

2006

# Annual financial report for the fiscal year 2004-2005

Florida International University

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# FLORIDA INTERNATIONAL UNIVERSITY

## 04-05 ANNUAL FINANCIAL REPORT



*Investing in Excellence*

# FLORIDA INTERNATIONAL UNIVERSITY

## 04-05 ANNUAL FINANCIAL REPORT



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## MESSAGE FROM THE PRESIDENT:

Modesto A. Maidique

For a number of years, Florida International University has been in the midst of impressive physical and academic growth as we move toward our goal of becoming a top, urban, public research university. I am proud that today we have met and surpassed many of our goals. In the past year alone:

- *U.S. News & World Report* ranked the College of Business Administration's Undergraduate International Business program No. 9 in the country.
- The graduates of our School of Nursing were No. 1 in Florida and ranked among the best in the nation with a 97 percent pass rate on the national licensing exam.
- The first class of graduates of FIU's new College of Law led Florida with a 96 percent pass rate on the Multistate Professional Responsibility Exam. They achieved an impressive 74 percent pass rate on the bar exam, well above the statewide average.

These are only some of the highlights of our success. Without a doubt, our greatest achievements lie in the success of our alumni and students. Now more than 110,000 strong, FIU alumni continue to effect change at local, state, national and international levels. They remind us in the most relevant ways of the transformational power of education and opportunity.

Our students continue to infuse our vibrant campuses with their energy. Nearly 38,000 students from more than 130 countries attend FIU, and campus life is as diverse as this colorful cultural mix, which has helped inform and grow university life.

As FIU moves ever forward, I remain confident that our university community will continue to be inspired to greater heights by the creative spirit and collective effort of Golden Panthers who have come before us, those who labor here now, and those we have yet to meet.



## MESSAGE FROM THE CFO:

Vivian A. Sanchez

Supporting Florida International University faculty, researchers and students is an administrative infrastructure that ensures FIU's financial stability and integrity. Indeed, one of FIU's quieter successes has been the streamlining and fortification of the university's financial operations to create a more effective budget management system.

In fiscal year 2004-'05, the university team focused on three key areas of the budget and financial process:

- Aligning resources to the university's strategic plan
- Ensuring transparency in funds allocation and financial performance
- Establishing accountability for reaching results

FIU's intellectual and physical growth is mirrored by a concomitant increase in construction on our campuses. Current projects such as the Health & Life Sciences building, College of Law home, Marine Biology complex and Lake View Housing are part of FIU's ambitious \$161.1 million construction plan and reflect the university's strategic themes: health, international, environment and student life. By focusing our resources in these critical areas, the university is on its way to realizing its vision as one this country's top urban public research universities.

As we continue to grow our student enrollment and research initiatives – and seek to establish an FIU School of Medicine – fund-raising activities are playing an increasingly critical role in the university's efforts to move forward. In a tacit endorsement of our vision for the community, individuals and organizations alike have been generous in their financial support. Including the State's matching program, more than \$100 million has been raised in the last three years alone.

As you read our Annual Report for fiscal year 2004-2005, I am confident it will reflect our careful stewardship of resources as we continue to build our international reputation of excellence.

## HEALTH:

### Advancing research for improved quality of life

Chief among our efforts is the expansion of our health initiatives to address critical community needs.

The university is in the midst of an exciting era of growth and development in science and health research, propelled by a firm belief in the possibilities of science and an unwavering commitment to address the most pressing needs of our community. Chief among our efforts is the expansion of our health initiatives to address critical community needs.

Researchers in the College of Engineering and Computing's Department of Biomedical Engineering have secured millions of dollars in grants to support promising research into cardiac disease, hypertension and congestive heart failure. They are developing such innovations as a polymer heart valve that combines the best of current options while minimizing risk. New cell transplantation technology in development could one day render obsolete heart transplants and open-heart surgery for congestive heart failure. Research in the Center for Advanced Technology and Education is giving new hope for mobility and communication to those with motor disabilities and visual impairment.

FIU has reached a milestone in its research efforts by signing its first licensing agreement for a stroke therapy drug. The drug holds great promise for reducing the deterioration of the brain after a stroke or head trauma.

Nursing faculty are conducting important research that makes substantive contributions to health care. Among the areas of research are HIV and AIDS, medicinal substance abuse, high-risk pregnancies, infection control and pediatric pain management.

The FIU School of Nursing is doing its part to alleviate the critical shortage of nurses, increasing admissions to the School by more than 100 percent in recent years. Graduates demonstrated the exceptional quality of an FIU education in 2005 by achieving the highest scores in the state and among the highest in the country on the national licensing exam. Nearly all of FIU's nursing graduates are now practicing here in South Florida, improving health care in our community every day.

At FIU, hard science is coupled with community collaboration in pursuit of solutions to pressing health issues. In the College of Health and Urban Affairs, for instance, researchers are working to eradicate lead poisoning among children in neighborhoods including Overtown, Little Havana and Little Haiti. And one of the world's most respected authorities on sexually transmitted disease is leading a Centers for Disease Control program at FIU to curb the transmission of HIV and AIDS in South Florida by examining critical social and educational factors.



Students, in collaboration with FIU researchers, are exploring solutions to some of our community's greatest health challenges.

## ENVIRONMENT:

### Protecting the future of natural resources

The impact of FIU researchers' efforts to protect and sustain the world's most fragile resources is creating a ripple effect that will be felt for generations to come.

At a time when natural resources around the world are more precious – and imperiled – than they have ever been, researchers at FIU are taking the lead in crafting viable solutions to the most pressing environmental issues of our time.

FIU faculty in biology, chemistry, environmental sciences and earth sciences work with Southeast Environmental Research Center (SERC) researchers on South Florida's environmental challenges, with an emphasis on the Everglades and the Florida Keys. The program houses two federal agencies restoring the South Florida ecosystem and one of the nation's Long Term Environmental Research Centers (LTER), the Florida Coastal Everglades LTER.

The hurricane season of 2004 brought to the forefront the importance of FIU's International Hurricane Research Center (IHRC). The center's primary focus is to provide practical solutions to mitigate hurricane damage to people, the economy, buildings and the natural environment. For instance, research conducted at IHRC resulted in a stronger Florida Building Code.

Currently, IHRC researchers are constructing the world's most powerful wind simulation device. It will be used to investigate the forces of extremely high velocity winds and wind-driven water and to determine their effects on structures. With the resulting data, wind engineers will work to develop new testing protocols, improve structural design, help strengthen building codes and standards, and develop affordable hazard solutions.

FIU's commitment to the environment extends from the seashores to the classroom. The university's new marine biology program has quadrupled in enrollment in just a few years. FIU's new \$12.7 million Marine Science Center, equipped with state-of-the-art research and teaching laboratories, is set to open in 2006. The program seeks to become the nation's leading center for the study of the coastal environment. The interdisciplinary program complements the research of SERC and FIU's International Hurricane Research Center. In addition, the marine biology program is ensuring that environmental studies remain a priority for the next generation through educational outreach programs at high schools in Miami-Dade and Broward counties.

At a time when natural resources are more precious – and imperiled – than ever, FIU researchers are taking the lead in crafting viable solutions to pressing environmental issues of our time.



The International Hurricane Research Center's Wall of Wind project is one of the many research initiatives that seeks to mitigate hurricane damage to people, the economy, buildings and the natural environment.

## GLOBAL EDUCATION:

### Preparing leaders with international expertise

Across the disciplines, Florida International University's academic programs emphasize an international perspective that is critical in today's world. Not confined to lectures or textbooks, the lessons begin from the time our students arrive on campus.

More than 130 countries are represented among FIU's diverse student body. The synergy inherent in this dynamic challenges our students daily to think in new and different ways. A full menu of Study Abroad programs complements this hands-on international experience. Our academic programs leverage this global collaboration, and several programs have achieved national and international distinction.

The College of Business Administration has achieved recognition for innovative programs in international business from *U.S. News & World Report*, *BusinessWeek*, *Hispanic Business* and *America Economía*. FIU's undergraduate International Business program is ranked No. 9 in the United States and its graduate program in the Top 25, according to *U.S. News & World Report's* 2005 annual survey.

FIU is highly regarded for its expertise in regions around the globe. The Latin American and Caribbean Center (LACC), one of the country's foremost academic centers for the study of Latin America, offers a comprehensive graduate program and undergraduate and graduate certificates. Through the center, students study abroad in Brazil, Bolivia and Haiti, and all graduates must demonstrate foreign-language proficiency.

FIU has recently inaugurated a new master's degree program in Asian Studies, a field of growing importance given the international economic and strategic shift toward Asia. One of the only such initiatives in the southeastern United States, the program is helping our students excel in the evolving global marketplace. So is FIU's collaborative academic program offered in Latin American and Asian Studies. This distinctive certificate program educates students about both areas of the world.

Another exciting project in FIU's ever-expanding global reach is the new 80-acre School of Hospitality and Tourism Management in Tianjin, China. This innovative project brings the expertise of FIU's nationally renowned School of Hospitality Management to a country that is predicted to be the world's top tourist attraction by the year 2020.

College of Law studies are enhanced by a unique requirement that students study international law and comparative law, ensuring that FIU graduates will be competent in international settings. Students also have an opportunity to gain first-hand experience in immigration and human rights through the FIU Carlos Costa Immigration and Human Rights Clinic. In one of the College's newer initiatives, FIU law students can spend a summer studying abroad in Sevilla, Spain, or Rio de Janeiro, Brazil, in programs approved by the American Bar Association.

Across the disciplines, Florida International University's academic programs emphasize an international perspective that is critical in today's world.



FIU's School of Hospitality and Tourism Management in Tianjin, China, will host FIU students for study and internships. Faculty members at the Tianjin school are being trained at FIU's School of Hospitality and Tourism Management at FIU's Biscayne Bay Campus.

## STUDENT LIFE:

### Enriching our campuses and community

While students come to FIU in search of higher education and the knowledge to serve them in their future careers, there are countless opportunities for personal growth and development that take place outside the classroom.

Students who participate in the university's Alternative Spring Break program spend their fall or spring breaks engaging in community service. Through their participation in intense, week-long projects for community agencies in the United States and abroad, teams of students learn firsthand about issues such as literacy, poverty, racism, hunger, homelessness and the environment.

The Alternative Spring Break organization is just one of the more than 125 student clubs that enliven campus life. Clubs like the Honors Council have garnered national recognition for creative programming and chapter development, and a multitude of community-service projects support pressing local issues. In March 2005, for example, FIU's largest student-run fundraiser – Dance Marathon – raised approximately \$90,000 for Miami Children's Hospital and its Children's Miracle Network.

The inauguration of NCAA Division I-A football in 2004 has dramatically transformed FIU spirit across the university. Students in Panther Rage, a group that encourages school spirit, have fostered pride for the Blue and Gold, capturing the hearts and imaginations of FIU's nearly 38,000 students. The university's football program rounds out FIU's athletic program, which consists of 15 men's and women's teams competing at the NCAA level.

The 2004-2005 school year was a good one for Golden Panther athletics. The women's tennis team finished the season ranked among the top 30 in the country, and the women's track and field team raced their way to a top 25 national ranking. Always a perennial powerhouse, the men's soccer team earned an invitation to the NCAA tournament. And female sprinter Sheri-Ann Brooks closed out her collegiate career in fine style, winning the NCAA Championship in the women's 200-meter dash. With the victory, she became the first Golden Panther ever to win an individual NCAA title.

The university's Greek system continues to evolve and today numbers 25 chapters. Two fraternities have built houses at the University Park campus, and three more fraternities plan to follow suit in the years ahead.

The Student Government Association (SGA) not only funds campus-life organizations to foster student spirit, it lobbies lawmakers on important state and federal issues, voicing student concerns. SGA also brings distinguished speakers to FIU, including the likes of Nobel Peace Prize winner Archbishop Desmond Tutu, Tibetan spiritual leader the Dalai Lama, Pulitzer Prize-winning historian Doris Kearns Goodwin and poet Maya Angelou.

Students in Panther Rage, a group that encourages school spirit, have fostered pride for the Blue and Gold, capturing the hearts and imaginations of FIU's students.



Clubs like the Honors Council have garnered national recognition for creative programming and chapter development, and a plethora of student community service projects support pressing local issues.



# AUDITOR GENERAL

WILLIAM O. MONROE, CPA



## FLORIDA INTERNATIONAL UNIVERSITY

### FINANCIAL AUDIT

For the Fiscal Year Ended June 30, 2005

During the audit period, the President of the University was Dr. Modesto A. Maidique. Members of the University's Board of Trustees who served during the audit period are listed below.

#### BOARD OF TRUSTEES

David R. Parker, Vice Chair to 6-29-05, Chair from 6-30-05  
 Sergio Pino from 6-30-05, Vice Chair from 6-30-05  
 Adolfo Henriques to 6-29-05, Chair to 6-29-05  
 Betsy S. Atkins  
 Rafael A. Calderon to 9-01-04 (1)  
 Alberto E. Dotson, Sr.  
 Marcel Escoffier to 7-30-04 (2)  
 Patricia Frost  
 Bruce Hauptli from 8-01-04 (2)  
 Robert Kirkwood Landon from 2-04-05 (1)  
 Miriam Lopez  
 Alex Prado from 5-01-05 (3)  
 Claudia Puig  
 Jorge Rosario to 4-30-05 (3)  
 Rosa Sugranes  
 Herbert A. Wertheim

Notes: 1) Position remained vacant from September 2, 2004, through February 3, 2005. (2) Faculty senate chair. (3) Student body president.

## EXECUTIVE SUMMARY

The audit of the financial statements of Florida International University for the fiscal year ended June 30, 2005, was conducted pursuant to Section 11.45, Florida Statutes, and applicable standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

The scope of this audit included an examination of the financial statements of the University, a component unit of the State of Florida, and a determination as to whether management has complied with applicable laws, administrative rules, regulations, contracts, and grant agreements and other matters that are material to the financial statements. An examination of Federal awards administered by the University is included in our Statewide audit of Federal awards administered by the State of Florida.

The following provides a summary of the findings of our audit of the financial statements of the University:

- We found that the University's financial statements presented fairly, in all material respects, the financial positions of the University and its aggregate discretely presented component units as of June 30, 2005; the revenues, expenses, and changes in net assets; and the cash flows for the fiscal year then ended.
- We noted no matters involving the University's internal control over financial reporting and its operation that we considered to be material weaknesses.
- The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This audit was made in accordance with applicable Government Auditing Standards issued by the Comptroller General of the United States. This audit was coordinated by Agustin Silva, CPA, and supervised by Ramon A. Gonzalez, CPA. Please address inquiries regarding this report to Ted J. Sauerbeck, CPA, Audit Manager, via e-mail at [tedsauerbeck@aud.state.fl.us](mailto:tedsauerbeck@aud.state.fl.us) or by telephone at (850) 487-4468. This report, as well as other audit reports prepared by the Auditor General, can be obtained on our Web site (<http://www.state.fl.us/audgen>); by telephone at (850) 487-9024; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.



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The President of the Senate, the Speaker of the House of Representatives, and the Legislative Auditing Committee

## INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Florida International University, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2005, as shown on pages 22 through 37. These financial statements are the responsibility of the University's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units, as described in note 1 to the financial statements, which comprise 100 percent of the transactions and account balances of the aggregate discretely presented component units' columns. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for these entities, is based solely upon the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Florida International University and of its aggregate discretely presented component units as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 2 to the financial statements, the University discontinued reporting a share of the reverse repurchase and securities lending agreements entered into by the State Treasury, in connection with the State Treasury's Special Purpose Investment Account investment pool, for the 2004-05 fiscal year pursuant to the State Treasury's interpretation of GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*. Also, the University changed its method of reporting certain Federal and State student financial aid revenues for the 2004-05 fiscal year in accordance with GASB *Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions*. These changes affect the comparability of amounts reported as assets and liabilities in the statement of net assets, and operating and nonoperating revenues in the statement of revenues, expenses, and changes in net assets, for the 2004-05 fiscal year with amounts reported for the 2003-04 fiscal year.

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of Florida International University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, administrative rules, regulations, contracts, and grant agreements and other matters included under the heading INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The MANAGEMENT'S DISCUSSION AND ANALYSIS on pages 17 through 21 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,

*William O. Monroe*

William O. Monroe, CPA  
January 30, 2006

The President of the Senate, the Speaker of the House of Representatives, and the Legislative Auditing Committee

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of Florida International University, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2005, and have issued our report thereon included under the heading INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our report on the financial statements included disclosures regarding our reference to the reports of other auditors.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the University's internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, administrative rules, 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*.

This report is intended for the information of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, Federal and other granting agencies, and applicable management. Copies of this report are available pursuant to Section 11.45(4), Florida Statutes, and its distribution is not limited.

Respectfully submitted,

*William O. Monroe*

William O. Monroe, CPA  
January 30, 2006

## Management's Discussion and Analysis

The management's discussion and analysis of Florida International University and its component units, the Florida International University Foundation, Inc., and the Florida International University Research Foundation, Inc., introduces the financial statements, and provides an analytical overview of its financial activities for the fiscal year ended June 30, 2005. Management has prepared the financial statements and the related note disclosures along with the management's discussion and analysis. Responsibility for the completeness and fairness of this information rests with the University. The management's discussion and analysis is designed to focus on current activities, resulting changes, and currently known facts, and should be read in conjunction with the accompanying financial statements and notes thereto.

The University's financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*, and GASB Statement No. 34, *Basic Financial Statements-and Management Discussion and Analysis for State and Local Governments*. The University's reporting model under GASB Statement No. 35 is a special-purpose government entity engaged only in business-type activities.

The University's basic financial statements are comprised of the following:

- Statement of Net Assets
- Statement of Revenues, Expenses, and Changes in Net Assets
- Statement of Cash Flows
- Notes to Financial Statements

### FINANCIAL HIGHLIGHTS

The University's assets totaled \$755.7 million at June 30, 2005. This balance reflects a \$37.9 million, or 5.3 percent, increase from the 2003-04 fiscal year, resulting from additions to buildings, furniture and equipment, and library resources. While assets grew, liabilities increased by a lesser amount of \$6.5 million, or 2.5 percent, totaling \$267.4 million at June 30, 2005, compared to \$260.9 million at June 30, 2004. As a result, the University's net assets strengthened by \$31.4 million, after the effect of adjusting beginning net assets by \$19.3 million, reaching a year end balance of \$488.3 million.

The University's revenues totaled \$516.2 million for the 2004-05 fiscal year. This represents a 14.8 percent increase over the 2003-

04 fiscal year due mainly to increases in capital appropriations, student tuition and fees, and State appropriations. Operating expenses totaled \$455.9 million for the 2004-05 fiscal year, representing an increase of 7.9 percent over the 2003-04 fiscal year. For the 2004-05 fiscal year, the University's net assets increased \$50.7 million.

### THE STATEMENT OF NET ASSETS

The statement of net assets presents the University's assets, liabilities, and net assets using the accrual basis of accounting, and presents the financial position of the University at a specific time. The difference between total assets and total liabilities, net assets, is a key indicator of the University's financial condition. A condensed statement of assets, liabilities, and net assets for the University and its component units for the fiscal years ended June 30, 2005, and June 30, 2004. (See Table 1.)

As discussed in note 2 to the financial statements, the University discontinued reporting a share of the reverse repurchase and securities lending agreements entered into by the State Treasury, in connection with the State Treasury's Special Purpose Investment Account investment pool, for the 2004-05 fiscal year pursuant to the State Treasury's interpretation of GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*. This affects the comparability of amounts reported as assets and liabilities in the statement of net assets for the 2004-05 fiscal year with amounts reported for the 2003-04 fiscal year.

The statement of net assets reflects the University's growth, primarily its continued physical expansion to meet student and faculty needs. Current assets include amounts due from the State to fund approved construction and renovation projects, which increased from \$83.2 million at June 30, 2004, to \$106.1 million at June 30, 2005. Accounts receivables, net of allowances, which is also part of current assets, increased by \$17.8 million to \$38.3 million at June 30, 2005, due to higher contracts and grants receivables and growth in receivables from students. Offsetting these increases was a reduction in overall current assets of \$28.7 million due to the reporting change discussed in note 2 to the financial statements. This reporting change was the primary reason for the decrease in current liabilities.

The University's net depreciable capital assets increased by \$42.7 million. The completions of the Health and Life Science Buildings, Parking Garage III and IV, and Graham Center Expansion projects increased depreciable capital assets by \$52.8 million. Other investments aimed at improving the University's infrastructure and services such as furniture and

TABLE 1

NET ASSETS AS OF JUNE 30, 2005 (In Millions)						
	UNIVERSITY		PERCENT	COMPONENT UNITS		PERCENT
	6-30-05	6-30-04	CHANGE	6-30-05	6-30-04	CHANGE
<b>Assets</b>						
Current Assets	\$ 234.5	\$ 234.1	0.2%	\$ 58.0	\$ 43.6	33.0%
Noncurrent Assets:						
Capital Assets, Net of Depreciation	485.1	451.8	7.4%	13.0	13.3	-2.3%
Other	36.1	31.9	13.2%	66.9	57.3	16.8%
<b>Total Assets</b>	<b>755.7</b>	<b>717.8</b>	<b>5.3%</b>	<b>137.9</b>	<b>114.2</b>	<b>20.8%</b>
<b>Liabilities</b>						
Current Liabilities	102.4	126.4	-19.0%	2.6	0.9	188.9%
Noncurrent Liabilities	165.0	134.5	22.7%	19.4	11.6	67.2%
<b>Total Liabilities</b>	<b>267.4</b>	<b>260.9</b>	<b>2.5%</b>	<b>22.0</b>	<b>12.5</b>	<b>76.0%</b>
<b>Net Assets</b>						
Investment in Capital Assets	389.7	372.6	4.6%	-	-	-
Restricted for Nonexpendable	-	-	-	72.3	65.9	9.7%
Restricted for Expendable	20.5	28.8	-28.8%	25.0	20.7	20.8%
Unrestricted	78.1	55.5	40.7%	18.6	15.1	23.2%
<b>Total Net Assets</b>	<b>\$ 488.3</b>	<b>\$ 456.9</b>	<b>6.9%</b>	<b>\$ 115.9</b>	<b>\$ 101.7</b>	<b>14.0%</b>

equipment and library resources added to the depreciable capital assets base by \$3.2 million and \$6 million, respectively.

As total assets increased 5.3 percent, total liabilities increased by 2.5 percent to \$267.4 million. Financing activities associated with the University's capital projects were the primary contributors to changes in the University's overall financial position. First, as projects are completed, funds advanced by the State to pay for construction and improvement efforts were utilized, thereby reducing the liability. Secondly, the decrease was counterbalanced by an increase in external financing. To appropriately fund new construction and take advantage of more favorable market interest rates, the University issued a long-term bond to support the Lakeview Student Housing project and refinance existing debt. The net impact of this financing was a \$30.5 million increase in noncurrent liabilities.

As a result, the net assets balance had a favorable increase of \$31.4 million to \$488.3 million at June 30, 2005. This ending balance included \$389.7 million invested in capital assets, net of related debt; \$78.1 million in unrestricted funds; and \$20.5 million in restricted funds.

The component units had total assets of \$137.9 million at June 30, 2005, an increase of \$23.7 million, or 20.8 percent, over the 2003-04 fiscal year. The increase in total assets reflects the transactions of the Florida International University Research Foundation, Inc., as a component unit for the 2004-05 fiscal year. Also, as the Florida International University Foundation, Inc., continued to successfully collect contributions receivable, the

financial statements reflect an increase in cash and cash equivalents and investments of \$2.6 million and \$15.4 million, respectively. Total liabilities increased to \$22 million due mainly from a \$9.6 million note payable assumed by the Florida International University Research Foundation, Inc., to fund the University's settlement payment with the United States Department of Energy. The result was a favorable net assets increase of \$14.2 million. For more detailed information see the statement of net assets.

### THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

The statement of revenues, expenses, and changes in net assets presents the revenues earned and the expenses incurred during the year, regardless of when cash is received or paid. Activities are reported as either operating or nonoperating. Generally, operating revenues are received in exchange for providing goods and services. Operating expenses are incurred in the normal operation of the University, including a provision for estimated depreciation on capital assets. Certain revenue sources that the University relies on for operations, including state appropriations, gifts, certain financial aid revenues and investment income, are required by GASB to be classified as nonoperating revenues. Nonoperating expenses include costs associated with capital financing and capital assets.

A condensed statement of revenues and expenses of the University and its component units for the 2004-05 and 2003-04 fiscal years is presented on Table 2.

TABLE 2

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (In Millions)

	University		Percent Change	Component Units		Percent Change
	2004-05	2003-04		2004-05	2003-04	
Operating Revenue	\$ 238.2	\$ 249.1	-4.4%	\$ 15.9	\$ 19.3	-17.6%
Operating Expenses	455.9	422.5	7.9%	10.0	11.8	-15.3%
<b>Total Operating Income(Loss)</b>	<b>(217.7)</b>	<b>\$(173.4)</b>	<b>25.5%</b>	<b>5.9</b>	<b>\$ 7.5</b>	<b>-21.3%</b>
Net Non-operating Revenues	215.9	151.3	42.7%	8.3	9.9	-16.2%
<b>Income Before Other Revenues, Expenses, Gains or Losses</b>	<b>(1.8)</b>	<b>(22.1)</b>	<b>-92.0%</b>	<b>14.2</b>	<b>17.4</b>	<b>-18.4%</b>
Capital Appropriations	50.0	22.3	124.2%	-	-	-
Capital Grants, Contracts, and Donations	2.5	6.2	5.9%	-	-	-
<b>Change in Net Assets</b>	<b>50.7</b>	<b>6.4</b>	<b>692.8%</b>	<b>14.2</b>	<b>17.4</b>	<b>-18.4%</b>
Net Assets, Beginning of Year	456.9	450.5	1.4%	101.7	88.0	15.6%
Adjustment to Beginning Net Assets	(19.3)	-	100.0%	-	(3.7)	100.0%
<b>Net Assets, Beginning of Year, as Restated</b>	<b>437.6</b>	<b>450.5</b>	<b>-2.9%</b>	<b>101.7</b>	<b>84.3</b>	<b>20.6%</b>
<b>Net Assets, End of Year</b>	<b>\$ 488.3</b>	<b>\$ 456.9</b>	<b>6.9%</b>	<b>\$ 115.9</b>	<b>\$ 101.7</b>	<b>14.0%</b>

As discussed in note 2 to the financial statements, the University changed its method of reporting certain Federal and State student financial aid revenues for the 2004-05 fiscal year in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*. This affects the comparability of amounts reported as operating and nonoperating revenues on the statement of revenues, expenses, and changes in net assets for 2004-05 fiscal year with amounts reported for the 2003-04 fiscal year.

Revenues totaled \$516.2 million for the 2004-05 fiscal year. This represents a 14.8 percent increase over the 2003-04 fiscal year due mainly to increases in capital appropriations, student tuition and fees, and State appropriations.

The University's revenues by source for the 2004-05 and 2003-04 fiscal years are presented on Table 3.

TABLE 3

## REVENUES BY SOURCE (In Millions)

	2004-05	2003-04	Change
State Appropriations	\$ 176.5	\$ 166.6	\$ 9.9
Tuition and Fees, Net	101.9	87.3	14.6
Sales and Services	53.9	47.4	6.5
Federal Grants and Contracts	50.8	68.3	(17.5)
Capital Appropriations	50.0	22.3	27.7
Nonoperating Revenues	49.0	9.7	39.3
Other Operating Revenues	20.6	20.8	(0.2)
State and Local Grants & Contracts	7.7	10.1	(2.4)
Nongovernmental Grants & Contracts	3.3	5.2	(11.9)
Capital Grants, Contracts & Donations	2.5	2.0	0.5
<b>Total</b>	<b>\$ 516.2</b>	<b>\$ 449.7</b>	<b>\$ 66.5</b>

State appropriations, consisting of general revenue distributed by the Legislature and the State lottery system, constituted the largest component of revenue at \$176.5 million. The \$9.9 million increase was allocated to fund enrollment growth, employee benefits, annualized salary increases, and plant operations and maintenance. Also demonstrating noticeable growth was a \$14.6 million increase in student tuition and fees that was attributed to headcount growth, increased tuition rates, and fees. Capital appropriations increased \$27.7 million reaching a total of \$50 million due mainly to new projects such as the Law School and the Business School buildings. Finally, the fluctuations noted for Federal grants and contracts and nonoperating revenues are due to the reporting change discussed in note 2 to the financial statements.

Operating expenses totaled \$455.9 million for the 2004-05 fiscal year, representing an increase of 7.9 percent over 2003-04 fiscal year. Compensation and employee benefits and utilities were the primary drivers of higher costs. Expansion in research and auxiliary enterprises accounted for 28.1 percent of this increase. State appropriations for daily operations did not keep pace with increases in utilities as rates escalated and newly completed buildings expanded energy use. Utility rate increases and expanded energy use for newly completed buildings resulted in a \$5.2 million, or 45.2 percent, increase in utilities expenditures over the 2003-04 fiscal year. A functional distribution of operating expenses is provided in note 21 to the financial statements.

The component units operating revenue, totaling \$15.9 million, was for the Florida International University Foundation, Inc., and consisted

primarily of donor contributions, which resulted in a net operating income of \$5.9 million for the 2004-05 fiscal year. This represents a decrease of \$1.6 million, or 21.3 percent, compared to the 2003-04 fiscal year. The decrease was primarily the result of a reduction in gifts and donations. Net nonoperating revenues of \$8.3 million, consisting of investment income of \$1.8 million and net unrealized investment gains of \$6.5 million, decreased \$1.6 million, or 16.2 percent, compared to the 2003-04 fiscal year. The decrease resulted from a reduction in net unrealized gains on investments. For more detailed information see the statement of revenues, expenses, and changes in net assets.

## THE STATEMENT OF CASH FLOWS

The statement of cash flows reports changes in cash and cash equivalents generated from the University's operations, noncapital financing activities, capital and related financing activities, and investing activities. A condensed statement of cash flows for the University for the 2004-05 and 2003-04 fiscal years is presented on Table 4.

The statement of cash flows shows that cash and cash equivalents decreased by \$9.1 million for the 2004-05 fiscal year. This decrease resulted mainly from an increase in accounts receivable, specifically in the Sponsored Research Trust Fund, and the timing of construction expenses to an associated transfer of State funds that covers the cash need. The cash and cash equivalents balance of \$3.9 million, plus total investments of \$116.2 million as reported in the statement of net assets, results in a \$120.1 million cash and investment balance at June 30, 2005. For more detailed information see the statement of cash flows.

TABLE 4

## CASH FLOWS AT JUNE 30, 2005 (In Millions)

	2004-05	2003-04	Change
Cash Provided (Used) by:			
Operating Activities	\$ (208.5)	\$ (142.2)	\$ (66.3)
Noncapital Financing Activities	226.1	164.9	61.2
Capital & Related Financing Activities	(31.3)	(59.3)	28.0
Investing Activities	4.6	(4.1)	8.7
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(9.1)</b>	<b>(40.7)</b>	<b>31.6</b>
Cash and Cash Equivalents, Beginning of Year	13.0	53.7	(40.7)
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 3.9</b>	<b>\$ 13.0</b>	<b>\$ (9.1)</b>

## ANALYSIS BY SOURCE OF FUNDS

## Education and General

The major funding source of the University is derived from Educational and General Funds, consisting of General Revenue appropriated by the Legislature from tax collections, Educational Enhancement Trust Funds from proceeds of the State Lottery System, and the Student Fee Trust Fund from revenues generated by the University through student fees. During the 2004-05 fiscal year, funds received from these sources amounted to \$290.2 million, or 56.2 percent, of total revenue. The Education and General budget for the 2004-05 fiscal year increased \$14.4 million, or 5.7 percent. The University's Board of Trustees, in addition to approving the budget detail, approved a local tuition fees increase and also participated in the process to develop the Legislative budget request for the upcoming 2005-06 fiscal year. Tuition and other fees from the students totaled \$146.2 million and were reduced by scholarship allowances of \$44.3 million. Net tuition and fees increased by \$14.6 million over the prior fiscal year due to increased tuition fees and enrollment growth. During the 2004-05 academic year, tuition and fees were as presented on Table 5.

TABLE 5

## STUDENT TUITION AND FEES

	Undergraduate	Graduate	Law
Tuition per Credit:			
Resident	\$ 97.12	\$ 227.10	\$ 254.62
Non-Resident	\$ 514.00	\$ 867.55	\$ 921.71

*A health fee of \$54 and an athletic fee of \$10 were also assessed on a per student basis.*

## Sponsored Research

Sponsored research funds are awarded by Federal, State, and nongovernmental agencies for the University to conduct research and training. The University continues to strengthen its efforts as a Carnegie Research Extensive University. The University has been awarded major contracts by the National Aeronautics and Space Administration, National Science Foundation, United States Department of Defense, United States Department of Interior, and United States Department of Energy. Faculty members of the University attracted in excess of \$61 million in research funding from Federal, State, and private sources during the 2004-05 fiscal year.

## Auxiliaries

Auxiliary enterprises are self-supported activities providing services to students, faculty, and staff. These services are essential to the operations of the University and include activities such as student housing, parking, student health services, and bookstore. Sales and services, housing, and parking revenues accounted for \$25.6 million, \$17.5 million, and \$6.9 million, respectively, of total auxiliary revenues. It is important to highlight that the University issued a new bond for \$54 million for the construction of the new Lakeview Housing Facility and to refinance the existing \$19.9 million note payable for the first housing complex that was issued in 1993. This issuance resulted in an economic gain of \$1.5 million to the University and an opportunity to provide more housing to the students.

## Construction Funds

The University's focus on meeting its educational and research mission is reflected in the number of construction projects underway. These projects are essential to accommodate the growth in enrollment and programs experienced by the University. Funding for the construction of buildings on campus is provided from Public Education Capital Outlay (PECO) funds, the Capital Facilities Matching Trust Fund, auxiliary enterprises, and bond proceeds. During the 2004-05 fiscal year, PECO was the primary source of funding for construction projects, amounting to over \$47 million. The primary projects funded included Health & Life Sciences Building, Law School, Marine Biology, Central Utility Plant and infrastructure improvements.

## Loan Funds

The loan fund is used to issue student loans made under the Federal Perkins Loan Program as well as other loans. The loans represent amounts owed on promissory notes from debtors. The terms of the loan agreements usually specify that the funding operate on a revolving basis (i.e., repayment of principal and interest are loaned to other individuals). At June 30, 2005, the University had approximately \$3.8 million in outstanding loans to students.

## Agency Funds

The University holds funds as custodian or fiscal agent for others. These funds include, but are not limited to, organization accounts, student deposits, professional clubs and student clubs. The amount reported as deposits payable at June 30, 2005, on the statement of net assets included \$9.2 million of deposits held for these purposes, an increase of \$6.8 million over the amount held at June 30, 2004.

## ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The University has been in the midst of rapid intellectual and physical growth to attain our vision to be a top public urban research institution. Student enrollment and research operations are expected to continue on a favorable upward trend. This will require ongoing expansion of the University's support services ranging from advising, financial aid, and compliance to food outlets and library resources. Capital will focus on building new facilities that enhance student life and strengthen research excellence through new housing projects, expanded classroom capacity, and additional laboratory space.

The University has successfully built new programs, including a Law School that received provisional accreditation in the fastest possible time period. As the University now pursues the establishment of a School of Medicine, it is entering the next phase of development. This era will define the University for generations to come and holds great promise for the future of our community.

The most significant challenge will be the State's funding, which has been insufficient to keep pace with the University's enrollment expectations and the associated escalating operating costs. It is clear that the University's financial imperative for the future is to find new sources of revenue to reduce dependence on State funding, primarily through fund raising initiatives. Last year, fundraising activities reached the highest level in the University's history accumulating, with the State's matching program, more than \$100 million in the last three years. As alumni awareness continues to increase, the University is optimistic that this untapped source exceeding 110,000 individuals will also provide strong future support in this area.

# Florida International University

A COMPONENT UNIT OF  
THE STATE OF FLORIDA

## Statement of Net Assets

as of June 30, 2005

	University	Component Units
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 764,932	\$ 9,066,331
Investments	86,217,762	24,147,779
Receivable, Net	38,278,210	14,849,942
Loans and Notes Receivable, Net	434,000	
Due From State	106,122,837	
Due From Component Units/University	341,193	9,625,000
Inventories	1,760,850	
Other Current Assets	585,406	316,874
<b>Total Current Assets</b>	<b>234,505,190</b>	<b>58,005,926</b>
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	3,124,347	6,091,557
Restricted Investments	29,946,800	60,664,418
Loans and Notes Receivable, Net	2,151,964	
Other Noncurrent Assets	869,828	135,076
Depreciable Capital Assets, Net	411,749,103	12,259,143
Nondepreciable Capital Assets	73,365,893	702,500
<b>Total Noncurrent Assets</b>	<b>521,207,935</b>	<b>79,852,694</b>
<b>TOTAL ASSETS</b>	<b>\$ 755,713,125</b>	<b>\$ 137,858,620</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	\$ 2,232,270	\$ 157,946
Construction Contracts Payable	7,395,067	
Salaries and Wages Payable	9,484,323	
Deposits Payable	10,066,047	
Due to State	698,741	
Due to Component Units/University	9,625,000	341,193
Deferred Revenue	54,548,268	274,823
Other Current Liabilities		
Long Term Liabilities - Current Portion:		
Bonds and Revenue Certificates Payable	4,932,565	
Notes Payable		1,800,000
Capital Leases Payable	2,244,793	
Compensated Absences Payable	1,195,916	
<b>Total Current Liabilities</b>	<b>102,422,990</b>	<b>2,573,962</b>
Noncurrent Liabilities:		
Bonds and Revenue Certificates Payable	138,091,842	
Notes Payable		19,020,000
Capital Leases Payable	2,609,378	
Compensated Absences Payable	24,337,025	
Other Long-Term Liabilities		400,656
<b>Total Noncurrent Liabilities</b>	<b>165,038,245</b>	<b>19,420,656</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 267,461,235</b>	<b>\$ 21,994,618</b>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	389,661,333	
Restricted for Nonexpendable:		
Endowment		72,239,199
Restricted for Expendable:		
Debt Service	1,786,092	
Loans	2,387,396	
Capital Projects	13,962,009	
Other Restricted Net Assets	2,399,049	25,023,506
Unrestricted	78,056,011	18,601,297
<b>Total Net Assets</b>	<b>488,251,890</b>	<b>115,864,002</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 755,713,125</b>	<b>\$ 137,858,620</b>

The accompanying notes to the financial statements are an integral part of this statement.

**Statement of Revenues, Expenses, and Changes in Net Assets**

for the Fiscal Year Ended June 30, 2005

	University	Component Units
<b>REVENUES</b>		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarships		
Allowances of \$ 44,276,843	\$ 101,905,148	\$
Federal Grants and Contracts	50,819,506	
State and Local Grants and Contracts	7,688,352	
Nongovernmental Grants and Contracts	3,302,773	
Sales and Services of Educational Departments	3,274,523	
Sales and Services of Auxiliary Enterprises	50,582,527	
Gifts and Donations		13,191,635
Interest on Loans Receivable	14,718	
Other Operating Revenues	20,565,463	2,734,951
<b>Total Operating Revenues</b>	<b>238,153,010</b>	<b>15,926,586</b>
<b>EXPENSES</b>		
Operating Expenses:		
Compensation and Employee Benefits	282,751,108	
Services and Supplies	90,578,998	
Utilities	16,705,936	
Scholarships and Fellowship	40,907,819	
Depreciation	24,963,808	
Other Operating Expenses		10,009,656
<b>Total Operating Expenses</b>	<b>455,907,669</b>	<b>10,009,656</b>
<b>Operating Income (Loss)</b>	<b>(217,754,659)</b>	<b>5,916,930</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State Appropriations	176,471,345	
Investment Income	4,137,148	1,750,451
Federal and State Student Financial Aid	44,226,672	
Other Nonoperating Revenues	176,965	
Interest on Asset-Related Debt	(7,406,483)	
Other Nonoperating Expenses	(2,120,848)	
Net Unrealized Gains and Losses on Investments	410,408	6,513,887
<b>Net Nonoperating Revenues</b>	<b>215,895,207</b>	<b>8,264,338</b>
<b>Income (Loss) Before Other Revenues, Expenses, Gains, or Losses</b>	<b>(1,859,452)</b>	<b>14,181,268</b>
Capital Appropriations	50,041,848	
Capital Grants, Contracts, and Donations	2,549,302	
<b>Total Other Revenues, Expenses, Gains, or Losses</b>	<b>52,591,150</b>	
<b>Increase in Net Assets</b>	<b>50,731,698</b>	<b>14,181,268</b>
Net Assets, Beginning of Year	456,856,467	101,682,734
Adjustments to Beginning Net Assets	(19,336,275)	
<b>Restated Net Assets, Beginning of Year, as Restated</b>	<b>437,520,192</b>	<b>101,682,734</b>
<b>Net Assets, End of Year</b>	<b>\$ 488,251,890</b>	<b>\$ 115,864,002</b>

The accompanying notes to the financial statements are an integral part of this statement.

**Statement of Cash Flows**

for the Fiscal Year Ended June 30, 2005

	University
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Tuition and Fees	\$ 103,631,068
Grants and Contracts	49,006,190
Sales and Services of Educational Departments	3,274,523
Sales and Services of Auxiliary Enterprises	49,375,300
Interest on Loans Receivable	4,347
Other Operating Receipts	16,730,814
Payments to Employees	(279,718,643)
Payments to Suppliers for Goods and Services	(109,880,760)
Payments to Students for Scholarships and Fellowships	(40,907,819)
Net Loans Issued to Students	(40,419)
<b>Net Cash Used by Operating Activities</b>	<b>(208,525,399)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
State Appropriations	176,471,345
Operating Subsidies and Transfers	(2,243,431)
Net Change in Funds Held for Others	7,995,279
Other Nonoperating Receipts	44,226,672
Other Nonoperating Expenses	(301,966)
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>226,147,899</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from Capital Debt	36,524,761
Capital Appropriations	24,185,834
Capital Grants and Contracts	2,049,302
Capital Subsidies and Transfers	(22,939,685)
Purchases of Capital Assets	(55,593,572)
Principal Paid on Capital Debt and Leases	(8,643,292)
Interest Paid on Capital Debt and Leases	(6,909,566)
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b>(31,326,218)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Change in Investments, Net	799,583
Investment Income	3,790,907
<b>Net Cash Provided by Investing Activities</b>	<b>4,590,490</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(9,113,228)</b>
Cash and Cash Equivalents, Beginning of Year	13,002,507
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$3,889,279</b>
<b>RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>	
Operating Loss	\$ (217,754,659)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	24,963,808
Changes in Assets and Liabilities:	
Receivables, Net	(15,153,435)
Loans and Notes Receivable	(40,419)
Inventories	(1,256,214)
Other Assets	(280,506)
Accounts Payable	(1,059,106)
Salaries and Wages Payable	1,306,801
Deposits Payable	(663,794)
Compensated Absences Payable	1,725,663
Deferred Revenue	(313,538)
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b>\$ (208,525,399)</b>

The accompanying notes to the financial statements are an integral part of this statement.

# Notes to the Financial Statements

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**REPORTING ENTITY.** The University is a separate public instrumentality that is part of the State university system of public universities, and is directly governed by a Board of Trustees (Trustees) consisting of 13 members. The Governor appoints six citizen members and the State's Board of Governors appoints five citizen members. These members are confirmed by the Florida Senate and serve staggered terms of five years. The chair of the faculty senate and the president of the student body of the University are also members. The State's Board of Education is responsible for overseeing kindergarten through graduate school education in the State. The State's Board of Governors establishes the powers and duties of the Trustees. The Trustees are responsible for setting policies for the University, which provide governance in accordance with Florida law, State Board of Education rules, and Board of Governors rules. The Trustees select the University President and the State Board of Education ratifies the candidate selected. The University President serves as the executive officer and the corporate secretary of the Trustees, and is responsible for administering the policies prescribed by the Trustees for the University.

Criteria for defining the reporting entity are identified and described in the Governmental Accounting Standards Board's *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. Application of these criteria determines potential component units for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the primary government's financial statements to be misleading or incomplete. Based on the application of these criteria, the University is a component unit of the State of Florida, and its financial activity is reported in the State's Comprehensive Annual Financial Report by discrete presentation.

**DISCRETELY PRESENTED COMPONENT UNITS.** Based on the application of the criteria for determining component units, the University's direct-support organizations (as provided for in Section 1004.28, Florida Statutes) are included within the University reporting entity as discretely presented component units. Additional condensed financial statements for the University's discretely presented component units are shown in a subsequent note.

These legally separate, not-for-profit, corporations are organized and operated exclusively to assist the University to achieve excellence by providing supplemental resources from private gifts and bequests, and valuable education support services.

The Statute authorizes these organizations to receive, hold, invest, and administer property and to make expenditures to or for the benefit of the University. These organizations and their purposes are explained as follows:

- **Florida International University Foundation, Inc.** The purpose of the Florida International University Foundation, Inc., is to encourage, solicit, receive and administer gifts and bequests of property and funds for the advancement of Florida International University and its objectives.
- **Florida International University Research Foundation, Inc.** The purpose of the Florida International University Research Foundation, Inc., includes the promotion and encouragement of, and assistance to, the research and training activities of faculty, staff, and students of Florida International University through income from contracts, grants, and other sources, including, but not limited to, income derived from or related to the development and commercialization of University work products.

An annual audit of each organization's financial statements is conducted by independent certified public accountants. The annual report is submitted to the Auditor General and the University Board of Trustees. Additional information on the University's component units, including copies of audit reports, is available by contacting the University Controller's Office.

**BASIS OF PRESENTATION.** The University's accounting policies conform with accounting principles generally accepted in the United States applicable to colleges and universities as prescribed by the Governmental Accounting Standards Board (GASB). The National Association of College and University Business Officers (NACUBO) also provides the University with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB and the Financial Accounting Standards Board (FASB). GASB allows public universities various reporting options. The University has elected to report as an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and entity-wide reporting including the following components:

- Management's Discussion and Analysis
- Basic Financial Statements:
  - Statement of Net Assets
  - Statement of Revenues, Expenses, and Changes in Net Assets
  - Statement of Cash Flows
  - Notes to Financial Statements

**BASIS OF ACCOUNTING.** Basis of accounting refers to when revenues, expenses, and related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. The University's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met.

The University's component units use the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred. The Florida International University Foundation, Inc., follows FASB standards of accounting and financial reporting prescribed for not-for-profit organizations, whereas the Florida International University Research Foundation, Inc., follows GASB standards of accounting and financial reporting.

The University follows FASB statements and interpretations issued after November 30, 1989, unless those pronouncements conflict with GASB pronouncements.

Interdepartmental transactions of auxiliary service departments have been accounted for as reductions of expenses and not revenues of those departments.

The University's principal operating activities consist of instruction, research, and public service. Operating revenues and expenses generally include all fiscal transactions directly related to these activities as well as administration, operation and maintenance of plant assets, and depreciation on capital assets. Nonoperating revenues include State appropriations, Federal and State student financial aid, investment income, and capital asset funding. Interest on capital asset-related debt is a nonoperating expense.

The statement of net assets is presented in a classified format to distinguish between current and noncurrent assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the University's policy to first apply the restricted resources to such programs followed by the use of the unrestricted resources.

The statement of revenues, expenses, and changes in net assets is presented by major sources and is reported net of tuition scholarship discounts and allowances. Tuition scholarship discounts and allowances are the differences between the stated charge for goods and services provided by the University and the amount that is actually paid by the student or the third party

making payment on behalf of the student. The University applied "The Alternate Method" as prescribed in NACUBO Advisory Report 2000-05 to determine the reported net tuition scholarship discounts and allowances. Under this method, the University computes these amounts by allocating the cash payments to students, excluding payments for services, on a ratio of total aid to the aid not considered to be third-party aid.

The statement of cash flows is presented using the direct method in compliance with FASB Statement No. 9, *Reporting Cash Flows for Proprietary and Non-Expendable Trust Funds*.

**CASH AND CASH EQUIVALENTS.** The amount reported as cash and cash equivalents consists primarily of cash on hand and cash in demand accounts. University cash deposits are held in domestic and foreign banks. The domestic banks qualified as public depositories under Florida law. All such deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes. As of June 30, 2005, deposits in foreign banks totaled \$106,838. Cash and cash equivalents and investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other restricted assets are classified as restricted.

**CAPITAL ASSETS.** University capital assets consist of land, buildings, infrastructure and other improvements, furniture and equipment, library resources, works of art and historical treasures, construction in progress, and other capital assets. These assets are capitalized and recorded at cost at the date of acquisition or at estimated fair value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The University has a capitalization threshold of \$1,000 for tangible personal property and for buildings and other improvements. Depreciation is computed on the straight-line basis over the following estimated useful lives:)

- Buildings - 20 to 50 years, Depending on Construction
- Infrastructure and Other Improvements - 15 years
- Furniture and Equipment:
  - Equipment (Nonoffice) - 10 to 20 years
  - Computer Equipment - 3 to 7 years
  - Moveable Equipment - 3 to 20 years
- Library Resources - 10 years
- Property Under Capital Leases - 5 years

Depreciable capital assets of the Florida International University Foundation, Inc., are stated at cost, and are net of accumulated depreciation of \$984,492. Depreciation is provided using the straight-line method over the estimated useful life of the assets, ranging from 5 to 40 years.

## NONCURRENT LIABILITIES.

Noncurrent liabilities include principal amounts of bonds and revenue certificates payable, capital leases payable, and compensated absences payable that are not scheduled to be paid within the next fiscal year. Bonds and revenue certificates payable are reported net of unamortized premium or discount and deferred losses on refundings. The University amortizes bond premiums and discounts over the life of the bonds and revenue certificates using the straight-line method. The deferred losses on refundings are amortized over the life of the old debt or new debt (whichever is shorter) using the straight-line method. Issuance cost paid from the debt proceeds are reported as deferred charges, and are amortized over the life of the bonds and revenue certificates using the straight-line method.

## 2. REPORTING CHANGES

In prior fiscal years, the University reported a share of the reverse repurchase and securities lending agreements entered into by the State Treasury, in connection with the State Treasury's Special Purpose Investment Account (SPIA) investment pool, as an investment and corresponding liability, and made note disclosure in accordance with GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*. Currently, the State Treasury is of the opinion that since the University owns a share of the SPIA investment pool, and not the underlying securities, the University does not need to make disclosure of the reverse repurchase and securities lending agreements entered into by the State Treasury. Accordingly the University did not report an asset or liability associated with, or disclose information pertaining to, those agreements in its financial statements for the 2004-05 fiscal year.

In prior fiscal years, moneys received for Federal student financial aid relating to the Pell Grant and Supplemental Educational Opportunity Grant programs, and moneys received from the Florida Department of Education for the Bright Futures Scholarship program, were reported as operating revenues in the statement of revenues, expenses, and changes in net assets. However, pursuant to GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, moneys received under these programs represent nonexchange transactions that should be reported as nonoperating revenues. Accordingly, for the 2004-05 fiscal year, the University began reporting moneys received under these programs as nonoperating revenues in the statement of revenues, expenses, and changes in net assets.

TABLE 6

PRIOR PERIOD ADJUSTMENT	
Description	Amount
To Decrease Beginning Net Asset Balance for Prior Year Unrecorded Transfer of Investments to the Florida Department of Education at Devolution which are now part of the Capital Facilities Matching Trust Fund	\$ (14,930,034)
To Decrease Beginning Net Asset Balance for Prior Year Unrecorded Deferred Revenues Related to Contracts and Grants	(6,429,119)
To Increase Beginning Net Asset Balance for Prior Year Unrecorded Contracts and Grants Receivables	2,022,878
<b>Total Adjustment to Begining Net Assets</b>	<b>\$ (19,336,275)</b>

## 3. PRIOR PERIOD ADJUSTMENTS

Adjustments to beginning net assets were reported in accordance with Accounting Principles Board Opinions Nos. 9 and 20, and FASB Statement No. 16, only when amounts were considered material. Nonmaterial adjustments were reported through current year operations. Table 6 summarizes the adjustments to beginning net assets reported in the statement of revenues, expenses, and changes in net assets.

## 4. INVESTMENTS

Section 1011.42(5), Florida Statutes, authorizes universities to invest funds awaiting clearing with the State Treasury and State Board of Administration, and requires that universities comply with the statutory requirements governing investment of public funds by local governments. Accordingly, universities are subject to the requirements of Chapter 218, Part IV, Florida Statutes. Pursuant to Section 218.415(16), Florida Statutes, the University is authorized to invest in the Local Government Surplus Funds Trust Fund investment pool administered by the State Board of Administration; interest-bearing time deposits and savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; direct obligations of the United States Treasury; obligations of Federal agencies and instrumentalities; securities of, or interests in, certain open-end or closed-end management type investment companies; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and other investments approved by the University's Board of Trustees as authorized by law.

The University's investments at June 30, 2005, are reported at fair value as presented on Table 7.

TABLE 7

INVESTMENTS AT JUNE 30, 2005	
Investment Type	Amount
External Investment Pools:	
Florida State Treasury	\$ 114,397,634
Florida State Board of Administration	1,766,928
<b>Total University Investments</b>	<b>\$ 116,164,562</b>

**EXTERNAL INVESTMENT POOL.** The University had investments totaling \$114,397,634 at June 30, 2005, in the State Treasury Special Purpose Investment Account (SPIA) investment pool representing ownership of a share of the pool, not the underlying securities. The University's investments in the pool are reported at fair value. The State Treasury has taken the position that participants in the pool should disclose information related to interest rate risk and credit risk. The SPIA carried a credit rating of AA-f by Standard and Poor's and had an effective duration of 2.22 years at June 30, 2005. The University relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to the financial statements of the State's Comprehensive Annual Financial Report.

The University had investments totaling \$1,766,928 at June 30, 2005, in the Local Government Surplus Funds Trust Fund administered by the State Board of Administration (SBA) pursuant to Section 218.405, Florida Statutes. The University's investments in the pool are reported at fair value. The University's investments in the Local Government Surplus Funds Trust Fund, a Securities and Exchange Commission Rule 2a-7 like external investment pool, are similar to money market funds in which shares are owned in the fund rather than the actual underlying investments. The SBA has taken the position that participants in the pool are not required to disclose information related to interest rate risk, custodial credit risk, concentration of credit risk, and foreign currency risk. The investment pool was not rated by a nationally recognized statistical rating agency as of June 30, 2005.

**COMPONENT UNIT INVESTMENTS.** The Florida International University Foundation, Inc. (Foundation), maintains investment accounts with financial institutions that are not insured by the Federal Deposit Insurance Corporation. These funds may be subject to insurance by the Special Purpose Insurance Corporation, subject to various limitations. The Foundation believes that the number, diversity, and financial strength of the issuers mitigate the credit risks associated with all investments. Foundation investments at June 30, 2005, are reported at fair value as presented on Table 8.

TABLE 8

INVESTMENTS - FIU FOUNDATION AT JUNE 30, 2005	
Investment Type	Component Unit
Common Stock and Mutual Funds	\$ 56,117,717
Limited Partnerships	16,337,289
U.S. Government and Municipal Securities	8,481,662
Corporate Bonds	3,736,298
Plus Accrued Income	139,231
<b>Total Component Unit Investments</b>	<b>\$ 84,812,197</b>

## 5. RECEIVABLES

**ACCOUNTS RECEIVABLE.** Accounts receivable represent amounts for student fee deferrals, various student services provided by the University, various auxiliary services provided to students and third parties, grant reimbursements due from third parties, and interest from investments.

**LOANS AND NOTES RECEIVABLE.** Loans and notes receivable represent all amounts owed on promissory notes from debtors including student loans made under the Federal Perkins Loan Program and other loan programs.

### ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES.

Allowances for uncollectible accounts, loans, and notes receivable are reported based upon management's best estimate as of fiscal year-end considering type, age, collection history, and any other factors considered appropriate. Accounts receivable, and loans and notes receivable, are reported net of allowances of \$8,805,856 and \$1,232,236, respectively, at June 30, 2005.

## 6. DUE FROM STATE

The amount reported as Due From State is comprised of the following (see Table 9):

TABLE 9

Source	Amount
Public Education Capital Outlay	\$61,469,507
Florida International University Housing Revenue Bonds, Series 2004A	26,985,691
Capital Facilities Matching	16,429,021
Capital Improvement Trust Fund	1,238,618
<b>Total</b>	<b>\$106,122,837</b>

## 7. DUE FROM/TO COMPONENT UNITS/UNIVERSITY

The \$341,193 reported as due from component units represents amounts owed by the Florida International University Foundation, Inc., to the University pursuant to grant agreements. The \$9,625,000 reported as due from university represents the amount owed by the University to the Florida International University Research Foundation, Inc. (Research Foundation), related to the outstanding balances on two series of notes issued by the Research Foundation to assist the University with a settlement agreement involving the United States Department of Energy, relating to the Hemispheric Center for Environmental Technology (see note 13). The University is obligated to provide the Research Foundation amounts needed to pay both the principal and interest on the notes.

## 8. INVENTORIES

Inventories have been categorized into the following two types:

- **Departmental Inventories** – Those inventories maintained by departments and not available for resale. Departmental inventories are comprised of such items as classroom and laboratory supplies, teaching materials, and office supply items, which are consumed in the teaching and work process. These inventories are normally expensed when purchased and therefore are not reported on the statement of net assets.

TABLE 10

CAPITAL ASSETS AT JUNE 30, 2005				
Description	Beginning Balance	Additions	Reductions	Ending Balance
<b>Nondepreciable Capital Assets:</b>				
Land	\$ 28,402,805			\$ 28,402,805
Construction in Progress	51,717,417	\$ 43,405,212	\$ 52,874,074	42,248,555
Works of Art and Historical Treasures	2,653,982	60,551		2,714,533
<b>Total Nondepreciable Capital Assets</b>	<b>\$ 82,774,204</b>	<b>\$ 43,465,763</b>	<b>\$ 52,874,074</b>	<b>\$ 73,365,893</b>
<b>Depreciable Capital Assets:</b>				
Buildings	\$ 369,788,420	\$ 52,874,074	\$ 21,052	\$ 422,641,442
Infrastructure and Other Improvements	10,063,920	13,608		10,077,528
Furniture and Equipment	113,202,890	6,653,719	3,465,980	116,390,629
Property Under Capital Leases	9,248,513	2,041,949		11,290,462
Library Resources	71,716,644	5,978,622	1,414	77,693,852
Other Capital Assets	1,699,309	211,634	8,285	1,902,658
<b>Total Depreciable Capital Assets</b>	<b>575,719,696</b>	<b>67,773,606</b>	<b>3,496,731</b>	<b>639,996,571</b>
<b>Less, Accumulated Depreciation:</b>				
Buildings	89,210,529	7,504,948		96,715,477
Infrastructure and Other Improvements	7,897,006	670,928		8,567,934
Furniture and Equipment	79,648,862	10,137,076	3,422,154	86,363,784
Property Under Capital Leases	3,702,540	2,153,915		5,856,455
Library Resources	24,992,208	4,305,753		29,297,961
Other Capital Assets	1,254,669	191,188		1,445,857
<b>Total Accumulated Depreciation</b>	<b>206,705,814</b>	<b>24,963,808</b>	<b>3,422,154</b>	<b>228,247,468</b>
<b>Total Depreciable Capital Assets, Net</b>	<b>\$ 369,013,882</b>	<b>\$ 42,809,798</b>	<b>\$ 74,577</b>	<b>\$ 411,749,103</b>

- **Merchandise Inventory** – Those inventories maintained which are available for resale to individuals and other University departments, and are not expensed at the time of purchase. These inventories are reported on the statement of net assets, and are valued at cost using either the moving average method or the first-in first-out method.

## 9. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2005, is shown on Table 10.

## 10. DEFERRED REVENUE

Deferred revenue includes amounts received prior to the end of the fiscal year, but related to subsequent accounting periods. As of June 30, 2005, the University reported the following amounts as deferred revenue. (See Table 11.)

TABLE 11

Description	Amount
Capital Appropriations	\$ 48,432,687
Contract and Grants Revenue	6,115,581
<b>Total Deferred Revenues</b>	<b>\$ 54,548,268</b>

## 11. LONG-TERM LIABILITIES

Long-term liabilities of the University at June 30, 2005, include bonds and revenue certificates payable, capital leases payable, and compensated absences payable. Long-term liabilities activity for the fiscal year ended June 30, 2005, is shown on Table 12.

TABLE 12

LONG TERM LIABILITIES AT JUNE 30, 2005					
Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
<b>Bonds and Revenue Certificates</b>					
Payable	\$ 92,757,946	\$ 55,392,403	\$ 5,125,942	\$ 143,024,407	\$ 4,932,565
Notes Payable	20,754,288		20,754,288		
Capital Leases Payable	5,130,561	1,861,499	2,137,889	4,854,171	2,244,793
Compensated Absences Payable	23,807,278	3,211,155	1,485,492	25,532,941	1,195,916
<b>Total Long-Term Liabilities</b>	<b>\$ 142,450,073</b>	<b>\$ 60,465,057</b>	<b>\$ 29,503,611</b>	<b>\$ 173,411,519</b>	<b>\$ 8,373,274</b>

**BONDS AND REVENUE CERTIFICATES PAYABLE.** Bonds and revenue certificates were issued to construct University facilities, including parking garages, student housing, and academic and student service facilities. Outstanding bonds and revenue certificates, which include both term and serial bonds, are secured by a pledge of housing rental revenues, traffic and parking fees, and an assessed transportation fee based on credit

hours. Building and capital improvement fees, collected as part of tuition and remitted to the State Board of Education, are used to retire the revenue certificates of the academic and student service facilities. The State Board of Education and the State Board of Administration administer the principal and interest payments, investment of sinking fund resources, and compliance with reserve requirements.

TABLE 13

BONDS AND REVENUE CERTIFICATES PAYABLE				
Bond Type and Series	Amount of Original Issue	Amount Outstanding (1)	Interest Rates (Percent)	Maturity Date To
<b>Student Housing and Parking:</b>				
1995	\$ 7,780,000	\$ 5,202,210	4.80 - 5.375	2016
1998	26,525,000	23,870,539	4.30 - 6.30	2028
1999	7,530,000	6,081,832	4.60 - 5.625	2019
2000	14,605,000	13,330,740	4.40 - 5.75	2025
2002	22,915,000	20,820,642	2.60 - 4.60	2022
2004A	53,915,000	53,785,978	3.00 - 5.00	2034
<b>Total Student Housing and Parking</b>	<b>133,270,000</b>	<b>123,091,941</b>		
<b>Academic and Student Services Facilities:</b>				
1997	\$ 2,936,719	\$ 2,273,021	5.05 - 5.63	2022
1997A	4,360,924	3,909,173	4.63 - 5.10	2016
1998	5,643,367	4,559,714	4.00 - 5.00	2023
2001	5,566,922	5,018,438	4.00 - 5.00	2026
2003A	5,049,124	4,172,120	3.00 - 5.00	2013
<b>Total Academic and Student Services Facilities</b>	<b>23,557,056</b>	<b>19,932,466</b>		
<b>Total</b>	<b>\$ 156,827,056</b>	<b>\$ 143,024,407</b>		

Note: (1) Amount outstanding includes unamortized bond discounts and premiums, and deferred losses on refunding issues.

On November 1, 2004, the Division of Bond Finance (Division) of the State Board of Administration issued Florida International University Housing Facility Revenue Bonds, Series 2004A, totaling \$53,915,000 on behalf of the University. Proceeds of the bonds were to be used to finance the costs associated with the construction and furnishing of a new student housing facility on the University Park campus, and the prepayment of a note payable relating to the University's obligation to service the debt of the Dade County Educational Facilities Authority Revenue and Revenue Refunding Bonds, Series 1993. The note payable was refunded to reduce the University's total debt service payments over the next 12 years by approximately \$2 million and to obtain an economic gain of approximately \$1.5 million. Proceeds were also to be used to pay the costs of issuance of such bonds, provide for capitalized interest, provide for a municipal bond insurance policy, fund a reserve account, and provide debt service insurance. The bonds are secured by the revenues of the housing system at the University, and may additionally be secured by other revenues that are determined to be necessary and legally available.

The University had the following bonds payable outstanding at June 30, 2005 (see Table 13):

Annual requirements to amortize all bonded debt outstanding as of June 30, 2005, are as follows (see Table 14):

**TABLE 14**

Fiscal Year Ending June 30	Principal	Interest	Total
2006	\$ 4,922,052	\$ 6,622,616	\$ 11,544,668
2007	5,771,725	6,412,195	12,183,920
2008	6,036,573	6,144,963	12,181,536
2009	6,323,713	5,864,758	12,188,471
2010	6,606,146	5,575,346	12,181,492
2011-2015	36,916,891	22,984,702	59,901,593
2016-2020	30,188,186	14,463,221	44,651,407
2021-2025	24,244,863	7,987,322	32,232,185
2026-2030	13,302,451	3,379,853	16,682,304
2031-2034	7,965,000	915,975	8,880,975
<b>Subtotal</b>	<b>142,277,600</b>	<b>80,350,951</b>	<b>222,628,551</b>
Plus, Unamortized Bond Premium	1,858,987		1,858,987
Less, Unamortized Bond Discount	<960,980>		<960,980>
Less, Amount Deferred on Refunding	<151,200>		<151,200>
<b>Total</b>	<b>\$ 143,024,407</b>	<b>\$ 80,350,951</b>	<b>\$ 223,375,358</b>

**CAPITAL LEASE PAYABLE.** Data processing, telecommunication, laboratory, and measuring equipment in the amount of \$11,290,462 are being acquired under capital lease agreements. The stated interest rates range from 2.38 to 4.83 percent. Future minimum payments under the capital lease agreements and the present value of the minimum payments as of June 30, 2005, are as follows (see Table 15):

**TABLE 15**

Fiscal Year Ending June 30	Amount
2006	\$ 2,389,862
2007	1,333,006
2008	807,912
2009	388,336
2010	194,168
<b>Total Minimum Payments</b>	<b>5,113,284</b>
Less, Amount Representing Interest	(259,113)
<b>Present Value of Minimum Payments</b>	<b>\$ 4,854,171</b>

**COMPENSATED ABSENCES PAYABLE.** Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave earned pursuant to Board of Governors Rule 6C-5.920 and bargaining agreements with the United Faculty of Florida. Leave earned is accrued to the credit of the employee and records are kept on each employee's unpaid (unused) leave balance. The University reports a liability for the accrued leave; however, State appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the University expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable

in anticipation of future appropriations. Consequently, the recording of the liability for compensated absences, without the corresponding recognition of such future resources, results in the appearance of a reduced ability to meet current obligations. At June 30, 2005, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled \$25,532,941. The current

portion of the compensated absences liability is based on actual payouts over the last three years, calculated as a percentage of those years' total compensated absences liability.

### 12. NOTES PAYABLE – FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.

On January 20, 2000, the Miami-Dade County Educational Facilities Authority (the "Authority") issued \$13,000,000 tax-exempt revenue bonds (Florida International University Foundation Project - Series 1999). These bonds are payable from and secured by a pledge of payments to be made to the Authority under a loan agreement dated December 1, 1999, between the Florida International University Foundation, Inc., and the Authority. The Foundation will finance the payments to the Authority under the loan agreement with lease payments received from the University under an operating lease (see note 17). Of the \$13,000,000 principal amount, \$6,500,000 are fixed term bonds issued at a fixed rate of 5.03 percent under a 10 year interest rate swap agreement with a commercial bank, and the remaining \$6,500,000 are variable term bonds issued at a variable rate, with final maturity of May 1, 2022. The bond proceeds were used to acquire, construct and equip a multi-function support complex located on the University Park campus and to pay issuance costs. As of June 30, 2005, the outstanding principal balance due under this note payable amounted to \$11,195,000.

The bonds are also payable from an irrevocable letter of credit. On December 1, 1999, the Foundation entered into a letter of credit agreement with a commercial bank that permits the Foundation to borrow through February 5, 2010, up to \$13,000,000, bearing interest at the prime rate plus 2 percent. The Foundation must pay an annual commitment fee of 0.45 percent on the unused portion of the commitment. Borrowings under the financing agreement mature 90 days after the date of the borrowing.

Under the letter of credit agreement and loan agreement noted above, the Foundation is obligated under debt covenants.

The aggregate maturities of the notes payable, as of June 30, 2005, are (see Table 16):

**TABLE 16**

Fiscal Year Ending June 30	Amount
2006	\$ 450,000
2007	470,000
2008	495,000
2009	520,000
2010	550,000
Thereafter	8,710,000
<b>Total</b>	<b>\$11,195,000</b>

### 13. NOTES PAYABLE – FLORIDA INTERNATIONAL UNIVERSITY RESEARCH FOUNDATION, INC.

The Florida International University Research Foundation, Inc., issued the following two notes on June 30, 2005, to assist the University with a settlement agreement involving the United States Department of Energy, relating to the Hemispheric Center for Environmental Technology (see note 7):

- \$7,955,000, Florida International University Research Foundation, Inc., Tax-Exempt Note, Series 2005; interest at 65 percent of three month LIBOR plus 39.23 basis points; interest and principal payable on a quarterly basis with principal ranging from \$135,000 on July 1, 2006, to a final payment of \$515,000 on July 1, 2010.
- \$1,670,000, Florida International University Research Foundation, Inc., Taxable Note, Series 2005; interest at three month LIBOR rate plus 15 basis points; interest and principal payable on a quarterly basis with principal ranging from \$445,000 on October 1, 2005, to a final payment of \$320,000 on October 1, 2006.

Principal and interest requirements on the notes payable outstanding as of June 30, 2005, are presented in the following (see Table 17):

**TABLE 17**

Fiscal Year Ending June 30	Principal	Interest	Total
2006	\$ 1,350,000	\$ 222,089	\$ 1,572,089
2007	1,850,000	242,557	2,092,557
2008	1,910,000	183,024	2,093,024
2009	1,970,000	120,869	2,090,869
2010	2,030,000	57,235	2,087,235
2011	515,000	4,100	519,100
<b>Total</b>	<b>\$ 9,625,000</b>	<b>\$ 829,874</b>	<b>\$ 10,454,874</b>

### 14. STATE RETIREMENT PROGRAMS

**FLORIDA RETIREMENT SYSTEM.** Most employees working in regularly established positions of the University are covered by the Florida Retirement System, a State-administered, cost-sharing, multiple-employer, defined benefit retirement plan (Plan). Plan provisions are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code, wherein plan eligibility, contributions, and benefits are defined and described in detail. Participating employers include all State departments, counties, district school boards, community colleges, and universities. Many municipalities and special districts have elected to be participating employers. Essentially, all regular employees of participating employers are eligible to enroll as members of the Plan.

The Florida Legislature reduced the vesting period of the Plan from 10 to 6 years of service effective July 1, 2001. Any member employed in a regularly established position as of July 1, 2001, with a total of 6 or more years of creditable service is considered vested. Former members who were not employed with a participating Plan employer on July 1, 2001, must return to covered employment for one year to become eligible for the six-year vesting provision. An exception to this one-year requirement applies to former members who are within one year of vesting under the pre-2001 vesting requirements. These members will only be required to work the lesser of one year or the amount of time it would have taken to vest in their class of membership prior to July 1, 2001. All members are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, which may include up to 4 years of credit for military service. The Plan also includes an early retirement provision, but imposes a penalty for each year a member retires before the specified retirement age. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments, as well as supplements for certain employees to cover social security benefits lost by virtue of retirement system membership.

A Deferred Retirement Option Program (DROP), subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with a Florida Retirement System employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate. During DROP participation, deferred monthly benefits are held in the Florida Retirement System Trust Fund, and accrue interest. Upon termination of employment, the participant receives the total DROP benefits and begins to receive previously determined retirement benefits.

The Plan's financial statements and other supplemental information are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services. An annual report on the Plan, which includes its financial statements, required supplemental information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement.

The State of Florida establishes contribution rates for Plan members. Contribution rates during the 2004-05 fiscal year are presented on Table 18:

**TABLE 18**

Class or Plan	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	0.00	7.39
Florida Retirement System, Special Risk	0.00	18.53
Florida Retirement System, Senior Management Services	0.00	9.37
Teacher's Retirement System, Plan E	6.25	11.35
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes or Plan	0.00	9.11
Florida Retirement System, Reemployed Retiree	(B)	(B)

*Notes:*  
 (A) Employer rates include 1.11 percent for the post-employment health insurance supplement. Also, employer rates, other than for DROP participants, include .08 percent for administrative costs of the Public Employee Optional Retirement Program.  
 (B) Contribution rates are dependent upon retirement class or plan in which reemployed.

The University's liability for participation in the Plan is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the University. The University's contributions to the Plan for the fiscal years ended June 30, 2003, June 30, 2004, and June 30, 2005, totaled \$4,441,483, \$5,412,463, and \$5,423,372, respectively, which were equal to the required contributions for each fiscal year.

**STATE UNIVERSITY SYSTEM OPTIONAL RETIREMENT PROGRAM.** Pursuant to Section 121.35, Florida Statutes, the Florida Legislature created an Optional Retirement Program (Program) for eligible university instructors and administrators. The Program is designed to aid universities in recruiting employees by offering more portability to employees not expected to remain in the Florida Retirement System for six or more years.

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the Florida Retirement System, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing university contributes on behalf of the participant 10.43 percent of the participant's salary. A small amount remains in the Optional Retirement Program Trust Fund for administrative costs. The remaining contribution is invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement. The participant may contribute, by salary deduction, an amount not to exceed the percentage contributed by the University to the participant's annuity account.

There were 1,248 University participants during the 2004-05 fiscal year. Required contributions made to the Program totaled \$11,163,065, including \$4,215,398 from employee contributions.

**PUBLIC EMPLOYEE OPTIONAL RETIREMENT PROGRAM.** Pursuant to Section 121.4501, Florida Statutes, the Florida Legislature created a Public Employee Optional Retirement Program (PEORP), also known as the Florida Retirement System (FRS) Investment Program. The PEORP is a defined contribution plan, sponsored by the State of Florida, available as an option to the FRS defined benefit plan, and is self-directed by the employee. University employees already participating in the State University System Optional Retirement Program or the DROP are not eligible to participate in this program. A retirement account is established for each employee who selects this option and an employer contribution is directed to the individual account. The employees have the responsibility of selecting how their funds are invested within the approved set of investment choices and may take their funds when they leave the Florida Retirement System. With each pay period, the University contributes a percentage (same as the FRS rate) of the participating employees' earnings to an annuity plan. Pension benefits are determined by the dollars in the account at the time of retirement.

There were 141 University participants during the 2004-05 fiscal year. Required contributions made to the PEORP totaled \$324,847.

**15. POST-EMPLOYMENT BENEFITS**

Pursuant to Section 112.363, Florida Statutes, the Florida Legislature established the Retiree Health Insurance Subsidy (HIS) to assist retirees of all State-administered retirement systems in paying health insurance costs. During the 2004-05 fiscal year, the HIS program was funded by required contributions consisting of 1.11 percent assessed against the payroll for all active employees covered in State-administered retirement systems. This assessment is included in the Florida Retirement System contribution rates presented in note 14.

Eligible retirees, spouses, or financial dependents under any State-administered retirement system must provide proof of health insurance coverage, which can include Medicare. During the 2004-05 fiscal year, participants received an extra \$5 per month for each year of creditable service completed at the time of retirement; however, no eligible retiree or beneficiary may receive a subsidy payment of more than \$150 or less than \$30. If contributions fail to provide full subsidy benefits to all participants, the subsidy payments may be reduced or canceled.

**16. CONSTRUCTION COMMITMENTS**

The University's major construction commitments (\$3 million or more) at June 30, 2005, are as presented on Table 19:

**TABLE 19**

	Amount
Total Estimated Cost	\$ 139,247,447
Amount Expended	34,262,532
<b>Estimated Amount Committed</b>	<b>\$ 104,984,915</b>

**17. OPERATING LEASE COMMITMENT – RELATED PARTY TRANSACTION**

On December 1, 1999, the former Board of Regents of the State university system of the State of Florida for and on behalf of the University entered into a ground lease agreement with the Florida International University Foundation, Inc. (Foundation). Under this agreement, the Foundation leases from the University the grounds on which a multi-function support complex was built on the University Park campus. The consideration required to be paid by the Foundation is \$10 annually. The ground lease will expire on December 31, 2024, or on the date the Foundation makes its final payment under a letter of credit agreement related to the financing of the facility. On December 1, 1999, the former Board of Regents on behalf of the University also entered into a 20-year operating lease agreement with the Foundation for the multi-function support complex facility. Under the terms of the operating lease, the University will pay the Foundation rent in the amount equal to all amounts due and payable by the Foundation under the letter of credit agreement, if any, and loan agreement related to the financing of the facility. The payments also include any costs of operating and maintaining the facility. The lease will terminate on the date on which all amounts due and owing by the Foundation under the letter of credit agreement and loan agreement are paid in full.

The facility under the above operating lease is not recorded as an asset on the statement of net assets; however, the operational lease payments are recorded as expenses in the statement of revenues, expenses, and changes in net assets when paid or incurred. The following schedule by years presents management's best estimate of future minimum rental payments for this noncancelable operating lease as of June 30, 2005. (See Table 20.)

**TABLE 20**

Fiscal Year Ending June 30	Amount
2006	\$ 1,575,000
2007	1,575,000
2008	1,638,000
2009	1,638,000
2010	1,638,000
2011-2015	8,386,560
2016-2020	8,722,023
2021-2023	3,543,322
<b>Total Remaining Commitment</b>	<b>\$ 28,715,905</b>

## 18. GIFT AGREEMENT – FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.

The Wolfsonian, Inc. (Wolfsonian), was established in 1986 to create and operate a museum and research center in Miami Beach, Florida, and to support a comprehensive program focused on the collection, exhibition, interpretation, preservation, research and publication of the decorative, design and architectural arts. The Wolfsonian oversees the Mitchell Wolfson, Jr., collection of nearly 27,000 objects of art and rare books dating from the late nineteenth to the mid-twentieth century. It encompasses furniture, sculpture, paintings, books, graphics and other works of art on paper, as well as archives relating to the period. Through a series of academic study and fellowship programs, national and international traveling exhibitions, and scholarly initiatives, the Wolfsonian promotes public education and awareness of the social, historical, technological, political, economic, and artistic material culture of Europe and America in the 1885-1945 period.

On July 1, 1997, the Foundation entered into a gift agreement (Agreement) with Mitchell Wolfson, Jr., the Wolfsonian, and the University, whereby the Wolfsonian agreed to donate all title and interest in and to all objects constituting the Mitchell Wolfson, Jr., Collection of Decorative and Propaganda Arts to the Foundation, subject to a loan agreement made and entered into by the Wolfsonian and Mr. Wolfson, Jr., dated July 29, 1991. The loan agreement was extended in July 2001 for ten years to July 2011.

The Foundation has elected to exercise the option of not capitalizing the items that meet the definition of "collection" as prescribed by accounting principles generally accepted in the United States. Therefore, the fair value of the donated Mitchell Wolfson, Jr., Collection of Decorative and Propaganda Arts is not reflected in the accompanying consolidated financial statements. Purchases of collection items are recorded as decreases in unrestricted net assets in the year in which the items are required, or as temporarily or permanently restricted net assets if the assets used to purchase the items are restricted by donors. Contributed collection items are not reflected in the financial statements. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes.

As a result of the Agreement, the Wolfsonian amended its articles of incorporation and bylaws to provide that all its directors be appointed and removed at any time with or without cause by the Foundation, to effect a transfer of complete control of all of the assets, interest, and obligations of the Wolfsonian to the Foundation. On May 26, 1999, the Foundation passed a revision to the bylaws of the Wolfsonian to make the Foundation the sole voting member of the Wolfsonian.

The gifts are conditional upon the provisions outlined in the Agreement, including but not limited to the Foundation continuing the museum and educational activities and operations conducted by the Wolfsonian. As a result of the Agreement, the Foundation and University have assumed all administrative functions and operating costs of the Wolfsonian.

The most significant of the obligations under the Agreement is for the University to provide the Wolfsonian with the same financial support from its general budget, as provided to other departments, to continue the museum and educational activities and operations of the Wolfsonian. The University provided support in excess of \$ 2.1 million during the 2004-05 fiscal year for Wolfsonian expenses which included the insurance premium for the art collection, salaries, equipment, administrative expenses, and building security. In addition, the University provided support of approximately \$134,000 during the 2004-05 fiscal year for utilities, repairs, and maintenance expenses for buildings used by the Wolfsonian.

## 19. RISK MANAGEMENT PROGRAMS

Pursuant to Section 1001.72(3), Florida Statutes, the University participates in State self-insurance programs providing insurance for property and casualty, workers' compensation, general liability, and fleet automotive liability. During the 2004-05 fiscal year, the State retained the first \$2,000,000 of losses for each occurrence with an annual aggregate retention of \$40,000,000 for wind and flood and \$5,000,000 for perils other than wind and flood. Losses in excess of \$2,000,000 per occurrence were commercially insured up to \$85,000,000 for wind, \$50,000,000 for flood, and \$200,000,000 for perils other than wind and flood; and losses exceeding those amounts were retained by the State. Payments on tort claims are limited to \$100,000 per person and \$200,000 per occurrence as set by Section 768.28, Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. There have been no significant reductions in insurance coverage from the prior year coverage. Settlements have not exceeded insurance coverage during the past three years.

Pursuant to Section 110.123, Florida Statutes, University employees may obtain health care services through participation in the State group health insurance plan or through membership in a health maintenance organization plan under contract with the State. The State's risk financing activities associated with State group health insurance, such as risk of loss related to medical and prescription drug claims, are administered through the State Employees Group Health Insurance Trust Fund. It is the practice of the State not to purchase commercial coverage for the risk of loss covered by this Fund. Additional information on the State's group health insurance plan, including the actuarial report, is available from the Florida Department of Management Services, Division of State Group Insurance.

## 20. LITIGATION

The University is involved in several pending and threatened legal actions. The range of potential loss from all such claims and actions, as estimated by the University's legal counsel and management, should not materially affect the University's financial position.

## 21. FUNCTIONAL DISTRIBUTION OF OPERATING EXPENSES

The functional classification of an operating expense (instruction, research, etc.) is assigned to a department based on the nature of the activity, which represents the material portion of the activity attributable to the department. For example, activities of academic departments for which the primary departmental function is instruction may include some activities other than direct instruction such as research and public service; however, when the primary mission of the department consists of instructional program elements, all expenses of the department are reported under the instruction classification. The operating expenses on the statement of revenues, expenses, and changes in net assets are presented by natural classifications. The following are those same expenses presented in functional classifications as recommended by NACUBO. (See Table 21).

TABLE 21

Functional Classification	Amount
Instruction	\$ 116,506,241
Research	67,959,219
Public Service	6,095,072
Academic Support	60,588,993
Student Services	18,611,007
Institutional Support	60,300,136
Operation and Maintenance of Plant	24,521,740
Scholarships and Fellowships	15,743,173
Auxiliary Enterprises	60,314,930
Depreciation	24,963,808
Loan Operations	303,350
<b>Total Operating Expenses</b>	<b>\$ 455,907,669</b>

## 22. SEGMENT INFORMATION

A segment is defined as an identifiable activity (or grouping of activities) that has one or more bonds or other debt instrument outstanding with a revenue stream pledged in support of that debt. In addition, the activity's related revenues, expenses, gains, losses, assets, and liabilities are required to be accounted for separately. The following financial information for the University's Housing and Parking Facilities represents identifiable activities for which one or more bonds are outstanding. (See Tables 22, 23, and 24.)

TABLE 22

Condensed Statement of Net Assets		
	Housing Facility Revenue Bonds	Parking Facility Revenue Bonds
<b>Assets</b>		
Current Assets	\$ 43,606,294	\$ 6,710,453
Capital Assets, Net	62,320,186	40,833,883
Other Noncurrent Assets	3,271,275	2,558,387
<b>Total Assets</b>	<b>109,197,755</b>	<b>50,102,723</b>
<b>Liabilities</b>		
Current Liabilities	2,933,053	1,828,781
Noncurrent Liabilities	88,953,128	30,571,520
<b>Total Liabilities</b>	<b>91,886,181</b>	<b>32,400,301</b>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	2,299,988	8,693,702
Restricted - Expendable	1,587,289	2,433,830
Unrestricted	13,424,297	6,574,890
<b>Total Net Assets</b>	<b>\$ 17,311,574</b>	<b>\$ 17,702,422</b>

TABLE 23

Condensed Statement of Revenues, Expenses and Changes in Net Assets		
	Housing Facility Revenue Bonds	Parking Facility Revenue Bonds
Housing Rental and Parking Fees	\$ 17,529,358	\$ 6,927,628
Depreciation Expense	(1,604,396)	(513,690)
Other Operating Expenses	(6,045,185)	(2,562,727)
<b>Operating Income</b>	<b>9,879,777</b>	<b>3,851,211</b>
Net Nonoperating Expenses	(4,731,302)	(98,326)
<b>Income Before Transfers</b>	<b>5,148,475</b>	<b>3,752,885</b>
Net Transfers In	1,041,294	1,173,439
<b>Increase in Net Assets</b>	<b>6,189,769</b>	<b>4,926,324</b>
Net Assets, Beginning of Year	11,121,805	12,776,098
<b>Net Assets, End of Year</b>	<b>\$ 17,311,574</b>	<b>\$17,702,422</b>

TABLE 24

Condensed Statement of Cash Flows		
	Housing Facility Revenue Bonds	Parking Facility Revenue Bonds
Net Cash Provided (Used) by:		
Operating Activities	\$ 7,729,835	\$ 4,192,937
Capital and Related Financing Activities	(4,603,118)	(5,868,045)
Investing Activities	(2,452,880)	2,416,492
<b>Net Increase in Cash and Cash Equivalents</b>	<b>673,837</b>	<b>741,384</b>
Cash and Cash Equivalents, Beginning of Year	95,000	39,300
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 768,837</b>	<b>\$ 780,684</b>

## 23. COMPONENT UNITS

The University has two component units as discussed in note 1. These component units comprise 100 percent of the transactions and account balances of the aggregate discretely presented component unit column of the financial statements. The following financial information is from the most recently available audited financial statements of the component units. (See Table 25.)

**TABLE 25**

Direct-Support Organizations			
	Florida International University Foundation, Inc. 6-30-05	Florida International University Research Foundation, Inc. 6-30-05	Total
<b>Condensed Statement of Net Assets</b>			
Assets:			
Current Assets	\$ 48,380,926	\$ 9,625,000	\$ 58,005,926
Capital Assets, Net	12,961,643		12,961,643
Other Noncurrent Assets	66,891,051		66,891,051
<b>Total Assets</b>	<b>128,233,620</b>	<b>9,625,000</b>	<b>\$ 137,858,620</b>
Liabilities:			
Current Liabilities	1,223,962	1,350,000	2,573,962
Noncurrent Liabilities	11,145,656	8,275,000	19,420,656
<b>Total Liabilities</b>	<b>12,369,618</b>	<b>9,625,000</b>	<b>21,994,618</b>
Net Assets:			
Restricted	97,262,705		97,262,705
Unrestricted	18,601,297		18,601,297
<b>Total Net Assets</b>	<b>\$ 115,864,002</b>	<b>\$</b>	<b>\$ 115,864,002</b>
<b>Condensed Statement of Revenues, Expenses, and Changes in Net Assets</b>			
Operating Revenue	\$ 15,926,586	\$	15,926,586
Operating Expenses	10,009,656		10,009,656
<b>Operating Income</b>	<b>5,916,930</b>		<b>5,916,930</b>
Non-Operating Revenues	8,264,338		8,264,338
<b>Increase in Net Assets</b>	<b>14,181,268</b>		<b>14,181,268</b>
Net Assets, Beginning of Year	101,682,734		101,682,734
<b>Net Assets, End of Year</b>	<b>\$ 115,864,002</b>	<b>\$</b>	<b>\$ 115,864,002</b>



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