



AGENDA
Board of Governors Foundation, Inc.
Premier Club Level
FAU Stadium
Florida Atlantic University
Boca Raton, Florida
November 10, 2011

Upon Adjournment of the Board of Governors Meeting

- | | |
|--|-------------------------|
| 1. Call to Order | Chair Ava Parker |
| 2. Election of 2012 Officers | Chair Parker |
| 3. Consideration of 2012 Operating Budget | Chair Parker |
| 4. Concluding Remarks and Adjournment | Chair Parker |

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**STATE UNIVERSITY SYSTEM OF FLORIDA
FLORIDA BOARD OF GOVERNORS FOUNDATION, INC.**

November 10, 2011

SUBJECT: Election of 2012 Foundation Officers

PROPOSED FOUNDATION ACTION

Election of 2012 Officers: Chairperson; Vice Chairperson; Secretary; Treasurer

AUTHORITY FOR BOARD OF GOVERNORS FOUNDATION, INC. ACTION

Florida Board of Governors Foundation, Inc. by-laws

BACKGROUND INFORMATION

The foundation operates on a calendar year basis and elects officers each year to serve for a one year term. This election takes place at the last meeting of the calendar year for the officers that will serve for the next calendar year.

The foundation by-laws outline the following qualifications for membership:

The members of the Florida Board of Governors shall be members of the Foundation Board. In addition, other persons shall be eligible for active membership in this corporation who have been duly elected by a majority of all the members of the Corporation at any annual or special meeting of the members.

In the past the Chair, Vice Chair and the Corporate Secretary for the Florida Board of Governors have been elected to the Chairperson, Vice Chairperson and Secretary, respectively, of the foundation. Additionally, the Treasurer has been elected by a majority of the foundation's board members.

2011 Officers were:

Chairperson – Ava Parker
Secretary – Mikey Bestebreurtje

Vice Chairperson – Dean Colson
Treasurer – Tim Jones

Supporting Documentation Included: 1. Foundation Articles of Incorporation
2. Foundation By-laws

Facilitators/Presenters: Ava Parker

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AMENDED AND RESTATED

ARTICLES OF INCORPORATION

OF

**FLORIDA BOARD OF GOVERNORS FOUNDATION, INC.
(formerly known as FLORIDA BOARD OF REGENTS FOUNDATION, INC.)
A FLORIDA CORPORATION NOT FOR PROFIT**

These Amended and Restated Articles of Incorporation, which did not require member approval pursuant to Article IX of the Corporation's original Articles of Incorporation and Florida law, were approved by a majority of the Board of Directors on April 30, 2003.

ARTICLE I

NAME AND ADDRESS

The name of this Corporation shall be: **FLORIDA BOARD OF GOVERNORS FOUNDATION, INC.** The principal office of the Corporation is located at 325 West Gaines Street, Tallahassee, Florida 32399, and the mailing address is 325 West Gaines Street, Tallahassee, Florida 32399.

ARTICLE II

CORPORATE EXISTENCE

The Corporation shall have perpetual existence.

ARTICLE III

CORPORATE PURPOSES

The Corporation shall be a nonprofit, nonsectarian organization formed and operated exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, which purposes shall be to encourage, solicit, receive and administer gifts

and bequests of property and funds for scientific, educational and charitable purposes, all for the advancement of the State University System of Florida and its objectives; and to that end to take and hold, for any of said purposes, funds and property of all kinds, subject only to any limitations or conditions imposed by law or in the instrument under which received; to buy, sell, lease, convey and dispose of any such property and to invest and reinvest any proceeds and other funds, and to deal with and expend the principal and income for any of said purposes; and, in general, to exercise any, and all powers which a corporation not for profit organized under the laws of Florida for the foregoing purposes can be authorized to exercise. The Corporation shall not carry on any activities not permitted to be carried on by a corporation exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code and to which deductible contributions may be made under Sections 170, 2055, or 2522 of the Internal Revenue Code, as applicable. No part of the assets or the net earnings of the Corporation shall inure to the benefit of any officer, director, member, or any other person. No substantial part of the activities of the Corporation shall be dedicated to attempting to influence legislation by propaganda or otherwise. The Corporation shall not participate or intervene in any political campaign on behalf of any candidate for public office.

During any period that the Corporation may be found to be a private foundation, as defined by Section 509(a) of the Internal Revenue Code, the Corporation shall: (1) distribute its income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942(a); (2) not engage or be involved in any act of self-dealing, as defined in Section 4941(d), so as to give rise to any liability for the tax imposed by Section 4941(a); (3) not retain any excess business holdings as defined in Section 4943(c), so as to give rise to any liability for the tax imposed by Section 4943(a); (4) not make any investments which

would jeopardize the carrying out of any of its exempt purposes, within the meaning of Section 4944, so as to give rise to any liability for the tax imposed by Section 4944(a); and (5) not make any taxable expenditures, as defined in Section 4945(d), so as to give rise to any liability imposed by Section 4945(a). Unless otherwise indicated, as used in this Article III and hereinafter, all section references are to the Internal Revenue Code of 1986, as amended, including any corresponding provisions of any subsequently enacted federal tax laws.

ARTICLE IV

CORPORATE POWERS

The Corporation shall have and exercise all powers accorded corporations not for profit under the laws of the State of Florida which are not in conflict with the Corporation's exempt purposes as provided in Article III above.

ARTICLE V

CAPITAL STOCK

The Corporation shall not have capital stock.

ARTICLE VI

MEMBERS

The Corporation shall have no voting members. The Board of Directors may authorize the establishment of nonvoting membership from time to time. The designation of one or more classes of membership, the qualifications and rights of the members of each class, and the manner of their admission to membership shall be regulated by the Bylaws of the Corporation.

ARTICLE VII

BOARD OF DIRECTORS

The powers of the Corporation shall be exercised by or under the authority of, and the affairs of the Corporation shall be managed under the direction of, a Board of Directors, the number of which may be either increased or decreased from time to time as regulated by the Bylaws but shall consist of not fewer than nine. The manner and method of election of the Board of Directors shall be as stated in the Bylaws of the Corporation. Where not inconsistent with Chapter 617, Florida Statutes, and the express provisions of these Articles of Incorporation, the Board of Directors shall have all the rights, powers, and privileges prescribed by law of directors of corporations for profit.

The Board of Directors of the Corporation shall consist of the seventeen (17) members of the Florida Board of Governors, as set forth below, who shall hold office for such terms as provided in the Bylaws of the Corporation and until their successors have been elected and qualified or until their earlier resignation, removal from office, inability to act, or death:

<u>Director</u>	<u>Address</u>
Pamela “Pam” Bilbrey	325 West Gaines Street Tallahassee, FL 32399
Dr. Castell V. Bryant	325 West Gaines Street Tallahassee, FL 32399
John Dasburg	325 West Gaines Street Tallahassee, Florida 32399
Miguel De Grandy	325 West Gaines Street Tallahassee, Florida 32399
Rolland Heiser	325 West Gaines Street Tallahassee, Florida 32399
Gerri Moll	325 West Gaines Street Tallahassee, Florida 32399

Joan Wellhouse Newton	325 West Gaines Street Tallahassee, Florida 32399
Ava L. Parker	325 West Gaines Street Tallahassee, Florida 32399
Thomas F. Petway, III Chairman	325 West Gaines Street Tallahassee, Florida 32399
Carolyn K. Roberts Vice Chairman	325 West Gaines Street Tallahassee, Florida 32399
Chris Sullivan	325 West Gaines Street Tallahassee, Florida 32399
John W. Temple	325 West Gaines Street Tallahassee, Florida 32399
Steven Uhlfelder	325 West Gaines Street Tallahassee, Florida 32399
Zachariah P. Zachariah	325 West Gaines Street Tallahassee, Florida 32399
Jim Horne	325 West Gaines Street Tallahassee, Florida 32399
Dr. Richard W. Briggs	325 West Gaines Street Tallahassee, Florida 32399
Pablo E. Paez	325 West Gaines Street Tallahassee, Florida 32399

ARTICLE VIII

AMENDMENTS

These Articles of Incorporation may be amended by the affirmative vote of at least three-fifths of the members of the Board of Directors present at any regular or special meeting provided proper notice of the changes to be made has been given and a quorum is present, or without a meeting if a consent in writing, signed by the number of Directors whose votes would be necessary to authorize such amendment at a meeting, is filed in the minutes of the Corporation. Within ten days after obtaining such authorization by written consent, notice summarizing the action shall be given to those Directors who have not consented in writing.

ARTICLE IX

DISSOLUTION

Upon dissolution, all of the Corporation's assets remaining after payment of all costs and expenses of such dissolution shall be distributed to the Florida Board of Governors or its successor in interest, to be used exclusively for the purposes set forth in Article III above. None of the assets shall be distributed to any officer, director, or member of the Corporation, or any other person or organization not described in the preceding sentence.

ARTICLE X

REGISTERED OFFICE AND REGISTERED AGENT

The street address of the Registered Office of the Corporation is 325 West Gaines Street, Tallahassee, Florida 32399, and the name of the Registered Agent at such address is **THOMAS F. PETWAY, III.**

IN WITNESS WHEREOF, I have executed these Articles of Incorporation of **FLORIDA BOARD OF GOVERNORS FOUNDATION, INC.**, on this 30th day of April, 2003.

THOMAS F. PETWAY, III
Chairman

STATE OF FLORIDA
COUNTY OF LEON

The foregoing instrument was acknowledged before me this ____ day of _____, 2003, by **THOMAS F. PETWAY, III**, as Chairman of **FLORIDA BOARD OF GOVERNORS FOUNDATION, INC.**, a Florida corporation not-for-profit, () who is personally known to me, or () who has produced _____ [type of identification] as identification.

Signature of Notary Public
Notary Stamp/Seal:

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Florida Board of Governors Foundation, Inc.
By-Laws

Location of Offices

The principal office of the Board of Governors Foundation, Inc. shall be maintained in Tallahassee, Florida.

Annual Meeting

The annual meeting of the active members of this Corporation shall be held on the call of the Chairperson.

This meeting shall be presided over by the Chairperson of the Directors, and in case of the absence of the Chairperson by the Vice-chair of the Board of Directors.

The principal item of business at this meeting shall be the election of the officers of the Corporation and the adoption of the annual budget.

Following the election of officers and the adoption of the budget, other business as may come before the body may be transacted.

At the meeting, a majority of the active members shall constitute a quorum and a majority of those present may transact any business before the body.

Qualifications for Membership

The members of the Florida Board of Governors shall be members of the Foundation Board. In addition, other persons shall be eligible for active membership in this corporation who have been duly elected by a majority of all the members of the Corporation at any annual or special meeting of the members.

Board of Directors

The duties of the Board of Directors shall be as follows:

1. To discharge faithfully all the duties imposed upon it by the Charter of this Corporation and to see that all other provision of said charter are properly executed.
2. To meet upon the call of (1) the Chairperson of the Board, or (2) any three members of the Board.
3. To select a bank or banks or other depositories for the deposit of the funds and securities in the banks or other depositories designated, and to cause said bank or banks or other depositories to pay out said funds and deliver said securities only upon checks, vouchers, or other orders signed either by the Chairperson, the Treasurer, Vice-Chair or the Secretary of this Corporation.
4. If specifically approved by the Board, require the Treasurer and such other persons as receive, collect, or otherwise handle funds of this Corporation a good

and sufficient bond for the faithful performance of their duties in connection therewith.

5. To cause an audit of the books of the Treasurer to be made as soon as practicable after the close of the fiscal year of the Corporation and to have it reported to the Chairperson of this Corporation at once and to the Board of Directors at their next meeting thereafter; provided that in case of vacancy in the office of the Treasurer, such audit shall be made and reported immediately.
6. To appoint and employ such individuals as may be necessary to carry on the activities of this Foundation.

Duties of Officers

Chairperson – The duties of the Chairperson shall be as follows:

1. To preside at all meetings of the Board of Directors.
2. To join with the Secretary in signing the name of this Corporation to all papers, documents and writings requiring the signature of this Corporation, except as herein otherwise provided.
3. To see that the orders of the Board of Directors are carried out promptly or to advise said Board if its orders are not carried out.
4. To hold office until a successor is appointed and enters upon the discharge of the duties of the office.

Vice-Chairperson – The duties of the Vice-Chair shall be as follows:

1. To perform the duties of the Chair during the absence or incapacity of that officer.
2. To hold office until a successor is appointed and enters upon the discharge of the duties of the office.

Secretary – The duties of the Secretary shall be as follows:

1. To attend meetings of the Corporation and all meeting of the Board of Directors.
2. To keep accurate minutes of the proceedings of all afore-said meetings and preserve same in a book of such nature as to serve as a permanent record.
3. To keep on record a copy of the Charter of this Corporation and a copy of the By-Laws.
4. To join with the Chair in signing the name of this Corporation to all papers, documents and writing requiring the signature of this Corporation, except as herein otherwise provided.
5. To keep the seal of this Corporation and affix same to such official documents, records and papers as may be required.
6. To carry on such of the general correspondence of this Corporation as may be assigned by the Chairman of the Board of Directors.
7. To keep an accurate list of all active, associate, sustaining and honorary members of this Corporation.
8. To hold office a successor is appointed and enters upon the discharge of the duties of the office.
9. To present written reports as necessary.

Treasurer – The duties of the Treasurer shall be as follows:

1. To receive and have the care and custody of all the funds and securities of this Corporation and to deposit same in the name of this Corporation and to deposit same in the name of this Corporation in such bank, or banks, or other depositories as may be selected by the Board of Directors.
2. To sign all checks, vouchers, or other orders drawn upon the bank or banks or other depositories in which the funds and securities of this Corporation are deposited, except that other officers as specified elsewhere in these by-laws may sign such checks, vouchers or other orders in the stead of the Treasurer.
3. If specifically required by the Board, give such bond for the faithful performance of the duties of the office may require.
4. To account to the successor in office for all funds and securities which were listed on the books at the time of the last audit and all funds and securities which have come to the Treasurer since the last audit of the books of the office and deliver over to the successor such funds and securities which remain on hand upon the appointment and qualification of said successor.

Compensation of Officials

The directors and officers of this Corporation shall not receive any compensation from this Corporation for their services as director or officer; provided, however, that they may, upon order by the Board of Directors, be reimbursed from the funds of the Corporation for any traveling expenses or other expenditures incurred by them in the proper performance of their duties.

Filling Vacancies

Whenever a vacancy occurs in any office or on the Board of Directors of this Corporation, it shall be filled by appointment made by the Chairperson of the Board of Directors immediately upon notice of such vacancy.

The newly appointed member or officer shall act during the remainder of the unexpired term of the predecessor.

Seal

The seal of this Corporation shall be in the form of a circle and shall bear, among other things, the name of the Corporation and the date of its incorporation.

Amending By-Laws

These By-Laws may be amended only at a regular or special meeting for this purpose, written notice shall be given to each active member of this Corporation at least five days before the date set for the meeting, and such notice shall indicate the provision sought to be amended and the nature of the amendment proposed to be adopted.

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**STATE UNIVERSITY SYSTEM OF FLORIDA
FLORIDA BOARD OF GOVERNORS FOUNDATION, INC.**

November 10, 2011

SUBJECT: 2012 Operating Budget

PROPOSED FOUNDATION ACTION

Approve the 2012 operating budget for the Board Foundation.

AUTHORITY FOR BOARD OF GOVERNORS FOUNDATION, INC. ACTION

Florida Board of Governors Foundation, Inc. by-laws

BACKGROUND INFORMATION

The Foundation operates on a calendar year basis pursuant to an approved operating budget. The approval of an impending year's proposed budget takes place at the last meeting of the current calendar year. The proposed budget represents a continuation of educational initiatives and activities of the Foundation.

During the 2011 year the Foundation has been very active in supporting activities of the Chancellor and the Board and most notably providing funds to the universities in support of student scholarships.

In December 2006 the Board received a generous donation from the Helios Foundation. The investment earnings from this endowment support first generation scholarships. During this year the Board's Foundation distributed \$123,700 in investment earnings to the university foundations to support first generation students. In addition, the Foundation managed and will distribute approximately \$500,000 in Theodore and Vivian Johnson Scholarships which support disabled students attending a state university and have a demonstrated financial need.

The 2011 amended budget adopted by the Foundation is on track. For revenues, the state was unable to match the Johnson Foundation gift as outlined in statute. Expenditures will be approximately five percent more than anticipated primarily because of additional scholarship funds awarded. A copy of the 2011 budget and year-to-date and estimated annual expenditures is attached.

The 2012 budget proposed is consistent with previous year's budgets. Given the state's revenue picture, it is doubtful they will be able to match the Johnson Foundation's annual gift, thus the revenue is not being included in the budget. Expenditures are expected to be approximately the same.

Attached is the Foundation's 2010 audited financial statement indicating compliance with generally accepted accounting procedures.

Supporting Documentation Included: 1. 2011 Operating Budget and Year-to-Date Expenditures
2. Proposed 2012 Operating Budget
3. 2010 Audited Financial Statement

Facilitators/Presenters: Ava Parker

Florida Board of Governors Foundation, Inc.
2011 Operating Budget
as of September 30, 2011 and 2011 Estimated

-----Budget Adopted for 2011*-----					Actual Revenues / Expenditures as of 9/30	Estimated Revenues / Expenditures 1/1 thru 12/31	Over (Under) Budget
	General Account	Theodore & Vivian Johnson Grant Account	Helios First Generation Account	Total All Accounts			
<u>REVENUES</u>							
Johnson Donation	\$0	\$500,000	\$0	\$500,000	\$540,000	\$540,000	\$40,000
Contributions	\$250,000	\$0	\$0	\$250,000	\$17,824	\$275,000	\$25,000
Other				\$0	\$210	\$0	\$0
Interest Earned	\$4,300	\$3,000	\$103,000	\$110,300	\$96,045	\$118,028	\$7,728
Total Revenues	<u>\$254,300</u>	<u>\$503,000</u>	<u>\$103,000</u>	<u>\$860,300</u>	<u>\$654,079</u>	<u>\$933,028</u>	<u>\$72,728</u>
<u>EXPENSES</u>							
Administration	\$4,800	\$0	\$0	\$4,800	\$4,516	\$4,796	(\$4)
Emoluments	\$252,500	\$0	\$0	\$252,500	\$253,487	\$253,487	\$987
Scholarships/ Awards	\$0	\$500,000	\$103,000	\$603,000	\$404,275	\$654,240	\$51,240
Meetings	\$10,000	\$0	\$0	\$10,000	\$2,074	\$3,500	(\$6,500)
Miscellaneous	\$4,000	\$0	\$0	\$4,000	\$2,029	\$2,300	(\$1,700)
Total Expenses	<u>\$271,300</u>	<u>\$500,000</u>	<u>\$103,000</u>	<u>\$874,300</u>	<u>\$666,381</u>	<u>\$918,323</u>	<u>\$44,023</u>
Net Increase/(Decrease)	(\$17,000)	\$3,000	\$0	(\$14,000)	(\$12,302)	\$14,705	
Fund Balance, Beginning	\$503,000	\$149,000	\$5,049,000	\$5,701,000	\$5,749,362	\$5,749,362	
Fund Balance, Ending	<u>\$486,000</u>	<u>\$152,000</u>	<u>\$5,049,000</u>	<u>\$5,687,000</u>	<u>\$5,737,060</u>	<u>\$5,764,067</u>	

*as amended on June 22, 2011

Florida Board of Governors Foundation, Inc.
2012 Operating Budget
November 10, 2011

	General Account	Theodore & Vivian Johnson Grant Account	Helios First Generation Account	Total All Accounts
<u>REVENUES</u>				
Johnson Donation	\$0	\$500,000	\$0	\$500,000
Johnson Donation State Match	\$0	\$0	\$0	\$0
Contributions	\$275,000	\$0	\$0	\$275,000
Interest Earned	\$4,600	\$4,300	\$106,000	\$114,900
Total Revenues	<u>\$279,600</u>	<u>\$504,300</u>	<u>\$106,000</u>	<u>\$889,900</u>
<u>EXPENSES</u>				
Administration	\$4,800	\$0	\$0	\$4,800
Emoluments	\$265,000	\$0	\$0	\$265,000
Scholarships/ Awards	\$0	\$500,000	\$106,000	\$606,000
Meetings	\$10,000	\$0	\$0	\$10,000
Miscellaneous	\$4,000	\$0	\$0	\$4,000
Total Expenses	<u>\$283,800</u>	<u>\$500,000</u>	<u>\$106,000</u>	<u>\$889,800</u>
Net Increase/ (Decrease)	(\$4,200)	\$4,300	\$0	\$100
Fund Balance, Beginning	\$557,815	\$111,000	\$5,044,327	\$5,713,142
Fund Balance, Ending	<u>\$553,615</u>	<u>\$115,300</u>	<u>\$5,044,327</u>	<u>\$5,713,242</u>

**FLORIDA BOARD OF GOVERNORS FOUNDATION, INC.
TALLAHASSEE, FLORIDA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

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FLORIDA BOARD OF GOVERNORS FOUNDATION, INC.
Tallahassee, Florida

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Kaye Kendrick Enterprises, LLC

1606 N. MERIDIAN ROAD
TALLAHASSEE, FLORIDA 32308
PHONE (850) 509-5927
FAX (850) 412-0326

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 the Florida Board of Governors Foundation, Inc., (a nonprofit organization) as of December 31, 2010, 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, 2010, 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 13, 2011, 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, CPA

Kaye Kendrick Enterprises, LLC
Tallahassee, Florida
June 13, 2011

Members
American Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants

**FLORIDA BOARD OF GOVERNORS FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010**

ASSETS

Current Assets

Cash in Banks	\$ 370,272
Investments	5,652,364
Accrued Interest Receivable	<u>4,902</u>
Total Current Assets	<u>6,027,538</u>

Total Assets	<u>\$ 6,027,538</u>
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LIABILITIES AND NET ASSETS

Liabilities

Current Liabilities - Accounts Payable	<u>\$ 273,275</u>
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Net Assets

Unrestricted	521,518
Temporarily Restricted	<u>5,232,745</u>
Total Net Assets	<u>5,754,263</u>

Total Liabilities and Net Assets	<u>\$ 6,027,538</u>
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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, 2010**

Unrestricted Net Assets

Revenue and Support

Contributions	\$ 232,177
Interest Income	8,041
State of Florida - Unclaimed Property	<u>36,890</u>
Total Unrestricted Revenue and Support	<u>277,108</u>

Net Assets Released From Restrictions

Satisfaction of Program Activities	<u>671,349</u>
Total Net Assets Released from Restrictions	<u>671,349</u>
Total Unrestricted Revenue and Support	<u>948,457</u>

Expenses

Administrative	5,081
Conferences and Meetings	3,928
Miscellaneous	3,498
Grants/Scholarships	671,349
Legal Fees	15,821
Supplemental Chancellor Payments	<u>240,780</u>
Total Expenses	<u>940,457</u>

(Increase) Decrease in Unrestricted Net Assets	<u>8,000</u>
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Temporarily Restricted Net Assets

Contributions	500,000
Return of Scholarship Funds	85,935
Interest Income	128,588
Net Assets Released From Restrictions	<u>(671,349)</u>

(Increase) Decrease in Temporarily Restricted Net Assets	<u>43,174</u>
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(Increase) Decrease in Net Assets	51,174
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Net Assets at Beginning of Year	<u>5,703,089</u>
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Net Assets at End of Year	<u>\$ 5,754,263</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 YEAR ENDED DECEMBER 31, 2010**

Cash Flows From Operating Activities

(Increase) Decrease in Net Assets	\$ 51,174
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Adjustments to Reconcile Changes in Net Assets
to Net Cash Provided by Operating Activities:

(Increase) Decrease in:

Investments	(147,697)
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Accrued Interest Receivable	4,452
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Other Receivables	63,515
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Increase (Decrease) in:

Accounts Payable	<u>270,335</u>
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Net Cash Provided (Used) by Operating Activities	<u>241,779</u>
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Net (Increase) Decrease in Cash	241,779
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Cash at Beginning of Year	<u>128,493</u>
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Cash at End of Year	<u><u>\$ 370,272</u></u>
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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, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

(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.

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

**FLORIDA BOARD OF GOVERNORS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2010**

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.

(6) 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, 2010, was Af. The effective duration of the Treasury Investment Pool on December 31, 2010 was 1.81 years. The Fair Value Factor on December 31, 2010 was 1.0097. 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 \$6,784 for the year ending December 31, 2010.

NOTE C - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Helio's Education Foundation First Generation Scholars Program to provide scholarships for first generation students at universities in Florida's State University System	\$ 5,077,199
Johnson Scholarship Foundation grants and scholarships for equipment and assisted services to students with disabilities annual awards	<u>155,546</u>
Total – Temporarily Restricted Net Assets	<u>\$ 5,232,745</u>

FLORIDA BOARD OF GOVERNORS FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2010

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	\$ 125,001
Theodore R. and Vivian M. Johnson Grant and Scholarship Fund	<u>460,413</u>
Total – Net Assets Released from Restrictions	<u>\$ 585,414</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 – CONCENTRATION OF CREDIT RISK

The Foundation maintains its cash in bank deposit accounts. The amounts on deposit as of December 31, 2010, are in excess of federal depository insurance limits by \$120,211. The Foundation has not experienced any losses in such accounts.

NOTE G – RELATED PARTY TRANSACTIONS

The persons serving on the Foundation Board of Governors are the same persons that serve on the State University System Florida Board of Governors. In 2010, Foundation provided financial assistance to the State University System Florida Board of Governors for legal fees incurred by the State University System Florida Board of Governors, in the amount of \$15,821.

NOTE H – EVALUATION OF SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through June 13, 2011, 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**

The Board of Directors
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, 2010, and have issued our report thereon, dated June 13, 2011. 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 Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing 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*.

We noted certain matters that we reported to management of Florida Board of Governors Foundation, Inc. in a separate letter dated June 13, 2011.

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, CPA

Kaye Kendrick Enterprises, LLC
Tallahassee, Florida
June 13, 2011

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 year ended December 31, 2010, 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 situation in which an internal control improvement could be made:

Processing of Check Issuance

The Foundation requires two signatures on checks written. Currently, one signatory is located in Tallahassee and the other signatory is in Miami. As of December 31, 2010, checks written in mid-December in the amount of \$273,275 had yet to be signed by the second signatory, and mailed. This long distance transmittal process increases the risk of misappropriation or loss, and the incurrence of late fees. We recommend the designated signatory be local or as an alternative to the second check signer policy, processes for authorizing a purchase requisition could be instituted.

Kaye Kendrick CPA

Kaye Kendrick Enterprises, LLC
Tallahassee, Florida
June 13, 2011