

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

**FINANCIAL STATEMENTS, INDEPENDENT AUDITOR'S REPORT
THEREON FOR THE YEARS ENDED JUNE 30, 2013 AND 2012,
AND AUDITORS' REPORT ON INTERNAL
CONTROL AND COMPLIANCE, MANAGEMENT LETTER &
LICENSE PLATE AFFIDAVIT
FOR THE YEAR ENDED JUNE 30, 2013**

**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

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Florida Agricultural and Mechanical University Foundation, Inc. (the "Foundation") (a component unit of Florida Agricultural and Mechanical University), which comprise the statement of financial position as of June 30, 2013 and 2012, 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, 2013 and 2012, 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.

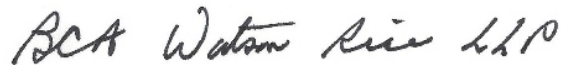
Other Information

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 23 and the other supplementary information on pages 24 through 26 and 35 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 October 4, 2013 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
October 4, 2013

Handwritten signature in cursive script that reads "BCA Watson Rice LLP".

Florida Agricultural & Mechanical University Foundation, Inc.
(A Non Profit Organization)
STATEMENT OF FINANCIAL POSITION
For the Years Ended June 30, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	\$ 302,665	\$ 270,992
Unconditional promises to give, net	328,871	582,247
Loans and advances receivable	19,269	19,874
Other receivables	33,071	38,239
Fixed assets, net	180,859	112,887
Investments, at market	115,281,063	108,896,593
TOTAL ASSETS	\$ 116,145,798	\$ 109,920,832
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 34,612	\$ 225,988
Scholarships payable	-	834,680
Agency liabilities	1,500,174	1,382,052
Total Liabilities	1,534,786	2,442,720
Net Assets		
Unrestricted net assets	929,866	329,365
Temporarily restricted net assets	33,609,651	27,289,359
Permanently restricted net assets	80,071,495	79,859,388
Total Net Assets	114,611,012	107,478,112
TOTAL LIABILITIES AND NET ASSETS	\$ 116,145,798	\$ 109,920,832

See Notes to Financial Statements.

Florida Agricultural & Mechanical University Foundation, Inc.
(A Non-Profit Organization)
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2013 and 2012

	2013	2012
UNRESTRICTED NET ASSETS		
Support and revenues:		
Administrative fees	\$ 1,622,516	\$ 841,131
Interest income	200,105	200,212
Other income	5,015	-
Total unrestricted support and revenues	1,827,636	1,041,343
Net assets released from restrictions		
Restrictions satisfied by payments	8,435,504	6,736,746
Total unrestricted support, revenues, and reclassifications	10,263,140	7,778,089
Expenses:		
Programs services		
University support	2,496,262	2,815,255
Scholarships and grants	3,079,373	2,010,661
Fundraising	722,825	1,069,699
Management and general	3,364,179	2,236,321
Total unrestricted expenses	9,662,639	8,131,936
Increase (decrease) in unrestricted net assets	600,501	(353,847)
TEMPORARILY RESTRICTED NET ASSETS		
Support and revenues:		
Gifts, grants and scholarships	2,698,670	2,798,773
Contributions	888,520	787,072
Investment income	3,011,603	2,673,698
Dues and subscriptions	75,615	88,945
Net realized and unrealized gain/loss	7,782,094	(3,468,744)
Other income	299,294	160,758
Restrictions satisfied by payments	(8,435,504)	(6,736,746)
Increase (decrease) in temporarily restricted net assets	6,320,292	(3,696,244)
PERMANENTLY RESTRICTED NET ASSETS		
Support:		
Contributions	156,112	85,877
Dues and subscriptions	55,931	43,400
Other income	64	55
Increase (decrease) in permanently restricted net assets	212,107	129,332
Increase (decrease) in net assets	7,132,900	(3,920,759)
Net Assets:		
Beginning net assets, as previously reported	107,478,112	111,398,871
Ending net assets	\$ 114,611,012	\$ 107,478,112

See Notes to Financial Statements.

Florida Agricultural and Mechanical University Foundation, Inc.
(A Nonprofit Organization)
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 7,132,900	\$ (3,920,759)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Unrealized gain on investments	2,846,750	4,169,683
Depreciation	3,828	1,207
Endowment gifts, grants, scholarships, and contributions	(156,112)	(85,877)
Decrease in discount on unconditional promises to give	(18,719)	(10,449)
Increase (decrease) in allowance for unconditional promises	(102,283)	318,429
(Increase) decrease in:		
Pledge receivables	374,377	218,979
Loans and advances receivable	605	5,056
Other receivables	5,168	(6,624)
Increase (decrease) in:		
Accounts payable and accrued expenses	(191,376)	56,515
Scholarships payable	(834,680)	170,153
Agency liability	118,122	(14,764)
Other changes	(28)	20,276
Net cash provided by operating activities	9,178,552	921,825
Cash flows from investing activities:		
Acquisition of fixed assets	(71,800)	(105,962)
Purchase of investments	(57,303,413)	(11,989,571)
Proceeds from sale of investments	48,072,222	10,416,992
Net cash used in investing activities	(9,302,991)	(1,678,541)
Cash flows from financing activities:		
Contributions for long-term endowments	156,112	85,877
Net cash provided by financing activities	156,112	85,877
Net increase (decrease) in cash and cash equivalents	31,673	(670,839)
Cash and cash equivalents:		
Beginning of the year	270,992	941,831
End of the year	\$ 302,665	\$ 270,992

See Notes to Financial Statements.

Florida Agricultural and Mechanical University Foundation, Inc.
(A Not-For-Profit Organization)
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013 and 2012

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 a not-for-profit organization established to solicit and manage funds for the benefit of Florida Agricultural and Mechanical University (the University). The Foundation board is governed by a self-perpetuating board of directors, a majority of whom are volunteers. The board also includes ex-officio members of the University. The Foundation functions as a Direct Support Organization (DSO) of the University and is reported in the University's financial statements as a component unit that is supported primarily through donor contributions, grants, and the State of Florida Department of Education's Division of Colleges and Universities ("D.C.U.").

During the years ended June 30, 2013 and 2012, the Foundation, under the matching program sponsored by the D.C.U. (which has been temporarily suspended), 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.
- **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.

Florida Agricultural and Mechanical University Foundation, Inc.
(A Not-For-Profit Organization)
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013 and 2012

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

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. Real estate investments are stated primarily at current appraised values. Unrealized gains and losses are included in the changes in net assets. Investments are recorded based on trade date.

F. Contributed Facilities and Services

There were no contributed facilities and services during the years ended June 30, 2013 and 2012.

Florida Agricultural and Mechanical University Foundation, Inc.
(A Not-For-Profit Organization)
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013 and 2012

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

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 years ended June 30, 2013 and 2012.

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.
- Fair value promises to give in excess of one-year are disclosed in Note 2.

Florida Agricultural and Mechanical University Foundation, Inc.
(A Not-For-Profit Organization)
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013 and 2012

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

J. Income Taxes

The Foundation is a not-for-profit organization exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code, accordingly, no provision for income taxes have been made in the financial statements. In addition, the Foundation qualifies for the charitable contributions deduction under Section 509(a) (2) and is not a "private foundation".

Income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. Management evaluated the Foundation's income tax positions and concluded that the Foundation had taken no uncertain income tax positions that require adjustments to the financial statements.

K. Functional Expenses

The Foundation, being a DSO for 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 activities.

The Foundation has the following functional expense categories:

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

Florida Agricultural and Mechanical University Foundation, Inc.
(A Not-For-Profit Organization)
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013 and 2012

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

L. 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.

M. Reclassifications and Restatement

Certain reclassifications have been made to the 2012 financial statements to make them comparable to the 2013 presentation.

To more properly reflect the Board's intent with respect to the building purchased primarily as an investment, the 2012 financial statements have been restated to reflect the allocable portions used by the Foundation and portion considered an investment.

These reclassifications and restatements had no material impact on the previous amounts reports as assets, liabilities, net assets or changes in net assets.

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, 2013 and 2012. Amortization of discounts is included as contribution revenue.

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

Florida Agricultural and Mechanical University Foundation, Inc.
(A Not-For-Profit Organization)
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE 2. UNCONDITIONAL PROMISES TO GIVE (Continued)

Unconditional promises to give consist of the following:

	2013	2012
Pledges receivable	\$ 1,101,322	\$ 1,475,699
Less: unamortized discount	55,066	73,785
Subtotal	1,046,255	1,401,914
Less: allowance for uncollectibles	717,384	819,667
Net unconditional promises to give	\$ 328,871	582,247

Amount due in:

Less than one (1) year	\$ 471,077	800,000
One to five (5) years	453,071	601,914
More than five (5) years	122,107	-
Total	\$ 1,046,255	1,401,914

NOTE 3. FAIR VALUE MEASUREMENTS

The Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 820, Fair Value Measurements and Disclosures (ASC 820) (formerly referred to as FASB Statement of Financial Accounting Standards [SFAS] 157, Fair Value Measurements) is the authoritative U.S. GAAP guidance on how entities should measure and disclose fair value in their financial statements. Fair value is defined in ASC 820 as 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.”

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

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

Level 2 Financial assets and liabilities whose values are based on quoted prices for similar assets or liabilities in active markets. Level 2 inputs may include quoted prices for identical or similar assets or liabilities in markets that are not active.

Florida Agricultural and Mechanical University Foundation, Inc.
(A Not-For-Profit Organization)
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE 3. FAIR VALUE MEASUREMENTS (continued)

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, 2013 and 2012.

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 in their most recent report.

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.

Florida Agricultural and Mechanical University Foundation, Inc.
(A Not-For-Profit Organization)
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE 3. FAIR VALUE MEASUREMENTS (continued)

The following table sets forth, by level, within the fair value hierarchy, amounts recorded in the Foundation's financial statements at fair value as of June 30, 2013 and 2012:

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, 2013				
Mutual Funds	\$ 44,975,312	\$ -	\$ -	\$ 44,975,312
Common Stocks	25,390,557	-	-	25,390,557
Corporate Bonds	3,487,839	2,144,985	429,551	6,062,375
U.S. Government Securities	46,042	5,234,485	-	5,280,527
Hedge Funds	-	6,708,841	9,075,819	15,784,660
Real Estate Fund	-	-	5,459,970	5,459,970
Real Estate Property	-	820,811	500,000	1,320,811
Cash / Money Market Funds	10,276,215	-	-	10,276,215
Accrued Interest / Unsettled Transactions	730,636	-	-	730,636
Total Investments	\$ 84,906,661	\$ 14,909,122	\$ 15,465,340	\$ 115,281,063
June 30, 2012				
Mutual Funds	\$ 6,161,580	\$ -	\$ -	\$ 6,161,580
Common Stocks	46,117,074	-	-	46,117,074
Corporate Bonds	16,587,327	-	-	16,587,327
U.S. Government Securities	7,405,232	-	-	7,405,232
Hedge Funds	-	-	20,700,800	20,700,800
Real Estate Fund	-	-	10,506,886	10,506,886
Real Estate Property	-	680,000	500,000	1,180,000
Investment Deposit	530,524	-	-	530,524
Accrued Interest/ Unsettled Transactions	(292,830)	-	-	(292,830)
Total Investments	\$ 76,508,907	\$ 680,000	\$ 31,707,686	\$ 108,896,593

Florida Agricultural and Mechanical University Foundation, Inc.
(A Not-For-Profit Organization)
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013 and 2012

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.

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

The 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, 2013 and 2012:

	Hedge Funds	Real Estate and Real Estate Fund
Balance June 30, 2011	\$ 21,230,726	\$ 10,062,594
Purchases, issuances, and settlements (net)	-	-
Investment income	-	391,557
Net realized and unrealized gains (losses)	(529,926)	552,735
Balance June 30, 2012	20,700,800	11,006,886
Sales	(6,786,875)	(5,750,000)
Transfers out of Level 3	(6,708,841)	-
Transfers in to Level 3	429,551	-
Investment income	-	348,148
Net realized and unrealized gains	1,870,735	354,936
Balance June 30, 2013	\$ 9,505,370	\$ 5,959,970

Florida Agricultural and Mechanical University Foundation, Inc.
(A Not-For-Profit Organization)
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013 and 2012

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, 2013 and 2012.

	2013	2012
Investment returns, net of fees		
Interest and dividend income	\$ 3,211,708	\$ 2,873,910
Net realized gain/(loss)	10,628,844	700,939
Change in net unrealized gain/(loss)	(2,846,750)	(4,169,683)
Consulting and advisory fees	(504,818)	(462,724)
Total investment returns, net	10,488,984	(1,057,558)
Other investment activities		
Cash deposits	505,698	85,877
Cash withdrawals	(4,606,413)	(1,625,423)
Total other investment activities	(4,100,715)	(1,539,546)
Total investment activity	\$ 6,388,269	\$ (2,597,104)

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Florida Agricultural and Mechanical University Foundation, Inc.
(A Not-For-Profit Organization)
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013 and 2012

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 investment portion is stated at fair value. 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, 2012	Additions	Disposals	June 30, 2013
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	-	29,471	-	29,471
Equipment	46,663	17,754	-	64,417
Furniture and fixtures	-	24,575	-	24,575
Total depreciable assets	<u>124,663</u>	<u>71,800</u>	<u>-</u>	<u>196,463</u>
Accumulated depreciation	<u>(38,776)</u>	<u>(3,828)</u>	<u>-</u>	<u>(42,604)</u>
Net depreciable assets	<u>85,887</u>	<u>67,972</u>	<u>-</u>	<u>153,859</u>
Total Fixed assets	<u>\$ 112,887</u>	<u>\$ 139,772</u>	<u>\$ -</u>	<u>\$ 180,859</u>

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Florida Agricultural and Mechanical University Foundation, Inc.
(A Not-For-Profit Organization)
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE 5. FIXED ASSETS (continued)

	June 30, 2011	Additions	Disposals	June 30, 2012
Non Depreciable assets				
Land	\$ -	\$ 27,000	\$ -	\$ 27,000
Total non-depreciable assets	-	27,000	-	27,000
Depreciable assets				
Building	-	78,000	-	78,000
Capital Improvements	-	-	-	-
Equipment	45,701	962	-	46,663
Furniture and fixtures	-	-	-	-
Total depreciable assets	45,701	78,962	-	124,663
Accumulated depreciation	(37,569)	(1,207)	-	(38,776)
Net depreciable assets	8,132	77,755	-	85,887
Total Fixed assets	\$ 8,132	\$ 104,755	\$ -	\$ 112,887

Total depreciation expense for fixed assets was \$3,828 and \$1,207 in 2013 and 2012, respectively. Total accumulated depreciation at June 30, 2013 and 2012 was \$42,604 and \$38,776, respectively.

NOTE 6. PLANNED GIVING PROGRAM

At June 30, 2013 the Foundation has been named beneficiary of a life insurance policy with a future gift in the amount of \$505,632. The life insurance premium was paid by the donors with a lump sum onetime payment insuring that the Foundation will receive the gifts at some time in the future.

NOTE 7. CONCENTRATION OF CREDIT RISK

At June 30, 2013 and 2012, the Foundation has accounts in financial institutions with balances of \$52,665 and \$20,992 in excess of the Federal Deposit Insurance Corporation's insurance coverage of \$250,000, respectively. In addition, the Foundation had balances of \$112,460,252 and \$106,716,593 respectively, at June 30, 2013 and 2012 in excess of the

Florida Agricultural and Mechanical University Foundation, Inc.
(A Not-For-Profit Organization)
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE 7. CONCENTRATION OF CREDIT RISK (continued)

Securities Investor's Protection Corporation ("SIPC") insurance coverage of \$500,000. Invested securities and cash are also covered by the brokerage custodian and its parent company for amounts in excess of the SIPC limit. Management believes no material risk of loss will be sustained from holding these assets with these institutions.

	Cash	Investments	
Balance at 6/30/2013	\$ 302,665	\$ 113,960,252	
Insured Coverage	250,000	1,500,000	
Amount Uninsured	<u>\$ 52,665</u>	<u>\$ 112,460,252</u>	
Balance at 6/31/2012	\$ 270,992	\$ 107,716,593	
Insured Coverage	250,000	1,000,000	
Amount Uninsured	<u>\$ 20,992</u>	<u>\$ 106,716,593</u>	

NOTE 8. AGENCY LIABILITY

The Foundation holds pooled assets, reported as investments and agency liability on behalf of the FAMU National Alumni Association (the "Alumni"), in the amount of \$1,500,174 and \$1,382,052 as of June 30, 2013 and 2012, respectively. Amounts exclude the NAA Million Dollar Endowment. The Alumni is another DSO of the University.

NOTE 9. NET ASSETS

The restrictions on net assets by purchase at June 30, 2013 are as follows:

Description	Net Assets			Total Net Assets
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Operations	\$ 929,866	\$ 8,682,720	\$ 13,044,388	\$ 22,656,974
Professorships	-	831,884	1,975,500	2,807,384
Endowed Chairs	-	5,967,597	17,439,044	23,406,641
Scholarships	-	18,127,450	47,612,563	65,740,013
	<u>\$ 929,866</u>	<u>\$33,609,651</u>	<u>\$ 80,071,495</u>	<u>\$ 114,611,012</u>

Florida Agricultural and Mechanical University Foundation, Inc.
(A Not-For-Profit Organization)
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE 9. NET ASSETS (continued)

The restrictions of net assets by purchase at June 30, 2012 are as follows:

Description	Net Assets			Total Net Assets
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Operations	\$ 329,365	\$ 7,559,720	\$ 12,983,107	\$ 20,872,192
Professorships	-	629,520	1,975,500	2,605,020
Endowed Chairs	-	4,194,879	17,439,044	21,633,923
Scholarships	-	14,905,240	47,461,737	63,366,977
	<u>\$ 329,365</u>	<u>\$27,289,359</u>	<u>\$ 79,859,388</u>	<u>\$ 107,478,112</u>

NOTE 10. ENDOWMENTS

The Foundation's endowment consists of approximately 400 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 Statute 617.2104 – cited as the 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 purpose of the institution;
2. The intent of the donors of the endowment fund;
3. The terms of the applicable instrument;
4. The long-term and short-term needs of the institution in carrying out its purposes;
5. The general economic conditions;
6. The possible effect of inflation or deflation;

Florida Agricultural and Mechanical University Foundation, Inc.
(A Not-For-Profit Organization)
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE 10. ENDOWMENTS (continued)

7. The other resources of the institution; and
8. Perpetuation of the endowment.

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 permanent 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.

Florida UPMIFA was adopted by the State of Florida effective July 1, 2011. This adoption did not require any significant change in the Foundation's policies, nor in the classification of its endowment net assets.

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.

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Florida Agricultural and Mechanical University Foundation, Inc.
(A Not-For-Profit Organization)
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE 10. ENDOWMENTS (continued)

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

Asset Class	Minimum	Maximum	Target
Equities	40%	55%	47%
Fixed Income	15%	30%	23%
Hedge Funds	15%	25%	20%
Real Estate	5%	15%	10%
Cash and Equivalents	0%	15%	0%

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 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 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 8.5%.
3. The return of a custom blended composite market index.

Florida Agricultural and Mechanical University Foundation, Inc.
(A Not-For-Profit Organization)
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013 and 2012

NOTE 10. 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 3.5% and the administrative fee rate at 2% for a total of 5.5% annual spending. Spending is distributed at the end of each calendar year (December 31st).

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.

Changes in endowment funds for the year ended June 30, 2013 consist of the following:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 21,112,445	\$ 79,859,388	\$ 100,971,833
Contributions and other revenue	-	212,107	212,107
Net Earnings allocation	7,573,923	-	7,573,923
Endowment earnings expended	(850,800)	-	(850,800)
Endowment net assets, end of year	<u>\$ 27,835,568</u>	<u>\$ 80,071,495</u>	<u>\$ 107,907,063</u>

NOTE 11. SUBSEQUENT EVENTS

The Foundation has evaluated events and transactions for potential recognition and disclosure in the financial statements through October 4, 2013. No subsequent events have been recognized or disclosed.

Florida Agricultural and Mechanical University Foundation, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
For the Fiscal Years Ended June 30, 2013 and 2012

June 30, 2013

June 30, 2012

	June 30, 2013					June 30, 2012				
	University Support	Scholarships and Grants	Fundraising	Management & General	Total	University Support	Scholarships and Grants	Fundraising	Management & General	Total
Scholarships and grants	\$ -	\$ 3,079,373		\$ -	\$ 3,079,373	\$ -	\$ 2,010,661		\$ 427	\$ 2,011,088
Salaries and fringe benefits	97,054	-	-	635,167	732,220	22,075	-	-	1,051,506	1,073,580
Contract services	535,202	-	-	18,990	554,192	500,045	-	-	28,484	528,529
Reimbursement for grant costs	-	-	-	536,893	536,893	403,190	-	-	-	403,190
Administrative charges	-	-	-	1,622,516	1,622,516	-	-	-	841,131	841,131
Equipment purchases	40,032	-	17,157	34,730	91,919	98,880	-	42,377	-	141,258
Travel and meetings	434,638	-	186,274	26,195	647,107	334,170	-	143,216	24,269	501,655
Materials and supplies	167,512	-	71,791	19,052	258,355	270,285	-	115,837	11,108	397,230
Professional fees	376,511	-	161,362	171,390	709,263	339,873	-	145,660	76,512	562,044
Entertainment and dinners	327,263	-	140,256	19,554	487,072	458,211	-	196,376	19,039	673,627
Repairs and maintenance	29,656	-	12,710	69,819	112,184	33,703	-	14,444	38,889	87,036
Postage	8,664	-	3,713	336	12,713	38,488	-	16,495	352	55,334
Dues and subscriptions	24,388	-	-	2,525	26,913	29,857	-	-	2,699	32,556
Insurance	5,046	-	-	21,136	26,182	1,702	-	-	23,240	24,942
Equipment rental	31,359	-	-	4,453	35,812	31,771	-	-	3,498	35,269
Printing and advertising	85,101	-	36,472	9,661	131,234	79,004	-	33,859	4,506	117,369
Interest	707	-	-	-	707	-	-	-	-	-
Telephone	371	-	371	9,778	10,521	439	-	439	3,737	4,614
Rent	82,921	-	-	39,795	122,716	36,153	-	-	79,537	115,690
Depreciation	-	-	-	3,828	3,828	-	-	-	1,206	1,206
Loans	-	-	-	-	-	-	-	-	-	-
Utilities	6,555	-	-	34,693	41,248	7,656	-	-	11,429	19,085
Training and seminars	19,487	-	8,352	-	27,839	9,205	-	3,945	-	13,150
Taxes and licenses	10,541	-	4,517	17,623	32,682	22,684	-	9,722	341	32,747
Bank charges	26,934	-	-	2,858	29,792	30,428	-	-	1,095	31,523
Provision for uncollectible pledges	-	-	-	-	-	-	-	318,429	-	318,429
President's Annuity & Allowances	-	-	-	49,800	49,800	-	-	-	-	-
Contributions	27,133	-	11,629	12,728	51,490	-	-	-	-	-
Other Agency Support	82,685	-	35,437	-	118,122	-	-	-	-	-
Miscellaneous	76,500	-	32,786	660	109,946	67,436	-	28,901	13,315	109,652
Total	\$ 2,496,262	\$ 3,079,373	\$ 722,825	\$ 3,364,179	\$ 9,662,639	\$ 2,815,255	\$ 2,010,661	\$ 1,069,699	\$ 2,236,321	\$ 8,131,936

Florida A&M University Foundation, Inc.
(A Nonprofit Organization)
MAJOR GIFTS PROGRAM
SCHEDULE 1 - SCHEDULE OF RECEIPTS, EXPENDITURES AND ENDOWMENT BALANCES
For the Fiscal Year Ended June 30, 2013

Name of Gift*	Beginning Corpus Balance	Beginning Net Balance 7/1/2012	Corpus			Expenditures	Other Expenditures & Transfers	Ending Corpus Balance	Ending Net Balance 06/30/2013
			Contributed During the 2012-2013	Income and Interest Earnings					
SCCE 1, 4 & 5	\$ 450,000	\$ 785,781	\$ -	\$ 24,750	\$ -	\$ 9,000	\$ 450,000	\$ 801,531	
SCCE 2 & 3	300,000	547,979	-	16,500	30,326	6,000	300,000	528,153	
SCCE 14	150,000	243,691	-	8,250	27,250	3,000	150,000	221,691	
SCCE 24	150,000	177,807	-	8,250	-	3,000	150,000	183,057	
SCCE 25	150,000	196,781	-	8,250	-	3,000	150,000	202,031	
SCCE 26	150,000	231,809	-	8,250	2,000	3,000	150,000	235,059	
SCCE 27	150,000	273,287	-	8,250	-	3,000	150,000	278,537	
SCCE 28	150,000	198,875	-	8,250	41,000	3,000	150,000	163,125	
SCCE 33	300,000	340,658	-	16,500	-	6,000	300,000	351,158	
SCCE 34	150,000	186,000	-	8,250	-	3,000	150,000	191,250	
SCCE 35	150,000	275,736	-	8,250	-	3,000	150,000	280,986	
SCCE 38-40	450,000	774,766	-	24,750	2,000	9,000	450,000	788,516	
SCCE 41-43	450,000	657,982	-	24,750	-	9,000	450,000	673,732	
SCCE 44-48	750,000	887,462	-	41,250	-	15,000	750,000	913,712	
SCCE 49-51	450,000	758,538	-	24,750	5,000	9,000	450,000	769,288	
SCCE 52-53	300,000	455,574	-	16,500	3,354	6,000	300,000	462,720	
SCCE 57	1,164,977	1,529,123	-	64,074	-	122,713	1,164,977	1,470,484	
SCCE 58	315,898	421,877	-	17,374	6,750	8,260	315,898	424,242	
SCCE 61	247,500	408,125	-	13,613	9,743	4,950	247,500	407,045	
SCCE 62	300,000	422,257	-	16,500	-	6,000	300,000	432,757	
SCCE 64	375,000	459,412	-	20,625	23,500	7,500	375,000	449,037	
SCCE 65	150,000	256,499	-	8,250	-	3,000	150,000	261,749	
SCCE 66	172,500	295,119	-	9,488	-	3,450	172,500	301,157	
SCCE 67	300,000	331,419	-	16,500	23,710	6,000	300,000	318,209	
SCCE 68	210,000	326,178	-	11,550	-	4,200	210,000	333,528	
SCCE 69	172,500	187,175	-	9,488	-	18,450	172,500	178,213	
SCCE 70	360,283	497,068	-	19,816	11,500	7,206	360,283	498,178	
SCCE 71	300,000	481,508	-	16,500	2,861	6,000	300,000	489,147	
SCCE 72	217,500	325,228	-	11,963	2,000	4,350	217,500	330,840	
SCCE 74	574,380	849,964	-	31,591	50,250	11,488	574,380	819,818	
SCCE 75	396,000	568,846	-	21,780	10,000	7,920	396,000	572,706	
SCCE 77	1,190,000	1,348,789	-	65,450	-	123,800	1,190,000	1,290,439	
SCCE 79	1,219,451	1,470,991	-	67,070	21,587	24,389	1,219,451	1,492,085	
SCCE 80	150,000	193,083	-	8,250	-	3,000	150,000	198,333	
SCCE 85	229,082	294,960	-	12,600	7,000	4,582	229,082	295,977	
SCCE 86	750,000	986,250	-	41,250	-	15,000	750,000	1,012,500	
SCCE 87	225,000	318,375	-	12,375	-	4,500	225,000	326,250	
Balances forward	13,670,071	18,964,971	-	751,854	279,831	489,757	13,670,071	18,947,237	

Name of Gift*	Beginning Corpus Balance	Beginning Net Balance 7/1/2012	Corpus Contributed During the 2012-2013	Income and Interest Earnings	Expenditures	Other Expenditures & Transfers	Ending Corpus Balance	Ending Net Balance 06/30/2013
Balances forward	13,670,071	18,964,971	-	751,854	279,831	489,757	13,670,071	18,947,237
FAMU Endowment #5	187,500	252,505	-	10,313	-	3,750	187,500	259,067
Walt Disney World Family Law	225,000	284,656	-	12,375	-	4,500	225,000	292,531
FAMU Endowment #6	343,812	381,517	-	18,910	31,084	6,876	343,812	362,466
FAMU Endowment #7	358,433	413,470	-	19,714	12,576	33,343	358,433	387,265
Moot Court & Law Review Endt	1,275,000	1,367,886	-	70,125	18,880	25,500	1,275,000	1,393,631
FAMU Endowment #8	184,881	229,483	-	10,168	-	3,698	184,881	235,954
FAMU Endowment #9	183,393	223,636	-	10,087	1,500	3,668	183,393	228,554
FAMU Endowment #10	183,917	228,288	-	10,115	-	3,678	183,917	234,725
National Alumni Association Endowed Sel	150,000	183,750	-	8,250	-	3,000	150,000	189,000
Walt Disney World Family Law	100,000	112,500	-	5,500	-	2,000	100,000	116,000
FAMU Endowment #11	640,919	703,767	-	35,251	16,799	15,318	640,919	706,901
Scholarship Endowment I	150,000	292,141	-	8,250	-	3,000	150,000	297,391
Scholarship Endowment 2 & 3	-	-	-	-	-	-	-	-
Scholarship Endowment 4 & 5	300,000	523,126	-	16,500	49,363	6,000	300,000	484,263
Scholarship Endowment 6 & 7	300,000	440,967	-	16,500	52,500	6,000	300,000	398,967
Corporate Banquet	150,000	196,830	-	8,250	-	8,677	150,000	196,403
Honeywell, Inc. Endowment	150,000	177,625	-	8,250	-	3,000	150,000	182,875
Bill & Camille Cosby Endowment	300,000	461,489	-	16,500	12,500	6,000	300,000	459,489
Faculty & Staff Endowment	300,000	369,416	-	16,500	-	76,000	300,000	309,916
Journalism	450,000	488,795	-	24,750	50,000	9,000	450,000	454,545
Centennial I, II, III	450,000	497,391	-	24,750	-	9,000	450,000	513,141
SBI Endowments (Various)	13,582,256	19,618,925	-	747,024	7,147	871,645	13,582,256	19,487,157
TOTAL	\$ 33,635,182	\$ 46,413,133	\$ -	\$ 1,849,935	\$ 532,180	\$ 1,593,410	\$ 33,635,182	\$ 46,137,478

* SCCE - Second Century Campaign Endowment.

Florida A&M University Foundation, Inc.

EMINENT SCHOLARS CHAIRS
SCHEDULE OF RECEIPTS, EXPENDITURES AND ENDOWMENT BALANCES

For the Fiscal Year Ended June 30, 2013

Name of Eminent Scholars Chair	Beginning Corpus Balance	Beginning Net Balance 07/01/2012	Corpus Contributed During the FY 2012-2013	Income and Interest Earnings	Expenditures	Other Expenditures & Transfers	Ending Corpus Balance	Ending Net Balance 06/30/2013
Warner Lambert Chair	\$ 1,000,000	\$ 1,590,076	\$ -	\$ 55,000	\$ -	\$ 20,000	\$ 1,000,000	\$ 1,625,076
Centennial Business Chair	1,000,000	1,367,699	-	55,000	-	20,000	1,000,000	1,402,699
Anheuser Busch Chair	1,000,000	1,353,891	-	55,000	-	20,000	1,000,000	1,388,891
Knight-Ridder Chair	1,762,440	1,931,662	-	96,934	142,266	35,249	1,762,440	1,851,081
Garth Reeves Chair	1,000,000	1,248,826	-	55,000	42,432	20,000	1,000,000	1,241,394
Foster-Edmond Chair	1,020,000	1,608,992	-	56,100	-	20,400	1,020,000	1,644,692
SBI Financial Services Chair	1,020,000	1,482,183	-	56,100	-	20,400	1,020,000	1,517,883
Carrie Meek Chair	1,020,000	1,732,037	-	56,100	-	20,400	1,020,000	1,767,737
Shirley A. Cunningham Jr. Endowed Chair	1,750,001	2,427,188	-	96,250	-	35,000	1,750,001	2,488,438
Sybil C. Mobley Endowed Chair	2,523,798	3,258,153	-	138,809	-	50,476	2,523,798	3,346,486
TOTAL CHAIRS	\$ 13,096,239	\$ 18,000,706	\$ -	\$ 720,293	\$ 184,698	\$ 261,925	\$ 13,096,239	\$ 18,274,377



**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

To the Board of Directors of
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 Florida Agricultural and Mechanical University Foundation, Inc. (the "Foundation") which comprise the statement of financial position as of June 30, 2013, 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 October 4, 2013.

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 opinion 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying *schedule of findings and responses* to be a material weakness. *2013-MW-1*.

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. We consider the deficiency described in the accompanying *schedule of findings and responses* to be a significant deficiency 2013-SD-2.

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 did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Foundation's Response to Findings

The Foundation's response to the findings identified in our audit are described in the accompanying *schedule of findings and responses*. The Foundation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
October 4, 2013

BCA Watson Rice LLP