Florida Gulf Coast University Board of Trustees
January 19, 2010

SUBJECT:  Florida Gulf Coast University Financing Corporation

PROPOSED BOARD ACTION

Accept the Florida Gulf Coast University Financing Corporation Independent Auditor’s report (2008-09).

BACKGROUND INFORMATION

Each direct support organization of a state university is required to conduct an annual audit of its accounts and records by an independent certified public accountant in accordance with Section 1004.28(5) Florida Statutes. FGCU Rule 6C-10-1.005(6), F.A.C. requires that annual audit reports related to FGCU direct support organizations be submitted to the FGCU Board of Trustees.

The firm of Tuscan & Company, P.A., has completed the 2008-09 audit report of the Financing Corporation. The Corporation's Board of Directors approved the audit report at its October 7, 2009 meeting. The report is presented to the FGCU Board of Trustees for acceptance. Upon acceptance, the report will be forwarded to the Florida Auditor General as required by law.


Cover Sheet Prepared by:  Assistant to the President, and Executive Director of FGCU Financing Corporation Curtis Bullock

Legal Review by:  N/A

Submitted by:  Vice President for Administrative Services and Finance Joe Shepard
FLORIDA GULF COAST UNIVERSITY
FINANCING CORPORATION

BASIC FINANCIAL STATEMENTS
TOGETHER WITH REPORTS OF
INDEPENDENT AUDITOR

YEAR ENDED
JUNE 30, 2009
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Florida Gulf Coast University Financing Corporation
10501 FGCU Boulevard South
Fort Myers, Florida 33965-6565

We have audited the accompanying basic financial statements of Florida Gulf Coast University Financing Corporation (the "Financing Corporation") (a not-for-profit corporation), a direct support organization and component unit of Florida Gulf Coast University, as of June 30, 2009 and for the year then ended, as listed in the Table of Contents. These basic financial statements are the responsibility of the Financing Corporation's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Florida Gulf Coast University Financing Corporation as of June 30, 2009, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.
In accordance with Government Auditing Standards, we have also issued our report dated August 26, 2009, on our consideration of Florida Gulf Coast University Financing Corporation's internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 3 - 8 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Management's Discussion and Analysis. However, we did not audit the information and express no opinion on it.

TUSCAN & COMPANY, PA
Fort Myers, Florida
August 26, 2009
Overview of the Financial Statements and Financial Analysis

This section of the Florida Gulf Coast University Financing Corporation (Financing Corporation) annual financial report presents a discussion and analysis of the financial performance of the Financing Corporation during the fiscal year ended June 30, 2009, with 2007-2008 fiscal year data presented for comparative purposes. The emphasis of discussions about these statements will be on current year activities, resulting changes and current known facts. This discussion should be read in conjunction with the financial statements and related notes. Responsibility for the completeness and fairness of this information rests with the Financing Corporation's management.

This annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" and GASB Statement No. 35, "Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities." The Financing Corporation is considered a Business Type Activity (BTA) under the provision and reporting model of GASB Statements No. 34 and No. 35.

Financial Highlights

On May 7, 2009, the Financing Corporation issued Capital Improvement Revenue Bonds, Series 2009A in the par amount of $8,000,000. The proceeds, derived from the sale of the Series 2009A Revenue Bonds, were used to finance the construction and equipping of an approximately 785 space parking garage and related improvements (Parking Facilities Phase III) as an addition to the Parking System located on the University's main campus.

An amended and restated Master Capital Project Operating and Ground Lease was made as of May 7, 2009, between the Financing Corporation and Florida Gulf Coast University (University) and replaces the Master Capital Project Operating and Ground Lease dated May 1, 2008. The Financing Corporation entered into a Ground Lease and Operating Lease with the University, solely to facilitate the financing and construction of the student residence, parking facilities, and student union facilities, including bookstore and food service. The University leases the land on its property to the Financing Corporation with a rental fee of $1.00 per year. The land covered by the ground lease together with improvements thereon is leased back by the University to manage and operate. The master lease shall terminate the date on which the Revenue Bonds and any related obligations are paid in full. Revenue from the student housing, parking, bookstore and foodservice facilities (net operating revenues) are pledged to pay rent to the Financing Corporation or its assignees in an amount not less than the debt service on the Capital Improvement Revenue Bonds.

On June 23, 2009, pursuant to the International Swaps and Derivatives Association, Inc. Master Agreement (ISDA) between Lehman Brothers Special Financing, Inc. (LBSF) and the Financing Corporation, the Financing Corporation specified that the filing of a Voluntary Petition in the United States Bankruptcy Court on or before September 15, 2008 by Lehman Brothers Holdings, Inc., a Credit Support Provider under the ISDA Master Agreement with respect to LBSF, constituted an Event of Default. The Financing Corporation further specified that the filing of a Voluntary Petition in the United States Bankruptcy Court on or before October 3, 2008 by LBSF constituted an Event of Default with respect to LBSF under the ISDA Master Agreement. The Financing Corporation exercised its right to terminate all transactions under the ISDA Master Agreement. As of June 30, 2009, the Financing Corporation reserved, for itself, all contractual rights and remedies under the ISDA Master Agreement and all remedies available to it at law or in equity. As such, all obligations of the Financing Corporation, under the ISDA Master Agreement, are considered null and void.

The Housing system is managed and operated by the University's Department of Housing and Residence Life. The North Lake Village Student Residence facilities (Phase I-VII) are comprised of apartment style buildings (two or four bedroom, single or double occupancy). Each unit contains full kitchen facilities including dishwasher, microwave oven, regular oven, full size refrigerator, and living room, lavatory and bath facilities. The South Village Student Residence (Phase VIII-IX) are facilities located in the southern portion of the University's new student housing area being opened for development of multiple future phases of student housing. These facilities are comprised of suite style units, each containing lavatories, bath facilities, entry and bedroom areas. The overall building will contain kitchen and laundry facilities. The housing system consists of the following facilities:

- A 256-bed apartment style student residential facility (Phase I - opened 1998)
- A 288-bed apartment style student residential facility (Phase II - opened 2000)
- A 288-bed apartment style student residential facility (Phase III - opened 2001)
- A 288-bed apartment style student residential facility (Phase IV - opened 2002)
- A 288-bed apartment style student residential facility (Phase V - opened 2003)
- A 288-bed apartment style student residential facility (Phase VI - opened 2004)
- A 288-bed apartment style student residential facility (Phase VII - opened 2005)
- A 400-bed suite style student residential facility (Phase VIII - opened Fall 2008)
- A 400-bed suite style student residential facility (Phase IX - planned opening Fall 2009)

In addition to the internal apartment arrangements, the overall Housing system has a volleyball court, swimming pool and access to canoeing, kayaking, sailing, fishing, and water skiing on the adjacent 60 acre lake. There is also a central complex that houses social space and includes a computer lounge for students to study. Additional future recreational and athletic facilities will be located in the South Village Student Residence.

The Parking facilities are managed and operated by the University's Department of Safety and Security. The parking system consists of parking facilities comprising of parking lots 1-3 and 5-7 in the University's core campus, two multi-level covered parking garages, athletic complex parking and student residence parking. The parking system currently provides facilities to accommodate
5,664 vehicles. Included in the total number of parking spaces is student residence parking with 1,993 spaces, the athletic complex parking with 430 parking spaces and two parking garages with a total of 1,578 spaces. Currently, the parking facilities are comprised entirely of surface parking with the exception of the two covered parking garages (Phases I & II) and one covered parking garage currently under construction (Phase III).

University staff must purchase a regular annual parking decal or optionally purchase a reserved annual parking space decal before the beginning of the fall term in August of each year. These decals can be purchased for cash or payroll deduction over either one or ten bi-weekly pay periods. Students are charged a parking fee and a transportation fee based upon number of enrolled credit hours each term.

The parking system consists of the following facilities:

<table>
<thead>
<tr>
<th>Year Opened</th>
<th>Capacity</th>
<th>Total Parking Spaces</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parking Lot 1 (main campus)</td>
<td>1997</td>
<td>240</td>
</tr>
<tr>
<td>Parking Lot 2 (main campus)</td>
<td>1997</td>
<td>305</td>
</tr>
<tr>
<td>Parking Lot 3 (main campus)</td>
<td>1997</td>
<td>115</td>
</tr>
<tr>
<td>Parking Lot 5 (main campus)</td>
<td>1997</td>
<td>203</td>
</tr>
<tr>
<td>Student Residence Phase I</td>
<td>1996</td>
<td>300</td>
</tr>
<tr>
<td>Student Residence Phase II</td>
<td>2000</td>
<td>238</td>
</tr>
<tr>
<td>Parking Lot 7 (main campus)</td>
<td>2001</td>
<td>729</td>
</tr>
<tr>
<td>Student Residence Phase III</td>
<td>2001</td>
<td>217</td>
</tr>
<tr>
<td>Student Residence Phase IV</td>
<td>2002</td>
<td>205</td>
</tr>
<tr>
<td>Athletic Complex Parking</td>
<td>2002</td>
<td>430</td>
</tr>
<tr>
<td>Student Residence Phase V</td>
<td>2003</td>
<td>295</td>
</tr>
<tr>
<td>Parking Lot 6 (main campus)</td>
<td>2003</td>
<td>71</td>
</tr>
<tr>
<td>Student Residence Phase VI</td>
<td>2004</td>
<td>162</td>
</tr>
<tr>
<td>Student Residence Phase VII</td>
<td>2005</td>
<td>296</td>
</tr>
<tr>
<td>Parking Garage Phase I</td>
<td>2007</td>
<td>678</td>
</tr>
<tr>
<td>Student Residence Phase VIII</td>
<td>2008</td>
<td>280</td>
</tr>
<tr>
<td>Parking Garage II</td>
<td>2008</td>
<td>900</td>
</tr>
<tr>
<td>Parking Garage III</td>
<td>2010</td>
<td>785</td>
</tr>
</tbody>
</table>

* Under construction

The Student Union facilities are managed by the University’s Department of Campus Reservations. The University outsources the management and operation of the bookstore and foodservice functions to independent third parties. The University receives commissions and other financial commitments for use of the Student Union facilities.

**Overview of Financial Statements**

Pursuant to GASB Statement No. 35, the Financing Corporation’s financial report includes three basic financial statements: the Statement of Net Assets; the Statement of Revenue, Expenses, and Changes in Net Assets; and the Statement of Cash Flows.

**Statement of Net Assets**

The Statement of Net Assets reflects the assets (current and noncurrent) and liabilities (current and noncurrent) of the Financing Corporation, using the accrual basis of accounting, and presents the financial position of the Financing Corporation at a specified time. The difference between total assets and total liabilities, net assets, is one indicator of the Financing Corporation's current financial condition. The changes in net assets that occur over time indicate improvement or deterioration in the Financing Corporation's financial condition.

The Financing Corporation’s financial position, as a whole, improved during the fiscal year ended June 30, 2009, with an increase of net assets in the amount of $877,874 or approximately 5 percent, over the net assets balance at June 30, 2008. This is an indicator of the sound overall financial condition and health of the Financing Corporation.

The total assets of the Financing Corporation increased by $7,585,507, primarily the result of proceeds derived from the Capital Improvement Revenue Bonds Series, 2009A issued May 7, 2009 (Parking Garage Phase III) and a cash transfer of net rent proceeds from the University to the Finance Corporation for future debt service payments. The total liabilities increased by $6,707,833, primarily the result of issuance of the Capital Improvement Revenue Bonds Series, 2009A issued May 7, 2009 (Parking Garage Phase III). The increase to net assets of the Financing Corporation is determined by subtracting total liabilities from total assets. Net assets include $1,000,000 required to be held (restricted) as a condition of the Master Capital Projects Operating Lease between the Financing Corporation and the University. A condensed Statement of Net Assets is presented below:
Year Ended  
6/30/2009  
$32,350,436  
122,822,983  
$155,173,419  
$6,562,974  
130,797,700  
137,360,674  
17,812,745  
$155,173,419
Year Ended  
6/30/2008  
$49,203,686  
98,384,229  
$147,587,912  
$5,390,756  
125,262,265  
130,653,041  
16,934,871  
$147,587,912

Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets present the Financing Corporation's revenue and expense activity, categorized as operating and non-operating. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Assets. The purpose of the Statement is to show the operating and non-operating revenues received by the Financing Corporation, the operating and non-operating expenses paid by the Financing Corporation and any other revenues, expenses, gains and losses received or spent by the Financing Corporation. Operating revenues represent rental income received from the University and operating expenses primarily represent expenses paid for debt service on outstanding bonds payable. In contrast, non-operating revenues and expenditures are for goods and services not provided by the Financing Corporation. An example of non-operating revenues would be investment income and transfers in from the University. A condensed statement of the Financing Corporation's revenues, expenses and changes in net assets is presented on the following table.

<table>
<thead>
<tr>
<th>Year Ended</th>
<th>Year Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>6/30/2009</td>
<td>6/30/2008</td>
</tr>
<tr>
<td>Operating Revenues</td>
<td>$8,539,494</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>(5,636,346)</td>
</tr>
<tr>
<td>Net Non-Operating Revenues (Expenses)</td>
<td>(2,025,274)</td>
</tr>
<tr>
<td>Change in Net Assets</td>
<td>877,874</td>
</tr>
</tbody>
</table>

Net Assets, Beginning of Year  
16,934,871  
13,876,657

Net Assets, End of Year  
$17,812,745  
$16,934,871

Total operating revenues for the fiscal year ended June 30, 2009, were $8,539,494 which represents the net student residence rental income, net parking facilities rental and fee income and net student union facilities commission received from the University. Operating revenue increased by approximately 24 percent over the 2007-08 fiscal year. This increase was due to three major factors: (1) operating revenues from bookstore and foodservice commission increased; (2) increased student enrollment growth of 9 percent; and (3) additional Student Residence Phase VIII opened Fall 2008. Total operating expense for the fiscal year ended June 30, 2009, was $5,636,346, of which $3,240,979 was for debt service. Operating expense increased by approximately 25 percent, primarily due to an increase in direct financing lease amortization which represents the annual debt service principal bond payments.

Statement of Cash Flows

The Statement of Cash Flows provides information about the Financing Corporation's financial results by reporting the major sources and uses of cash and cash equivalents. This Statement will assist in evaluating the Financing Corporation's ability to generate net cash flows, its ability to meet its financial obligations as they come due, and its need for external financing. Cash flows from operating activities show the net cash provided by the operating activities of the Financing Corporation. Cash flows from the capital financing activities include all plant funds and related long-term debt activities. Cash flows from the investing activities show the net source and use of cash as related to purchasing or selling investments and earning income on those investments. The following table summarizes the Financing Corporation's cash flows.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Flows used in Non-Capital Financing Activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer out to University</td>
<td>(2,403,872)</td>
<td></td>
</tr>
<tr>
<td>Net Cash Used in Capital and Related Financing Activities</td>
<td>(20,082,450)</td>
<td>(1,399,921)</td>
</tr>
<tr>
<td>Net Cash Used in Investing Activities</td>
<td>(931,245)</td>
<td>(1,706,834)</td>
</tr>
<tr>
<td>Net Increase (Decrease) in Cash and Cash Equivalents</td>
<td>(18,141,469)</td>
<td>753,976</td>
</tr>
<tr>
<td>Cash and Cash Equivalents, Beginning of Year</td>
<td>32,970,007</td>
<td>32,216,031</td>
</tr>
<tr>
<td>Cash and Cash Equivalents, End of Year</td>
<td>$14,828,538</td>
<td>$32,970,007</td>
</tr>
</tbody>
</table>

The major source of cash flows included in operating activities is student residences, parking facilities and student union facilities net rental and fee income received from the University and interest paid on debt. The largest inflow of cash in the capital and related financing group represents the proceeds received from the issuance of the Capital Improvement Revenue Bonds, Series 2005A in the amount of $6 million to start the construction of Parking Garage Phase III. The largest outflow of cash in the capital and related financing group includes capital expenditures for the completion of Student Residence Phase VIII and the commencement of construction on Student Residence Phase IX and Parking Garage Phase III.

The Financing Corporation’s overall cash position decreased during the year, with a net decrease to cash and cash equivalents of $18,141,469 due to the timing of related financing activities, bond issuance and the related capital expenditures for construction costs.

**Debt Administration**

**Investment in Direct Financing Lease**
Investment in the direct financing lease in the amount of $93,899,826, including $25,604,702 for the completed Student Residence Phase VIII project, was recorded to recognize a capital lease between the Financing Corporation and the University for land leased from the University. The University leased back the land from the Financing Corporation to manage and operate the student residence. The condition of student residences and parking facilities is good with the oldest residential building placed in service in 1998 and first parking garage placed in service in 2007.

**Construction in Progress**
At June 30, 2009, the Financing Corporation had $18,647,554 construction in progress for Student Residence Phase IX, $4,931,584 for Parking Garage Phase III and $52,353 for Student Union addition.

**Factors Impacting Future Periods**

The Financing Corporation is not aware of any currently known facts, decisions, or conditions expected to have a significant effect on the financial position of operations during the year ending June 30, 2010 except as follows. The Financing Corporation’s financial outlook for the future continues to be positive. Future financing plans based upon continued enrollment growth and demand include plans to issue additional Capital Improvement Bonds in the amount of $20 million to accommodate the purchase of an existing apartment complex, located approximately one mile from the main campus of the University, in the amount of $17 million for the land and existing building, and $3 million for certain planned renovations. These new housing facilities would be placed in service during the 2010/2011 academic year adding approximately 504 beds to the current Housing System. The Financing Corporation plans to complete (or continue) the capital projects under construction at June 30, 2009.
Another significant factor affecting the Financing Corporation’s economic position relates to its ability to recruit and retain high quality students to live in the student residence facilities. Outlined below are the student residence facilities occupancy statistics.

<table>
<thead>
<tr>
<th>Enrolled Fiscal Year</th>
<th>Enrolled Students</th>
<th>Students Capacity*</th>
<th>Living in Housing</th>
<th>Occupancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998-99</td>
<td>3,028</td>
<td>240</td>
<td>196</td>
<td>82%</td>
</tr>
<tr>
<td>1999-00</td>
<td>3,294</td>
<td>240</td>
<td>240</td>
<td>100%</td>
</tr>
<tr>
<td>2000-01</td>
<td>3,653</td>
<td>518</td>
<td>518</td>
<td>100%</td>
</tr>
<tr>
<td>2001-02</td>
<td>4,235</td>
<td>796</td>
<td>666</td>
<td>87%</td>
</tr>
<tr>
<td>2002-03</td>
<td>5,258</td>
<td>985</td>
<td>920</td>
<td>93%</td>
</tr>
<tr>
<td>2003-04</td>
<td>5,825</td>
<td>1,346</td>
<td>1,301</td>
<td>87%</td>
</tr>
<tr>
<td>2004-05</td>
<td>6,198</td>
<td>1,624</td>
<td>1,492</td>
<td>92%</td>
</tr>
<tr>
<td>2005-06</td>
<td>7,254</td>
<td>1,902</td>
<td>1,792</td>
<td>96%</td>
</tr>
<tr>
<td>2006-07</td>
<td>8,309</td>
<td>1,902</td>
<td>1,886</td>
<td>99%</td>
</tr>
<tr>
<td>2007-08</td>
<td>9,938</td>
<td>1,902</td>
<td>1,902</td>
<td>100%</td>
</tr>
<tr>
<td>2008-09</td>
<td>10,238</td>
<td>2,308</td>
<td>2,308</td>
<td>100%</td>
</tr>
<tr>
<td>2009-10**</td>
<td>11,000</td>
<td>2,714</td>
<td>2,714</td>
<td>100%</td>
</tr>
</tbody>
</table>

* Rentable Beds  
** Projected

The following table lists the types of living accommodations available to students and the related historical and projected rental rates on a per student, per semester, basis for each academic year. Rental rates are set each academic year in accordance with guidelines established by the State Board.

<table>
<thead>
<tr>
<th></th>
<th>FY01</th>
<th>FY02</th>
<th>FY03</th>
<th>FY04</th>
<th>FY05</th>
<th>FY06</th>
<th>FY07</th>
<th>FY08</th>
<th>FY09</th>
<th>FY10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Room</td>
<td>$2,000</td>
<td>$2,000</td>
<td>$2,110</td>
<td>$2,110</td>
<td>$2,210</td>
<td>$2,210</td>
<td>$2,365</td>
<td>$2,508</td>
<td>$2,820</td>
<td>$2,739</td>
</tr>
<tr>
<td>Double Room</td>
<td>1,650</td>
<td>1,650</td>
<td>1,710</td>
<td>1,710</td>
<td>1,810</td>
<td>1,810</td>
<td>1,929</td>
<td>2,052</td>
<td>2,142</td>
<td>2,237</td>
</tr>
<tr>
<td>Single Suite</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,901</td>
<td>3,103</td>
</tr>
</tbody>
</table>

Another significant factor in the Financing Corporation’s economic position relates to its ability to provide adequate parking facilities. The University estimates that demand for parking will increase by 5% yearly. Demand for visitor parking is also expected to increase by 3% per year. Limited future surface parking will be available as the University’s core campus matures. Outlined below is the average fiscal year parking decal statistics for the Parking Facilities.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Enrolled Students</th>
<th>Faculty &amp; Staff</th>
<th>Parking Capacity</th>
<th>Decals Sold</th>
<th>Average Space Uses Per Decal</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997-98</td>
<td>2,584</td>
<td>396</td>
<td>1,062</td>
<td>2,887</td>
<td>2.72</td>
</tr>
<tr>
<td>1998-99</td>
<td>3,028</td>
<td>432</td>
<td>1,362</td>
<td>5,139</td>
<td>3.77</td>
</tr>
<tr>
<td>1999-00</td>
<td>3,284</td>
<td>447</td>
<td>1,362</td>
<td>5,521</td>
<td>4.05</td>
</tr>
<tr>
<td>2000-01</td>
<td>3,653</td>
<td>509</td>
<td>1,600</td>
<td>5,722</td>
<td>3.58</td>
</tr>
<tr>
<td>2001-02</td>
<td>4,235</td>
<td>515</td>
<td>2,546</td>
<td>7,065</td>
<td>2.77</td>
</tr>
<tr>
<td>2002-03</td>
<td>5,268</td>
<td>542</td>
<td>3,181</td>
<td>7,830</td>
<td>2.46</td>
</tr>
<tr>
<td>2003-04</td>
<td>6,025</td>
<td>577</td>
<td>3,647</td>
<td>7,554</td>
<td>2.21</td>
</tr>
<tr>
<td>2004-05</td>
<td>8,198</td>
<td>709</td>
<td>3,593</td>
<td>818**</td>
<td>N/A</td>
</tr>
<tr>
<td>2005-06</td>
<td>7,254</td>
<td>796</td>
<td>4,005</td>
<td>905</td>
<td>N/A</td>
</tr>
<tr>
<td>2006-07</td>
<td>8,309</td>
<td>886</td>
<td>4,683</td>
<td>974</td>
<td>N/A</td>
</tr>
<tr>
<td>2007-08</td>
<td>9,388</td>
<td>917</td>
<td>4,683</td>
<td>913</td>
<td>N/A</td>
</tr>
<tr>
<td>2008-09</td>
<td>10,238</td>
<td>1,116</td>
<td>5,863</td>
<td>930</td>
<td>N/A</td>
</tr>
<tr>
<td>2009-10*</td>
<td>11,000</td>
<td>1,116</td>
<td>6,449</td>
<td>960</td>
<td>N/A</td>
</tr>
</tbody>
</table>

*Projected  
**Beginning Fall 2004, all students were charged a parking decal and transportation fee based upon the number of enrolled credit hours each term resulting in fewer decals sold.
The following table lists the types of parking charges for parking facilities available to students and staff and the related historical rates on a per student/staff, per term/year basis for each fiscal year.

<table>
<thead>
<tr>
<th>Fall Term</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Decal Fee</td>
<td>$ 50</td>
<td>$ 75</td>
<td>$ 75</td>
<td>$ 75</td>
<td>$ 100</td>
<td>$ 100</td>
<td>$ 100</td>
<td>$ 107</td>
<td>$ 107</td>
</tr>
<tr>
<td>Term Decal Fee</td>
<td>$ 20</td>
<td>$ 30</td>
<td>$ 30</td>
<td>$ 30</td>
<td>$ 40</td>
<td>$ 40</td>
<td>$ 40</td>
<td>$ 43</td>
<td>$ 43</td>
</tr>
<tr>
<td>Reserved Annual Decal Fee</td>
<td>$ 300</td>
<td>$ 300</td>
<td>$ 300</td>
<td>$ 300</td>
<td>$ 450</td>
<td>$ 450</td>
<td>$ 450</td>
<td>$ 482</td>
<td>$ 482</td>
</tr>
<tr>
<td>Parking Decal Hourly Fee*</td>
<td>$ 2.29</td>
<td>$ 2.29</td>
<td>$ 2.29</td>
<td>$ 2.75</td>
<td>$ 2.75</td>
<td>$ 2.75</td>
<td>$ 2.75</td>
<td>$ 2.75</td>
<td>$ 2.75</td>
</tr>
<tr>
<td>Transportation Hourly Fee</td>
<td>$ 3.00</td>
<td>$ 3.00</td>
<td>$ 3.00</td>
<td>$ 4.25</td>
<td>$ 4.25</td>
<td>$ 5.25</td>
<td>$ 5.25</td>
<td>$ 5.25</td>
<td>$ 5.25</td>
</tr>
</tbody>
</table>

*Parking Decal Hourly Fee paid by students on a per credit hour basis and includes sales tax.
Florida Gulf Coast University Financing Corporation  
Statement of Net Assets  
June 30, 2009

**ASSETS**

**Current Assets:**
- Cash & Cash Equivalents: $12,469
- Cash - Unspent Bond Proceeds: $14,816,069
- Investment with State Treasury (including $1,000,000 Restricted): $17,455,004
- Interest Receivable: $66,894

**Total Current Assets:** $32,350,436

**Non-current Assets:**
- Investment in Direct Financing Lease: $93,899,826
- Construction in Progress: $23,631,491
- Land - Naples: $5,291,666

**Total Non-current Assets:** $122,822,983

**Total Assets:** $155,173,419

**LIABILITIES**

**Current Liabilities:**
- Accounts Payable: $1,529,557
- Construction Contract Payable: $1,756,753
- Retainage Payable: $826,664
- Bonds Payable - Current Portion: $2,450,000

**Total Current Liabilities:** $6,562,974

**Non-current Liabilities:**
- Loans Payable: $5,000,000
- Bonds Payable, Net of Unamortized Discounts and Premiums: $125,797,700

**Total Non-current Liabilities:** $130,797,700

**Total Liabilities:** $137,360,674

**NET ASSETS**
- Restricted: $1,000,000
- Unrestricted: $16,812,745

**Total Net Assets:** $17,812,745

**TOTAL LIABILITIES & NET ASSETS:** $155,173,419

The accompanying notes are an integral part of this Statement.
## Florida Gulf Coast University Financing Corporation
### Statement of Revenues, Expenses, and Changes in Net Assets
### For the Year Ended June 30, 2009

#### REVENUES
Operating Revenues:
- Net Rental Income Received from University $8,539,494
- Total Operating Revenues $8,539,494

#### EXPENSES
Operating Expenses:
- Debt Service 3,240,979
- Financing Lease Amortization 1,980,000
- Bond Premium Amortization, Net (14,585)
- Personnel Expenses 320,386
- Contractual Expenses 29,812
- Material & Supplies 1,072
- Other Expenses 78,682
- Total Operating Expenses 5,636,346

Operating Income (Loss) 2,903,148

#### NON-OPERATING REVENUES (EXPENSES)
- Investment Income 378,598
- Transfer Out - University (2,403,872)
- Total Net Non-operating Revenues (Expenses) (2,025,274)

Increase in Net Assets 877,874

<table>
<thead>
<tr>
<th>Net Assets, June 30, 2008</th>
<th>16,934,871</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Assets, June 30, 2009</td>
<td>$17,812,745</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of this Statement.
Florida Gulf Coast University Financing Corporation
Statement of Cash Flows
For the Year Ended June 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES
Net Rental Income - Received from University $ 8,539,494
Interest Paid on Debt (2,832,499)
Payments to and on Behalf of Employees (320,386)
Payments to Suppliers of Goods and Services (110,511)
Net Cash Provided by Operating Activities 5,276,098

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES
Transfer out to University (2,403,872)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES
Gross Proceeds from Issuance of Revenue Bonds, Series 2009A 8,000,000
Bond Principal Payments (1,980,000)
Naples Land Interest Payment (28,429)
Capital Expenditures (26,547,943)
Interest Earned 471,922
Net Cash Used in Capital and Related Financing Activities (20,082,450)

CASH FLOWS FROM INVESTING ACTIVITIES
Cash Paid for Investments, Net (1,319,695)
Interest Earned 388,450
Net Cash used in Investing Activities (931,245)

NET DECREASE IN CASH AND CASH EQUIVALENTS
(18,141,469)

CASH AND CASH EQUIVALENTS JUNE 30, 2008
32,970,007

CASH AND CASH EQUIVALENTS JUNE 30, 2009 $ 14,828,538

RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIE S
Operating Income $ 2,903,148

Adjustments to reconcile operating income to net cash provided by operating activities:
Amortization of Bond Premium, Net (14,585)
Amortization of Direct Financing Lease 1,980,000
Increase in accrued interest payable 408,479
Increase in accounts payable (944)
TOTAL ADJUSTMENTS 2,372,950

NET CASH PROVIDED BY OPERATING ACTIVITIES $ 5,276,098

The accompanying notes are an integral part of this Statement.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ORGANIZATION
On April 10, 2003, the Florida Gulf Coast University Board of Trustees approved the creation of the Florida Gulf Coast University Financing Corporation (Financing Corporation) as a direct support organization (Auditor General Rule 10.700) and component unit of the Florida Gulf Coast University (University). The Financing Corporation was incorporated on April 11, 2003, as a Florida not-for-profit corporation under the provisions of Chapter 617, as a direct support organization of the University as defined by Florida Statutes Chapter 1004.28. Operations of the Financing Corporation began July 1, 2003. The Financing Corporation was established to receive, hold, invest, and administer property and to make expenditures to or for the exclusive benefit of (i) the University or (ii) a research and development park or research and development authority affiliated with the University and organized under Part V of Chapter 159 of Florida Statutes. Operating revenues and expenses generally include only fiscal transactions directly related to these activities. Included in non-operating revenues is investment income. The Financing Corporation also, has the authority to issue bonds and other forms of indebtedness upon the approval of the University's Board of Trustees, as well as to enter into agreements to finance, design, construct, lease, purchase and/or operate facilities necessary and desirable to serve the needs of the University.

Specifically, the operations of the Financing Corporation consist of contracting for the design and construction of student residential housing, parking facilities, the student union, bookstore, food service facilities and certain other projects as well as the issuance of bonded debt to finance such construction. As such, the Financing Corporation supervises and accounts for the respective construction. Once the construction is completed, the Financing Corporation transfers the completed building and/or facility to the University to operate in return for a direct financing lease (Master Operating Lease). Accordingly, the University operates and leases the respective facility from the Financing Corporation in an amount equal to the net rental proceeds (net operating revenues of the defined facilities). The net operating revenues paid to the Financing Corporation shall be not less than the annual debt service and related costs as defined by the Master Operating Lease. These net rental proceeds are then used to fund the outstanding debt.

The governing body of the Financing Corporation is its Board of Directors (Board). The Board is composed of at least five (5) but no more than seven (7) Directors. The Financing Corporation is managed, supervised and controlled by its Board, subject to applicable law and the powers and duties reserved to the Florida Gulf Coast University Board of Trustees and the President of Florida Gulf Coast University.

REPORTING ENTITY
Based on the application of the criteria described in the Governmental Accounting Standard Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, Section 2100 and 2600 for determining component units, the Financing Corporation is included within the financial statements of the University as a blended component unit for the fiscal year ended June 30, 2009. After an annual audit of the Financing Corporation's financial statements is conducted by an independent certified public accountant and accepted by the Board, the annual report is submitted to the State of Florida Auditor General and the Florida Gulf Coast University Board of Trustees for review. The financial statements for the fiscal year ended June 30, 2009, are blended in the financial statements of the University. Through the application of these standards, no entities were required to be or are reported as component units of the Financing Corporation.

BASIS OF PRESENTATION

GASB Statements No. 34 and No. 35 established standards for external financial reporting which includes a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows using the direct method. GASB Statements No. 34 and 35 also include a requirement that management provide a discussion and analysis of the basic financial statements and it requires the classification of net assets into three components - invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- Invested in capital assets, net of related debt – consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any debt that is attributable to those assets. At June 30, 2009, the
Financing Corporation had no net investment in capital assets since all capital assets are intended to be transferred to the University when placed in service.

- Restricted – consists of assets that have constraints placed upon their uses through external constraints imposed by donors, creditors (such as through debt covenants), or through laws, regulations or constraints imposed by law through constitutional provisions or enabling legislation, reduced by any liabilities to be paid from these assets.

- Unrestricted – consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The Financing Corporation also adheres to the recommendations of the National Association of College and University Business Officers (NACUBO). NACUBO's recommendations are prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board (FASB) and the GASB. The Financing Corporation reporting model under GASB Statement No. 35 is considered a special-purpose government entity engaged only in business-type activities (BTA).

GASB Statements Nos. 34 and 35 provide that a special-purpose government entity engaged only in business-type activities is to present entity-wide reporting including the following:

- Management’s Discussion and Analysis (MD&A)
- Proprietary (enterprise) fund financial statements:
  1) Statement of Net Assets
  2) Statement of Revenues, Expenses, and Changes in Net Assets
  3) Statement of Cash Flows
- Notes to financial statements

No budget versus actual statement is presented as the Financing Corporation is not required to adopt a legal budget.

BASIS OF ACCOUNTING
Basis of accounting refers to when the effect of transactions or events should be recognized for financial reporting purposes. It relates to the timing of the measurements made, regardless of the measurement focus applied. The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets of the Financing Corporation are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

The Statement of Net Assets is presented in a classified format to distinguish between current and long-term assets and liabilities. The Statement of Revenues, Expenses, and Changes in Net Assets is presented by major sources. The Statement of Cash Flows is presented using the direct method and is in compliance with GASB Statement No. 9 “Reporting Cash Flow for Proprietary and Non-expendable Trust Funds.” The Financing Corporation follows FASB Statements and interpretations issued on or before November 30, 1989, unless those pronouncements conflict with GASB pronouncements.

RESTRICTED ASSETS
Restricted assets are cash reserves required by the applicable debt covenants and/or for amounts advanced as part of Federal or State Financial Awards. When both restricted and unrestricted resources are available for use, it is the Financing Corporation’s policy to first apply the restricted resources followed by the use of the unrestricted resources.

CASH, CASH EQUIVALENTS AND INVESTMENTS
The Financing Corporation invests its cash, cash equivalents and investments in qualified public deposits and/or the Special Purpose Investment Account (SPIA) per Florida Statute 215.47. Investments are reported at book value, which approximates fair value. Realized and unrealized gains and losses are reflected in the Statement of Revenue, Expenses and Changes in Net Assets.

DIRECT FINANCING LEASE
Direct Financing Lease (Master Operating Lease) is recorded by the Financing Corporation at the capitalized amount of the previously completed Student Residences Phases I-VIII and Parking Facilities Phase I-II, which approximates the net present value of the Master Operating Lease.

CAPITAL ASSETS
Capital assets are capitalized at cost or at fair market value at the time of contribution. The Financing Corporation has a capitalization threshold of $1,000 for all movable equipment items and a $100,000 threshold for building renovations and
improvements. Depreciation is computed utilizing the straight-line method over the estimated useful lives of the respective assets ranging from five (5) to fifty (50) years. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of those assets. For the year ended June 30, 2009, no depreciation expense was recorded as the Financing Corporation held no capital assets used in operations. All its capital assets were held as land and/or construction in progress.

BOND PREMIUMS AND DISCOUNTS
Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. The Financing Corporation’s policy is to begin amortization in the first full year of the bond’s term. Bond issuance costs are capitalized as part of the cost of the project amortized over the life of the related debt.

CASH FLOWS
The Financing Corporation considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Statement of Cash Flows is presented using the direct method and is in compliance with GASB Statement No. 9, Reporting Cash Flow for Proprietary and Non-expendable Trust Funds.

INCOME TAXES
The Financing Corporation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and is organized exclusively for scientific, educational and charitable purposes. The Financing Corporation is not classified as a private foundation within the meaning of Section 509 (a) of the Code but is a Corporation described under Section 509(a)(3).

The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. The Financing Corporation reports no unrelated business taxable income; however, such status is subject to final determination upon examination of the related tax returns by the appropriate taxing authorities.

CONCENTRATION OF CREDIT
Throughout the year, the Financing Corporation has cash balances on deposit with financial institutions in excess of FDIC insurance limits of $250,000. Such investments (amounts in excess of FDIC limits) are fully collateralized but not insured. Management does not believe the Financing Corporation is exposed to undue credit risk. The Financing Corporation has incurred no losses due to exposure to credit risk.

USE OF ESTIMATES
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

APPLICATION OF FASB PRONOUNCEMENTS TO PROPRIETARY FUNDS
In accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund and Accounting", the Financing Corporation has elected not to apply those FASB Statements and Interpretations issued after November 30, 1989.

2. CASH and CASH EQUIVALENTS
The amounts reported as cash and cash equivalents consist of cash in demand accounts and unexpended bond proceeds held by a trustee. Cash in demand accounts are held in banks qualified in accordance with the provisions of Chapter 280, Florida Statutes as a public depository. Deposits are fully collateralized by a mutual collateral pool as provided by Florida Statutes Chapter 280 but are not insured in excess of the $250,000 FDIC limits. Funds held by the trustee have been deposited in the State Treasury Special Purpose Investment Account (SPIA). Cash and cash equivalents and investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, and to purchase or construct capital or other restricted assets are classified as restricted.

At June 30, 2009, the carrying amount of the Financing Corporation’s deposits was $14,828,538 and the bank balances totaled $14,845,122. Of the bank balance, $250,000 was insured by Federal Depository Insurance with the remainder uninsured. The cash and cash equivalents of unexpended bond proceeds, in the amount of $14,816,069, are restricted to fund the Housing Residences Phase IX, Parking Garage III, and Student Union Expansion and/or to service the related bonded debt and are held by a single financial institution.

3. INVESTMENTS
As of June 30, 2009, the Financing Corporation had the following external investment pools:
The Financing Corporation reported investments at book value (which is market value) totaling $17,455,004 at June 30, 2009, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not underlying securities. These investment pools operate under investment guidelines established in Section 215.47, Florida Statutes. The State Treasury has taken the position that participants in the pool should disclose information related to interest risk and credit risk. The SPIA carries a credit rating of A+ by Standard and Poor's and has an effective duration of 1.84 years at June 30, 2009. The Financing Corporation relies on policies developed by the State Treasury for managing interest rate 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. In accordance with GASB Statement No. 40, the investments held by the Financing Corporation are not risk categorized as the investments are managed through the State Treasury in accordance with the provisions of Section 17.61, Florida Statutes, and are not evidenced by specific, identifiable investment securities. $1,000,000 of the reported investments is restricted by the covenants of the Series 2008A bond reimbursement agreement as a cash liquidity requirement. This amount is required to be disclosed as Restricted Cash and Net Assets. The Financing Corporation does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair market value losses arising from increasing interest rates.

4. INVESTMENT IN DIRECT FINANCING LEASE

As a condition of the financing arrangement, the Financing Corporation entered into a Master Ground Lease Agreement with the University. The University leases the respective project land on its campus to the Financing Corporation with a rental fee of $1.00 per year. The property covered by the Master Ground Lease together with improvements (re: student residence, parking facilities and student union facilities) thereon is leased back by the University to manage and operate through the Master Operating Lease (Direct Financing Lease). The payments on the Master Operating Lease are equal to net operating revenues, as defined, but not less than the annual debt service requirements of the related bond debt. The Master Operating Lease shall terminate on the date on which all Bonds and obligations under any Related Financing Documents are paid in full. The Financing Corporation records these lease agreements as a receivable. The direct financing lease is amortized by the Financing Corporation by the amount of respective bonded debt principal paid over the term of the debt. For the year ended June 30, 2009, the investment in direct financing lease was amortized in the amounts of $1,595,000 for Student Residence and $285,000 for Parking Facilities. On February 1, 2009, a principal bond payment in the amount of $100,000 was paid on the Capital Improvement Revenue Bonds Series 2008A for the Student Union Facility recorded as Construction in Process until the project is completed and recorded as a direct financing lease receivable. At June 30, 2009, the Financing Corporation investment in direct financing lease was $93,896,826 and consists of the following completed student residences and parking facilities:

<table>
<thead>
<tr>
<th>Student Residence</th>
<th>Year of Completion</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase I</td>
<td>1998</td>
<td>$ 6,904,962</td>
</tr>
<tr>
<td>Phase II</td>
<td>2000</td>
<td>7,000,000</td>
</tr>
<tr>
<td>Phase III</td>
<td>2001</td>
<td>8,095,037</td>
</tr>
<tr>
<td>Phase IV</td>
<td>2002</td>
<td>7,581,506</td>
</tr>
<tr>
<td>Phase V</td>
<td>2003</td>
<td>6,973,693</td>
</tr>
<tr>
<td>Phase VI</td>
<td>2004</td>
<td>10,675,796</td>
</tr>
<tr>
<td>Phase VII</td>
<td>2006</td>
<td>8,399,116</td>
</tr>
<tr>
<td>Phase VIII</td>
<td>2009</td>
<td>25,504,702</td>
</tr>
</tbody>
</table>

Less: Bond Principal Payment Paid To-Date

Total Student Residence $ 77,168,712

<table>
<thead>
<tr>
<th>Parking Facilities</th>
<th>Year of Completion</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase I</td>
<td>2007</td>
<td>$ 7,008,293</td>
</tr>
<tr>
<td>Phase II</td>
<td>2008</td>
<td>10,186,821</td>
</tr>
</tbody>
</table>

Less: Bond Principal Payment Paid To-Date (485,000)

Total Parking Facilities $ 16,710,114

Total Investment in Direct Financing Lease $ 93,896,826

5. CONSTRUCTION IN PROGRESS

As of June 30, 2009, the Financing Corporation completed and transferred Housing Phase VIII to the University in the amount of $25,604,702. Currently, the Financing Corporation has three projects under construction, Student Residence Phase IX, Parking Garage III and the Student Union Addition. The following is a summary of the Financing Corporation's construction in progress activity for the year-ended June 30, 2009:
Construction in Progress:

<table>
<thead>
<tr>
<th></th>
<th>Beginning Balance</th>
<th>Adjustments/ Increase</th>
<th>Transfer To University</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Union Addition</td>
<td>$28,610</td>
<td>$23,543</td>
<td>$</td>
<td>$52,353</td>
</tr>
<tr>
<td>Phase III - Parking Garage</td>
<td>-</td>
<td>4,931,584</td>
<td>-</td>
<td>4,931,584</td>
</tr>
<tr>
<td>Phase VIII - Student Residence</td>
<td>22,784,386</td>
<td>2,920,346</td>
<td>(25,604,702)</td>
<td></td>
</tr>
<tr>
<td>Phase IX - Student Residence</td>
<td>149,138</td>
<td>18,498,416</td>
<td>-</td>
<td>18,647,554</td>
</tr>
<tr>
<td>Total</td>
<td>$22,952,304</td>
<td>$26,273,889</td>
<td>26,604,702</td>
<td>$23,331,491</td>
</tr>
</tbody>
</table>

Total interest cost incurred by the Financing Corporation during the year ended June 30, 2009, was $4,467,670 of which $869,249 (Series 2007A) was capitalized as part of the Construction in Progress for Student Residence Phase VIII, $438,273 (Series 2008A) was capitalized as part of the Construction in Progress for Student Residence Phase IX, $114,648 (Series 2007B) was capitalized as part of the Construction in Progress for Student Union Addition and $4,523 (Series 2009A) was capitalized as part of the Construction in Progress for Parking Phase III.

Interest income earned and capitalized by the Financing Corporation during the year ended June 30, 2009, was $280,057 (Series 2008A) capitalized as part of the Construction in Progress for Student Residence Phase IX, $124,368 (Series 2007B) capitalized as part of the Construction in Progress for the Student Union Addition, $22,273 (Series 2009A) was capitalized as part of the Construction in Progress for Parking Phase III and $13,699 (Series 2007A) was capitalized as part of Student Residence Phase VIII.

6. LAND

During the year ended June 30, 2006, the Financing Corporation purchased land in Naples, Florida for the purpose of establishing a Naples Center. The land was purchased for $5,000,000 plus closing costs of $15,670. The related interest costs incurred of $275,998 were also capitalized into the cost of the land including interest cost of $44,868 during the year ended June 30, 2009. The Financing Corporation ultimately intends to transfer the land to the University to operate. At June 30, 2009, the Financing Corporation had recorded the cost of land at $5,291,666.

7. LONG TERM LIABILITIES

Bonds and Loans payable activity for the year ended June 30, 2009, is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Beginning Balance</th>
<th>Increases</th>
<th>Decreases</th>
<th>Ending Balance</th>
<th>Amounts Due Within One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds Payable:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series 2003</td>
<td>$45,340,000</td>
<td>$940,000</td>
<td>$7,600,000</td>
<td>$44,400,000</td>
<td>$980,000</td>
</tr>
<tr>
<td>Series 2005A</td>
<td>7,700,000</td>
<td>-</td>
<td>$200,000</td>
<td>7,500,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Series 2005B</td>
<td>5,800,000</td>
<td>-</td>
<td>$100,000</td>
<td>5,700,000</td>
<td>200,000</td>
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<tr>
<td>Series 2007A</td>
<td>25,000,000</td>
<td>-</td>
<td>$455,000</td>
<td>24,545,000</td>
<td>470,000</td>
</tr>
<tr>
<td>Series 2007B</td>
<td>6,000,000</td>
<td>-</td>
<td>$100,000</td>
<td>5,900,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Series 2007C</td>
<td>10,000,000</td>
<td>-</td>
<td>$185,000</td>
<td>9,815,000</td>
<td>190,000</td>
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<tr>
<td>Series 2008A</td>
<td>22,000,000</td>
<td>-</td>
<td>-</td>
<td>22,000,000</td>
<td>410,000</td>
</tr>
<tr>
<td>Series 2009A</td>
<td>-</td>
<td>8,000,000</td>
<td>-</td>
<td>8,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>129,840,000</td>
<td>8,000,000</td>
<td>(1,980,000)</td>
<td>132,860,000</td>
<td>2,450,000</td>
</tr>
</tbody>
</table>

Loans Payable:

<table>
<thead>
<tr>
<th></th>
<th>Beginning Balance</th>
<th>Increases</th>
<th>Decreases</th>
<th>Ending Balance</th>
<th>Amounts Due Within One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foundation</td>
<td>5,000,000</td>
<td>-</td>
<td>-</td>
<td>5,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>124,840,000</td>
<td>8,000,000</td>
<td>(1,980,000)</td>
<td>132,860,000</td>
<td>2,450,000</td>
</tr>
</tbody>
</table>

Add:

<table>
<thead>
<tr>
<th></th>
<th>Beginning Balance</th>
<th>Increases</th>
<th>Decreases</th>
<th>Ending Balance</th>
<th>Amounts Due Within One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond Discounts and</td>
<td>402,285</td>
<td>-</td>
<td>(14,585)</td>
<td>387,700</td>
<td>-</td>
</tr>
<tr>
<td>Premium</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$127,242,285</td>
<td>$8,000,000</td>
<td>(1,994,585)</td>
<td>$133,247,700</td>
<td>$2,450,000</td>
</tr>
</tbody>
</table>

Loan Payable

On March 27, 2006, the Financing Corporation entered into a Loan and Hold Harmless Agreement with Florida Gulf Coast University Foundation, Inc., (Foundation) in the amount of $5,000,000, for the purpose of acquiring approximately two acres of land in the Grand Central Station Development in Naples, Florida in an effort to establish a Naples campus. The agreement was in accordance with the December 14, 2005, Purchase and Sale Contract between the Financing Corporation and Brompton Road Partners L.L.C., and the related Florida Gulf Coast University Board of Trustees resolution of June 21, 2005. Principal payments are equal to all funds collected by the Foundation pursuant to a capital campaign for the Florida Gulf Coast
University Naples Center Project. The Financing Corporation originally drew the entire $5,000,000 and continues to reflect the outstanding balance of the loan at June 30, 2009. The Foundation invoices the Financing Corporation for the interest expense on the difference between the $5,000,000 borrowed and the donations collected pursuant to a capital campaign for the Florida Gulf Coast University Naples Center Project. As of June 30, 2009, the Foundation had received approximately $2,000,000 in cash donations. The obligations under the loan were collateralized solely by the assignment of the capital campaign proceeds. A schedule of future minimum payments remaining under the loan agreement cannot be amortized due to the unknown timing capital campaign pledges and receipt of such pledges. The maturity date of the loan and all indebtedness outstanding is due on or before April 1, 2010. The Financing Corporation's interest is reduced by the Foundation in the amount of interest income earned during the year on the principal and capital campaign contributions collected by the Foundation. Interest is due on the loan monthly and is payable to the Foundation at 62% of Prime. At June 30, 2009, the interest rate was prime (at 3.25%) x 62% = 2.1125%. Therefore, the Financing Corporation's net capitalized interest expense is equal to $44,868 for the year ended June 30, 2009.

**Bonds Payable**

1. **Capital Improvement Revenue Bonds, Series 2003**
   - On December 10, 2003, the Financing Corporation issued Capital Improvement Revenue Bonds, Series 2003 in the amount of $45,700,000. The proceeds derived from the sale of the Revenue Bonds were used to finance the acquisition, construction and equipping of a new 288 bed apartment style student residence facility (Phase VI) on the University and the redemption of the outstanding principal amount of $21,500,000 of the $22,000,000 Certificates of Participation, Series 2000, $8,000,000 of the original $9,000,000 Certificates of Participation, Series 2002, and $9,000,000 of the original $9,000,000 Certificates of Participation, Series 2002A each previously issued by the Florida Gulf Coast University Foundation for the purpose of constructing student residence facilities (Student Residence Phases I-V). No gain or loss on redemption was realized or recorded by the Financing Corporation. On August 1, 2006, annual bond principal payments in the amount of $900,000 were paid leaving the outstanding Capital Improvement Bonds, Series 2003 in the amount of $45,700,000 at June 30, 2007.
   - On August 1, 2007, the Financing Corporation converted and reissued the Capital Improvement Revenue Bonds, Series 2003 from variable rate to fixed rate bonds in the amount of $45,700,000. A principal bond payment in the amount of $360,000 was made at this time leaving an outstanding balance in the amount of $45,340,000. The bonds were issued at par with additional contributions made by the Financing Corporation in the principal payment of $900,000,000 to fund social costs and capital improvements of $900,000,000. Interest is payable based on fixed rates ranging from 4.25% to 5% paid semi-annually with principal payable in varying amounts paid annually on August 1, 2008 through 2034. Insurance premiums in the amount of $341,000 represent the charge for a transfer of credit risk on the Series 2003 bonds and a premium for the issuance of a Bond Insurance Policy. Net assets include $1,000,000 which was required to be held (restricted) as condition of the outstanding Capital Revenue Bonds, Series 2003 is now associated with the Capital Improvement Bonds, Series 2008A. The swap agreement in the amount of $10,000,000 originally associated with the Capital Improvement Revenue Bonds, Series 2003 became associated with the Capital Improvement Revenue Bonds, Series 2005A in the amount of $7,700,000 and Capital Improvement Revenue Bonds, Series 2005B in the amount of $2,300,000 upon the fixed rate conversion of Capital Improvement Revenue Bonds, Series 2003. On June 23, 2008, the Financing Corporation exercised its rights to terminate the swap agreement under the International Swaps and Derivatives Association, Inc. Master agreement between Lehman Brothers Special Financing, Inc. and the Financing Corporation. As such, all obligations of the Financing Corporation under the ISDA Master Agreement, are considered null and void.
   - On August 1, 2008, a principal bond payment in the amount of $940,000 was paid leaving the outstanding Capital Improvement Revenue Bonds Series 2003 in the amount of $44,400,000 at June 30, 2009. Those bonds are collateralized by the net rental revenues of the student residences system and the parking system.

2. **Capital Improvement Revenue Bonds Series 2005A and 2005B**
   - On February 16, 2005, the Financing Corporation issued Capital Improvement Revenue Bonds, Series 2005A in the par amount of $8,000,000 and Capital Improvement Revenue Bonds, Series 2005B in the par amount of $6,000,000. The proceeds derived from the sale of the Series 2005A Revenue Bonds were used to finance the construction and equipping of a new 288 bed apartment style student residence facility (Student Residence Phase VII) and proceeds derived from the sale of the Series 2005B Revenue Bonds were used to finance the construction and equipping of a 500 space parking garage (Parking Facilities Phase I). Interest accrues at a weekly adjustable rate, as determined by the remunerating agent and is payable monthly. As of June 30, 2009, the variable interest rate was 3.0%. Principal payable in varying amounts is payable annually on February 1, 2007 through 2035. The Bonds were subject to required repurchase after a period on the mandatory tender date of February 1, 2007, at which time they were converted from a fixed one year rate of 3.3% to a slightly adjustable rate. The Financing Corporation has purchased, as additional collateral on these bonds, a letter of credit that expires at various dates but is intended to remain in effect until either these are retired or all the interest rates are converted from variable to fixed.
   - The swap agreement in the amount of $10,000,000 originally associated with the Capital Improvement Revenue Bonds, Series 2003 became associated with the Capital Improvement Revenue Bonds, Series 2005A in the amount of $7,700,000 and Capital Improvement Revenue Bonds, Series 2005B in the amount of $2,300,000 upon the fixed rate conversion of Capital Improvement Revenue Bonds, Series 2003. On June 23, 2008, the Financing Corporation exercised its rights to terminate the swap agreement under the International Swaps and Derivatives Association, Inc. Master agreement between Lehman Brothers Special Financing, Inc. and the Financing Corporation. As such, all obligations of the Financing Corporation under the ISDA Master Agreement, are considered null and void.
On February 1, 2009, a principal bond payment in the amount of $300,000 was paid leaving the outstanding Capital Improvement Revenue Bonds Series 2005A in the amount of $7,500,000 and Capital Improvement Bonds Series 2005B in the amount of $5,700,000 at June 30, 2009. The Bonds are collateralized by the net rental revenues of the student residences system and parking system.

On May 10, 2007, the Financing Corporation issued Capital Improvement Revenue Bonds, Series 2007A in the amount of $25,000,000 representing the par amount plus original issue premium in the amount of $604,702 and Capital Improvement Revenue Bonds, Series 2007C in the amount of $10,000,000 representing the par amount less the original issue discount in the amount of $187,832. The proceeds derived from the sale of the Series 2007A Revenue Bonds were used to finance the construction and equipping of a new 400 bed suite style student residence facility (Student Residence Phase VIII) including a new foodservice facility; and the proceeds derived from the sale of the Series 2007C Revenue Bonds were used to finance the construction of a new 900 space parking garage (Parking Facilities Phase II). Amortization of the bond premium and discounts began during the year ended June 30, 2008. Interest payable based upon fixed rates ranging from 4% to 5% paid semi-annually with principal payable in varying amounts annually on December 15 and June 15. The Bonds are collateralized by the net rental revenues of the student residences system and parking system. Insurance premiums in the amounts of $226,000 for the Series 2007A and $100,000 for the Series 2007C represent the charge for a transfer of credit risk and are premiums for the issuance of a Bond Insurance Policy.

On October 3, 2007, the Financing Corporation issued Capital Improvement Revenue Bonds, Series 2007B in the par amount of $6,000,000. The proceeds derived from the sale of the Series 2007B Revenue Bonds were used to finance the construction and equipping of an approximately 30,000 square feet addition to the Student Union Facility located on the campus of the University. Interest accrues at a weekly adjustable rate, as determined by the remarketing agent and is payable monthly. As of June 30, 2009, the variable interest rate was .30%. Principal payable in varying amounts annually on February 1, 2009 through 2037. The Financing Corporation has purchased, as additional collateral on the revenue bonds, a letter of credit that expires at various dates but is intended to remain in effect until either the revenues bonds are retired or all the interest rates are converted from variable to fixed. The Bonds are collateralized by the net rental revenues of the student union facilities.

On February 1, 2009, a principal bond payment in the amount of $740,000 was paid. Therefore, at June 30, 2009, the outstanding Capital Improvement Revenue Bonds Series 2007A in the amount of $24,545,000 including unamortized premium of $562,390, Capital Improvement Revenue Bonds Series 2007B in the amount of $5,900,000 and Capital Improvement Bonds Series 2007C in the amount of $9,815,000 including unamortized discount of $174,690.

(4) Capital Improvement Revenue Bonds, Series 2008A
On May 1, 2008, the Financing Corporation issued Capital Improvement Revenue Bonds, Series 2008A in the par amount of $22,000,000. The proceeds derived from the sale of the Series 2008A Revenue Bonds were used to finance the construction and equipping of a new 400 bed high rise suite style student residence facility and related improvements as an addition to the Housing System located on the University's main campus (Student Residence Phase IX). Interest accrues at a weekly adjustable rate, as determined by the remarketing agent and is payable monthly. As of June 30, 2009, the variable interest rate was .32%. Principal payable in varying amounts due annually on February 1, 2010 through 2038. The Financing Corporation has purchased, as additional collateral on the revenue bonds, a letter of credit that expires at various dates but is intended to remain in effect until either the revenues bonds are retired or all the interest rates are converted from variable to fixed. Net rental revenues of $20,000,000 required to collateralize the outstanding Capital Improvement Revenue Bonds, Series 2003 become associated with the Capital Improvement Bonds, Series 2003. The Bonds are collateralized by the net rental revenues of the student residences system. At June 30, 2009, the outstanding balance of this issue is $22,000,000.

(5) Capital Improvement Revenue Bonds, Series 2009A
On May 7, 2009, the Financing Corporation issued Capital Improvement Revenue Bonds, Series 2009A in the par amount of $8,000,000. The proceeds derived from the sale of the Series 2009A Revenue Bonds were used to finance the construction and equipping of an approximately 785 space parking garage and related improvements (Parking Facilities Phase III) as an addition to the Parking System located on the University's main campus. Interest accrues at a weekly adjustable rate, as determined by the remarketing agent and is payable monthly. As of June 30, 2009, the variable interest rate was .30%. Principal payable in varying amounts due annually on February 1, 2011 through 2039. The Financing Corporation has purchased, as additional collateral on the revenue bonds, a letter of credit that expires at various dates but is intended to remain in effect until either the revenues bonds are retired or all the interest rates are converted from variable to fixed. The Bonds are collateralized by the net rental revenues of the parking system. At June 30, 2009, the outstanding balance of this issue is $8,000,000.

Revenue from the student residence, parking facilities and student union facilities are first designated to pay rent to the Financing Corporation or its assignees equal to the debt service on the outstanding Revenue Bonds. The variable interest rate on the Revenue Bonds is based upon a weekly determination by the remarketing agent. The following is a schedule of future minimum payments remaining under the outstanding revenue bonds payable at June 30, 2009:
### Interest Rate Swaps

In order to protect against the potential of rising interest rates, three separate pay-fixed, receive-variable interest rate swap agreements were previously entered into by the Florida Gulf Coast University Foundation, Inc. (Foundation) and were assumed by the Financing Corporation at the time the outstanding certificates of participation were redeemed. The swap agreements were not associated with an identifiable bond issuance, but instead were associated with all of the Foundation's outstanding Certificates of Participation (COPs) (Phases I-V). On August 1, 2007, the Financing Corporation converted and reissued the Capital Improvement Revenue Bonds, Series 2003 (Phases I-V) from variable rate to fixed rate bonds. The three (3) swap agreements were consolidated into one (1) agreement with the issuance of the Series 2003 bonds. The swap agreement in the amount of $10,000,000 associated with the Capital Improvement Revenue Bonds, Series 2003 became associated with the Capital Improvement Revenue Bonds, Series 2005A in the amount of $7,700,000 and Capital Improvement Revenue Bonds, Series 2005B in the amount of $2,300,000.

On June 23, 2009, pursuant to the International Swaps and Derivatives Association, Inc. Master Agreement (ISDA) between Lehman Brothers Special Financing, Inc. (LBSF) and the Financing Corporation, the Financing Corporation specified that the filing of a Voluntary Petition in the United States Bankruptcy Court on or before September 15, 2008 by Lehman Brothers Holdings, Inc., a Credit Support Provider under the ISDA Master Agreement with respect to LBSF, constituted an Event of Default. The Financing Corporation further specified that the filing of a Voluntary Petition in the United States Bankruptcy Court on or before October 3, 2008 by LBSF constituted an Event of Default with respect to LBSF under the ISDA Master Agreement.

The Financing Corporation exercised its right to terminate all transactions under the ISDA Master Agreement and designated June 23, 2009 as the Early Termination Date with respect to all outstanding transactions under the ISDA Master Agreement. At the time of termination, the outstanding swap in the amount of $10,000,000 had a negative fair value. The net amount payable by the Financing Corporation in respect of the transactions was determined as of the Early Termination Date pursuant to the ISDA Master Agreement as $32,591 less $15,000 in expenses and fees, for a total of $17,591. As of June 30, 2009, the Financing Corporation reserved for itself all contractual rights and remedies under the ISDA Master Agreement and all remedies available to it at law or in equity, although any obligations of the Financing Corporation are considered null and void.

### RELATED PARTY TRANSACTIONS

The University operates and pays all operating costs of the facilities leased from the Financing Corporation from the gross rental income from the respective student residences, parking facilities and student union facilities. The Net Rental Income is then paid to the Financing Corporation by the University in arrears based on collections. Therefore, no receivable is recorded. The University provides office space and related occupancy costs such as utilities and use of other office machines as well as accounting and record keeping services at no cost to the Financing Corporation. No amounts are reflected in these Financial Statements of the Financing Corporation at June 30, 2009, for these items either as donated revenue or the offsetting expenses as no reasonable basis has been determined to value these costs.

### COMMITMENTS AND CONTINGENCIES

The Financing Corporation has outstanding contracts for the construction of the Student Residences Phase IX (Series 2008A) in the amount of $18,693,790 with a remaining commitment of $8,149,338 as of June 30, 2009, including retainage and outstanding contracts for the construction of Parking Phase III (Series 2009A) in the amount of $6,670,000 with a remaining commitment of $1,952,793 as of June 30, 2009, including retainage.
On June 10, 2009, the Financing Corporation Board of Directors authorized the management of the Financing Corporation to enter into a purchase contract for an existing apartment complex located approximately one mile from the main campus of the University in the amount of $17 million with a 60-day due diligence clause, subject to cancellation, with or without cause; and subject to approval by the Board of Governors, FGCU Board of Trustees and the Financing Corporation. The Financing Corporation submitted a Letter of Intent to purchase the apartment complex and a contract will be forthcoming. The Financing Corporation plans to issue additional Capital Improvement Bonds in the amount of $20 million to complete the purchase of the land and buildings in the amount of $17 million and $3 million for renovation. The new housing facilities would be placed in service during the 2010/2011 academic year adding approximately 504 beds to the current Housing System.

On July 16, 2009, the Financing Corporation Board of Directors authorized the management of the Financing Corporation to enter into a joint agreement with the University as a party to the Energy Services and Sublease Agreement (ESA) with a third party (contractor) for the construction, maintenance and operation of a solar photovoltaic generation facility (Solar Facility). The Financing Corporation will assume all rights and obligations of the University pursuant to the ESA as it relates to the Solar Facility. The Financing Corporation shall, in turn, provide the solar energy to the University's campus or designated facilities. As consideration for such agreement by the Financing Corporation, the University shall pay to the Financing Corporation a total of $7 million. The Financing Corporation granted a Line of Credit Promissory Note to the Contractor in the amount of $7 million with the proceeds to be used for the purpose of acquiring personal property comprising the Solar Facility, disbursed in accordance to a draw schedule. Interest shall accrue under this note at a rate of 4.36% per annum, compounded annually, from the date the principal is distributed to the Contractor and will mature and be due and payable on or before July 1, 2029. As collateral for this note, the Financing Corporation holds a security interest in any and all personal property constituting the Solar Facility including the solar panels. Under the note, the Contractor shall receive a credit in the amount of $700,000 to be applied against the accrued interest and principal at the end of the seventh year should the electrical output of the Solar Facility for the first six years of commercial operation equal or exceed 80% of expected performance output. On each subsequent anniversary date of the commercial operation of the Solar Facility beginning with the eighth year, if the electrical output of the commercial operation equals or exceeds 80% of the expected performance output, the loan and corresponding interest will be reduced by a $700,000 credit each year throughout the 20 years of the agreement life. The Financing Corporation will have the option to purchase the personal property comprising the Solar Facility at the end of the term of the note for fair market value of the assets at that time based upon an appraisal.

The Financing Corporation is continuing to work toward expanding the Student Union building. It has issued Revenue Bonds, Series 2007B, in the amount of $6,000,000. As of June 30, 2009, no construction contract has been let.

10. RISK MANAGEMENT
The Financing Corporation is third party insured against risk of loss applicable to the Corporation.
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in accordance with Government Auditing Standards

Board of Directors
Florida Gulf Coast University Financing Corporation
10501 FGCU Boulevard South
Fort Myers, Florida 33965-6565

We have audited the basic financial statements of the Florida Gulf Coast University Financing Corporation as of and for the year ended June 30, 2009, and have issued our report thereon dated August 26, 2009. 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.

Internal Control Over Financial Reporting
In planning and performing our audit, we considered the Florida Gulf Coast University Financing Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Florida Gulf Coast University Financing Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Florida Gulf Coast University Financing Corporation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that misstatement of Florida Gulf Coast University Financing Corporation's financial statements that is more than inconsequential will not be prevented or detected by the Florida Gulf Coast University Financing Corporation's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal controls that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**
As part of obtaining reasonable assurance about whether the Florida Gulf Coast University Financing Corporation’s basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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 that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Board of Directors, management, the Auditor General of the State of Florida, and other Federal and State agencies. This report is not intended to be, and should not be, used by anyone other than these specified parties.

TUSCAN & COMPANY, PA
Fort Myers, Florida
August 26, 2009
INDEPENDENT AUDITOR’S REPORT TO MANAGEMENT

Board of Directors
Florida Gulf Coast University Financing Corporation
10501 FGCU Boulevard South
Fort Myers, Florida 33965-6565

In planning and performing our audit of the financial statements of the Florida Gulf Coast University Financing Corporation (the "Financing Corporation"), as of and for the year ended June 30, 2009, we considered the Florida Gulf Coast University Financing Corporation's internal controls in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. In connection with our audit, we are submitting the following comments and recommendations in accordance with Government Auditing Standards. These comments and recommendations are submitted for your review and consideration, items noted during the audit and recommendations are designed to help the Financing Corporation make improvements and achieve operational efficiencies. Our comments reflect our desire to be of continuing assistance to the Florida Gulf Coast University Financing Corporation.

PRIOR YEAR COMMENTS THAT CONTINUE TO APPLY:
None -There were no financially significant prior year comments.

CURRENT YEAR COMMENTS:
No financially significant comments noted.

This report is intended solely for the information and use of the Board of Directors, management, the Auditor General of the State of Florida, and other Federal and State agencies. This report is not intended to be, and should not be, used by anyone other than these specified parties.

TUSCAN & COMPANY, P.A.
Fort Myers, Florida
August 26, 2009

INTEGRITY ...... SERVICE ...... EXPERIENCE
12621 World Plaza Lane, Building 55 • Fort Myers, FL 33907 • Phone: (239) 333-2090 • Fax: (239) 333-2097
EXHIBIT
August 26, 2009

Auditor General's Office
Local Government Audits/342
Claude Pepper Building, Room 401
111 West Madison Street
Tallahassee, FL 32399-1450

We are providing this letter in connection with the audit of Florida Gulf Coast University Financing Corporation (Financing Corporation) for the fiscal year ended June 30, 2009.

The Independent Auditor's Report to Management, did not disclose any findings regarding the Financing Corporation. In addition, the accompanying audit report did not include any prior audit findings.

If you have any questions or need additional information, please feel free to contact my office or Linda Bacheler, University Controller.

Sincerely,

[Signature]

Curtis D. Bullock
Executive Director, Financing Corporation

cc: Tuscan & Company, P.A.
Certified Public Accountants/Consultants
12621 World Plaza Lane
Building 55
Fort Myers, FL 33907