of Governors Foundation, Inc.  
Tallahassee, Florida

We have audited the accompanying statement of financial position of the Florida Board of Governors Foundation, Inc., (a nonprofit organization) as of December 31, 2011, and the related statement of activities and cash flows for the year 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, 2011, 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 June 11, 2012, 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.

  
Kaye Kendrick Enterprises, LLC  
Tallahassee, Florida  
June 11, 2012

**FLORIDA BOARD OF GOVERNORS FOUNDATION, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2011**

**ASSETS**

**Current Assets**

Cash in Banks	\$ 108,192
Investments	5,607,047
Accrued Interest Receivable	<u>9,258</u>
Total Current Assets	5,724,497
<b>Total Assets</b>	<b><u><u>\$ 5,724,497</u></u></b>

**LIABILITIES AND NET ASSETS**

<b>Liabilities</b>	\$ -
<b>Net Assets</b>	
Unrestricted	536,853
Temporarily Restricted	<u>5,187,644</u>
Total Net Assets	5,724,497
<b>Total Liabilities and Net Assets</b>	<b><u><u>\$ 5,724,497</u></u></b>

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

**FLORIDA BOARD OF GOVERNORS FOUNDATION, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**Unrestricted Net Assets**

**Revenue and Support**

Contributions	\$ 268,722
Miscellaneous	211
Interest Income	9,307
	278,240
<b>Total Unrestricted Revenue and Support</b>	<b>278,240</b>

**Net Assets Released From Restrictions**

Satisfaction of Program Activities	710,245
<b>Total Net Assets Released from Restrictions</b>	<b>710,245</b>
<b>Total Unrestricted Revenue and Support</b>	<b>988,485</b>

**Expenses**

Administrative	4,561
Conferences and Meetings	2,075
Miscellaneous	2,782
Grants/Scholarships	710,245
Supplemental Chancellor Payments	253,487
<b>Total Expenses</b>	<b>973,150</b>

<b>Increase (Decrease) in Unrestricted Net Assets</b>	<b>15,335</b>
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**Temporarily Restricted Net Assets**

Contributions	540,000
Interest Income	125,144
<b>Net Assets Released From Restrictions</b>	<b>(710,245)</b>

<b>Increase (Decrease) in Temporarily Restricted Net Assets</b>	<b>(45,101)</b>
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<b>Increase (Decrease) in Net Assets</b>	<b>(29,766)</b>
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<b>Net Assets at Beginning of Year</b>	<b>5,754,263</b>
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<b>Net Assets at End of Year</b>	<b>\$ 5,724,497</b>
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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 YEAR ENDED DECEMBER 31, 2011**

**Cash Flows from Operating Activities**

(Increase) Decrease in Net Assets \$ (29,766)

Adjustments to Reconcile Changes in Net Assets  
to Net Cash Provided by Operating Activities

(Increase) Decrease in:

Investments 45,317

Accrued Interest Receivable (4,356)

Increase (Decrease) in:

Accounts Payable (273,275)

**Net Cash Provided (Used) by Operating Activities (262,080)**

**Net (Increase) Decrease in Cash (262,080)**

**Cash at Beginning of Year 370,272**

**Cash at End of Year \$ 108,192**

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

**FLORIDA BOARD OF GOVERNORS FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**NOTE A - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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. The persons serving on the State University System Florida Board of Governors also serve the Florida Board of Governors Foundation, Inc.

The accounting and reporting policies of the Florida Board of Governors Foundation, Inc., (the 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.
- 2) 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.

- 3) 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.
- 4) Taxes - The Foundation is a nonprofit corporation under Internal Revenue Code Section 501(c)(3) and is exempt from Federal and state income taxes.
- 5) 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.

**FLORIDA BOARD OF GOVERNORS FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

- 6) 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.
- 7) 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.
- 8) Cash and Cash Equivalents – For the purposes of the Statement of Cash Flows, the Foundation considers demand accounts originally purchased with a maturity of three months or less, to be cash equivalents.

**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, 2011, was A+f. The effective duration of the Treasury Investment Pool on December 31, 2011 was 2.22 years. The Fair Value Factor on December 31, 2011 was 1.0169. 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 statements net of fees of \$6,086, for the year ending December 31, 2011.

**NOTE C - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

Helios Education Foundation First Generation Scholars Program to provide scholarships for first generation students at universities in Florida's State University System	\$ 5,072,035
Johnson Scholarship Foundation grants and scholarships for equipment and assisted services to students with disabilities annual awards	<u>115,609</u>
	<u>\$ 5,187,644</u>
Total – Temporarily Restricted Net Assets	



**FLORIDA BOARD OF GOVERNORS FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**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:

Helios Education First Generation Scholars Program	\$ 123,700
Theodore R. and Vivian M. Johnson Grant and Scholarship Fund	<u>586,545</u>
Total - Net Assets Released from Restrictions	<u>\$ 710,245</u>

**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 the Board of Regents 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 - EVALUATION OF SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events through June 11, 2012, the date the financial statements were available to be issued.

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

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

We have audited the financial statements of the Florida Board of Governors Foundation, Inc. (the Foundation) for the year ended December 31, 2011, and have issued our report thereon, dated June 11, 2012. 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.

## Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing 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 Foundation's financial statements that is more than inconsequential will not be prevented or detected by the Foundation's internal control.

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

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

## 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 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.

  
Kaye Kendrick Enterprises, LLC

Tallahassee, Florida

June 11, 2012