

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the Year Ended June 30, 1999

A. Reporting Entity

Although the University is considered a separate entity for financial reporting purposes, it is a part of the State University System and accordingly is governed, regulated and coordinated by the Department of Education, Board of Regents, subject to the general supervision of the State Board of Education. The President is responsible for the management of the University and is under the general direction and control of the Chancellor of the State University System who has ultimate responsibility for administering the policies prescribed by the Board of Regents.

Although one of the primary obligations of reporting is to account for resources received and used, there are instances in which University resources are accounted for and reported by other entities. For example, Plant Fund activity within the SUS General Revenue Fund is accounted for and reported by the Board of Regents. When the construction projects within this fund become substantially complete, they are included in the University's Investment in Plant Fund.

The financial operations and financial positions of the University's "direct support organizations," as provided for in Section 240.299, Florida Statutes and Board of Regents Rule 6C-9.011, are considered component units of the University and are included by discrete presentation in the financial statements of the University in a format prescribed by the Board of Regents. These are separate, not-for-profit corporations organized and operated exclusively to assist the University to achieve excellence through educational support services by providing supplemental resources from private gifts and bequests. These organizations are authorized to receive, hold, invest and administer property and to make expenditures to or for the benefit of the University. An annual post audit of each organization's financial statements is conducted by an independent certified public accountant. The annual reports are submitted to the Auditor General and the Board of Regents for review and are available upon request. These organizations are as follows:

Florida Atlantic University Foundation, Inc.

The University's fund-raising and private support programs are accounted for and reported separately by the Florida Atlantic University Foundation, Inc. Foundation revenues include unrestricted and restricted gifts and grants and investment income.

Foundation expenditures include scholarship distributions to students, departmental faculty and staff development support and administrative costs of the Foundation's development program.

Florida Atlantic University Research Corporation, Inc.

The Florida Atlantic University Research Corporation, Inc. is a not-for-profit corporation and a University direct support organization established by Florida Atlantic University in 1990. The corporation has been organized for the purpose of promoting, encouraging and providing assistance to the research activities of the University's faculty, staff and students. The corporation has been granted rights and responsibilities for the development, protection and commercial application of defined and selected intellectual property. The corporation also accepts and administers contracts and grants from private industry, foundations and other agencies whenever it is required by the granting agency, or when it is in the best interest of the University.

B. Basis of Accounting

The financial statements were prepared in accordance with generally accepted accounting principles and instructions provided by the Board of Regents pursuant to recommendations made by the National Association of College and University Business Officers, as published under the title of "College and University Business Administration."

The accrual basis of accounting was used to prepare the financial statements; however, depreciation of fixed assets is not recognized. The Reserve for Encumbrances portion of the Fund Balance is a representation of purchase commitments for which merchandise or services had not been received as of the end of the fiscal year. Notes and accounts receivable are reported at face value, less an allowance for uncollectible accounts.

Physical plant and equipment are recorded at cost at the date of acquisition or at appraised value at the date received. Likewise, improvements to existing property and apartments are recorded at cost at the time of completion.

Interdepartmental transactions of auxiliary service departments and other institutional departments have been accounted for as reductions of expenditures and not revenues of the auxiliary service departments.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 1999

1. CASH AND DEPOSITS

Amounts reported as cash consisted of cash on hand and cash in demand accounts. Cash in demand accounts is held in banks qualified as public depositories in accordance with the provisions of Chapter 280, Florida Statutes.

2. INVESTMENTS

Investments were made through the State Treasurer and the Board of Administration in accordance with the provisions of Section 215.515 and 215.49, Florida Statutes. Investments consisted of the instruments listed in Section 18.10, Florida Statutes. The investments are recorded at cost; the differences between market value and the cost of investments is negligible.

Investment earnings, including interest earned on funds left on deposit with banks, were \$1,731,360 for the year ended June 30, 1999. Current unrestricted fund investment earnings include auxiliary enterprise investment earnings. Investment earnings by fund consisted of the following items:

	Year Ending June 30
Current Unrestricted Fund	\$969,606
Current Restricted Fund	422,345
Loan Fund	119,821
Plant Fund	219,588
Total	\$1,731,360

3. NET RECEIVABLES

Accounts and loans receivable are reported net of allowance for uncollectible accounts, which as of June 30, 1999, was \$843,957. The recorded net receivables as of that date consisted of the following items:

	Current Funds	Loan Fund	Plant Fund	Agency Fund	Total University Funds	Components Units	Combined Totals
Accounts Receivable	\$ 2,211,555	\$ -	\$ -	\$ 488,295	\$ 2,699,850	\$ 457,557	\$ 3,157,407
Interest Receivable	54,183	72,300	9,527	14,878	150,888	1,996	152,884
Loans Receivable	-	2,929,580	-	-	2,929,580	-	2,929,580
Due from other University Departments	-	-	32,342,399	-	32,342,399	-	32,342,399
Gross Receivables	\$ 2,265,738	\$ 3,001,880	\$ 32,351,926	\$ 503,173	38,122,717	\$ 459,553	\$ 38,582,270
Allowance for Uncollectible Accounts	\$ 553,493	196,945	-	93,519	843,957	-	843,957
Net Receivables	\$ 1,712,245	\$ 2,804,935	\$ 32,351,926	\$ 409,654	\$ 37,278,760	\$ 459,553	\$ 37,738,313

4. INVENTORIES

Merchandise inventories of \$15,493 reflected on the Balance Sheet consisted of goods purchased for resale. Inventories are valued according to the latest invoice price method.