

**FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION**

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY  
FOUNDATION, INC.**

**(A Discrete Component Unit of Florida Agricultural and Mechanical University)**

**YEARS ENDED JUNE 30, 2019 AND 2018  
WITH REPORT OF INDEPENDENT AUDITOR**

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY  
FOUNDATION, INC.**  
(A Discrete Component Unit of Florida Agricultural and Mechanical University)

**FINANCIAL STATEMENTS**

**FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018**

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## *Independent Auditor's Report*

The Board of Directors  
Florida Agricultural & Mechanical University Foundation, Inc.  
Tallahassee, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Florida Agricultural & Mechanical University Foundation, Inc., a component unit of Florida Agricultural & Mechanical University as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise Florida Agricultural & Mechanical University Foundation, Inc.'s basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Florida Agricultural & Mechanical University Foundation, Inc.'s 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 positions of Florida Agricultural & Mechanical University Foundation, Inc. as of June 30, 2019 and 2018, and the changes in its financial positions and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis-of-Matter***

As discussed in Note 11 to the financial statements, the entity was required to change its method of accounting from generally accepted accounting principles promulgated by the Financial Accounting Standards Board to those promulgated by the Governmental Accounting Standards Board in fiscal 2019. Our opinion is not modified with respect to this matter.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 3 – 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

The accompanying supplementary Statement of Functional Expenses, Major Gift Program – Schedule of Receipts, Expenses, and Endowment Balances, and Eminent Scholars Chairs – Schedule of Receipts, Expenses, and Endowment Balances are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary Statement of Functional Expenses, Major Gift Program – Schedule of Receipts, Expenses, and Endowment Balances, and Eminent Scholars Chairs – Schedule of Receipts, Expenses, and Endowment Balances are fairly stated, in all material respects, in relation to the basic 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 October 30, 2019 on our consideration of Florida Agricultural & Mechanical University 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 solely 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 effectiveness of 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 Florida Agricultural & Mechanical University Foundation, Inc.’s internal control over financial reporting and compliance.

Tallahassee, Florida  
October 30, 2019

*BCA Watson Rice LLP*

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY FOUNDATION, INC.**  
**(A Discrete Component Unit of Florida Agricultural and Mechanical University)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2019 and 2018**

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The management's discussion & analysis (MD&A) provides an overview of the financial position and activities of the Florida Agricultural and Mechanical University Foundation Inc. (the Foundation) for the years ended June 30, 2019 and 2018. This overview is required by Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – and Management's Discussion & Analysis – For Public Colleges & Universities*. It should be read in conjunction with the financial statements and supporting notes thereto.

The Foundation is presented as a discrete component unit of the Florida Agricultural and Mechanical University (the University) and is certified as a direct support organization. The Foundation's purpose is to receive, hold, invest and administer charitable contributions for the University.

### **OVERVIEW OF FINANCIAL STATEMENTS**

In accordance with GASB 35 Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities, the Foundation's financial report contains: Statement of Net Position; Statement of Revenue, Expense and Changes in Net Position, Statement of Cash Flows, and other required supplemental information. The financial statements focus on the financial condition of the Foundation, the results of operations, and cash flows of the Foundation as a whole. The accrual basis of accounting is used for presentation which is similar to most private-sector companies. Comparative analysis of financial data for year 2017 is not presented. In the future years, when prior-year information is available, a comparative analysis of financial data will be presented.

### **STATEMENT OF NET POSITION**

The statement of net position reflects the assets and deferred outflows and liabilities and deferred inflows of the Foundation, using the accrual basis of accounting, and presents the financial position of the Foundation as of June 30, 2019 and 2018. The difference between total assets and total liabilities, net position, is one significant indicator of the Foundation's current financial condition. The changes in net position that occur over time indicate enhancement or deterioration in the Foundation's financial condition. Restricted net position is comprised of expendable and nonexpendable and consists of assets that have constraints place upon their use either by external donors or creditors or through laws or regulations imposed through constitutional provisions or enabling legislature. Nonexpendable assets represent endowment assets whose principal cannot be spent and are required by the donor to be held in perpetuity. Unrestricted net position consists of net assets that do not meet the definition of restricted or net investment in capital assets.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY FOUNDATION, INC.**  
**(A Discrete Component Unit of Florida Agricultural and Mechanical University)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2019 and 2018**

The following schedule summarizes the Foundation's assets, liabilities, and net position at June 30, 2019 and the preceding fiscal year:

**Condensed Statements of Net Position**  
**(For the Fiscal Years Ended June 30)**

	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
Current assets	\$ 5,216,724	\$ 5,211,914
Noncurrent assets	124,528,911	126,860,935
Total assets	129,745,635	132,072,849
<b>Liabilities</b>		
Current liabilities	4,805,720	5,427,966
Noncurrent liabilities	1,784,573	1,783,573
Total liabilities	6,590,293	7,211,539
<b>Net position</b>		
Net investments in capital assets	195,229	154,911
Restricted		
Expendable	33,831,522	35,826,806
Non-expendable	86,164,453	86,674,884
Unrestricted	2,964,138	2,204,709
Total net position	\$ 123,155,342	\$ 124,861,310

The Foundation's assets totaled \$129.7 million as of June 30, 2019. This balance reflects a decrease of \$2.3 million or 2.0%, compared to June 30, 2018. Current assets contribute \$5.2 million to total assets and consist primarily of funds available to meet current obligations. Noncurrent assets contribute \$124.5 million to the Foundation's total assets and consist primarily of restricted pledges receivable, property and equipment, net of accumulated depreciation, along with investments expected to be held beyond the next fiscal year. The total decrease in assets of \$2.3 million is primarily due to a decrease in pledges receivable and an increase in the value of investment held longer than 12 months.

The Foundation's liabilities totaled \$6.6 million as of June 30, 2019. This balance reflects a decrease of \$621 thousand, or 9.0%, as compared to June 30, 2018. Total liabilities include current obligations of \$4.8 million and \$1.8 million in noncurrent liabilities.

Restricted – expendable net position was \$33.8 million as of June 30, 2019, which reflects a decrease of \$2 million, or 6.0% as compared to June 30, 2018, due to a reduction of value in pledges receivable coupled with an increase in investments and a reduction in liabilities.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY FOUNDATION, INC.**  
**(A Discrete Component Unit of Florida Agricultural and Mechanical University)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2019 and 2018**

Unrestricted – net position was \$3 million, which reflects an increase of \$759 thousand, or 34.0% as compared to June 30, 2018, due to increase value in investments and a reduction in liabilities.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

The statement of revenues, expenses, and changes in net position depicts the Foundation's revenue and expense activity. GASB Statement No. 35 categorizes revenue and expenses as either operating or nonoperating. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

The following summarizes the Foundation's activity for the year ended June 30, 2019, and the preceding fiscal year:

**Condensed Statements of Revenues, Expenses and Changes in Net Position**  
**(For the Fiscal Years Ending June 30)**

	<b>2019</b>	<b>2018</b>
Operating revenues	\$ 12,132,362	\$ 17,177,725
Less operating expenses	<u>15,057,543</u>	<u>13,247,110</u>
<b>Operating income/(loss)</b>	(2,925,181)	3,930,615
Contributions to permanent endowments	<u>1,219,213</u>	<u>1,288,409</u>
<b>Net change in net position</b>	(1,705,968)	5,219,024
Net position, beginning of year	<u>124,861,310</u>	<u>119,642,286</u>
Net position, end of year	<u><u>\$ 123,155,342</u></u>	<u><u>\$ 124,861,310</u></u>

The following summarizes the operating revenues by source that were used to fund operating activities for the year ended June 30, 2019, and the preceding fiscal year:

**Operating Revenues**  
**(For the Fiscal Years Ending June 30)**

	<b>2019</b>	<b>2018</b>
Contributions	\$ 4,276,807	\$ 7,103,458
Investment income	6,074,343	8,423,376
Other operating revenues	<u>1,781,212</u>	<u>1,650,891</u>
<b>Total operating revenues</b>	<u><u>\$ 12,132,362</u></u>	<u><u>\$ 17,177,725</u></u>

Total operating revenues of \$12 million includes contributions, investment earnings, and other operating revenues, including rental activity and miscellaneous operating activity. Contributions were \$4.3 million and represent 35% of total operating revenues; this reflects a decrease of \$2.8 million over 2018, due primarily to reduction in pledge contributions. Investment income was \$6 million representing 50% of total operating income; this reflects a decrease of \$2.1 million over 2018, due primarily to a stronger performance in real assets and diversifying strategies during 2018 as compared to 2019.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY FOUNDATION, INC.**  
**(A Discrete Component Unit of Florida Agricultural and Mechanical University)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2019 and 2018**

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Expenses are categorized as operating or non-operating. The majority of the Foundation's expenses are operating expenses as defined by GASB Statement No. 35. GASB gives financial reporting entities the choice of reporting operating expenses in the functional or natural classifications. The Foundation has chosen to report the expenses by their functional classifications on the statement of revenues, expenses and changes in net position.

**Operating Expenses**  
**(For the Fiscal Years Ending June 30)**

	<b>2019</b>	<b>2018</b>
University support	\$ 9,106,237	\$ 5,895,915
Scholarships and grants	2,559,029	4,379,127
Fundraising	1,887,836	1,559,110
Management and general	1,504,441	1,412,958
<b>Total operating expenses</b>	<b>\$ 15,057,543</b>	<b>\$ 13,247,110</b>

Total operating expenses of \$15.1 million for fiscal year 2019 include general support to the University, scholarship costs, fundraising, and management and general expenses related to support of the Foundation's mission. This balance reflects an increase of \$1.8 million, or 14% over the same period ended June 30, 2018, due primarily to increased University support of \$3.2 million and increased fundraising costs of \$329 thousand, offset by decreases to scholarships and grants of \$1.8 million.

**STATEMENT OF CASH FLOWS**

The Statement of Cash Flows provides additional information about the Foundation's financial results by reporting the major sources and uses of cash. This statement assists in evaluating the Foundation's ability to generate net cash flows, its ability to meet its obligations when they come due and its need for external financing. The statement of cash flows reconciles the Foundation's cash transactions. Cash flows from operating activities show the net cash used by typically ongoing operating activities of the Foundation. Cash flows from capital and related financing activities include changes associated with the long-term debt activities of the Foundation. Cash flows from investing activities show the net sources and uses of cash related to purchasing or selling investments and earnings income on those investments. For purposes of cash flow, the Foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY FOUNDATION, INC.**  
**(A Discrete Component Unit of Florida Agricultural and Mechanical University)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2019 and 2018**

The following summarizes the major sources and uses of cash for the fiscal year ended June 30, 2019, and the preceding fiscal year:

	<b>2019</b>	<b>2018</b>
<b>Condensed Statements of Cash Flows</b>		
<b>(For the Fiscal Years Ending June 30)</b>		
Cash flows provided by (used in)		
Operating activities	\$ (3,723,180)	\$ (8,943,477)
Investing activities	2,226,056	7,900,000
Capital and related financing activities	(23,617)	(5,000)
Non-capital financing activities	1,219,213	1,142,525
<b>Change in cash and cash equivalents</b>	(301,528)	94,048
Cash and cash equivalents, beginning of year	1,756,991	1,662,943
Cash and cash equivalents, end of year	\$ 1,455,463	\$ 1,756,991

Cash and cash equivalents decreased by \$395 thousand during fiscal year 2019. Net cash flows used in operating activities decreased by \$5.2 million, mainly attributed to a decrease in payments for scholarships and grants and an increase in cash collected from contributions as compared to fiscal year 2018. Net cash flows provided by investing activities reflects a decrease of \$5.7 million primarily resulting from purchase of investments. Cash flows used in capital and related financing activities increased by \$18 thousand due to purchases of capital assets. Cash flows provided by noncapital financing activities remained relatively unchanged.

### **CAPITAL ASSETS**

The Foundation has \$195 thousand and \$155 thousand of capital assets, included in noncurrent assets on the accompanying statement of net position, as of June 30, 2019 and 2018, respectively. These balances are net of accumulated depreciation of \$160 thousand and \$143 thousand, respectively. The following table summarizes capital assets as of June 30, 2019 and the preceding fiscal year:

	<b>2019</b>	<b>2018</b>
Depreciable property and equipment, net	\$ 168,228	\$ 127,911
Nondepreciable assets, primarily land	27,000	27,000
<b>Total capital assets</b>	\$ 195,228	\$ 154,911

The balance at June 30, 2019 is comprised of 14% land totaling \$27 thousand, 71% buildings and associated improvements totaling \$139 thousand, and the remaining 15% of other property and equipment. During fiscal year 2019, significant changes in capital assets related primarily to capital additions of \$57 thousand, offset by depreciation expense of \$16 thousand.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY FOUNDATION, INC.**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2019 and 2018**

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The balance at June 30, 2018 is comprised of 17% land totaling \$27 thousand, 87% buildings and associated improvements totaling \$134 thousand, and the remaining 4% of other property and equipment. During fiscal year 2018, changes in capital assets related primarily to capital additions of \$5 thousand, offset by depreciation expense of \$18 thousand.

### **ECONOMIC CONDITIONS AND OUTLOOK**

The economic outlook of the Foundation is affected by several factors, including the state of the overall economy, charitable contributions, return on investments and various other revenue sources.

Annual contributions and endowments have a direct impact on enhancing University programs. In 2020, the Foundation anticipates growth in the endowment from new gifts and investment returns, and a higher rate of incoming expendable gifts.

### **REQUEST FOR INFORMATION**

Questions concerning information provided in the MD&A or elsewhere in the June 30, 2019 financial statements and supporting notes thereto should be addressed to Florida Agricultural and Mechanical University Foundation Inc., 625 E. Tennessee Street, Suite 100, Tallahassee, Florida 32308.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERISTY  
FOUNDATION, INC.**  
**(A Discrete Component Unit of Florida Agricultural and Mechanical University)**

**STATEMENTS OF NET POSITION**

**For the Years Ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 1,455,463	\$ 1,756,991
Investments	3,468,501	2,809,703
Accounts receivable	76,645	135,494
Prepaid expenses	216,115	509,726
Total current assets	<u>5,216,724</u>	<u>5,211,914</u>
Noncurrent assets		
Restricted assets		
Pledges receivable, net	748,875	5,995,220
Investments, net of current portion	123,584,808	120,710,804
Capital Assets		
Nondepreciable assets, primarily land	27,000	27,000
Depreciable capital assets, net	168,228	127,911
Total noncurrent assets	<u>124,528,911</u>	<u>126,860,935</u>
<b>Total assets</b>	<u>129,745,635</u>	<u>132,072,849</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued expenses	704,495	1,703,887
Scholarships payable	1,542,828	1,299,941
Salaries payable	1,262	-
Agency funds	2,557,135	2,423,761
Other current liabilities	-	377
Total current liabilities	<u>4,805,720</u>	<u>5,427,966</u>
Noncurrent liabilities		
Scholarships payable, net of current portion	1,780,573	1,780,573
Deposits	4,000	3,000
Total noncurrent liabilities	<u>1,784,573</u>	<u>1,783,573</u>
<b>Total liabilities</b>	<u>6,590,293</u>	<u>7,211,539</u>
<b>Net Position</b>		
Net investment in capital assets	195,229	154,911
Restricted		
Expendable	33,831,522	35,826,806
Nonexpendable endowments	86,164,453	86,674,884
Unrestricted net assets	2,964,138	2,204,709
<b>Total net position</b>	<u>\$ 123,155,342</u>	<u>\$ 124,861,310</u>

See accompanying notes to the financial statements.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERISTY  
FOUNDATION, INC.**  
**(A Discrete Component Unit of Florida Agricultural and Mechanical University)**

**STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION**

For the Years Ended June 30, 2019 and 2018

	<b>2019</b>	<b>2018</b>
<b>Operating revenues</b>		
Contributions, net	\$ 4,276,807	\$ 7,103,458
Net realized and unrealized gain	4,737,786	6,879,278
Interest and dividends	1,336,557	1,544,098
Miscellaneous income	1,693,983	1,532,959
Dues and subscriptions	87,229	117,932
Total operating revenues	12,132,362	17,177,725
<b>Operating expenses</b>		
University support expenditures	9,106,237	5,895,915
Scholarships and grants	2,559,029	4,379,127
Fundraising	1,887,836	1,559,110
Management and general	1,504,441	1,412,958
Total operating expenses	15,057,543	13,247,110
Operating income/(loss)	(2,925,181)	3,930,615
<b>Income (loss) before other revenues</b>	(2,925,181)	3,930,615
Contributions to permanent endowments	1,219,213	1,288,409
<b>Change in net position</b>	(1,705,968)	5,219,024
Net position, beginning of year	124,861,310	121,184,625
Prior period adjustments (Note 11)	-	(1,542,339)
Net position, beginning of year, as restated	124,861,310	119,642,286
Net position, end of year	\$ 123,155,342	\$ 124,861,310

See accompanying notes to the financial statements.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERISTY  
FOUNDATION, INC.**  
**(A Discrete Component Unit of Florida Agricultural and Mechanical University)**

**STATEMENTS OF CASH FLOWS**

**For the Years Ended June 30, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities</b>		
Receipts from contributions	\$ 8,701,114	\$ 3,006,745
Receipts from other operating activities	1,625,896	1,468,875
Receipts from customers	87,229	117,932
Receipts for Agency Funds	784,735	1,008,784
Payments for University support	(9,587,831)	(4,575,928)
Payments for scholarships and grants	(2,316,142)	(7,068,894)
Payments for fundraising activities	(1,074,540)	(1,018,393)
Payments for management and general activities	(1,292,280)	(1,109,221)
Payments for Agency funds	(651,361)	(773,377)
Net cash used in operating activities	(3,723,180)	(8,943,477)
<b>Cash flows from investing activities</b>		
Purchase for building improvements	(23,944)	-
Net Proceeds from sales and maturities of investments	913,443	6,355,902
Interest and dividends received	1,336,557	1,544,098
Net cash provided by investing activities	2,226,056	7,900,000
<b>Cash flows from capital and related financing activities</b>		
Purchase of capital assets	(23,617)	(5,000)
Net cash (used in) capital and related financing activities	(23,617)	(5,000)
<b>Cash flows from noncapital financing activities</b>		
Contributions for long-term endowments	1,219,213	1,142,525
Net cash provided by noncapital financing activities	1,219,213	1,142,525
<b>Net change in cash</b>	(301,528)	94,048
Cash and cash equivalents, beginning of year	1,756,991	1,662,943
Cash and cash equivalents, end of year	\$ 1,455,463	\$ 1,756,991

See accompanying notes to the financial statements.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERISTY  
FOUNDATION, INC.**  
(A Discrete Component Unit of Florida Agricultural and Mechanical University)

**STATEMENTS OF CASH FLOWS**

**For the Years Ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income/(loss)	\$ (2,925,181)	\$ 3,930,615
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	16,423	18,402
Donated Securities	(2,933)	(55,993)
Interest and dividend income, net of fees	(1,018,139)	(1,240,531)
Net realized and unrealized losses on investments	(4,737,786)	(6,879,278)
Change in assets and liabilities:		
Pledges receivables	5,246,345	(3,466,862)
Prepaid expenses	293,611	(36,828)
Other receivables	58,849	(100,225)
Accounts payables and accrued expenses	(1,031,253)	1,338,206
Scholarships payable	242,887	(2,689,767)
Agency liability	133,374	235,407
Other liabilities	623	3,377
<b>Net cash used in operating activities</b>	<u>\$ (3,723,180)</u>	<u>\$ (8,943,477)</u>

See accompanying notes to the financial statements.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY  
FOUNDATION, INC.**  
(A Discrete Component Unit of Florida Agricultural and Mechanical University)

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of the more significant accounting policies of Florida Agricultural and Mechanical University Foundation, Inc. (the Foundation), which affect significant elements of the accompanying financial statements.

**Reporting entity** – The Foundation is a direct support organization of Florida Agricultural and Mechanical University (the University) pursuant to Section 1004.28, Florida Statutes and regulations thereunder at 6C-9.011 of the Florida Administrative Code. The Foundation is a non-profit Florida Corporation exempt from tax under Code Section 501(c)(3) of the Internal Revenue Code (IRC). The Foundation is organized and operated exclusively to receive, hold, invest, and administer property for the benefit of the Florida Agricultural and Mechanical University. 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.”).

The Foundation is considered a discrete component unit of the University due to the University’s budgetary oversight responsibility and due to the Foundation’s significant operational and financial relationships with the University.

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, 2019 and 2018, the Foundation, under the matching program sponsored by the D.C.U. did not recognize any state matching revenues.

**Measurement focus and basis of accounting** – The financial statements of the Foundation have been prepared following the financial reporting requirements for enterprise funds, which use the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

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**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Operating and nonoperating activities** - Operating revenues and expenses are those that represent ongoing activities of the Foundation, as well as ongoing activities that are in support of the operations of the University. Operating activities relate to the Foundation's principal function, which is to receive, hold, invest, and administer property for the benefit of the University. Operating revenues also include rental revenue from leasing of Foundation owned facilities. Nonoperating activities include certain revenue sources that provide additional funding not included in operating revenues and include endowment contributions.

**Fundraising** – Costs associated with fundraising activities are reported as fundraising expenses in the accompanying statements of revenues, expenses and changes in net position. Included are all direct costs associated with fundraising activities and allocable costs of activities that include both fundraising and program or management and general functions.

**Cash and cash equivalents** – For purposes of reporting cash flows, cash and cash equivalents include uninvested cash in bank and certificates of deposits with maturities of three months or less to be cash and cash equivalents.

**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 net 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.

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 7.

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%.

**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

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**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue Recognition** – In accordance with Governmental Accounting Standards Board (GASB) statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, the Foundation recognizes revenue when all applicable eligibility requirements, including time requirements, are met, provided that the promise is verifiable and the resources are measurable and probable of collection. Contributions to Permanent Endowments are recognized as revenue when the eligibility criteria for a contribution to an endowment are met, when the Foundation receives the contribution. Therefore, no revenue or receivable is recognized prior to receipt. Resources transmitted before the eligibility requirements are met are reported as deferred revenue.

**Accounts Receivable** – Accounts receivable from operations are stated at their net realizable value. Management considers all accounts receivable balances to be fully collectable. As such, no allowance for uncollectable amounts has been recorded as of June 30, 2019. A bad debt expense of \$133,848 was recorded for receivables identified as uncollectable at June 30, 2019.

**Pledges Receivable**– In accordance with GASB Statement No 33, *Accounting and Financial Reporting for Nonexchange Transactions*, pledges receivable are only recorded when all applicable eligibility requirements, including time requirements, are met, provided that the promise is verifiable, measurable, and probable. If subsequent to initial recognition, changes in the estimated collectability of pledges occurs, an allowance for doubtful accounts is recorded. Additional accounting policies are disclosed in Note 2.

**Prepaid Expenses**– Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the Foundation’s Financial Statements.

**Capital Assets** – Capital assets include, property, plant, and equipment. The Foundation’s threshold for capitalizing property, plant, and equipment is \$1,000. Capital assets are recorded at cost or estimated historical cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. The ranges of useful lives are as follows:

Assets	Years
Buildings and improvements	5 - 30
Equipment and furniture	3 - 10

Other property consist principally of land is not subject to depreciation.

**Contributed Facilities and Services** -There were no contributed facilities and services during the year ended June 30, 2019 and 2018.

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**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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. The Foundation makes no provision for depreciation of such real property. There was no donated property during the year ended June 30, 2019 or 2018.

**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. Pursuant to these guidelines, management has determined that no impairments existed at June 30, 2019 and 2018.

**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.

**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.

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 revenues, expenses and changes in net position.

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**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

**Compensated absences, other postemployment benefits and pension liability** – Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave pursuant to Section 6C-5.920, Florida Administrative Code. Leave earned is accrued to the credit of the employee and records are kept on each employee’s unpaid (unused) leave balance. Employees also accrue retirement benefits for pension and other post-employment benefits over the time of employment at the University. Since all the employees who work for the Foundation are considered employees of the University, this compensated absences liability, along with liabilities for pensions and other postemployment benefits, is reported by the University and therefore is not reflected on the Foundation’s financial statements.

**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 the reported amounts of assets, liabilities, and changes therein and disclosures of contingent assets and liabilities. Actual results could differ from those estimates. Significant estimates include the probability of collection for unconditional promises to give, and the valuation of securities.

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**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Net position** – Net position is the difference between assets and liabilities of the Foundation. Net position is classified and displayed in three components:

- (i) Net investments in capital assets – consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of debt resulting from the acquisition, construction, or improvement of the assets.
- (ii) Restricted – consists of net position that has constraints placed upon their use either by external donors or creditors or through laws, regulations or constraints imposed by law through constitutional provisions or enabling legislation, reduced by any liabilities to be paid from these assets. Restricted assets are displayed in two components – expendable and nonexpendable. Nonexpendable net assets are those that are required to be retained in perpetuity.
- (iii) Unrestricted – consists of net position that does not meet the definition of “restricted” or “Net investment in capital assets.”

When both restricted and unrestricted net position is available for use, it is the Foundation’s policy to use the restricted resources first, then unrestricted resources as they are needed.

**Adopted accounting pronouncements** – In June 2017, the GASB issued Statement No. 87, Leases. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement is effective for the periods beginning after December 15, 2019.

The Foundation has adopted GASB Statement No. 87 in these financial statements and has presented the information for all periods in accordance with this standard.

**Recent accounting pronouncements** – Management has considered the GASB issued statements below, but does not believe such impact will be material to the financial statements: GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements, issued April 2018 and effective for fiscal year beginning July 1, 2019; GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, issued June 2018 and effective for fiscal year beginning July 1, 2020; GASB Statement No. 90, Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61, issued August 2018 and effective for fiscal year beginning July 1, 2019; GASB Statement No. 91, Conduit Debt Obligations, issued May 2019 and effective for fiscal year beginning July 1, 2021.

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**NOTES TO FINANCIAL STATEMENTS**

**2. PLEDGES RECEIVABLE**

Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Pledges receivable 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. Pledges recorded during fiscal years 2019 and 2018 were discounted at a rate of 2% and 5%, respectively. Amortization of discounts is included as contribution revenue.

Pledges receivable are only recorded for pledges which the collection is probable when all applicable eligibility requirements, including time requirements, provided that the promise is verifiable and the resources are measurable and probable of collection.. If subsequent to initial recognition, changes in the estimated collectability of pledges occurs, an allowance for doubtful accounts is recorded.

Unconditional promises to give consist of the following:

		<b>2019</b>	<b>2018</b>
Pledges receivable	\$	2,000,302	8,094,080
Less: unamortized discount		40,006	404,704
Subtotal		1,960,296	7,689,376
Less: allowance for uncollectibles		1,211,421	1,694,156
Net unconditional promises to give	\$	748,875	5,995,220
Amount due in:			
Less than one (1) year	\$	679,314	6,129,793
One to five (5) years		802,393	807,823
More than five (5) years		518,595	1,156,464
Total	\$	2,000,302	8,094,080

**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.

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**NOTES TO FINANCIAL STATEMENTS**

**3. FAIR VALUE MEASUREMENTS (Continued)**

GASB Statement No. 72 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. In addition, they 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 and real estate property.

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 using the best information available under the circumstances. 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, 2019 and 2018.

*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.

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**NOTES TO FINANCIAL STATEMENTS**

**3. FAIR VALUE MEASUREMENTS (Continued)**

*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* – The Foundation administrative building is valued at cost plus improvements and allocated 15% to fixed assets and 85% to investments. 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 Foundation holds donated property valued at the fair market value as of the date of the contribution.

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.

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, 2019 and 2018:

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<b>June 30, 2019</b>				
Mutual Funds	\$ -	\$ 6,624,785	\$ -	\$ 6,624,785
Common Stocks	6,023,324	-	-	6,023,324
Commingled Funds	-	73,744,360	-	73,744,360
Corporate Bonds U.S. Government Securities	-	8,047,109	-	8,047,109
Real Estate Property	-	1,344,785	-	1,344,785
Hedge Funds	-	4,971,756	-	4,971,756
Cash / Money Market Funds	2,019,992	-	-	2,019,992
Accrued Interest / Unsettled Transactions	43,262	-	-	43,262
<b>Total assets in the fair value hierarchy</b>	<b>8,086,578</b>	<b>96,428,501</b>	<b>-</b>	<b>104,515,079</b>
Investments measured at net asset value	-	-	22,538,230	22,538,230
<b>Total Investments at fair value</b>	<b>\$ 8,086,578</b>	<b>\$ 96,428,501</b>	<b>\$ 22,538,230</b>	<b>\$ 127,053,309</b>

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**NOTES TO FINANCIAL STATEMENTS**

**3. FAIR VALUE MEASUREMENTS (Continued)**

**June 30, 2018**

Mutual Funds	\$ -	\$ 6,700,441	\$ -	\$ 6,700,441
Common Stocks	6,291,689	-	-	6,291,689
Corporate Bonds	-	79,159,280	-	79,159,280
U.S. Government Securities	-	6,983,209	-	6,983,209
Hedge Funds	-	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)
<b>Total assets in the fair value hierarchy</b>	<u>17,318,137</u>	<u>95,771,035</u>	<u>500,000</u>	<u>113,589,172</u>
Investments measured at net asset value	-	-	9,931,335	9,931,335
<b>Total Investments at fair value</b>	<u>\$ 17,318,137</u>	<u>\$ 95,771,035</u>	<u>\$ 10,431,335</u>	<u>\$ 123,520,507</u>

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.

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**NOTES TO FINANCIAL STATEMENTS**

**3. FAIR VALUE MEASUREMENTS (Continued)**

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, 2019.

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
<b><u>Commingled funds</u></b>				
Credit	\$ 7,686,918		Monthly	90 days
Diversified strategy	7,936,647		Quarterly, up to 25%	65 days
<b><u>Limited partnerships</u></b>				
Venture capital	353,693	\$ 1,640,000	Duration of Partnership	N/A
Private equity	802,167	1,975,005	Duration of Partnership	N/A
Private credit	998,336	2,285,128	Duration of Partnership	N/A
<b><u>Real assets</u></b>				
Strategic solutions core real estate fund	4,760,469		Quarterly	45 – 90 days
<b>Total investments</b>	<b>\$ 22,538,230</b>	<b>\$ 5,900,133</b>		

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, 2019 and 2018:

	<u>Commingled Funds and Limited Partnerships</u>	<u>Real Estate and Real Estate Fund</u>	<u>Total</u>
Balance June 30, 2017	\$ 12,006,197	\$ 4,155,026	\$ 16,161,223
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)	731,576	26,179	757,755
Balance June 30, 2018	5,505,156	4,926,179	10,431,335
Sales	(2,489,496)	-	(2,489,496)
Purchases	9,583,564	-	9,583,564
Investment income	-	-	-
Net realized and unrealized gains (losses)	1,031,602	334,290	1,365,892
Transfers in	8,932,978	-	8,932,978
Transfers out to level 2	(4,786,043)	(500,000)	(5,286,043)
Balance June 30, 2019	<b>\$ 17,777,761</b>	<b>\$ 4,760,469</b>	<b>\$ 22,538,230</b>

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**NOTES TO FINANCIAL STATEMENTS**

**4. CASH AND INVESTMENTS**

**Interest rate risk** - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. Duration uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price.

**Credit Risk** – Credit risk is the risk that an issuer or other counterparty will not fulfill its obligations. As further described in Note 7, The Foundation’s investment policy provides a structure for the portfolio that is designed to minimize credit risk.

As of June 30, 2019, the value of the Foundation’s deposits and investments, with their respective credit ratings and effective durations, is as follows:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Duration</u>
Govt Money Market	\$ 256,473	AAA	N/A
Domestic Fixed Income	661,529	AAA	Greater than five years
Domestic Fixed Income	3,325,862	AA+	One to five years
Domestic Fixed Income	4,104,998	AA-	4.90
Domestic Fixed Income	1,252,344	A	One to five years
Domestic Fixed Income	270,520	A-	Greater than five years
Domestic Fixed Income	1,959,297	A-	One to five years
Domestic Fixed Income	329,267	BBB+	Greater than five years
Domestic Fixed Income	1,326,807	BBB+	One to five years
Domestic Fixed Income	7,686,919	BB-	2.37
Total	<u>\$ 21,174,016</u>		

The following investments are held through alternative investments in funds and are not directly subject to credit risk:

**Alternative Investments\***

	<u>Fair Value</u>
Domestic Fixed Income	\$ 601,356
International Fixed Income	396,980
Hedge Funds	4,971,756
Private debit	4,760,469
Total	<u>\$ 25,934,485</u>

\***Alternative investments** consist of funds that may include underlying securities including equities, fixed income, real estate, and other types of investments. The schedule above only reflects the credit risk related to debt-type securities that are directly held by the Foundation.

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**NOTES TO FINANCIAL STATEMENTS**

**4. CASH AND INVESTMENTS (Continued)**

**Custodial Credit Risk** - Custodial Credit Risk is the risk that in the event of a bank failure or the failure of the counterparty, the Foundation's deposits may not be returned to it, or it may not be able to recover the value of its investments that are in the possession of an outside party. At June 30, 2019 and 2018, the Foundation has accounts in financial institutions with balances of \$1,205,463 and \$1,506,991 in excess of the Federal Deposit Insurance Corporation's insurance coverage of \$250,000, respectively. In addition, the Foundation had balances of \$125,208,524 and \$123,020,507 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.

	<b>Cash</b>	<b>Investments</b>
Balance at 6/30/2019	\$ 1,455,463	\$ 125,708,524
Insured Coverage	<u>250,000</u>	<u>500,000</u>
Amount Uninsured and uncollateralized	<u>\$ 1,205,463</u>	<u>\$ 125,208,524</u>
Balance at 6/30/2018	\$ 1,756,991	\$ 123,520,507
Insured Coverage	<u>250,000</u>	<u>500,000</u>
Amount Uninsured and uncollateralized	<u>\$ 1,506,991</u>	<u>\$ 123,020,507</u>

**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 \$27,495,436 for the year ended June 30, 2019, is 21.6% of investments.

Endowment pool investments consisted of \$98,213,088 for the year ended June 30, 2019, is 77.3% of investments.

Real estate property consisted of \$1,344,785, for the year ended June 30, 2019, is 1.1% of investments.

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**NOTES TO FINANCIAL STATEMENTS**

**4. CASH AND INVESTMENTS (Continued)**

The following schedule summarizes the investment activity for the year ended June 30, 2019 and 2018.

	<b>2019</b>	<b>2018</b>
<b>Investment returns, net of fees</b>		
Interest and dividend income*	\$ 1,336,454	\$ 1,544,098
Net realized gain/(loss)	514,085	8,861,436
Change in net unrealized (loss)	4,223,701	(1,982,158)
Consulting fees	(318,315)	(303,567)
<b>Total investment returns, net</b>	<b>5,755,925</b>	<b>8,119,809</b>
<b>Other investment activities</b>		
Incoming gifts	2,933	201,877
Cash deposits	3,500,000	-
Cash withdrawals	(5,750,000)	(7,900,000)
Real estate improvements	23,944	-
<b>Total investment activity</b>	<b>3,532,802</b>	<b>\$ 421,686</b>

\*Interest and dividend income for 2019 was reported on the Statements of Revenues, Expenses and Changes in Net Position that was earned on the Foundation's cash account and not investment accounts.

**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.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY  
FOUNDATION, INC.**  
(A Discrete Component Unit of Florida Agricultural and Mechanical University)

**NOTES TO FINANCIAL STATEMENTS**

**5. FIXED ASSETS (Continued)**

	June 30, 2018	Additions	Disposals	June 30, 2019
Non-depreciable assets				
Land	\$ 27,000	\$ -	\$ -	\$ 27,000
Total non-depreciable assets	<u>27,000</u>	<u>-</u>	<u>-</u>	<u>27,000</u>
Depreciable assets				
Building	78,000	-	-	78,000
Capital Improvements	56,372	4,225	-	60,597
Equipment	112,330	52,515	-	164,845
Furniture and fixtures	24,575	-	-	24,575
Total depreciable assets	<u>271,277</u>	<u>56,740</u>	<u>-</u>	<u>328,017</u>
Accumulated depreciation	<u>(143,366)</u>	<u>(16,423)</u>	<u>-</u>	<u>(159,789)</u>
Net depreciable assets	<u>127,911</u>	<u>40,317</u>	<u>-</u>	<u>168,228</u>
Total Fixed assets	<u>\$ 154,911</u>	<u>\$ 40,317</u>	<u>\$ -</u>	<u>\$ 195,228</u>

	June 30, 2017	Additions	Disposals	June 30, 2018
Non-depreciable assets				
Land	\$ 27,000	\$ -	\$ -	\$ 27,000
Total non-depreciable assets	<u>27,000</u>	<u>-</u>	<u>-</u>	<u>27,000</u>
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	<u>266,277</u>	<u>5,000</u>	<u>-</u>	<u>271,277</u>
Accumulated depreciation	<u>(124,964)</u>	<u>(18,402)</u>	<u>-</u>	<u>(143,366)</u>
Net depreciable assets	<u>141,313</u>	<u>(13,402)</u>	<u>-</u>	<u>127,911</u>
Total Fixed assets	<u>\$ 168,313</u>	<u>\$ (13,402)</u>	<u>\$ -</u>	<u>\$ 154,911</u>

Total depreciation expense for fixed assets was \$16,423 and \$18,402 in 2019 and 2018, respectively. Total accumulated depreciation at June 30, 2019 and 2018 was \$159,789 and \$143,366, respectively.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY  
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**NOTES TO FINANCIAL STATEMENTS**

**6. 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.

	<b>2019</b>	<b>2018</b>
FAMU National Alumni Assoc.	\$ 2,468,287	\$ 2,382,861
Rattler Boosters	88,848	40,900
	\$ 2,557,135	\$ 2,423,761

**7. 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 position associated with endowment funds are classified and reported based on donor-imposed restrictions.

Certain endowments that have been pledged but not yet received are not recognizable. The amounts of endowments that have been pledged but not yet received and excluded from recognition totals \$1,065,639 and \$842,172 for the years ended June 30, 2019 and 2018, respectively.

**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.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY  
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**NOTES TO FINANCIAL STATEMENTS**

**7. ENDOWMENTS (Continued)**

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 nonexpendable Restricted Net Position is classified as Expendable restricted net position until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by Florida UPMIFA.

***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.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY  
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**NOTES TO FINANCIAL STATEMENTS**

**7. ENDOWMENTS (Continued)**

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.
- 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 1<sup>st</sup>).

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.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY  
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**NOTES TO FINANCIAL STATEMENTS**

**7. ENDOWMENTS (Continued)**

The following table presents the Foundation's endowments composition, changes, and net position classifications for year ended June 30, 2019.

	Restricted Expendable	Permanently Restricted Nonexpendable	Total
Endowment net assets (deficit), beginning of year, as restated	\$ 9,832,877	\$ 86,517,485	\$ 96,350,362
Investment return:			
Investment income	724,045	-	724,045
Net realized and unrealized gains	3,833,606	-	3,833,606
Total investment return	14,390,528	-	100,908,013
Contributions	-	1,352,841	1,352,841
Appropriation of endowment assets for expenditure	(4,048,610)	-	(4,048,610)
Reclassification of Operating Spend account activity from prior year periods	-	845	845
Endowment net assets (deficit), end of year, as restated	\$ 10,341,918	\$ 87,871,171	\$ 98,213,089

**8. LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities is as follows:

	Balance as of July 1, 2018	Additions	Reductions	Balance as of June 30, 2019	Due in one year
Scholarships Payable	3,080,514	-	-	3,080,514	152,340
Deposits	3,000	1,000	-	4,000	-

Long-term scholarships payables represent a portion of scholarships that will be paid to the University over a period of approximately 15 to 20 years, as earnings allows. No interest is to be paid.

Deposits represent tenant security payments made by occupants of the Small Business Development Center and the FAMU Medical Marijuana Education Initiative for Minority Communities. Deposits become current in the year that the lease terminates.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY  
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**NOTES TO FINANCIAL STATEMENTS**

**9. PASS-THROUGH DONATIONS**

Certain tangible properties are donated as gifts in kind directly to the University. These donations, which are passed through the Foundation, are recognized as support by the University but are not recognized as revenue by the Foundation, because the Foundation serves only as an agent for the University. Total pass-through donations received in fiscal years 2019 and 2018 were approximately \$21,920 and \$4,000, respectively.

**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. The Foundation executed a commercial lease with the FAMU Medical Marijuana Education Initiative for Minority Communities (FMMI), a University office, as a tenant in the Foundation Building. The lease agreement requires FMMI to make monthly lease payments of \$1,000 to the Foundation through September 30, 2019. The Foundation received \$45,000 and \$3,000 in lease payments from the University during the year ended June 30, 2019 and 2018, respectively. These amounts are included in miscellaneous income in the accompanying statement of activities.

Minimum future rentals to be collected under non-cancelable operating lease agreements as of June 30, 2019, are as follows:

<b>Year ending June 30, 2019</b>	<b>SBDC</b>	<b>FMMI</b>
2020	\$ 36,000	\$ 3,000
2021	33,000	-
	\$ 69,000	\$ 3,000

**11. PRIOR PERIOD ADJUSTMENTS**

During the year ended June 30, 2018, 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 the 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 accounting and financial reporting standards of the Financial Accounting Standards Board (FASB) versus the accounting and financial reporting of the Governmental Accounting Standards Board (GASB) is board control. With the change in the Florida Statute, the University controls of the board of the direct support organization and the FASB reporting model is no longer appropriate. Accordingly, The Foundation has converted to the GASB reporting model for the fiscal years ending June 30, 2019.

**FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY  
FOUNDATION, INC.**  
(A Discrete Component Unit of Florida Agricultural and Mechanical University)

**NOTES TO FINANCIAL STATEMENTS**

**11. PRIOR PERIOD ADJUSTMENTS (Continued)**

The change in reporting model noted above requires the restatement of the July 1, 2017 restricted net position to reflect only the amount of endowments received. Under GASB, the foundation recognizes revenue for endowments when all applicable eligibility requirements, including time requirements, are met. The eligibility criteria for a contribution to an endowment are met when the Foundation receives the contribution. Therefore, all endowments previously recorded but not received in the amount of 1,542,339 as of July 1, 2017, have been removed from pledges receivable and restricted net position. In addition, for fiscal year ending June 30, 2018, contributions to endowments have been recognized in the amount of \$326,134.

In addition, an adjustment was made to reclass \$1,729,644 from nonexpendable net position to expendable net position for endowments held for Agencies.

**12. SUBSEQUENT EVENTS**

The Foundation has evaluated events and transactions for potential recognition or disclosure in the financial statements through October 30, 2019, the date which the financial statements were available to be issued. During the period from June 30, 2019 to October 30, 2019, the Foundation did not have any material recognizable subsequent events.

Florida Agricultural and Mechanical University Foundation, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES  
For the Years Ended June 30, 2019 and 2018

	June 30, 2019					June 30, 2018				
	Program Services		Fundraising	Management & General		Program Services		Fundraising	Management & General	
University Support	Scholarships and Grants	University Support		Scholarships and Grants	Total	University Support	Scholarships and Grants		University Support	Scholarships and Grants
Scholarships and grants	\$ -	\$ 2,559,029	\$ -	\$ -	\$ 2,559,029	\$ -	\$ 4,379,127	\$ -	\$ -	\$ 4,379,127
Salaries and fringe benefits	1,052,429	-	-	918,239	1,970,668	1,088,052	-	-	811,774	1,899,826
Contract services	1,593,476	-	-	59,158	1,652,634	669,992	-	-	44,835	714,827
Reimbursement for grant costs	-	-	-	-	-	-	-	-	-	-
Equipment purchases	266,063	-	114,027	32,188	412,278	211,979	-	90,848	26,481	329,308
Travel and meetings	440,256	-	188,681	61,438	690,375	344,739	-	147,745	46,506	538,990
Materials and supplies	322,482	-	138,207	16,463	477,152	264,382	-	113,307	14,568	392,257
Bad Debt Expense	133,848.00	-	-	-	133,848	-	-	-	-	0
Professional fees	418,982	-	179,564	140,500	739,046	456,422	-	195,610	74,000	726,032
Entertainment and dinners	720,481	-	308,777	61,473	1,090,731	502,861	-	215,512	51,201	769,574
Repairs and maintenance	5,441	-	2,332	86,969	94,742	110,000	-	47,143	216,698	373,841
Postage	8,056	-	3,453	689	12,198	5,191	-	2,225	65	7,481
Dues and subscriptions	122,070	-	-	460	122,530	84,158	-	-	46	84,204
Insurance	9,693	-	-	17,080	26,773	9,849	-	-	16,190	26,039
Equipment rental	181,650	-	-	2,851	184,501	105,364	-	-	8,682	114,046
Printing and advertising	62,716	-	26,878	1,103	90,697	66,000	-	28,285	146	94,431
Interest	1,213	-	-	-	1,213	469	-	-	-	469
Telephone	48	-	48	576	672	599	-	599	288	1,486
Rent	120,301	-	-	6	120,307	34,579	-	-	13	34,592
Depreciation	-	-	-	16,423	16,423	-	-	-	18,403	18,403
Utilities	6,129	-	-	41,014	47,143	6,242	-	-	40,769	47,011
Training and seminars	113,364	-	48,584	27,537	189,485	114,539	-	49,088	24,329	187,956
Taxes and licenses	14,035	-	6,015	1,247	21,297	22,117	-	9,479	285	31,881
Bank charges	36,423	-	-	2,950	39,373	33,478	-	-	4,502	37,980
Contributions	131,087	-	56,180	16,077	203,344	97,021	-	41,580	13,177	151,778
Other university support	3,341,809	-	-	-	3,341,809	1,489,179	-	-	-	1,489,179
Provision for uncollectible pledges	-	-	813,296	-	813,296	-	-	540,717	-	540,717
Miscellaneous	4,185	-	1,794	-	5,979	178,703	-	76,972	-	255,675
<b>Total</b>	<b>\$ 9,106,237</b>	<b>\$ 2,559,029</b>	<b>\$ 1,887,836</b>	<b>\$ 1,504,441</b>	<b>\$ 15,057,543</b>	<b>\$ 5,895,915</b>	<b>\$ 4,379,127</b>	<b>\$ 1,559,110</b>	<b>\$ 1,412,958</b>	<b>\$ 13,247,110</b>

Florida A&M Univeristy Foundation, Inc.  
 MAJOR GIFTS PROGRAM  
 SCHEDULE OF RECEIPTS, EXPENDITURES, AND ENDOWMENT BALANCES  
 For Fiscal Year 2018-2019  
 [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 7/1/2019	Corpus Contributed During FY 18-19	Income and Interest Earnings	Expenditures	Other Expenditures & Transfers	Ending Corpus Balance	Ending Net Balance 06/30/2019
Sec Cen Camp 1, 4 & 5	\$ 450,000	\$ 832,317	\$ -	\$ 22,216	\$ 13,500	\$ 7,408	\$ 450,000	\$ 833,625
Sec Cen Camp 2 & 3	300,000	424,357	-	11,794	2,452	3,940	300,000	429,759
Sec Cen Camp 14	150,000	225,315	-	7,022	4,594	2,340	150,000	225,403
Sec Cent Camp 24	150,000	151,525	-	5,892	175	1,964	150,000	155,278
Sec Cen Camp 25	150,000	162,629	-	8,631	1,050	2,877	150,000	167,333
Sec Cen Camp 26	150,000	226,679	-	11,979	500	4,020	150,000	234,138
Sec Cen Camp 27	150,000	308,301	-	9,788	-	3,263	150,000	314,826
Sec Cen Camp 28	150,000	154,664	-	7,433	3,089	2,712	150,000	156,296
Sec Cen Camp 33	300,000	394,494	-	14,941	-	4,980	300,000	404,455
Sec Cen Camp 34	150,000	150,375	-	9,039	1,400	3,013	150,000	155,001
Sec Cen Camp 35	150,000	253,189	-	7,263	1,934	2,597	150,000	255,921
Sec Cen Camp 38-40	450,000	772,307	-	22,216	7,500	7,405	450,000	779,618
Sec Cen Camp 41-43	450,000	512,409	-	14,885	-	4,961	450,000	522,333
Sec Cen Camp 44-48	750,000	982,171	-	32,165	-	10,722	750,000	1,003,614
Sec Cen Camp 49-51	450,000	561,797	-	22,217	6,953	7,406	450,000	569,655
Sec Cen Camp 52-53	300,000	463,527	-	17,774	-	5,924	300,000	475,377
Sec Cen Camp 57	1,164,977	1,436,899	-	57,533	48,492	19,056	1,164,977	1,426,884
Sec Cen Camp 58	315,898	418,106	-	15,587	2,636	5,197	315,898	425,860
Sec Cen Camp 61	247,500	417,957	-	12,219	-	4,073	247,500	426,103
Sec Cen Camp 62	300,000	463,369	-	17,774	11,089	6,004	300,000	464,050
Sec Cen Camp 64	375,000	443,200	-	18,513	-	6,171	375,000	455,542
Sec Cen Camp 65	150,000	291,513	-	7,405	-	2,468	150,000	296,450
Sec Cen Camp 66	172,500	316,812	-	7,414	10,472	2,472	172,500	311,282
Sec Cen Camp 67	300,000	319,953	-	14,813	7,883	4,977	300,000	321,906
Sec Cen Camp 68	210,000	334,857	-	10,605	1,050	3,535	210,000	340,877
Sec Cen Camp 69	172,500	176,642	-	8,127	-	2,709	172,500	182,060
Sec Cen Camp 70	360,283	494,148	-	17,034	2,289	5,472	360,283	503,421
Sec Cen Camp 71	300,000	526,283	-	8,887	-	2,967	300,000	532,203
Sec Cen Camp 72	217,500	293,493	-	11,963	1,250	3,987	217,500	300,219
Sec Cen Camp 74	574,380	755,515	-	30,798	6,060	10,267	574,380	769,986
Sec Cen Camp 75	396,000	583,865	-	20,950	5,685	7,016	396,000	592,114
Sec Cen Camp 77	1,190,000	1,345,560	-	53,298	56,565	17,945	1,190,000	1,324,348
Balance Forward	\$ 11,096,538	\$ 15,194,228	\$ -	\$ 538,175	\$ 196,618	\$ 179,848	\$ 11,096,538	\$ 15,355,937

Name of Gift*	Beginning Corpus Balance	Beginning Net Balance 7/1/2019	Corpus Contributed During FY 18-19	Income and Interest Earnings	Expenditures	Other Expenditures & Transfers	Ending Corpus Balance	Ending Net Balance 06/30/2019
Balance Forward	\$ 11,096,538	\$ 15,194,228	\$ -	\$ 538,175	\$ 196,618	\$ 179,848	\$ 11,096,538	\$ 15,355,937
Sec Cen Camp 79	1,219,451	1,432,147	-	60,735	(99,676)	15,525	1,219,451	1,577,033
Sec Cen Camp 80	150,000	204,558	-	9,039	1,400	3,013	150,000	209,184
Sec Cen Camp 85	229,082	288,493	-	11,422	5,522	4,008	229,082	290,385
Sec Cen Camp 86	750,000	751,876	-	45,195	7,000	15,065	750,000	775,006
Sec Cen Camp 87	225,000	275,897	-	11,108	-	3,703	225,000	283,302
FAMU Endowment #1	411,200	512,151	-	20,312	7,221	6,713	411,200	518,529
FAMU Endowment #2	402,000	444,391	-	19,669	8,176	6,624	402,000	449,260
FAMU Endowment #3	320,997	432,252	-	15,847	1,459	5,281	320,997	441,359
FAMU Endowment #4	351,023	470,183	-	17,335	9,748	5,778	351,023	471,992
FAMU Endowment #5	187,500	269,166	-	9,280	5,000	3,106	187,500	270,340
Walt Disney World Family Law	225,000	469,278	-	11,071	-	3,690	225,000	476,659
FAMU Endowment #6	343,812	368,926	-	17,461	5,503	5,953	343,812	374,931
FAMU Endowment #7	358,433	396,784	-	20,906	12,428	7,576	358,433	397,686
Moot Court & Law Review Endt	1,275,000	1,329,230	-	63,000	93,452	21,225	1,275,000	1,277,553
FAMU Endowment #8	184,881	252,220	-	9,024	8,540	3,079	184,881	249,625
FAMU Endowment #9	183,393	245,913	-	9,678	9,463	3,303	183,393	242,825
FAMU Endowment #10	183,917	211,218	-	9,080	14,043	3,027	183,917	203,228
National Alumni Association	150,000	150,000	-	7,424	(39)	2,475	150,000	154,988
Walt Disney World Family Law	100,000	194,555	-	4,974	-	1,658	100,000	197,871
FAMU Endowment #11	640,919	643,453	-	29,512	17,349	14,660	640,919	640,956
Scholarship Endowment I	150,000	255,005	-	6,146	690	2,049	150,000	258,412
Scholarship Endowment 2 & 3	-	-	-	-	-	-	-	-
Scholarship Endowment 4 & 5	300,000	507,830	-	12,174	7,030	4,227	300,000	508,747
Scholarship Endowment 6 & 7	300,000	367,021	-	14,610	3,362	4,919	300,000	373,350
Corporate Banquet	150,000	196,181	-	7,405	9,513	2,469	150,000	191,604
Honeywell, Inc. Endowment	150,000	152,327	-	6,665	3,684	2,222	150,000	153,086
Arts Scholarship Endowment	300,000	409,113	-	14,811	11,385	4,937	300,000	407,602
Faculty & Staff Endowment	300,000	305,394	-	14,642	13,858	4,996	300,000	301,182
Journalism	450,000	481,092	-	22,875	3,285	7,551	450,000	493,131
Centennial I, II, III	450,000	484,333	-	9,108	8,190	3,036	450,000	482,215
SBI Endowments (Various)	13,781,873	18,274,457	-	836,639	507,500	278,885	13,781,873	18,324,711
<b>TOTAL</b>	<b>\$ 35,320,019</b>	<b>\$ 45,969,672</b>	<b>\$ -</b>	<b>\$ 1,885,322</b>	<b>\$ 871,704</b>	<b>\$ 630,601</b>	<b>\$ 35,320,019</b>	<b>\$ 46,352,689</b>

\* SCCE - Second Century Campaign Endowment

Florida A&M University Foundation, Inc.  
 EMINENT SCHOLARS CHAIRS  
 SCHEDULE OF RECEIPTS, EXPENDITURES, AND ENDOWMENT BALANCES  
 For Fiscal Year 2018-2019  
 [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 7/1/2018	Corpus Contributed During FY 18-19	Income and Interest Earnings	Expenditures	Other Expenditures & Transfers	Ending Corpus Balance	Ending Net Balance 06/30/2019
Warner Lambert Chair	\$ 1,000,000	\$ 1,786,676	\$ -	\$ 49,370	\$ -	\$ 16,457	\$ 1,000,000	\$ 1,819,589
Centennial Business Chair	1,000,000	1,482,266	-	49,370	45,011	16,480	1,000,000	1,470,145
Anheuser Busch Chair	1,000,000	1,075,252	-	49,370	3,650	16,462	1,000,000	1,104,510
Knight-Ridder Chair	1,762,440	1,782,351	-	87,437	(71,024)	19,478	1,762,440	1,921,334
Garth Reeves Chair	1,000,000	1,015,506	-	49,394	22,835	16,508	1,000,000	1,025,557
Foster-Edmond Chair	1,020,000	1,395,144	-	25,191	-	8,397	1,020,000	1,411,938
SBI Financial Services Chair	1,020,000	1,658,605	-	50,357	-	16,786	1,020,000	1,692,176
Carrie Meek Chair	1,020,000	1,927,669	-	50,357	-	16,786	1,020,000	1,961,240
Shirley A. Cunningham Jr. Endowed Chair	1,750,001	2,224,247	-	86,397	234,418	28,934	1,750,001	2,047,292
Sybil C. Mobley Endowed Chair	2,523,798	3,114,217	-	124,920	90,143	6,369	2,523,798	3,142,625
<b>TOTAL CHAIRS</b>	<b>\$ 13,096,239</b>	<b>\$ 17,461,933</b>	<b>\$ -</b>	<b>\$ 622,163</b>	<b>\$ 325,033</b>	<b>\$ 162,657</b>	<b>\$ 13,096,239</b>	<b>\$ 17,596,406</b>

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**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*

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

We have audited, 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, the financial statements of the business-type activities of the Florida Agricultural and Mechanical University Foundation, Inc. (the "Foundation"), a discretely presented component unit of the Florida Agricultural and Mechanical University, as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated October 30, 2019.

***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 results 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  
October 30, 2019

*BCA Watson Rice LLP*

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**Management Letter in Accordance with Chapter 10.550 Rules of the  
Auditor General of the State of Florida**

To the *Board of Directors*  
*Florida A&M University Foundation, Inc.*

**Report on the Financial Statements**

We have audited the financial statements of the Florida Agricultural and Mechanical University Foundation, Inc. (the Foundation), a discrete component unit of the Florida Agricultural and Mechanical University, as of and for the fiscal year ended June 30, 2019, and have issued our report thereon dated October 30, 2019.

**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 10.550, 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*.

**Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions

**Official Title and Legal Authority**

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 of the Foundation's financial statements.

**Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to 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 that is less than material but 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, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Tallahassee, Florida  
October 30, 2019

*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**

**None.**

**II. PRIOR YEAR'S CONDITIONS**

**ML-2017-002 – Individual Endowment Account Reporting**

Prior Year's Condition: The methodology used to allocate total endowment activity is not used to allocate individual endowment activity.

Current Years Status: Condition not noted in the current year.

**Finding: 2018-001**

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

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

Current Year Status: Condition not noted in current year.

**Finding: 2018-002**

Prior Year 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.

Current Year Status: Condition not noted in current year.