

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY
FOUNDATION, INC.
(A NON-PROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS, INDEPENDENT AUDITOR'S REPORT
THEREON FOR THE YEARS ENDED JUNE 30, 2018 AND 2017,
AND AUDITOR'S REPORT ON INTERNAL
CONTROL AND COMPLIANCE
FOR THE YEAR ENDED JUNE 30, 2018**

**BCA WATSON RICE LLP
CERTIFIED PUBLIC ACCOUNTANTS
And
Advisors**

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY
FOUNDATION, INC.
(A NON-PROFIT ORGANIZATION)**

**TABLE OF CONTENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flow	5
Notes to the Financial Statements	6-24
Supplemental Information	
Statements of Functional Expenses	25
Major Gifts Program – Schedule of Receipts, Expenses and Endowment Balances	26-27
Eminent Scholars Chairs – Schedule of Receipts, Expenses and Endowment Balances	28
Independent Auditor's 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>	29-30
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida	31
Schedule of Findings and Recommendations	33



Independent Auditor's Report

Board of Directors
Florida Agricultural and Mechanical University Foundation, Inc.
(A Non-profit Organization)
Tallahassee, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Florida Agricultural and Mechanical University Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Foundation taken as a whole. The supplemental schedule of functional expenses on page 25 and the supplementary information on pages 26 through 28 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2018 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

November 17, 2018
Tallahassee, Florida



Florida Agricultural and Mechanical University Foundation, Inc.
(A Non-Profit Organization)
STATEMENTS OF FINANCIAL POSITION
For the Years Ended June 30, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 1,756,991	\$ 1,662,943
Investments, at market	123,520,507	123,098,821
Prepaid expenses	509,726	472,898
Other receivables	135,494	35,269
Unconditional promises to give, net	7,008,811	4,070,697
Fixed assets, net	154,911	168,313
TOTAL ASSETS	\$ 133,086,440	\$ 129,508,941
 LIABILITIES AND NET ASSETS		
Liabilities		
Account payable and accrued expenses	\$ 1,703,887	\$ 365,681
Scholarships payable	3,080,514	5,770,281
Agency liability	2,423,761	2,188,354
Other liabilities	3,377	-
Total liabilities	7,211,539	8,324,316
Net Assets		
Unrestricted net assets	2,359,620	2,080,195
Temporarily restricted net assets	35,998,225	32,549,649
Permanently restricted net assets	87,517,056	86,554,781
Total net assets	125,874,901	121,184,625
TOTAL LIABILITIES AND NET ASSETS	\$ 133,086,440	\$ 129,508,941

See Notes to Financial Statements

Florida Agricultural and Mechanical University Foundation, Inc.
(A Non-Profit Organization)
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2018 and 2017

	2018	2017
UNRESTRICTED NET ASSETS		
Support and revenues		
Administrative fees and gifts	\$ 2,032,394	\$ 1,936,996
Interest income	-	200,082
Other income	24,624	13,294
Total unrestricted support revenues	2,057,018	2,150,372
Net assets from restrictions		
Restrictions satisfied by payments	13,501,911	17,657,656
Total unrestricted support, revenues, and reclassifications	15,558,929	19,808,028
Expenses:		
Program services		
University support	5,895,915	6,157,101
Scholarships and grants	4,379,127	8,475,100
Fundraising	1,559,110	1,339,265
Management and general	3,445,352	3,550,926
Total unrestricted expenses	15,279,504	19,522,392
Increase in unrestricted net assets	279,425	285,636
TEMPORARILY RESTRICTED NET ASSETS		
Support and revenues:		
Gifts and grants and scholarships	6,900,844	3,962,639
Miscellaneous income	1,250,215	915,869
Investment income	1,544,098	2,197,098
Dues and subscriptions	117,932	99,024
Net realized and unrealized gains	6,879,278	11,710,180
Other income	258,120	228,450
Restrictions satisfied by payments	(13,501,911)	(17,657,656)
Increase in temporarily restricted net assets	3,448,576	1,455,604
PERMANENTLY RESTRICTED NET ASSETS		
Support:		
Contributions	830,726	2,187,429
Dues and subscriptions	131,549	113,165
Other income	-	98
Increase in permanently restricted net assets	962,275	2,300,692
Increase in net assets	4,690,276	4,041,932
Net Assets:		
Beginning net assets	121,184,625	117,142,693
Ending net assets	\$ 125,874,901	\$ 121,184,625

See Notes to Financial Statements

Florida Agricultural & Mechanical University Foundation, Inc.
(A Non-Profit Organization)
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Increase in net assets	\$ 4,690,276	\$ 4,041,932
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Noncash gifts	-	58,500
Donated securities	(201,877)	(285,534)
Realized and unrealized gains	(6,879,278)	(11,710,180)
Depreciation and amortization	18,402	20,457
Endowment gifts, grants, scholarships, and contributions	(830,726)	(2,187,429)
Interest and dividend income re-invested	(1,240,531)	(2,314,784)
Provision for doubtful accounts	540,717	955,650
(Increase)/decrease in:		
Pledge receivables	(3,478,831)	(1,994,042)
Loans and advances receivable	-	19,269
Prepaid expenses	(36,828)	10,474
Other receivable	(100,225)	16,117
Increase/(decrease) in:		
Account payable and accrued expenses	1,338,206	232,378
Scholarships payable	(2,689,767)	2,979,958
Agency liability	235,407	435,178
Other liabilities	3,377	-
Net cash provided by operating activities	(8,631,678)	(9,722,056)
Cash flows from investing activities:		
Acquisition of fixed assets	(5,000)	-
Purchase of investments	(79,000,239)	(42,653,231)
Proceeds from sale of investments	86,900,239	48,303,231
Net cash provided by investing activities	7,895,000	5,650,000
Cash flows from financing activities:		
Contributions for long-term endowments	830,726	2,187,429
Net cash provided by financing activities	830,726	2,187,429
Net increase/(decrease) in cash and cash equivalents	94,048	(1,884,627)
Cash and cash equivalents:		
Beginning of the year	1,662,943	3,547,570
End of the year	\$ 1,756,991	\$ 1,662,943
Non-cash investing activity:		
Donated facilities and services	\$ -	\$ -

See Notes to Financial Statements

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

The Florida Agricultural and Mechanical University Foundation, Inc. (the “Foundation”) is supported primarily through donor contributions, grants, and the State of Florida Department of Education’s Division of Colleges and Universities (“D.C.U.”).

In accordance with Florida Statute Chapter 1011.94, *University Major Gifts Program*, endowment contributions of \$100,000 or more, made after July 1, 1985, with income to be used to “support libraries and instruction and research programs”, are eligible for state match. The State of Florida has “temporarily suspended” funding for this program and did not appropriate any funds; therefore, no receivable has been recorded in the accompanying financial statements. The State is, however, still accepting matching requests.

During the years ended June 30, 2018 and 2017, the Foundation, under the matching program sponsored by the D.C.U. did not recognize any state matching revenues.

B. Financial Statement Presentation

The Foundation prepares its financial statements in accordance with Statement of Financial Accounting Standards Codification (ASC) Topic 958-205 of the Financial Accounting Standards Board (FASB), “Not-For-Profit Entities Presentation of Financial Statements”. Under FASB ASC Topic 958-205, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Foundation is required to present a statement of cash flows.

Certain prior year amounts have been reclassified for consistency with current year presentation. These reclassifications had no effect on the reported results of operations.

The three (3) classes of net assets are presented below:

- **Unrestricted Net Assets** - represents resources which are not covered by donor-imposed restrictions; which have met all applicable restrictions and/or resources generated through sources other than receipts from donors.

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- **Temporarily Restricted Net Assets** - represents resources recognized as restricted support until such a time when all associated restrictions have been met.
- **Permanently Restricted Net Assets** - represents resources that contain a stipulation that permanently restricts the use of such funds but allows earnings from the funds to be used in a certain manner.

C. Contributions

In accordance with FASB ASC Topic 958, "Not-For Profit Entities," contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

D. Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Foundation uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

E. Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Non-traditional and alternative investments without readily determinable fair values are valued at the net asset value of shares or units held by the Foundation at year end based on their trade dates. Real estate fund investments are stated primarily at current appraised values. Unrealized gains and losses are included in the changes in net assets.

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Foundation has two pools of investments, an Operating Pool and an Endowment Pool. The Operating and Endowment Pool are commingled and invested as per asset allocation guidelines in the Foundation's Investment Policy. The Foundation's Investment Policy is discussed more in Note 9.

To preserve the investments' long-term purchasing power, the Foundation makes available to be spent each year a percentage of the average market value of the participating funds for the twelve (12) preceding quarters as authorized by the Foundation's Board to fund operations. The FAMU Foundation sets annual spending at a rate of 4.5%.

F. Contributed Facilities and Services

There were no contributed facilities and services during the year ended June 30, 2018 and 2017.

G. Donated Property

Donations of property are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property are reported as restricted support. In the absence of donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor, at which time the Foundation reclassifies temporarily restricted net assets to unrestricted net assets. The Foundation makes no provision for depreciation of such real property. There was no donated property during the year ended June 30, 2018. The real property donated during the year ended June 30, 2016 was rescinded by the donor in the year ended June 30, 2017. The rescinded donated real property was valued at \$58,500.

H. Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Foundation considers uninvested cash in bank and certificates of deposits with maturities of three months or less to be cash and cash equivalents.

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Fair Values of Financial Instruments

The following methods and assumptions were used by the Foundation in estimating its fair value disclosures for financial instruments:

- Cash, cash equivalents, short-term investments, and promises to give due in less than one year, other accounts receivable, and accounts payable: the carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

- Fair values of long-term investments are discussed at Note 3.

J. Income Taxes

The Foundation is exempt from Federal income taxes under section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). However, the Foundation is subject to income tax on unrelated business income. The Foundation is classified as an organization operated for the benefit of a college or university owned or operated by a governmental unit described in Section 170(b)(1)(A)(iv).

The Foundation has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes (ASC 740) and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Foundation.

K. Functional Expenses

The Foundation, being a Direct Support Organization (“DSO”) for the Florida Agricultural and Mechanical University (the “University”), was established to aid in the advancement of the University’s objectives and purposes. Part of the Foundation’s commitment to the University is to provide assistance in the various activities or programs of the University.

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Foundation reports expenses by functional classification, whereby expenses are categorized by program activities and supporting services. Program activities include direct and indirect costs associated with activities carried out for the fulfillment of the objectives of the Foundation. Supporting services related to costs incurred other than those classified under program activities. Expenses incurred for program activities and supporting services are reported in the statement of activities.

The Foundation has the following functional expense categories:

- University support - charges include expenses incurred for scholarship administration, seminars, and marketing, on behalf of the University.
- Scholarships and grants - charges include payment of tuition, fees, room and board, books and stipends for students in various academic disciplines.
- Fundraising - charges include expenses incurred for travel, events and other operating costs to support fundraising efforts.
- Management and general - charges represent operating expenses including salaries, materials and supplies for programs supported through the Foundation.

L. Impairment

Property, plant and equipment are reviewed for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss shall be recognized only if the carrying amount of a long-lived asset is not recoverable and exceeds its fair value.

M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates include unconditional promises to give and related allowance, and valuation of securities.

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Change in Basis of Accounting

The Florida legislature passed and the governor signed into law Chapter 2018-004, *Laws of Florida*, a provision that changed Section 1004.28, *Florida Statutes*, which addresses University direct support organizations. With this change, the University Board of Trustees will have to approve all direct support organization board members. Under current accounting guidance, a key factor in determining whether a direct support organization should report under the Financial Accounting Standards Board (FASB), the current basis of accounting, versus accounting and financial reporting of the Governmental Accounting Standards Board (GASB) is board control. With the change in the Florida Statute, the University has control of the Board of the direct support organization and the FASB reporting model is no longer appropriate. The Foundation will convert to the GASB reporting model for the fiscal year ending June 30, 2019. Management is still evaluating the impact of this change.

O. Adopted accounting pronouncements

The FASB has issued ASU 2015-07, Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent) practical expedient. The amendment applies to reporting entities that elect to measure the fair value of an investment using the net asset value per share (or its equivalent) practical expedient. The amendment removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. This ASU also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. The ASU is effective for the Foundation for the year beginning July 1, 2017. The Foundation has adopted ASU 2015-07 in these financial statements and has presented the information for all periods in accordance with the revised standard.

NOTE 2. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

The discounts on those amounts are computed using the risk-free interest rates applicable to the years in which the promises are received. The discount rate is five percent (5%) for the years ended June 30, 2018 and 2017. Amortization of discounts is included as contribution revenue.

An allowance percentage is applied on all current pledges that are not past due. On an annual basis, management will review the percentage used for the allowance for doubtful accounts calculation and determine if an adjustment is required. For any pledge that is past due and greater than 180 days delinquent, an allowance for the full remaining balance will be taken.

Unconditional promises to give consist of the following:

		2018	2017
Pledges receivable	\$	9,206,852	5,544,924
Less: unamortized discount		460,343	277,246
Subtotal		8,746,509	5,267,678
Less: allowance for uncollectibles		1,737,698	1,196,981
Net unconditional promises to give	\$	7,008,811	4,070,697
Amount due in:			
Less than one (1) year	\$	6,874,792	2,420,063
One to five (5) years		1,191,805	2,523,938
More than five (5) years		1,140,255	600,923
Total	\$	9,206,852	5,544,924

NOTE 3. FAIR VALUE MEASUREMENTS

The Foundation's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Foundation uses various methods including market and income approaches. Based on these approaches, the Foundation often uses certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborates, or generally unobservable inputs.

The Foundation uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

FASB ASC 820 establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation methodology for an asset or liability as of the measurement date. The valuation hierarchy assigns highest priority to Level 1 measurements, and lowest priority to Level 3 measurements. The three levels are defined as follows:

Level 1 Financial assets and liabilities whose values are based on unadjusted quoted prices in active markets for identical assets or liabilities. Instruments in this category include money market funds and common stocks traded on exchanges such as the New York Stock Exchange.

Level 2 Financial assets and liabilities whose values are based on quoted prices for similar assets or liabilities in active markets.

Level 2 inputs may include quoted prices for identical or similar assets or liabilities in markets that are not active. Instruments in this category include some corporate and municipal bonds that may not be traded frequently.

Level 3 Financial assets and liabilities whose values are based on unobservable inputs for the asset or liability. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. Instruments in this category include investments in hedge funds and real estate funds.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes to the methodologies used at June 30, 2018 and 2017.

NOTE 3. FAIR VALUE MEASUREMENTS (continued)

Corporate stocks and commingled funds (equities and fixed income) – Valued at quoted market prices, which for commingled funds represents the net asset value of shares held by the Foundation at year end.

Mutual Funds/Short-term investments – Valued at quoted market prices, which for commingled funds represents the net asset value of shares held by the Foundation at year end.

Corporate bonds and government issues (domestic and foreign) – Investments classified as Level 1 are based on quoted market prices from independent pricing vendors.

Investments classified as Level 2 are based upon independent pricing models or other model-based valuation techniques, such as the present value of the stream of expected cash flows adjusted for the security's credit rating and other factors. Other factors may include items, such as credit loss assumptions.

Hedge Funds and Real Estate Funds – Valued at the net asset value of the units held by the Foundation at year end, as reported by the investment manager.

Limited Partnerships – Investments in limited partnerships for which there is no readily determinable fair value are classified as Level 3, as the valuation is based on significant unobservable inputs. To estimate fair value, the Foundation uses the net asset value of the limited partnerships.

Real Estate Property – To provide net operating income that is sufficient to cover the cost of preventive maintenance, capital improvements, operating reserves, and the educational activities that the donor specified when the property was donated. The Foundation's risk with respect to this property is mitigated by the Foundation's general liability insurance, and property and casualty insurance, as well as the insurance provided by tenants pursuant to lease agreements.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 3. FAIR VALUE MEASUREMENTS (continued)

The following table sets forth, by level, within the fair value hierarchy, amounts recorded in the Foundation's financial statements at fair value as of June 30, 2018 and 2017:

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
June 30, 2018				
Mutual Funds	\$ -	\$ 6,700,441	\$ -	\$ 6,700,441
Common Stocks	6,291,689	-	-	6,291,689
Commingled Funds	-	79,159,280	-	79,159,280
Corporate Bonds	-	6,983,209	-	6,983,209
U.S. Government Securities	-	2,107,264	-	2,107,264
Real Estate Property	-	820,841	500,000	1,320,841
Cash / Money Market Funds	11,086,063	-	-	11,086,063
Accrued Interest / Unsettled Transactions	(59,615)	-	-	(59,615)
Total assets in the fair value hierarchy	17,318,137	95,771,035	500,000	113,589,172
Investments measured at net asset value	-	-	9,931,335	9,931,335
Total Investments at fair value	\$ 17,318,137	\$ 95,771,035	\$ 10,431,335	\$ 123,520,507
June 30, 2017				
Mutual Funds	\$ -	\$ 7,522,154	\$ -	\$ 7,522,154
Common Stocks	5,545,865	57,134,800	-	62,680,665
Corporate Bonds	-	8,734,286	-	8,734,286
U.S. Government Securities	-	8,134,440	-	8,134,440
Hedge Funds	-	9,946,434	-	9,946,434
Real Estate Property	-	820,841	500,000	1,320,841
Cash / Money Market Funds	9,098,778	-	-	9,098,778
Accrued Interest / Unsettled Transactions	-	-	-	-
Total assets in the fair value hierarchy	14,644,643	92,292,955	500,000	107,428,598
Investments measured at net asset value	-	-	15,661,223	15,661,223
Total Investments at fair value	\$ 14,644,643	\$ 92,292,955	\$ 16,161,223	\$ 123,098,821

NOTE 3. FAIR VALUE MEASUREMENTS (continued)

The following is a description of the significant investment strategies of each major category of investments that calculate net asset value per share and are not in an active market (Level 3 measurements):

Hedge Funds, Fund of Funds and Limited Partnership Funds- To provide capital appreciation and generate high returns at reduced risk through aggressively managed portfolio of investments using advanced investment strategies.

Real Estate Funds – To provide capital appreciation and generate high returns through a professionally managed private Real Estate Investment Trust portfolio that approximates the investment risks and returns for private commercial real estate.

Real Estate Property – To provide net operating income that is sufficient to cover the cost of preventive maintenance, capital improvements, operating reserves, and the educational activities that the donor specified when the property was donated. The Foundation's risk with respect to this property is mitigated by the Foundation's general liability insurance, and property and casualty insurance, as well as the insurance provided by tenants pursuant to lease agreements.

While these financial instruments may contain varying degrees of risk, the Foundation's risk with respect to such transactions is limited to its capital balance in each investment. The financial statements of the investees are audited annually by independent auditors.

The following table discloses all investments whose value is calculated using NAV (or its equivalent), as a practical expedient for funds held at June 30, 2018.

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
<u>Hedge funds</u>				
Diversified multi strategy	\$ 4,786,179		Quarterly	60 days
<u>Limited partnerships</u>				
Venture capital	73,390	\$ 1,960,000	Duration of Partnership	N/A
Private equity	432,207	2,200,000	Duration of Partnership	N/A
Private credit	213,516	786,484	Duration of Partnership	N/A
<u>Real assets</u>				
Strategic solutions core real estate fund	4,426,043		Quarterly	45 – 90 days
Total investments	<u>\$ 9,931,335</u>	<u>\$ 4,946,484</u>		

NOTE 3. FAIR VALUE MEASUREMENTS (continued)

The table below sets forth a summary of changes in the fair value of the Foundation's Level 3 assets for the fiscal years ended June 30, 2018 and 2017:

	<u>Hedge Funds and Limited Partnerships</u>	<u>Real Estate and Real Estate Fund</u>	<u>Total</u>
Balance June 30, 2016	\$ 15,850,364	\$ 6,385,461	\$ 22,235,825
Sales	(5,628,926)	(8,470,684)	(14,099,610)
Purchases	-	5,750,000	5,750,000
Investment income	-	238,341	238,341
Net realized and unrealized gains (losses)	<u>1,784,759</u>	<u>251,908</u>	<u>2,036,667</u>
Balance June 30, 2017	<u>12,006,197</u>	<u>4,155,026</u>	<u>16,161,223</u>
Sales	(7,786,133)	(3,647,562)	(11,433,695)
Purchases	553,516	4,400,000	4,953,516
Investment income	-	(7,464)	(7,464)
Net realized and unrealized gains (losses)	<u>731,576</u>	<u>26,179</u>	<u>757,755</u>
Balance June 30, 2018	<u>\$ 5,505,156</u>	<u>\$ 4,926,179</u>	<u>\$ 10,431,335</u>

NOTE 4. INVESTMENTS

The Foundation maintains master investment accounts for primarily all of its investments. Realized and unrealized gains and losses from securities in the master investment accounts are allocated to the individual net asset accounts based on the relationship of the market value of each net asset account to the total market value of the master investment accounts, as adjusted for additions to or deductions from those accounts.

The Foundation invests the majority of its excess operating cash. Operating pool investments consisted of \$25,849,304 for the year ended June 30, 2018, is 20.93% of investments.

Endowment pool investments consisted of \$96,350,362 for the year ended June 30, 2018, is 78.0% of investments.

Real estate property consisted of \$1,320,841, for the year ended June 30, 2018, is 1.07% of investments.

NOTE 4. INVESTMENTS (continued)

The following schedule summarizes the investment activity for the years ended June 30, 2018 and 2017.

	2018	2017
Investment returns, net of fees		
Interest and dividend income Net	\$ 1,544,098	\$ 2,397,098
realized gains	8,861,436	12,811,954
Change in net unrealized (loss)	(1,982,158)	(1,101,773)
Consulting fees	(303,567)	(493,583)
Total investment returns, net	8,119,809	13,613,696
Other investment activities		
Incoming Gifts	201,877	285,534
Cash withdrawals	(7,900,000)	(5,650,000)
Total investment activity	\$ 421,686	\$ 8,249,230

NOTE 5. FIXED ASSETS

Land, buildings, and equipment used by the Foundation are stated at cost, if purchased. The Foundation purchased a building at a cost of \$700K during the period ending June 30, 2012. The cost was allocated as follows: land at a price of \$180K and the building at \$520K. The Foundation uses approximately 15% of the building for its administrative offices and the remainder is used for investment purposes. The Foundation depreciates fixed assets used by the Foundation on a straight-line basis over the estimated useful life ranging from five to thirty years. Upon retirement or disposition, the asset's carrying value and related accumulated depreciation are relieved and the resulting gain or loss is included in the statements of activities and changes in net assets.

	June 30, 2017	Additions	Disposals	June 30, 2018
Non Depreciable assets				
Land	\$ 27,000	\$ -	\$ -	\$ 27,000
Total non-depreciable assets	27,000	-	-	27,000
Depreciable assets				
Building	78,000	-	-	78,000
Capital Improvements	56,372	-	-	56,372
Equipment	107,330	5,000	-	112,330
Furniture and fixtures	24,575	-	-	24,575
Total depreciable assets	266,277	5,000	-	271,277
Accumulated depreciation	(124,964)	(18,402)	-	(143,366)
Net depreciable assets	141,313	(13,402)	-	127,911
Total Fixed assets	\$ 168,313	\$ (13,402)	\$ -	\$ 154,911

NOTE 5. FIXED ASSETS (continued)

	June 30, 2016	Additions	Disposals	June 30, 2017
Non Depreciable assets				
Land	\$ 53,325	\$ -	\$ (26,325)	\$ 27,000
Total non-depreciable assets	<u>53,325</u>	-	<u>(26,325)</u>	<u>27,000</u>
Depreciable assets				
Building	110,175	-	(32,175)	78,000
Capital Improvements	56,372	-	-	56,372
Equipment	107,330	-	-	107,330
Furniture and fixtures	24,575	-	-	24,575
Total depreciable assets	<u>298,452</u>	-	<u>(32,175)</u>	<u>266,277</u>
Accumulated depreciation	<u>(104,506)</u>	<u>(21,173)</u>	715	<u>(124,964)</u>
Net depreciable assets	<u>193,946</u>	<u>(21,173)</u>	<u>(31,460)</u>	<u>141,313</u>
Total Fixed assets	<u>\$ 247,271</u>	<u>\$ (21,173)</u>	<u>\$ (57,785)</u>	<u>\$ 168,313</u>

Total depreciation expense for fixed assets was \$18,403 and \$20,457 in 2018 and 2017, respectively. Total accumulated depreciation at June 30, 2018 and 2017 was \$143,367 and \$124,964, respectively.

NOTE 6. CONCENTRATION OF CREDIT RISK

At June 30, 2018 and 2017, the Foundation has accounts in financial institutions with balances of \$1,506,991 and \$1,412,943, respectively, in excess of the Federal Deposit Insurance Corporation's insurance coverage of \$250,000. In addition, the Foundation had balances of \$123,020,507 and \$122,598,821 respectively, at June 30, 2018 and 2017 in excess of the Securities Investor's Protection Corporation ("SIPC") insurance coverage of \$500,000. Invested securities and cash are also covered by the brokerage custodian and its parent company for amounts in excess of the SIPC limit. Management believes no material risk of loss will be sustained from holding these assets with these institutions.

	Cash	Investments
Balance at 6/30/2018	\$ 1,756,991	\$ 123,520,507
Insured Coverage	<u>250,000</u>	<u>500,000</u>
Amount Uninsured	<u>\$ 1,506,991</u>	<u>\$ 123,020,507</u>
Balance at 6/30/2017	\$ 1,662,943	\$ 123,098,821
Insured Coverage	<u>250,000</u>	<u>500,000</u>
Amount Uninsured	<u>\$ 1,412,943</u>	<u>\$ 122,598,821</u>

NOTE 7. AGENCY LIABILITY

The Foundation holds pooled assets, reported as investments and agency liability on behalf of the FAMU National Alumni Association (the “Alumni”) and Rattler Boosters, Inc. The Alumni and Rattler Boosters are other Direct Support Organization (“DSO”) of the University.

	<u>2018</u>	<u>2017</u>
FAMU National Alumni Assoc.	\$2,382,861	\$2,174,467
Rattler Boosters	40,900	13,887
	<u>\$2,423,761</u>	<u>\$2,188,354</u>

NOTE 8. NET ASSETS

The restrictions of net assets by purchase at June 30, 2018 are as follows:

Description	Unrestricted	Net Assets Temporarily Restricted	Permanently Restricted	Total Net Assets
Operations	\$ 2,359,620	\$ 20,663,791	\$14,866,367	\$ 37,889,778
Professorships	-	1,007,097	2,275,000	3,282,097
Endowed Chairs	-	6,713,090	18,438,010	25,151,100
Scholarships	-	7,614,247	51,937,679	59,551,926
	<u>\$ 2,359,620</u>	<u>\$35,998,225</u>	<u>\$87,517,056</u>	<u>\$125,874,901</u>

The restrictions of net assets by purchase at June 30, 2017 are as follows:

Description	Unrestricted	Net Assets Temporarily Restricted	Permanently Restricted	Total Net Assets
Operations	\$ 2,080,195	\$ 13,460,308	\$15,530,801	\$ 31,071,304
Professorships	-	993,447	2,275,500	3,268,947
Endowed Chairs	-	6,499,021	18,439,044	24,938,065
Scholarships	-	11,596,873	50,309,436	61,906,309
	<u>\$ 2,080,195</u>	<u>\$ 32,549,649</u>	<u>\$86,554,781</u>	<u>\$121,184,625</u>

NOTE 9. ENDOWMENTS

The Foundation's endowment consists of approximately 440 funds (projects) established for a variety of purposes. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds are classified and reported based on donor-imposed restrictions.

Interpretation of Relevant Law

The Foundation's Board of Directors has interpreted the laws of the Statute of the State of Florida Section 617.2104 – Florida Uniform Prudent Management of Institutional Funds Act (Florida UPMIFA). Based on such laws, the governing board may expend so much of an endowment fund as the governing board determines to be prudent for the uses and purposes for which the endowment fund is established, consistent with the goal of conserving the purchasing power of the endowment fund.

In making its determination the governing board used reasonable care, skill, and caution in considering the following:

1. The duration and preservation of endowed funds;
2. The purposes of the Foundation and endowed funds;
3. General economic conditions;
4. The possible effect of inflation or deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Foundation; and
7. The investment policy of the Foundation.

Expenditures made are considered prudent as the amount expended is consistent with the goal of preserving the purchasing power of the endowment fund.

As a result of this interpretation, the Board classifies as permanently restricted net assets (a) the original value of gifts donated to a permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) the original value of other corpus additions including state match provided to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified as permanently net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by Florida UPMIFA.

NOTE 9. ENDOWMENTS (continued)

Investment Policy & Supervision

The Investment Committee of the Foundation Board of Directors is responsible for investing the Foundation’s endowment funds. The committee, with the help of an independent investment advisor, develops proper investment policies and employs professional investment managers to execute those policies.

All the endowment funds of the foundation are combined for the purposes of investment. The chief objective of the investment pool is to grow the corpus in excess of inflation and to meet both current and future obligations as dictated by the spending policy, net of operation costs.

Investment management of the assets of the Foundation shall be in accordance with the following asset allocation guidelines:

Asset Class	Minimum	Maximum
US Equity	30%	55%
Non-US Equity	5%	25%
US Core Fixed Income	5%	50%
Global Fixed Income	0%	25%
Other Assets*	0%	30%
Cash and Equivalents	0%	10%

*Other assets refer to investments made in hedge funds, private equity, real assets and commodity related investments.

In order to meet its needs, the investment strategy of the Foundation is to emphasize total return; that is, the aggregate returns from capital appreciation and dividend and interest income.

Investment goals include the following:

- Preservation of Purchasing Power – After giving consideration to minimum annual gifts/contributions, to achieve annual total returns in excess of the rate of inflation (CPI +1%) plus spending over the investment horizon in order to preserve purchasing power of Fund assets.
- Long-Term Growth of Capital -To emphasize long-term growth of principal while controlling excessive risk. Short-term (one year or less) volatility of Total Fund values will be tolerated in as much as it is consistent with the volatility of a comparable market index.

NOTE 9. ENDOWMENTS (continued)

- Liquidity - To ensure the ability of the Fund to meet all expected or unexpected annual cash flow needs by investing a minimum of 80% of all Foundation assets in securities which can be sold readily and efficiently.

It is the goal of the Foundation to grow total assets at a rate that will equal or exceed annually:

1. The rate of annual Foundation spending, plus the rate of inflation as measured by the Consumer Price Index (CPI) + 1%, after giving consideration to minimum annual gifts/contributions.
2. An absolute rate of return of 7%.
3. The return of a custom blended composite market index.

Spending Policy

The FAMU Foundation endowment spending policy is designed to provide a steady income flow to the foundation stakeholders for their current and future needs while maintaining the purchasing power of the endowed assets.

The FAMU Foundation sets annual spending at a rate of 3.0% and the administrative fee rate at 1.5% for a total of 4.5% annual spending. Spending is distributed at the start of each fiscal year (July 1st).

In the annual distribution method, there is a tendency to pay out the “excess” earnings during periods of over-performance, while maintaining a certain absolute dollar floor of spending during periods of under-performance.

NOTE 9. ENDOWMENTS (continued)

The following table presents the Foundation's endowments composition, changes, and net asset classifications for year ended June 30, 2018.

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets (deficit), beginning of year	<u>\$22,726,574</u>	<u>\$86,554,780</u>	<u>\$109,281,354</u>
Investment return:			
Investment income	1,202,675	-	1,202,675
Net realized and unrealized gains	<u>5,044,931</u>	<u>-</u>	<u>5,044,931</u>
Total investment return	<u>6,247,606</u>	<u>-</u>	<u>6,247,606</u>
Contributions	-	962,275	962,275
Appropriation of endowment assets for expenditure	<u>(5,393,948)</u>	<u>-</u>	<u>(5,393,948)</u>
Reclassification of Operating Spend account activity From prior year periods	<u>(13,747,355)</u>	<u>(999,570)</u>	<u>(14,746,925)</u>
Endowment net assets (deficit), end of year	<u>\$9,832,877</u>	<u>\$86,517,485</u>	<u>\$96,350,362</u>

The Foundation has previously included in its appropriation of endowment assets for expenditures, the actual amounts spent during the year. Upon further review, management has deemed it appropriate to include all amounts appropriated and approved for expenditure regardless of actual spending. As such, a reclassification has been made from the endowment accounts to remove the portion of unspent funds that have been previously approved for expenditure.

NOTE 10. RELATED-PARTY TRANSACTIONS

The Foundation executed a commercial lease with the Small Business Development Center (SBDC), a University office, as a tenant in the Foundation Building. The lease agreement requires SBDC to make monthly lease payments of \$3,000 to the Foundation through May 31, 2021. During the year, the Foundation received \$3,000 in lease payments from the University, which is included in other income in the accompanying statements of activities.

NOTE 11. SUBSEQUENT EVENTS

The Foundation has evaluated events and transactions for potential recognition and disclosure in the financial statements through November 17 2018. No subsequent event exists.

Florida Agricultural and Mechanical University Foundation, Inc.
(A Non-Profit Organization)
STATEMENT OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2018 and 2017

	June 30, 2018					June 30, 2017					
	Program Services		Fundraising	Management & General		Total	Program Services		Fundraising	Management & General	
University Support	Scholarships and Grants	University Support		Scholarships and Grants	Management & General		University Support	Scholarships and Grants		Management & General	
Scholarships and grants	\$ -	\$ 4,379,127	\$ -	\$ -	\$ 4,379,127	\$ -	\$ 8,475,100	\$ -	\$ -	\$ 8,475,100	
Salaries and fringe benefits	1,088,052	-	-	811,774	1,899,826	1,532,794	-	-	876,195	2,408,989	
Contract services	669,992	-	-	44,835	714,827	891,034	-	-	15,377	906,411	
Reimbursement for grant costs	-	-	-	-	-	1,934	-	-	-	1,934	
Administrative charges	-	-	-	2,032,394	2,032,394	-	-	-	1,995,565	1,995,565	
Equipment purchases	211,979	-	90,848	26,481	329,308	295,690	-	126,724	7,622	430,036	
Travel and meetings	344,739	-	147,745	46,506	538,990	539,410	-	231,176	75,539	846,125	
Materials and supplies	264,382	-	113,307	14,568	392,257	422,521	-	181,080	17,705	621,306	
Bad Debt Expense	-	-	-	-	-	19,269	-	-	-	19,269	
Professional fees	456,422	-	195,610	74,000	726,032	374,646	-	160,563	336,000	871,209	
Entertainment and dinners	502,861	-	215,512	51,201	769,574	627,674	-	269,003	49,850	946,527	
Repairs and maintenance	110,000	-	47,143	216,698	373,841	234,575	-	100,532	51,476	386,583	
Postage	5,191	-	2,225	65	7,481	7,609	-	3,261	493	11,363	
Dues and subscriptions	84,158	-	-	46	84,204	88,668	-	-	165	88,833	
Insurance	9,849	-	-	16,190	26,039	7,102	-	-	13,698	20,800	
Equipment rental	105,364	-	-	8,682	114,046	71,616	-	-	7,421	79,037	
Printing and advertising	66,000	-	28,285	146	94,431	89,736	-	38,458	1,701	129,895	
Interest	469	-	-	-	469	-	-	-	-	-	
Telephone	599	-	599	288	1,486	73	-	73	-	146	
Rent	34,579	-	-	13	34,592	40,162	-	-	-	40,162	
Depreciation	-	-	-	18,403	18,403	-	-	-	20,457	20,457	
Utilities	6,242	-	-	40,769	47,011	7,427	-	-	46,831	54,258	
Training and seminars	114,539	-	49,088	24,329	187,956	114,555	-	49,095	13,726	177,376	
Taxes and licenses	22,117	-	9,479	285	31,881	24,631	-	10,556	661	35,848	
Bank charges	33,478	-	-	4,502	37,980	61,493	-	-	2,219	63,712	
Contributions	97,021	-	41,580	13,177	151,778	74,026	-	31,726	17,777	123,529	
Other university support	1,489,179	-	-	-	1,489,179	309,847	-	-	-	309,847	
Provision for uncollectible pledges	-	-	540,717	-	540,717	-	-	-	-	-	
Miscellaneous	178,703	-	76,972	-	255,675	320,609	-	137,018	448	458,075	
Total	\$ 5,895,915	\$ 4,379,127	\$ 1,559,110	\$ 3,445,352	\$ 15,279,504	\$ 6,157,101	\$ 8,475,100	\$ 1,339,265	\$ 3,550,926	\$ 19,522,392	

Florida A&M Univeristy Foundation, Inc.
 MAJOR GIFTS PROGRAM
 SCHEDULE OF RECEIPTS, EXPENDITURES, AND ENDOWMENT BALANCES
 For Fiscal Year 2017-2018
 [Endowments submitted under the D.C.U. State Matching Program in accordance with F.S. 1011.94]

Name of Gift*	Beginning Corpus Balance	Beginning Net Balance 7/1/2017	Corpus Contributed During FY 17-18	Income and Interest Earnings	Expenditures	Other Expenditures & Transfers	Ending Corpus Balance	Ending Net Balance 06/30/2018
Sec Cen Camp 1, 4 & 5	\$ 450,000	\$ 839,745	\$ -	\$ 29,365	\$ 27,005	\$ 9,788	\$ 450,000	\$ 832,317
Sec Cen Camp 2 & 3	300,000	422,984	-	15,114	8,685	5,056	300,000	424,357
Sec Cen Camp 14	150,000	227,409	-	9,307	8,299	3,102	150,000	225,315
Sec Cent Camp 24	150,000	154,307	-	6,174	6,898	2,058	150,000	151,525
Sec Cen Camp 25	150,000	161,517	-	11,407	6,493	3,802	150,000	162,629
Sec Cen Camp 26	150,000	224,507	-	9,795	4,356	3,267	150,000	226,679
Sec Cen Camp 27	150,000	301,776	-	9,788	-	3,263	150,000	308,301
Sec Cen Camp 28	150,000	159,537	-	9,724	11,025	3,572	150,000	154,664
Sec Cen Camp 33	300,000	382,329	-	19,748	1,000	6,583	300,000	394,494
Sec Cen Camp 34	150,000	151,067	-	11,947	8,657	3,982	150,000	150,375
Sec Cen Camp 35	150,000	249,496	-	9,442	2,466	3,283	150,000	253,189
Sec Cen Camp 38-40	450,000	762,731	-	29,364	10,000	9,788	450,000	772,307
Sec Cen Camp 41-43	450,000	496,093	-	19,674	(3,200)	6,558	450,000	512,409
Sec Cen Camp 44-48	750,000	984,230	-	42,514	30,402	14,171	750,000	982,171
Sec Cen Camp 49-51	450,000	558,339	-	29,364	16,118	9,788	450,000	561,797
Sec Cen Camp 52-53	300,000	450,477	-	19,576	-	6,526	300,000	463,527
Sec Cen Camp 57	1,164,977	1,479,564	-	75,430	91,935	26,160	1,164,977	1,436,899
Sec Cen Camp 58	315,898	406,618	-	20,967	2,288	7,191	315,898	418,106
Sec Cen Camp 61	247,500	407,190	-	16,151	-	5,384	247,500	417,957
Sec Cen Camp 62	300,000	454,214	-	19,576	3,895	6,526	300,000	463,369
Sec Cen Camp 64	375,000	426,886	-	24,470	-	8,156	375,000	443,200
Sec Cen Camp 65	150,000	284,988	-	9,788	-	3,263	150,000	291,513
Sec Cen Camp 66	172,500	324,779	-	9,800	14,500	3,267	172,500	316,812
Sec Cen Camp 67	300,000	326,871	-	19,576	19,961	6,533	300,000	319,953
Sec Cen Camp 68	210,000	333,005	-	14,018	7,493	4,673	210,000	334,857
Sec Cen Camp 69	172,500	182,507	-	10,741	13,026	3,580	172,500	176,642
Sec Cen Camp 70	360,283	488,048	-	22,765	9,154	7,511	360,283	494,148
Sec Cen Camp 71	300,000	519,758	-	9,788	-	3,263	300,000	526,283
Sec Cen Camp 72	217,500	295,445	-	15,812	12,493	5,271	217,500	293,493
Sec Cen Camp 74	574,380	748,812	-	40,629	22,320	11,606	574,380	755,515
Sec Cen Camp 75	396,000	582,785	-	27,819	17,494	9,245	396,000	583,865
Sec Cen Camp 77	1,190,000	1,405,302	-	68,634	105,396	22,980	1,190,000	1,345,560
Balance Forward	\$ 11,096,538	\$ 15,193,316	\$ -	\$ 688,267	\$ 458,159	\$ 229,196	\$ 11,096,538	\$ 15,194,228

Name of Gift*	Beginning Corpus Balance	Beginning Net Balance 7/1/2017	Corpus Contributed During FY 17-18	Income and Interest Earnings	Expenditures	Other Expenditures & Transfers	Ending Corpus Balance	Ending Net Balance 06/30/2018
Balance Forward	\$ 11,096,538	\$ 15,193,316	\$ -	\$ 688,267	\$ 458,159	\$ 229,196	\$ 11,096,538	\$ 15,194,228
Sec Cen Camp 79	1,219,451	1,392,290	-	80,269	19,763	20,649	1,219,451	1,432,147
Sec Cen Camp 80	150,000	205,250	-	11,947	8,657	3,982	150,000	204,558
Sec Cen Camp 85	229,082	285,211	-	14,944	6,568	5,094	229,082	288,493
Sec Cen Camp 86	750,000	755,338	-	59,736	43,286	19,912	750,000	751,876
Sec Cen Camp 87	225,000	278,109	-	14,682	12,000	4,894	225,000	275,897
FAMU Endowment #1	411,200	506,073	-	26,952	11,859	9,015	411,200	512,151
FAMU Endowment #2	402,000	448,871	-	25,903	21,710	8,673	402,000	444,391
FAMU Endowment #3	320,997	424,033	-	20,946	5,745	6,982	320,997	432,252
FAMU Endowment #4	351,023	468,313	-	22,908	13,403	7,635	351,023	470,183
FAMU Endowment #5	187,500	266,899	-	12,252	5,900	4,085	187,500	269,166
Walt Disney World Family Law	225,000	327,390	-	146,782	-	4,894	225,000	469,278
FAMU Endowment #6	343,812	372,686	-	22,437	17,796	8,401	343,812	368,926
FAMU Endowment #7	358,433	410,117	-	23,024	28,509	7,848	358,433	396,784
Moot Court & Law Review Endt	1,275,000	1,328,250	-	83,259	54,526	27,753	1,275,000	1,329,230
FAMU Endowment #8	184,881	264,317	-	11,849	19,955	3,991	184,881	252,220
FAMU Endowment #9	183,393	242,661	-	12,769	5,244	4,273	183,393	245,913
FAMU Endowment #10	183,917	203,218	-	12,001	-	4,001	183,917	211,218
National Alumni Association	150,000	181,800	-	9,788	38,325	3,263	150,000	150,000
Walt Disney World Family Law	100,000	131,494	-	65,236	-	2,175	100,000	194,555
FAMU Endowment #11	640,919	636,770	-	38,753	15,000	17,070	640,919	643,453
Scholarship Endowment I	150,000	252,115	-	8,124	2,526	2,708	150,000	255,005
Scholarship Endowment 2 & 3	-	-	-	-	-	-	-	-
Scholarship Endowment 4 & 5	300,000	500,555	-	16,711	3,766	5,670	300,000	507,830
Scholarship Endowment 6 & 7	300,000	359,746	-	16,711	3,766	5,670	300,000	367,021
Corporate Banquet	150,000	191,241	-	9,788	1,585	3,263	150,000	196,181
Honeywell, Inc. Endowment	150,000	153,499	-	8,809	7,045	2,936	150,000	152,327
Arts Scholarship Endowment	300,000	410,062	-	19,576	14,000	6,525	300,000	409,113
Faculty & Staff Endowment	300,000	325,022	-	19,228	32,380	6,476	300,000	305,394
Journalism	450,000	478,755	-	29,940	17,622	9,981	450,000	481,092
Centennial I, II, III	450,000	488,479	-	12,039	12,171	4,014	450,000	484,333
SBI Endowments (Various)	13,781,873	18,149,661	-	1,119,791	618,541	376,454	18,149,661	18,274,457
TOTAL	\$ 35,320,019	\$ 45,631,541	\$ -	\$ 2,665,421	\$ 1,499,807	\$ 827,483	\$ 39,687,807	\$ 45,969,672

* SCCE - Second Century Campaign Endowment

Florida A&M University Foundation, Inc.
 EMINENT SCHOLARS CHAIRS
 SCHEDULE OF RECEIPTS, EXPENDITURES, AND ENDOWMENT BALANCES
 For Fiscal Year 2017-2018
 [Endowments submitted under the D.C.U. State Matching Program in accordance with F.S. 1011.94]

Name of Gift*	Beginning Corpus Balance	Beginning Net Balance 7/1/2017	Corpus Contributed During FY 17-18	Income and Interest Earnings	Expenditures	Other Expenditures & Transfers	Ending Corpus Balance	Ending Net Balance 06/30/2018
Warner Lambert Chair	\$ 1,000,000	\$ 1,743,173	\$ -	\$ 65,254	\$ -	\$ 21,751	\$ 1,000,000	\$ 1,786,676
Centennial Business Chair	1,000,000	1,480,300	-	65,254	41,537	21,751	1,000,000	1,482,266
Anheuser Busch Chair	1,000,000	1,087,145	-	65,254	55,396	21,751	1,000,000	1,075,252
Knight-Ridder Chair	1,762,440	1,774,632	-	115,569	82,168	25,682	1,762,440	1,782,351
Garth Reeves Chair	1,000,000	1,007,441	-	65,287	34,960	22,262	1,000,000	1,015,506
Foster-Edmond Chair	1,020,000	1,807,760	-	33,296	59,818	386,094	1,020,000	1,395,144
SBI Financial Services Chair	1,020,000	1,614,232	-	66,559	-	22,186	1,020,000	1,658,605
Carrie Meek Chair	1,020,000	1,883,296	-	66,559	-	22,186	1,020,000	1,927,669
Shirley A. Cunningham Jr. Endowed Chair	1,750,001	2,370,718	-	114,195	222,601	38,065	1,750,001	2,224,247
Sybil C. Mobley Endowed Chair	2,523,798	3,121,488	-	165,112	117,346	55,037	2,523,798	3,114,217
TOTAL CHAIRS	\$ 13,096,239	\$ 17,890,185	\$ -	\$ 822,339	\$ 613,826	\$ 636,765	\$ 13,096,239	\$ 17,461,933



**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**

Independent Auditor's Report

Board of Directors
The Florida Agricultural and Mechanical University Foundation, Inc.
(A Non-profit Organization)
Tallahassee, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Foundation, which comprise the statement of financial position as of June 30, 2018 and 2017 and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 17, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

Tallahassee, Florida
November 17, 2018

BCA Watson Rice LLP



MANAGEMENT LETTER

To the Board of Directors of the
Florida Agricultural and Mechanical University Foundation, Inc.
Tallahassee, Florida

Report on the Financial Statements

We have audited the financial statements of the Florida Agricultural and Mechanical University Foundation, Inc. (the "Foundation"), as of and for the fiscal year ended June 30, 2018, and have issued our report thereon dated November 17, 2018.

Auditor's Responsibility

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 Government Auditing Standards, issued by the Comptroller General of the United States and Chapter 10.650, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards, and Chapter 10.650, Rules of the Auditor General).

Additional Matters

Section 10.654(1)(e), Rules of the Auditor General, requires that we communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or State project amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Tallahassee, Florida
November 17, 2018

BCA Watson Rice LLP

Florida Agricultural and Mechanical University, Foundation, Inc.
(A Non-Profit Organization)
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2018 and 2017

I. CURRENT YEAR'S CONDITIONS

Finding: 2018-001

Criteria: All accounting activity must be monitored and recorded on a regular and ongoing basis.

Condition: We noted the Foundation did not record the material change in unrealized gain amount related to a specific security.

Cause: Management review function did not discover the oversight error of staff.

Effect: Material misstatements in the financial statements resulted and required adjustment as the activity was not properly and timely recorded.

Recommendation: We recommend all investment activity be properly reviewed and approved by prior to posting

Management's Response:

All investment activity will be properly reviewed by immediate supervisor prior to posting.

Finding: 2018-002

Criteria: Under FASB Codification 958-310-35-7 - If the value of a contribution receivable decreases because of changes in the quantity or nature of assets expected to be received, the decrease shall be recognized in the period(s) in which the expectation changes. That decrease shall be reported as an expense or loss (bad debt) in accordance with paragraph 958-310-45-3.

Condition: We noted a material provision amount related to bad debts was recorded as a contra revenue rather than an actual expense or loss (bad debt) as required under generally accepted accounting principles.

Cause: Management changed the methodology used to account for bad debts. Such change was not properly approved prior to implementation.

Effect: Revenues and expenses were not properly classified and reported as required under generally accepted accounting principles. As a result, a significant misstatement occurred requiring adjustment to the financial statements.

Recommendation: We recommend that all changes in accounting methodology be properly reviewed and approved prior to recording.

Management's Response:

All accounting changes methodology will properly reviewed and approved prior to recording. Generally Accepted Accounting Principles will be researched and appropriate principle reviewed and approved before change is applied.

Florida Agricultural and Mechanical University, Foundation, Inc.
(A Non-Profit Organization)
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2018 and 2017

II. PRIOR YEAR'S CONDITIONS

ML-2017-001 Strengthen Investment Disbursement Controls

Condition: We noted the Foundation has one individual who sends requests for transfers of investments to financial institution(s), reconcile bank accounts, and investment activity accounts, and subsequently prepares the journal entry to record these activities.

Recommendation: Although these activities are subject to review by a supervisory level person, we recommend separate the function of custody of assets (the ability to transfer assets) from reconciliation and recording of activities.

Current Year's Condition: Condition not noted in current year.

ML-2017-002 – Individual Endowment Account Reporting

Condition: The methodology used to allocate total endowment activity is not used to allocate individual endowment activity.

Recommendation: We recommend that management apply methodology included in the approved policy on a quarterly basis to individual endowment fund accounts to accurately present the fair value of individual endowment funds.

Current Years Condition: Management has implemented a process to report individual fund endowments which support the total endowment amount.