

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

**FINANCIAL STATEMENTS, INDEPENDENT AUDITOR'S REPORT
THEREON FOR THE YEARS ENDED JUNE 30, 2017 AND 2016,
AND AUDITOR'S REPORT ON INTERNAL
CONTROL AND COMPLIANCE
FOR THE YEAR ENDED JUNE 30, 2017**

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

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

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Florida Agricultural and Mechanical University Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Foundation taken as a whole. The supplemental schedule of functional expenses on page 22 and the supplementary information on pages 23 through 25 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2017 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance

Tallahassee, Florida
November 18, 2017

BCA Watson Rice LLP

Florida Agricultural and Mechanical University Foundation, Inc.
(A Non-Profit Organization)
STATEMENTS OF FINANCIAL POSITION
For the Years Ended June 30, 2017 and 2016

	2017	2016
ASSETS		
Cash and cash equivalents	\$ 1,662,943	\$ 3,547,570
Investments, at market	123,098,821	114,438,323
Prepaid expenses	472,898	483,372
Loans and advances receivable	-	19,269
Other receivables	35,269	51,386
Unconditional promises to give, net	4,070,697	3,032,305
Fixed assets, net	168,313	247,271
TOTAL ASSETS	\$ 129,508,941	\$ 121,819,496
 LIABILITIES AND NET ASSETS		
Liabilities		
Account payable and accrued expenses	\$ 365,681	\$ 133,304
Scholarships payable	5,770,281	2,790,323
Agency liability	2,188,354	1,753,176
Total liabilities	8,324,316	4,676,803
 Net Assets		
Unrestricted net assets	2,080,195	1,794,559
Temporarily restricted net assets	32,549,649	31,094,045
Permanently restricted net assets	86,554,781	84,254,089
Total net assets	121,184,625	117,142,693
TOTAL LIABILITIES AND NET ASSETS	\$ 129,508,941	\$ 121,819,496

See Notes to Financial Statements

Florida Agricultural and Mechanical University Foundation, Inc.
(A Non-Profit Organization)
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2017 and 2016

	2017	2016
UNRESTRICTED NET ASSETS		
Support and revenues		
Administrative fees	\$ 1,995,496	\$ 1,337,159
Gifts and grants and scholarships	(58,500)	58,500
Interest income	200,082	200,031
Other income	<u>13,294</u>	<u>33,470</u>
Total unrestricted support revenues	<u>2,150,372</u>	<u>1,629,160</u>
Net assets from restrictions		
Restrictions satisfied by payments	<u>17,657,656</u>	<u>12,534,284</u>
Total unrestricted support, revenues, and reclassifications	<u>19,808,028</u>	<u>14,163,444</u>
Expenses:		
Program services		
University support	6,157,101	4,038,140
Scholarships and grants	8,475,100	6,243,892
Fundraising	1,339,265	914,779
Management and general	<u>3,550,926</u>	<u>2,605,048</u>
Total unrestricted expenses	<u>19,522,392</u>	<u>13,801,859</u>
Increase in unrestricted net assets	<u>285,636</u>	<u>361,585</u>
TEMPORARILY RESTRICTED NET ASSETS		
Support and revenues:		
Gifts and grants and scholarships	3,962,639	3,234,477
Miscellaneous income	915,869	650,044
Investment income	2,197,098	1,980,898
Dues and subscriptions	99,024	85,996
Net realized and unrealized gain/(loss)	11,710,180	(5,028,980)
Other income	228,450	148,763
Restrictions satisfied by payments	<u>(17,657,656)</u>	<u>(12,534,284)</u>
Increase/(decrease) in temporarily restricted net assets	<u>1,455,604</u>	<u>(11,463,086)</u>
PERMANENTLY RESTRICTED NET ASSETS		
Support and revenues:		
Contributions	2,187,429	2,063,693
Dues and subscriptions	113,165	83,480
Other income	<u>98</u>	<u>-</u>
Increase in permanently restricted net assets	<u>2,300,692</u>	<u>2,147,173</u>
Increase/(decrease) in net assets	<u>4,041,932</u>	<u>(8,954,328)</u>
Net Assets:		
Beginning net assets	117,142,693	126,097,021
Prior period adjustment	<u>-</u>	<u>-</u>
Beginning net assets	<u>117,142,693</u>	<u>126,097,021</u>
Ending net assets	<u>\$ 121,184,625</u>	<u>\$ 117,142,693</u>

See Notes to Financial Statements

Florida Agricultural & Mechanical University Foundation, Inc.
(A Non-Profit Organization)
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 4,041,932	\$ (8,954,328)
Adjustments to reconcile increase in net asset to net cash provided by operating activities:		
Noncash gifts	58,500	(58,500)
Unrealized loss on investments	1,101,773	4,071,495
Depreciation	20,457	12,044
Endowment gifts, grants, scholarships, and contributions	(2,187,429)	(2,063,693)
Discount on unconditional promises to give	104,949	(57,009)
Allowance for unconditional promises	955,650	44,590
(Increase)/decrease in:		
Pledge receivables	(2,098,991)	1,140,177
Loans and advances receivable	19,269	-
Prepaid expenses	10,474	(424,455)
Other receivable	16,117	(2,558)
Increase/(decrease) in:		
Account payable and accrued expenses	232,378	3,311
Scholarships payable	2,979,958	1,404,578
Agency liability	435,178	110,016
Deferred revenue	-	(12,000)
Other liabilities	-	(3,570)
Other payable	-	(79,646)
Net cash provided by (used in) operating activities	<u>5,690,215</u>	<u>(4,869,548)</u>
Cash flows from investing activities:		
Acquisition of fixed assets	-	(9,616)
Purchase of investments	(43,064,500)	(36,768,053)
Proceeds from sale of investments	33,302,229	41,834,395
Net cash provided by /(used in) investing activities	<u>(9,762,271)</u>	<u>5,056,726</u>
Cash flows from financing activities:		
Contributions for long-term endowments	2,187,429	2,063,693
Net cash provided by financing activities	<u>2,187,429</u>	<u>2,063,693</u>
Net increase (decrease) in cash and cash equivalents	(1,884,627)	2,250,871
Cash and cash equivalents:		
Beginning of the year	3,547,570	1,296,699
End of the year	<u>\$ 1,662,943</u>	<u>\$ 3,547,570</u>
Non-cash investing activity:		
Donated facilities and services	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements

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

A. Nature of Activities

The Florida Agricultural and Mechanical University Foundation, Inc. (the “Foundation”) is supported primarily through donor contributions, grants, and the State of Florida Department of Education’s Division of Colleges and Universities (“D.C.U.”). In accordance with Florida Statute Chapter 1011.94, *University Major Gifts Program*, endowment contributions of \$100,000 or more, made after July 1, 1985, with income to be used to “support libraries and instruction and research programs”, are eligible for State match. The State of Florida has “temporarily suspended” funding for this program and did not appropriate any funds; therefore, no receivable has been recorded in the accompanying financial statements. The State is, however, still accepting matching requests. During the years ended June 30, 2017 and 2016, the Foundation, under the matching program sponsored by the D.C.U. did not recognize any State matching revenues.

B. Financial Statement Presentation

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

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

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

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

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

C. Contributions

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

D. Promises to Give

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

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

E. Investments

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

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

F. Contributed Facilities and Services

There were no contributed facilities and services during the years ended June 30, 2017 and 2016.

G. Donated Property

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

H. Cash and Cash Equivalents

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

I. Fair Values of Financial Instruments

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

- Cash, cash equivalents, short-term investments, and promises to give due in less than one year, other accounts receivable, and accounts payable: the carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.
- Fair values of long-term investments are discussed at Note 3.

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

J. Income Taxes

The Foundation is exempt from federal income taxes under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3). However, the Foundation is subject to income tax on unrelated business income.

The Foundation files income tax returns in the U.S. federal jurisdiction and in various state and local jurisdictions. Tax periods open to examination by major taxing jurisdictions to which the Foundation is subject include fiscal years ended June 30, 2014 through June 30, 2017.

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, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Foundation.

K. Functional Expenses

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

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 relate to costs incurred other than those classified under program activities. Expenses incurred for program activities and supporting services are reported in the statement of activities.

NOTE 1. NATURE OF ACTIVITIES AND 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.

L. Impairment

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

M. Use of Estimates

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

N. Recent accounting pronouncements

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Key elements of the ASU include: 1) net asset classifications are being reduced from three to two categories: with donor restrictions and without donor restrictions, 2) expanded disclosures about the nature and amount of any donor restrictions will be required, 3) expanded disclosures on any board designations of net assets without donor restrictions will also be required and 4) underwater donor-restricted endowments will be included in “with donor restrictions.” There will be enhanced required disclosures for underwater endowments, including disclosure of policies for reducing or ceasing spending from such endowments, the aggregate

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

fair value, the aggregate original gift amount or level required to be maintained by donor or law, and the aggregate amount of any deficiencies. The placed-in-service approach will be required for determining when restrictions are met for all capital gifts, eliminating the over-time option for expirations of capital restrictions. Additional disclosures, both qualitative and quantitative, will be required to communicate information useful in assessing liquidity within one year of the statement of financial position date. Enhanced disclosures will be required for organizations that present an operating measure. When an organization derives net investment return from several different sources, such as donor endowments and unrestricted operating endowments, it may present the net investment return in multiple line items in the statement of activities. The components of net investment expense no longer will be required to be disclosed; however, organizations may continue to include this information when their financial statement users have an interest in that information. Several new reporting requirements related to expenses are as follows: 1) disclosure of expenses by both nature and function (excluding investment expenses that have been netted with investment return) 2) disclosure of expenses netted with investment return and 3) enhanced disclosures regarding cost allocations. ASU 2016-14 eliminates the requirement to disclose the unrealized gains and losses for the period related to equity securities held at the report date as previously required by ASU 2016-01, Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities. The new guidance is effective for fiscal years beginning after December 15, 2017, and early adoption is permitted. The Foundation is currently evaluating the impact of the adoption of ASU 2016-14 on its financial statements.

The FASB has issued ASU 2017-07, Compensation — Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost, to improve guidance related to the presentation of defined benefit costs in the statement of activities. ASU 2017-07 will require an employer to report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period and to report the other components of net benefit cost in the statement of activities separately from the service cost component and outside a subtotal of change in net assets from current operations, if one is presented. The ASU is effective for the Foundation for the year beginning July 1, 2019. Early adoption is permitted. The Foundation is currently evaluating the impact of the adoption of ASU 2017-07 on its financial statements.

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

The FASB and other entities have issued other certain new or modifications to, or interpretations of, existing accounting guidance. The Foundation has considered the new pronouncements that altered accounting principles generally accepted in the United States, and does not believe that any other new or modified guidance will have a material impact on the Foundation's reported financial position or activities in the near term.

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

NOTE 2. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using the risk-free interest rates applicable to the years in which the promises are received. The discount rate is five percent (5%) for the years ended June 30, 2017 and 2016. Amortization of discounts is included as contribution revenue.

NOTE 2. UNCONDITIONAL PROMISES TO GIVE (continued)

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

Unconditional promises to give consist of the following:

		2017		2016
Pledges receivable	\$	5,544,924	\$	3,445,933
Less: unamortized discount		277,246		172,297
Subtotal		5,267,678		3,273,636
Less: allowance for uncollectibles		1,196,981		241,331
Net unconditional promises to give	\$	4,070,697	\$	3,032,305
Amount due in:				
Less than one (1) year	\$	2,420,063	\$	1,290,977
One to five (5) years		2,523,938		1,635,594
More than five (5) years		600,923		519,362
Total	\$	5,544,924	\$	3,445,933

NOTE 3. FAIR VALUE MEASUREMENTS

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

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

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

NOTE 3. FAIR VALUE MEASUREMENTS (continued)

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes to the methodologies used at June 30, 2017 and 2016.

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 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.

Real Estate Property – 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,

NOTE 3. FAIR VALUE MEASUREMENTS (continued)

and property and casualty insurance, as well as the insurance provided by tenants pursuant to lease agreements.

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

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, 2017 and 2016:

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
June 30, 2017				
Mutual Funds	\$ -	\$ 7,522,154	\$ -	\$ 7,522,154
Common Stocks	5,545,865	57,134,800	-	62,680,665
Corporate Bonds	-	8,734,286	-	8,734,286
U.S. Government Securities	-	8,134,440	-	8,134,440
Hedge Funds	-	9,946,434	12,006,197	21,952,631
Real Estate Fund	-	-	3,655,026	3,655,026
Real Estate Property	-	820,841	500,000	1,320,841
Cash / Money Market Funds	9,098,778	-	-	9,098,778
Total Investments	\$ 14,644,643	\$ 92,292,955	\$ 16,161,223	\$ 123,098,821
June 30, 2016				
Mutual Funds	\$ -	\$ 38,557,017	\$ -	\$ 38,557,017
Common Stocks	24,707,082	-	-	24,707,082
Corporate Bonds	-	1,852,869	-	1,852,869
U.S. Government Securities	-	11,541,931	-	11,541,931
Hedge Funds	-	10,769,661	15,850,364	26,620,025
Real Estate Fund	-	-	5,885,461	5,885,461
Real Estate Property	-	820,839	500,000	1,320,839
Cash / Money Market Funds	4,013,208	-	-	4,013,207
Accrued Interest / Unsettled Transactions	(60,109)	-	-	(60,109)
Total Investments	\$ 28,660,181	\$ 63,542,317	\$ 22,235,825	\$ 114,438,323

NOTE 3. FAIR VALUE MEASUREMENTS (continued)

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

Hedge Funds and Fund of 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.

NOTE 3. FAIR VALUE MEASUREMENTS (continued)

The table below sets forth a summary of changes in the fair value of the Foundation's Level 3 assets for the fiscal years ended June 30, 2017 and 2016:

	<u>Hedge Funds and Corporate Bonds</u>	<u>Real Estate and Real Estate Fund</u>
Balance June 30, 2015	\$ 13,235,000	\$ 7,133,961
Sales	(1,000,000)	(1,250,000)
Purchases	4,000,000	-
Investment income	-	199,392
Net realized and unrealized gains (losses)	<u>(384,636)</u>	<u>302,108</u>
Balance June 30, 2016	<u>15,850,364</u>	<u>6,385,461</u>
Sales	(5,628,926)	(8,470,684)
Purchases	-	5,750,000
Investment income	-	238,341
Net realized and unrealized gains (losses)	<u>1,784,759</u>	<u>251,908</u>
Balance June 30, 2017	<u>\$ 12,006,197</u>	<u>\$ 4,155,026</u>

NOTE 4. INVESTMENTS

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

The following schedule summarizes the investment activity for the year ended June 30, 2017 and 2016.

	2017	2016
Investment returns, net of fees		
Interest and dividend income	\$ 2,397,098	\$ 1,980,898
Net realized gain/(loss)	12,811,954	(957,486)
Change in net unrealized (loss)	(1,101,773)	(4,071,495)
Consulting fees	(493,583)	(425,947)
Total investment returns, net	13,613,696	(3,474,030)
Other investment activities		
Incoming Gifts	285,534	2,016,261
Cash withdrawals	(5,650,000)	(8,058,587)
Total investment activity	\$ (5,364,466)	\$ (9,516,356)

NOTE 5. FIXED ASSETS

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

	June 30, 2016	Additions	Disposals	June 30, 2017
Non Depreciable assets				
Land	\$ 53,325	\$ -	\$ (26,325)	\$ 27,000
Total non-depreciable assets	<u>53,325</u>	<u>-</u>	<u>(26,325)</u>	<u>27,000</u>
Depreciable assets				
Building	110,175	-	(32,175)	78,000
Capital Improvements	56,372	-	-	56,372
Equipment	107,330	-	-	107,330
Furniture and fixtures	24,575	-	-	24,575
Total depreciable assets	<u>298,452</u>	<u>-</u>	<u>(32,175)</u>	<u>266,277</u>
Accumulated depreciation	<u>(104,506)</u>	<u>(21,173)</u>	<u>715</u>	<u>(124,964)</u>
Net depreciable assets	<u>193,946</u>	<u>(21,173)</u>	<u>(31,460)</u>	<u>141,313</u>
Total Fixed assets	<u>\$ 247,271</u>	<u>\$ (21,173)</u>	<u>\$ (57,785)</u>	<u>\$ 168,313</u>
	June 30, 2015	Additions	Disposals	June 30, 2016
Non Depreciable assets				
Land	\$ 27,000	\$ 26,325	\$ -	\$ 53,325
Total non-depreciable assets	<u>27,000</u>	<u>26,325</u>	<u>-</u>	<u>53,325</u>
Depreciable assets				
Building	78,000	32,175	-	110,175
Capital Improvements	51,901	4,471	-	56,372
Equipment	102,230	5,100	-	107,330
Furniture and fixtures	24,575	-	-	24,575
Total depreciable assets	<u>256,706</u>	<u>41,746</u>	<u>-</u>	<u>298,452</u>
Accumulated depreciation	<u>(82,891)</u>	<u>(21,615)</u>	<u>-</u>	<u>(104,506)</u>
Net depreciable assets	<u>173,815</u>	<u>20,131</u>	<u>-</u>	<u>193,946</u>
Total Fixed assets	<u>\$ 200,815</u>	<u>\$ 46,456</u>	<u>\$ -</u>	<u>\$ 247,271</u>

NOTE 5. FIXED ASSETS (continued)

Total depreciation expense for fixed assets was \$20,457 and \$21,615 in 2017 and 2016, respectively. Total accumulated depreciation at June 30, 2017 and 2016 was \$124,964 and \$104,506, respectively.

NOTE 6. CONCENTRATION OF CREDIT RISK

At June 30, 2017 and 2016, the Foundation has accounts in financial institutions with balances of \$1,412,943 and \$3,297,570 in excess of the Federal Deposit Insurance Corporation's insurance coverage of \$250,000, respectively. In addition, the Foundation had balances of \$122,598,821 and \$113,938,323 respectively, at June 30, 2017 and 2016 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 custodians and its parent companies for amounts in excess of the SIPC limit. Management believes no material risk of loss will be sustained from holding these assets with these institutions.

	Cash	Investments
Balance at 6/30/2017	\$ 1,662,943	\$ 123,098,821
Insured Coverage	<u>250,000</u>	<u>500,000</u>
Amount Uninsured	<u>\$ 1,412,943</u>	<u>\$ 122,598,821</u>
Balance at 6/30/2016	\$ 3,547,570	\$ 114,438,323
Insured Coverage	<u>250,000</u>	<u>500,000</u>
Amount Uninsured	<u>\$ 3,297,570</u>	<u>\$ 113,938,323</u>

NOTE 7. AGENCY LIABILITY

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

	<u>2017</u>	<u>2016</u>
FAMU National Alumni Assoc.	\$ 2,174,467	\$ 1,753,176
Rattler Boosters	<u>13,887</u>	<u>-</u>
	<u>\$ 2,188,354</u>	<u>\$ 1,753,176</u>

NOTE 8. NET ASSETS

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

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

The restrictions of net assets by purchase at June 30, 2016 are as follows:

Description	Unrestricted	Net Assets		Total Net Assets
		Temporarily Restricted	Permanently Restricted	
Operations	\$ 1,794,559	\$ 9,195,619	\$14,296,504	\$ 25,286,682
Professorships	-	900,868	2,275,500	3,176,368
Endowed Chairs	-	6,527,091	18,439,044	24,966,135
Scholarships	-	14,470,467	49,243,041	63,713,508
	<u>\$ 1,794,559</u>	<u>\$31,094,045</u>	<u>\$84,254,089</u>	<u>\$117,142,693</u>

NOTE 9. ENDOWMENTS

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

Interpretation of Relevant Law

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

NOTE 9. ENDOWMENTS (continued)

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

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

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

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

Investment Policy & Supervision

The Investment Committee of the Foundation Board of Directors is responsible for overseeing the investing of 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.

NOTE 9. ENDOWMENTS (continued)

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	10%	50%
Global Fixed Income	5%	25%
Other Assets*	0%	30%
Cash and Equivalents	0%	10%

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

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

Investment goals include the following:

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

NOTE 9. ENDOWMENTS (continued)***Spending Policy***

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

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

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

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets beginning of year	<u>\$16,009,659</u>	<u>\$84,254,088</u>	<u>\$100,263,747</u>
Investment return:			
Investment income	2,157,388	-	2,157,388
Net realized and unrealized gains	<u>10,094,938</u>	<u>-</u>	<u>10,094,938</u>
Total investment return	12,252,326	<u>-</u>	<u>12,252,326</u>
Contributions	-	2,300,692	2,300,692
Appropriation of endowment assets for expenditure	<u>(5,535,411)</u>	<u>-</u>	<u>(5,535,411)</u>
Endowment net assets end of year	<u>\$22,726,574</u>	<u>\$86,554,780</u>	<u>\$109,281,354</u>

NOTE 10. SUBSEQUENT EVENTS

The Foundation has evaluated events and transactions for potential recognition and disclosure in the financial statements through November 18, 2017. No subsequent event exists.

Florida Agricultural and Mechanical University Foundation, Inc.
(A Non-Profit Organization)
STATEMENT OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2017 and 2016

	June 30, 2017					June 30, 2016					
	Program Services		Fundraising	Management & General		Total	Program Services		Fundraising	Management & General	
University Support	Scholarships and Grants	University Support		Scholarships and Grants	Management & General		University Support	Scholarships and Grants		Management & General	
Scholarships and grants	\$ -	\$ 8,475,100	\$ -	\$ -	\$ 8,475,100	\$ -	\$ 6,243,892	\$ -	\$ -	\$ 6,243,892	
Salaries and fringe benefits	1,532,794	-	-	876,195	2,408,989	1,142,169	-	-	820,285	1,962,454	
Contract services	891,034	-	-	15,377	906,411	546,815	-	-	39,841	586,656	
Reimbursement for grant costs	1,934	-	-	-	1,934	-	-	-	-	-	
Administrative charges	-	-	-	1,995,565	1,995,565	-	-	-	1,337,159	1,337,159	
Equipment purchases	295,690	-	126,724	7,622	430,036	184,529	-	79,084	427	264,040	
Travel and meetings	539,410	-	231,176	75,539	846,125	352,035	-	150,872	90,634	593,541	
Materials and supplies	422,521	-	181,080	17,705	621,306	289,287	-	123,980	16,583	429,851	
Bad Debt Expense	19,269	-	-	-	19,269	-	-	-	-	-	
Professional fees	374,646	-	160,563	336,000	871,209	425,175	-	182,218	95,375	702,767	
Entertainment and dinners	627,674	-	269,003	49,850	946,527	557,397	-	238,884	19,747	816,028	
Repairs and maintenance	234,575	-	100,532	51,476	386,583	72,879	-	31,234	50,985	155,098	
Postage	7,609	-	3,261	493	11,363	16,152	-	6,922	406	23,480	
Dues and subscriptions	88,668	-	-	165	88,833	65,863	-	-	200	66,063	
Insurance	7,102	-	-	13,698	20,800	9,367	-	-	11,234	20,601	
Equipment rental	71,616	-	-	7,421	79,037	33,414	-	-	1,993	35,406	
Printing and advertising	89,736	-	38,458	1,701	129,895	76,564	-	32,813	1,147	110,524	
Interest	-	-	-	-	-	56	-	-	14	70	
Telephone	73	-	73	-	146	170	-	170	135	474	
Rent	40,162	-	-	-	40,162	40,111	-	-	13	40,124	
Depreciation	-	-	-	20,457	20,457	-	-	-	12,044	12,044	
Utilities	7,427	-	-	46,831	54,258	6,102	-	-	43,260	49,362	
Training and seminars	114,555	-	49,095	13,726	177,376	59,186	-	25,365	12,054	96,605	
Taxes and licenses	24,631	-	10,556	661	35,848	21,854	-	9,366	131	31,351	
Bank charges	61,493	-	-	2,219	63,712	59,985	-	-	2,635	62,620	
Contributions	74,026	-	31,726	17,777	123,529	57,033	-	24,443	12,781	94,257	
Other university support	309,847	-	-	-	309,847	-	-	-	-	-	
Miscellaneous	320,609	-	137,018	448	458,075	21,999	-	9,428	35,966	67,393	
Total	\$ 6,157,101	\$ 8,475,100	\$ 1,339,265	\$ 3,550,926	\$ 19,522,392	\$ 4,038,140	\$ 6,243,892	\$ 914,779	\$ 2,605,048	\$ 13,801,859	

Florida A&M Univeristy Foundation, Inc.
MAJOR GIFTS PROGRAM
SCHEDULE OF RECEIPTS, EXPENDITURES, AND ENDOWMENT BALANCES
For Fiscal Year 2016-2017
[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 07/01/2016	Corpus Contributed During FY 16-17	Income and Interest Earnings	Expenditures	Other Expenditures & Transfers	Ending Corpus Balance	Ending Net Balance 06/30/2017
Sec Cen Camp 1, 4 & 5	\$ 450,000	\$ 819,526	\$ -	\$ 30,328	\$ -	\$ 10,109	\$ 450,000	\$ 839,745
Sec Cen Camp 2 & 3	300,000	424,650	-	15,568	3,653	13,581	300,000	422,984
Sec Cen Camp 14	150,000	224,001	-	9,612	3,000	3,204	150,000	227,409
Sec Cent Camp 24	150,000	156,000	-	8,044	7,056	2,681	150,000	154,307
Sec Cen Camp 25	150,000	159,312	-	11,782	5,650	3,927	150,000	161,517
Sec Cen Camp 26	150,000	229,489	-	10,101	11,700	3,383	150,000	224,507
Sec Cen Camp 27	150,000	295,037	-	10,109	-	3,370	150,000	301,776
Sec Cen Camp 28	150,000	152,884	-	9,980	-	3,327	150,000	159,537
Sec Cen Camp 33	300,000	368,731	-	20,397	-	6,799	300,000	382,329
Sec Cen Camp 34	150,000	150,375	-	12,339	7,534	4,113	150,000	151,067
Sec Cen Camp 35	150,000	246,258	-	9,677	2,998	3,441	150,000	249,496
Sec Cen Camp 38-40	450,000	757,512	-	30,328	15,000	10,109	450,000	762,731
Sec Cen Camp 41-43	450,000	504,591	-	20,320	22,045	6,773	450,000	496,093
Sec Cen Camp 44-48	750,000	996,212	-	43,909	41,255	14,636	750,000	984,230
Sec Cen Camp 49-51	450,000	547,680	-	30,328	9,560	10,109	450,000	558,339
Sec Cen Camp 52-53	300,000	443,738	-	10,109	-	3,370	300,000	450,477
Sec Cen Camp 57	1,164,977	1,434,937	-	77,796	6,830	26,339	1,164,977	1,479,564
Sec Cen Camp 58	315,898	395,357	-	21,567	3,105	7,201	315,898	406,618
Sec Cen Camp 61	247,500	396,070	-	16,680	-	5,560	247,500	407,190
Sec Cen Camp 62	300,000	445,204	-	20,218	4,468	6,740	300,000	454,214
Sec Cen Camp 64	375,000	465,037	-	25,273	55,000	8,424	375,000	426,886
Sec Cen Camp 65	150,000	278,249	-	10,109	-	3,370	150,000	284,988
Sec Cen Camp 66	172,500	318,032	-	10,121	-	3,374	172,500	324,779
Sec Cen Camp 67	300,000	334,109	-	20,219	21,341	6,116	300,000	326,871
Sec Cen Camp 68	210,000	328,104	-	15,826	5,650	5,275	210,000	333,005
Sec Cen Camp 69	172,500	187,688	-	11,176	12,632	3,725	172,500	182,507
Sec Cen Camp 70	360,283	487,484	-	23,920	15,374	7,982	360,283	488,048
Sec Cen Camp 71	300,000	513,019	-	10,109	-	3,370	300,000	519,758
Sec Cen Camp 72	217,500	305,908	-	16,331	21,350	5,444	217,500	295,445
Sec Cen Camp 74	574,380	746,203	-	42,629	25,807	14,213	574,380	748,812
Sec Cen Camp 75	396,000	571,200	-	28,545	7,445	9,515	396,000	582,785
Sec Cen Camp 77	1,190,000	1,364,331	-	72,215	7,064	24,180	1,190,000	1,405,302
Balance Forward	11,096,538	15,046,928	-	705,665	315,517	243,760	11,096,538	15,193,316

Name of Gift*	Beginning Corpus Balance	Beginning Net Balance 07/01/2016	Corpus Contributed During FY 16-17	Income and Interest Earnings	Expenditures	Other Expenditures & Transfers	Ending Corpus Balance	Ending Net Balance 06/30/2017
Balance Forward	11,096,538	15,046,928	-	705,665	315,517	243,760	11,096,538	15,193,316
Sec Cen Camp 79	1,219,451	1,421,331	-	82,887	103,625	8,303	1,219,451	1,392,290
Sec Cen Camp 80	150,000	204,558	-	12,339	7,534	4,113	150,000	205,250
Sec Cen Camp 85	229,082	280,186	-	15,356	5,208	5,123	229,082	285,211
Sec Cen Camp 86	750,000	751,875	-	61,697	37,668	20,566	750,000	755,338
Sec Cen Camp 87	225,000	270,500	-	15,164	2,500	5,055	225,000	278,109
FAMU Endowment #1	411,200	500,417	-	27,908	12,940	9,312	411,200	506,073
FAMU Endowment #2	402,000	433,786	-	26,500	2,526	8,889	402,000	448,871
FAMU Endowment #3	320,997	421,417	-	21,698	11,850	7,232	320,997	424,033
FAMU Endowment #4	351,023	480,448	-	23,769	27,974	7,930	351,023	468,313
FAMU Endowment #5	187,500	263,492	-	12,640	5,000	4,233	187,500	266,899
Walt Disney World Family Law	225,000	317,281	-	15,164	-	5,055	225,000	327,390
FAMU Endowment #6	343,812	369,484	-	27,725	16,173	8,350	343,812	372,686
FAMU Endowment #7	358,433	400,789	-	23,179	5,960	7,891	358,433	410,117
Moot Court & Law Review Endt	1,275,000	1,402,541	-	85,990	42,454	117,827	1,275,000	1,328,250
FAMU Endowment #8	184,881	256,291	-	12,103	-	4,077	184,881	264,317
FAMU Endowment #9	183,393	244,917	-	12,546	10,655	4,147	183,393	242,661
FAMU Endowment #10	183,917	194,955	-	12,395	-	4,132	183,917	203,218
National Alumni Association	150,000	178,247	-	10,230	3,267	3,410	150,000	181,800
Walt Disney World Family Law	100,000	127,000	-	6,740	-	2,246	100,000	131,494
FAMU Endowment #11	640,919	659,232	-	39,898	47,117	15,243	640,919	636,770
Scholarship Endowment I	150,000	250,118	-	8,391	3,597	2,797	150,000	252,115
Scholarship Endowment 2 & 3	-	-	-	-	-	-	-	-
Scholarship Endowment 4 & 5	300,000	498,838	-	16,657	9,388	5,552	300,000	500,555
Scholarship Endowment 6 & 7	300,000	397,188	-	16,987	2,118	52,311	300,000	359,746
Corporate Banquet	150,000	184,501	-	10,110	-	3,370	150,000	191,241
Honeywell, Inc. Endowment	150,000	156,000	-	9,098	8,566	3,033	150,000	153,499
Bill & Camille Cosby Endowment	300,000	460,489	-	20,219	10,000	60,646	300,000	410,062
Faculty & Staff Endowment	300,000	312,000	-	19,638	-	6,616	300,000	325,022
Journalism	450,000	500,295	-	30,924	42,156	10,308	450,000	478,755
Centennial I, II, III	450,000	487,270	-	12,434	7,080	4,145	450,000	488,479
SBI Endowments (Various)	13,582,256	17,841,012	-	1,166,136	660,892	196,595	13,781,873	18,149,661
TOTAL	\$ 35,120,402	\$ 45,313,386	\$ -	\$ 2,562,187	\$ 1,401,765	\$ 842,267	\$ 35,320,019	\$ 45,631,541

* SCCE - Second Century Campaign Endowment

Florida A&M University Foundation, Inc.
 EMINENT SCHOLARS CHAIRS
 SCHEDULE OF RECEIPTS, EXPENDITURES, AND ENDOWMENT BALANCES
 For Fiscal Year 2016-2017
 [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 07/01/2016	Corpus Contributed During FY 16-17	Income and Interest Earnings	Expenditures	Other Expenditures & Transfers	Ending Corpus Balance	Ending Net Balance 06/30/2017
Warner Lambert Chair	\$ 1,000,000	\$ 1,667,567	\$ -	\$ 67,396	\$ -	\$ (8,210)	\$ 1,000,000	\$ 1,743,173
Centennial Business Chair	1,000,000	1,426,951	-	67,396	36,506	(22,459)	1,000,000	1,480,300
Anheuser Busch Chair	1,000,000	1,351,694	-	67,396	116,230	215,715	1,000,000	1,087,145
Knight-Ridder Chair	1,762,440	1,908,963	-	119,362	196,026	57,667	1,762,440	1,774,632
Garth Reeves Chair	1,000,000	1,197,607	-	67,429	77,622	179,973	1,000,000	1,007,441
Foster-Edmond Chair	1,020,000	1,721,192	-	68,777	-	(17,791)	1,020,000	1,807,760
SBI Financial Services Chair	1,020,000	1,594,383	-	68,744	-	48,895	1,020,000	1,614,232
Carrie Meek Chair	1,020,000	1,844,237	-	68,744	-	29,685	1,020,000	1,883,296
Shirley A. Cunningham Jr. Endowed Chair	1,750,001	2,361,138	-	117,943	125,837	(17,474)	1,750,001	2,370,718
Sybil C. Mobley Endowed Chair	2,523,798	3,366,335	-	170,531	182,445	232,933	2,523,798	3,121,488
TOTAL CHAIRS	\$ 13,096,239	\$ 18,440,067	\$ -	\$ 883,718	\$ 734,666	\$ 698,934	\$ 13,096,239	\$ 17,890,185



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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Florida Agricultural & Mechanical University Foundation, Inc, (the "Foundation") which comprise the statement of financial position as of June 30, 2017 and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 18, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

Tallahassee, Florida
November 18, 2017

BCA Watson Rice LLP

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

I. CURRENT YEAR'S CONDITIONS

None.

II. PRIOR YEAR'S CONDITIONS

None.



MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the Florida Agricultural and Mechanical University Foundation, Inc. (the “Foundation”), as of and for the fiscal year ended June 30, 2017, and have issued our report thereon dated November 18, 2017.

Auditor’s Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.650, Rules of the Florida Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, and Chapter 10.650, Rules of the Florida Auditor General and the *Schedule of Findings and Responses*. Disclosures in those reports and schedule, which are dated November 18, 2017 should be considered in conjunction with this management letter.

Other Matter

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

Purpose of this Letter

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

Tallahassee, Florida
November 18, 2017

BCA Watson Rice LLP

ML-2017-001 Strengthen Investment Disbursement Controls

Condition:

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

Recommendation:

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

Management's Response:

During the course of the fiscal year, the Foundation on has undergone a key personnel reduction which resulted in increased responsibility on the fiscal management. Also, during this fiscal year, the Foundation has been given the task to reallocate fundraising personnel to the Foundation's budget which resulted in limited resources to replace the vacant fiscal position. The Foundation has since restructured the Foundation accounting staff's responsibilities to separate the investment duties to remaining fiscal staff.

ML-2017-002 – Individual Endowment Account Reporting

Condition:

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

Recommendation:

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

Management's Response:

Management will resume researching software that can be implemented to provide each endowment fair value.