

2010

ANNUAL
REPORT

FLORIDA
PREPAID
COLLEGE
BOARD

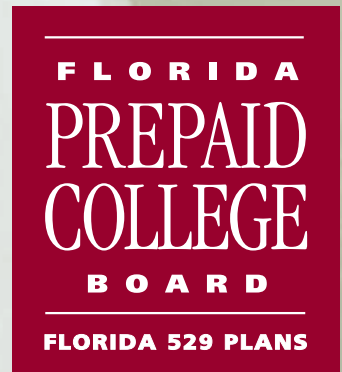


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IN 2006, THE PROGRAM WAS RENAMED
"THE STANLEY G. TATE FLORIDA PREPAID COLLEGE PROGRAM"
IN RECOGNITION OF THE OUTSTANDING DEDICATION
AND SERVICE OF THE FOUNDING CHAIRMAN.

The Florida Prepaid College Plan is financially guaranteed by the State of Florida. Section 1009.98(7), Florida Statutes.

Unlike the Florida Prepaid College Plan, investments in the Florida College Investment Plan are not insured or guaranteed and you could lose all or a portion of your investment. Participation in the Florida College Investment Plan will be sold only by means of a Disclosure Statement and Participation Agreement. A copy of each will be sent to you upon request; you should read them before investing. Nothing in this publication should be construed as financial, investment, legal or tax advice. Consult your own advisors before investing.

The Florida Prepaid College Board is the source of all information included in this Annual Report unless otherwise noted.

CHAIRMAN'S MESSAGE

For the past 22 years, the Florida Prepaid College Board has been offering Florida families a secure and tax-free method to financially prepare for higher education. It is my pleasure to share with you the 2009/2010 Annual Report of the Florida Prepaid College Plan and the Florida College Investment Plan.

As we embark on another year, we reflect on the accomplishments that have contributed to making the Stanley G. Tate Florida Prepaid College Program, the largest and most successful prepaid college plan in the country. Nearly one of 10 Florida children, from newborns to high school students, has a Florida Prepaid College Plan or a Florida College Investment Plan. Almost 60% of Florida College Investment Plan owners have a Florida Prepaid College Plan, offering a complementary savings tool for Florida Prepaid College Plan participants. A few key program accomplishments include:

- Families have purchased more than 1.4 million Florida Prepaid College Plans for more than 957,000 children
- More than 260,000 students have gone to college using their Florida Prepaid College Plan benefits
- \$2.1 billion in Florida Prepaid College Plan payments have been made to Florida's state universities and Florida Colleges over the past 22 years
- More than 30,881 active Florida College Investment Plan accounts with a market value of over \$192 million under management

The Florida Prepaid College Trust Fund has \$10 billion in assets and liabilities of \$9.5 billion, as of June 30, 2010, as calculated by Ernst & Young, the independent actuarial firm for the Board. The Florida Prepaid College Trust Fund remains financially strong, as our first priority continues to be the safety of the money entrusted to us by families.

As we look forward, Florida's higher education system is evolving and expanding to meet the needs of college students. As part of this expansion, tuition and fees in the higher education system also have grown. In the early years of the Program, tuition represented the primary fee assessed in the higher education system. In addition to tuition, Florida's state universities impose local fees that cover the required activity and service, health and athletic fees charged by Florida's state universities and/or the required student activity and service and technology fee charged by Florida Colleges. The Board began offering a supplemental plan to cover these fees in 1998. In 2007, the tuition differential fee was approved by the Florida Legislature and amended in 2009 to allow each of the eleven Florida state universities to assess this fee. The legislation also provided that the sum of tuition and tuition differential fees may increase up to 15% annually, until the sum of tuition and fees reaches the national average of tuition and fees at public universities.

In response to these changes, the Board began development of prepaid plans that would combine the required tuition, registration fees, tuition differential fees and local fees assessed at state universities and Florida colleges into single plans. Combining specific mandatory fees assessed by higher education institutions into a single plan provides Floridians a comprehensive means to save for those tuition and fees. These four new prepaid plans were first offered in the 2010-2011 enrollment period. The 4-Year Florida College Plan was included as one of the four new plans. As the Florida College System continues to grow, more of Florida's future college students will be able to obtain their college education, including workforce-related bachelor's degrees, at one of these institutions. This plan offers families another choice to save for their children's future college education.

Saving for college is one of the most important investments a parent or grandparent can make for children and the Florida Prepaid College Board is committed to assisting Florida families save for the cost of higher education.

Sincerely,



Duane L. Ottenstroer
Chairman, Florida Prepaid College Board





PAVING THE WAY FOR THE FUTURE

SINCE 1988, ALMOST ONE MILLION FAMILIES HAVE SAVED FOR THEIR CHILDREN'S AND GRANDCHILDREN'S COLLEGE EDUCATION BY PURCHASING A FLORIDA PREPAID COLLEGE PLAN. THE FLORIDA PREPAID COLLEGE BOARD PROVIDES A MEANS FOR FAMILIES LIKE THESE TO PAVE THE WAY FOR THEIR CHILDREN'S OR GRANDCHILDREN'S SUCCESSFUL FUTURE.

JILL CONLEY, TALLAHASSEE "We've already talked to our children about college right now, and they know that's the expectation. I think setting that expectation and setting that commitment to them even though they're still very young is really, really important. The Florida Prepaid College Plan allows this expectation to become a reality and our daughter to keep her carefree attitude when it comes to the price of college years down the road."

KARL & MICHELE WATSON, WEST PALM BEACH "Our fifth child was the motivation we needed to really start looking into saving for our children's higher education. Not only is it difficult to plan for one child, but the thought of planning strategically for five made us really look hard at what the Florida Prepaid Plan offered. It took the guess work out of play. It became a simple non-complicated process for us. The fact that it even allowed us the ability to pay for each of them over time was a huge motivator. It's a simple, non-complicated and affordable way to plan ahead, not to mention easy to use. It's effective and reasonable. We also found that the plans flexibility to use at private colleges and out of state colleges is still a means to the end. You can afford to provide an education to your children after high school with a little help from the Florida Prepaid College Plan."



ANDREW BUTTRILL, JACKSONVILLE "I worked three jobs in college, but finances kept me from ever finishing a degree. I am not willing to let my daughters go through the same thing. Neither my wife nor I ever had this opportunity; we're always trying to make it better for the next generation. We've continuously pushed them to do well in school and be competitive for scholarships, but we have the Florida Prepaid College Plan as a backup"

JUSTIN AND JENNIFER EINSTEIN, FORT MYERS "In this troubled economy, we felt that it was extremely necessary to protect our children's future by enrolling them in the Florida Prepaid College Program. No one knows what challenges tomorrow will hold, but at least we are confident that our children's education will not be one of them. As the cost of college tuition and housing continues to rise, we felt that it was urgent to "lock in" our children's future before the cost puts it out of reach. We now know that come what may, our kids can enjoy the privilege of a college education without having to worry about how they are going to pay for it. The Florida College Prepaid Program is a must for all parents. There is no better gift to give both your children and yourselves than that of a guaranteed education at today's prices!."

YASUKO HENDERSON, BOCA RATON "We actually started researching the Florida Prepaid College Plan before our daughter was born. By the time she goes to college, it is going to cost so much money. We decided to invest in the program now and not have to worry about her paying anything once she enrolls. We also opened the Florida College Investment Plan for her as we want to make sure all higher education costs are covered."

KELLY KOOKEN, GAINESVILLE "All three of our children could be in college simultaneously, during a time when tuition will likely be dramatically higher than today. We wanted to ensure our children's educations were funded. Without the Florida Prepaid College Plan, we don't think we could afford it otherwise."

FLORIDA PREPAID COLLEGE BOARD

ABOUT THE FLORIDA PREPAID COLLEGE BOARD

Education is the cornerstone on which the future of our state rests and no one has done more to solidify that foundation than Stanley G. Tate. The Florida Prepaid College Board was created in 1987 to provide Florida families with an affordable means to save for their children's future college education. Mr. Tate spearheaded the program as Chairman of the Board for its first 18 years. The Florida Prepaid College Board has grown to become the longest running prepaid plan in the nation thanks to, in large part, Mr. Tate's tireless efforts and devotion to Florida's future generations. In recognition of Mr. Tate's service, Governor Jeb Bush signed a law on June 26, 2006 renaming the program, the Stanley G. Tate Florida Prepaid College Program.

Since 1988, the Florida Prepaid College Board has provided families with a means to prepay the cost of college tuition, required fees and dormitory housing for future use at any Florida state university or public Florida College through the Florida Prepaid College Plan.

In addition to the Florida College Prepaid Plan, the Board offers the Florida College Investment Plan, a 529 college savings plan. Both plans are sponsored by the State of Florida and managed by the Board. They are authorized by Section 529 of the Internal Revenue Code, so earnings on withdrawals for higher education expenses are tax-free. The Florida College Investment Plan offers a complementary savings tool for Florida Prepaid College Plan participants.

The Florida Prepaid College Board is an agency of the State of Florida. The Board has seven members who establish policy and monitor performance for the Florida Prepaid College Plan and the Florida College Investment Plan. Board members are appointed and serve without compensation. The Executive Director and staff manage the day-to-day operations of the Board and its programs.

The Board's first priority is always the safety of the money entrusted to us by Florida families. Savings for college is one of the most important investments a parent or grandparent can make for children and the Florida Prepaid College Board is committed to assisting Florida families save for the cost of higher education.

HELPING STUDENTS & FAMILIES AVOID DEBT

A college degree is important as the business world becomes more complex and competitive.

According to a recent New York Times article, college seniors who graduated in 2009 had an average of \$24,000 in student loan debt, up 6% from 2008 citing an annual report from the Project on Student Debt. And student borrowing has continued to grow – a 25% increase in 2009 according to a USA Today article in September, 2010. Perhaps most surprising is that for the first time, student loan debt exceeds total credit card debt in this country, with \$850 billion outstanding according to the same USA Today article.

The chances of graduating debt free are enhanced by saving in advance with the Florida Prepaid College Plans. Some families and students with Florida Prepaid College Plans say they have been able to avoid taking out student loans. The ability to earn a bachelor's degree without accumulating debt may increase the opportunities for college graduates to enroll in professional or graduate school, start a family, begin a business or buy a home.

AFFORDABILITY

Keeping the Florida Prepaid College Plan affordable is critical to meeting the needs of Florida Families that come for diverse backgrounds, ethnicities, races, income levels and geographic areas. Since the Program's inception in 1988, nearly two out of three Florida Prepaid College Plan families report household incomes of less than \$70,000 at the time of plan purchase.

Informing low and middle-income families about the advantages and affordability of saving for college is an important priority for the Board. The Board stresses the importance of saving at a child's early age, as saving for a child's college education becomes increasingly challenging for many families due to increases in the basic costs of running a household and raising a child.

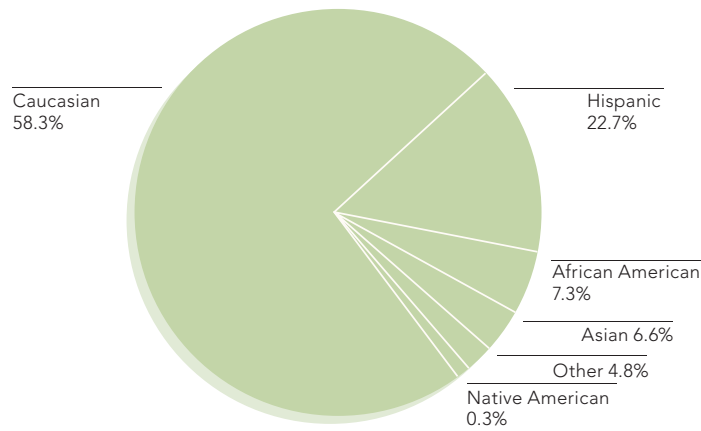


Stanley G. Tate

DIVERSITY

We are pleased to report that minority participation continues to increase in the Florida Prepaid College Plan. Minorities represent 42 percent of the families enrolling in 2009-2010, compared to the 25.8 percent of the Prepaid families that were minorities over the past 22 years. Spanish versions of the Enrollment Kit and applications are available for the Florida Prepaid College Plan and online information in Spanish can be found at www.mifloridaprepaid.com.

MINORITIES REPRESENT 42% OF PREPAID COLLEGE PLAN ENROLLMENT, 2009/2010



FLORIDA PREPAID COLLEGE PLAN

The Florida Prepaid College Plan has offered families an affordable and secure way to save for tuition and fees and dormitory housing for a college education at Florida's 11 state universities and 28 Florida Colleges for over 22 years. The Florida Prepaid College Plan is guaranteed by the State of Florida[§]. The value of the plan may be transferred to most private and out-of-state colleges and select technical schools.

SECURE INVESTMENTS

A conservative investment strategy is used for the Florida Prepaid College Plan, with customer payments invested based on a Comprehensive Investment Plan structured to ensure investments keep pace with increases over time in tuition, tuition differential fee, local fees and dormitory costs.

The Board has adopted an asset allocation policy which limits the amount of equities to 15 percent of the market value of the total portfolio, or the most current actuarial reserve balance as determined by the Board's actuary, whichever is less. Fixed income investments include U.S. Treasuries, mortgage-backed securities and corporate bonds. Equity investments include large capitalization growth, large capitalization value, small capitalization core and S&P 500 index stocks.

EASY TO ENROLL

Most customers enroll online every year. During the 2009/2010 open enrollment period, more than 83 percent of the applications were completed online. In 2010, the Board's website was completely updated to further increase ease of use, utility and improve the user experience. Website visits totaled more than 417,000.

More than 31,000 customer calls were fielded using the 1-800-552-GRAD (4723) hotline, to request Enrollment Kit information or speak with a customer service representative.

Open Enrollment for the Florida Prepaid College Plan was October 18, 2009 through January 31, 2010.

SAVINGS CHOICES FOR FAMILIES

A total of 38,567 Prepaid College tuition plans were purchased by families during the 2009/2010 open enrollment period, bringing the total number of children and students enrolled in the plan to 956,861.

The Florida Prepaid College Plan tuition plan covers the registration fee, which includes the tuition fee, the financial aid fee, building fee, and Capital Improvement Trust Fund fee charged by Florida's 11 state universities and 28 Florida Colleges. Tuition plans were available for purchase during the 2009/2010 open enrollment for most Florida children, from newborns to students in the eleventh grade. To qualify for the Florida Prepaid College Plan, the child or the child's parent or guardian must have been a Florida resident for the past 12 consecutive months.

Tuition represents a small percentage of the total cost of attending a state university in Florida. A student at Florida's state universities also will be required to pay the tuition differential fee and local fees. The Florida Prepaid College Board offers families options to save for required expenses beyond tuition such as the tuition differential fee, local fees and dormitory housing.

[§]Financially guaranteed by state of Florida. Section 1009.98(7) Florida Statutes.

**TUITION PLAN YEARLY SALES
SINCE INCEPTION 1988 - 2009**

Enrollment Year	Children Receiving Tuition Plans
1988/1989	45,751
1989/1990	36,048
1990/1991	26,172
1991/1992	28,811
1992/1993	34,954
1993/1994	45,255
1994/1995	41,542
1995/1996	39,199
1996/1997	40,968
1997/1998	40,683
1998/1999	39,223
1999/2000	34,813
2000/2001	35,875
2001/2002	48,285
2002/2003	104,476
2003/2004	48,723
2004/2005	48,052
2005/2006	53,040
2006/2007	47,494
2007/2008	42,714
2008/2009	36,216
2009/2010	38,567
TOTAL	956,861

**PLANS OFFERED FOR THE 2009-2010
OPEN ENROLLMENT SEASON**

During the 2009/2010 open enrollment period, the Florida Prepaid College Board offered three tuition plans: the 4-Yr University Tuition Plan, the 2 + 2 Tuition Plan and the 2-Yr FL College Tuition Plan (formerly the 2-year community college plan).

In addition to the tuition plans, the Board offered three supplemental plans to cover other required fees, such as the tuition differential fee plan and the local fee plan. In addition to these fee plans, a dormitory housing plan is also offered for purchase.

NEW PLANS TO BE INTRODUCED

For the 2010/2011 enrollment period, the Board began development of prepaid plan products which combined tuition and required fees into a single product, as described in the Chairman’s message earlier in this Annual Report. Combining specific mandatory fees assessed by higher education institutions in a single plan provides Floridians a more comprehensive means to save for required tuition and fees. For the 2010/2011 open enrollment, the Board is offering four prepaid plans which combine tuition and required fees as a means to save for their child’s future education expenses. The 4-Year Florida University Plan, the 2 + 2 Florida Plan and the 2-Year Florida College Plan will combine previously offered tuition plans with required plans covering other mandatory fees. For the first time, the 4-Year Florida College Plan is being offered during the 2010/2011 enrollment period. As the Florida College System continues to grow, more of Florida’s future college students will be able to obtain their college education (including bachelor’s degrees) at one of these institutions. The 4-Year Florida College Plan covers tuition and required local fees for 60 lower division semester credit hours and 60 upper division semester credit hours at a Florida College.

Q & A’S

FAVORITE TIME IN A CHILD’S LIFE TO BUY A FLORIDA PREPAID COLLEGE PLAN? Newborn babies, infants and one-year-olds represented 36 percent of the plans purchased in 2009/2010. Saving early is a growing trend, since just 27 percent of the plans purchased since inception of the program in 1988 were purchased for children one-year-old or younger.

MOST POPULAR TUITION PLAN? The 4-Year University Tuition Plan was the choice of 81 percent of families during the 2009/2010 open enrollment. Another 13 percent of families purchased a 2 + 2 Tuition Plan and 5 percent purchased the 2-Yr FL College Tuition Plan during the 2009/2010 open enrollment.

MOST POPULAR WAY TO PAY? More than 63 percent of families choose to make monthly payments until the child is expected to enroll in college. Another 19 percent chose monthly payments over five years; 18 percent of families made a single lump-sum payment for their plan.

MOST LIKELY TO BUY A FLORIDA PREPAID COLLEGE PLAN? Parents remain the most frequent purchasers since the Plan was first offered in 1988. Parents were 86 percent of the purchasers in 2009/2010; grandparents purchased 10 percent of the plans purchased during the 2009/2010 open enrollment and the remaining four percent of plans were purchased by relatives and others.

CUSTOMERS BY COUNTY - CUMULATIVE

Every county in Florida has children with Florida Prepaid College Plans.

NORTH FLORIDA: 15.1%

Alachua	11,584
Baker	615
Bay	4,745
Bradford	574
Calhoun	269
Clay	9,019
Columbia	1,631
Dixie	192
Duval	32,921
Escambia	7,375
Flagler	2,525
Franklin	175
Gadsden	1,314
Gilchrist	303
Gulf	304
Hamilton	153
Holmes	346
Jackson	1,267
Jefferson	598
Lafayette	134
Leon	19,659
Liberty	256
Madison	417
Nassau	2,390
Okaloosa	6,114
Putnam	1,622
St. Johns	13,252
Santa Rosa	5,593
Suwannee	880
Taylor	469
Union	326
Wakulla	1,551
Walton	977
Washington	516
TOTAL	130,066

CENTRAL FLORIDA: 34.8%

Brevard	25,686
Citrus	4,061
Hernando	5,290
Hillsborough	64,174
Indian River	5,657
Lake	9,713
Levy	922
Marion	8,791
Orange	42,753
Osceola	5,406
Pasco	18,465
Pinellas	48,464
Polk	16,447
Seminole	24,146
Sumter	1,277
Volusia	17,734
TOTAL	298,986

SOUTH FLORIDA: 50.1%

Broward	125,311
Charlotte	4,023
Collier	10,486
DeSoto	505
Glades	86
Hardee	520
Hendry	747
Highlands	2,361
Lee	19,120
Manatee	10,909
Martin	9,122
Miami-Dade	138,053
Monroe	4,013
Okeechobee	977
Palm Beach	81,745
St. Lucie	9,511
Sarasota	12,740
TOTAL	430,229

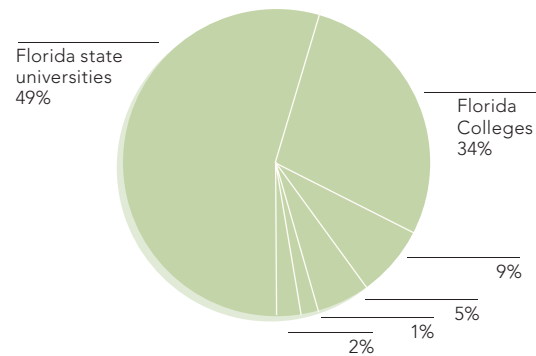
(This does not include recipients of Foundation scholarships or families who moved out of state.)

SENDING STUDENTS TO COLLEGE TO PREPARE FOR THE FUTURE

The opportunity for a child to go to college is enhanced when parents or grandparents save for college. One of ways to ensure that opportunity is by saving with the Florida Prepaid College Plan. The Florida Prepaid College Plan prepays the costs of tuition (and other prepaid college expenses, if purchased) at the time the student enrolls in a Florida state university or Florida College. Should the student decide to go to a private or out-of-state college, the full value of the Plan, what would be paid to a Florida College for that beneficiary, can be transferred semester by semester to that school.

When students began fall semester 2009 classes, 97,469 students with Florida Prepaid College Plans were enrolled at colleges and universities. Most Florida Prepaid Plan students, 47,480 of them, attended Florida state universities. Another 33,713 attended one of the 28 Florida Colleges and 16,276 attended private, out-of-state or technical schools.

WHERE PREPAID STUDENTS ATTEND COLLEGE



FALL 2009:

Florida state universities, 49%

Florida College, 34%¹

Out-of-State College, 9%

Private Florida College, 5%

Florida Technical Center, 1%²

Scholarships/Reimbursements, 2%³

TOTAL: 97,469 COLLEGE STUDENTS

¹Includes students taking university level classes at a Florida College.

²Includes students enrolled at an approved technical center in Florida and students enrolled in technical education courses offered by a Florida College.

³Includes scholarship refunds and qualified account owner reimbursements for enrolled students.





FLORIDA UNIVERSITIES & THE FLORIDA PREPAID COLLEGE PLAN

Florida's public universities received approximately \$60.6 million in Florida Prepaid College Plan tuition and fee payments for 47,480 students in fall semester 2009.

PUBLIC UNIVERSITIES	STUDENTS WITH PREPAID PLANS	PREPAID PLAN PAYMENTS TO UNIVERSITY
University of Florida	9,464	\$12.6 million
University of Central Florida	9,552	\$12.0 million
Florida State University	9,050	\$11.8 million
University of South Florida	5,226	\$6.7 million
Florida International University	3,977	\$4.7 million
Florida Atlantic University	3,454	\$4.0 million
University of North Florida	2,759	\$3.3 million
Florida Gulf Coast University	2,160	\$2.8 million
University of West Florida	952	\$1.2 million
Florida A&M University	698	\$928,221
New College of Florida	188	\$367,924

FLORIDA COLLEGES & PREPAID COLLEGE PLAN

Institutions in the Florida College System received approximately \$26.1 million in Florida repaid College Plan tuition and fee payments for 33,713 students in fall semester 2009.

FLORIDA COLLEGES	STUDENTS WITH PREPAID PLANS	PREPAID PLAN PAYMENTS TO FLORIDA COLLEGES
Miami-Dade College	4,137	\$3.3 million
Broward College	3,163	\$2.3 million
Valencia Community College	2,955	\$2.3 million
Palm Beach State College	2,690	\$2.0 million
St. Petersburg College	2,523	\$1.9 million
Santa Fe College	2,247	\$1.6 million
Florida State College at Jacksonville	2,214	\$1.6 million
Hillsborough Community College	2,040	\$1.6 million
Tallahassee Community College	1,903	\$1.4 million
Brevard Community College	1,106	\$922,278
Seminole State College	1,110	\$909,885
Indian River State College	1,107	\$842,530
Daytona State College	905	\$751,861
State College of Florida - Manatee-Sarasota	731	\$643,951
Edison State College	709	\$543,391
Pensacola State College	627	\$416,581
Polk State College	537	\$414,757
Pasco-Hernando Community College	525	\$391,587
College of Central Florida	483	\$386,793
St. Johns River Community College	400	\$335,722
Northwest Florida State College	326	\$261,805
Lake-Sumter Community College	293	\$234,202
Gulf Coast Community College	308	\$215,785
Florida Gateway College	194	\$160,661
South Florida Community College	165	\$138,050
Chipola College	115	\$98,314
North Florida Community College	111	\$91,294
Florida Keys Community College	89	\$77,343



FLORIDA COLLEGE INVESTMENT PLAN

The Florida College Investment Plan offers families a flexible way to save for their children's college education. Families can save at a pace that meets their family's budget, allowing them to decide how much money to put into their college savings account.

Families can open a Florida College Investment Plan accounts for a little as \$25 per month through automatic withdrawals from a checking or savings account, or a lump-sum payment of \$250. With five investment options, families can choose how they want to invest their funds.

Earnings on the investment are tax-deferred when used for any qualified higher education expense such as tuition, fees, room and board, books and even graduate or professional school. The Florida College Investment Plan can be used at almost any public or private university, community college or technical school anywhere in the U.S. The plan can be used by adults returning to college for graduate school or professional certification.

As of June 30, 2010, there were 30,520 active Florida College Investment Plan accounts, an increase of more than 5% over the previous year.

The total amount invested in the Florida College Investment Plan was more than \$187 million as of June 30, 2010, up \$34 million from the previous year. The average account balance was \$6,149.

Introduced in 2002, the Florida College Investment Plan is a complementary 529 savings plan to the Florida Prepaid College Plan. Families can participate in one or both plans, depending on what fits their budget and their college goals for their children. Almost 60 percent of families with Florida College Investment Plans also have Florida Prepaid College Plans and 93 percent are Florida residents. Participants in the Florida College Investment Plan do not have to be Florida residents.

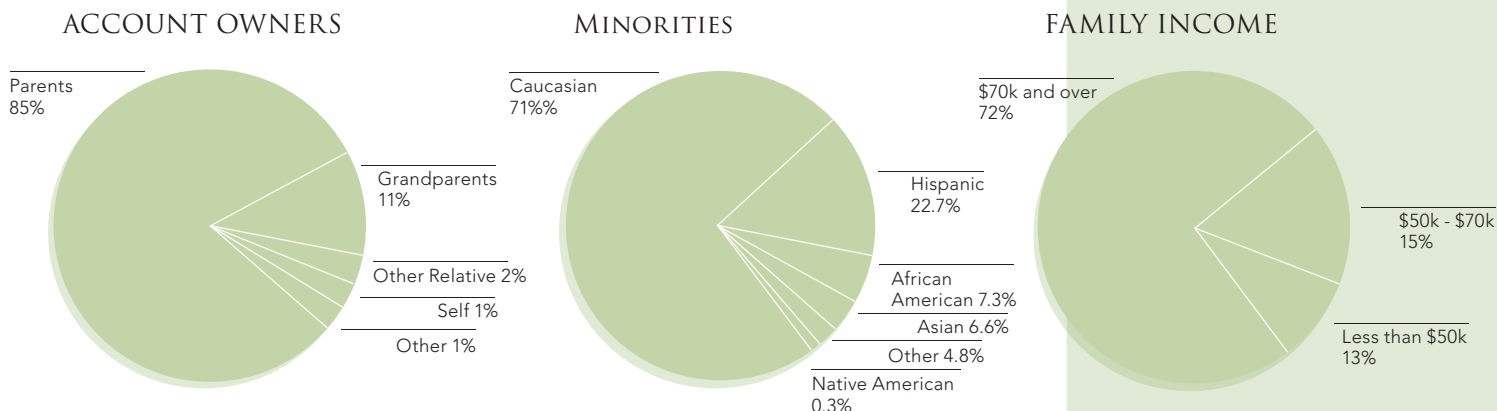
Unlike the Florida Prepaid College Plan, the Florida College Investment Plan exposes the account owner to investment risk, and there is no guarantee that the value of the investment will grow and could lose all or a portion of the money invested. Potential account owners are given the Florida College Investment Plan Disclosure Statement, which discloses the potential risk of an account.

LOW FEES

The Florida College Investment Plan charges no commission or sales fees. There is an annual administrative fees, which is $\frac{3}{4}$ of one percent (75 basis points or 0.0075) of the account balance.

DEMOGRAPHICS - SINCE INCEPTION

(Information is self-reported at the time of plan purchase. Not all enrollees participated.)





Q & A's

WHO CAN ESTABLISH AN ACCOUNT IN THE FLORIDA COLLEGE INVESTMENT PLAN? Anyone, including parents, grandparents, other relatives, friends and even businesses, can open an account. You can even open an account for yourself to save for an additional degree or certification to advance your career. The account owner and beneficiary (student) do not have to be Florida residents.

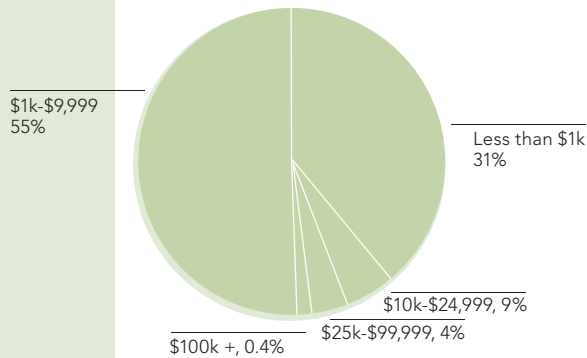
I HAVE A FLORIDA PREPAID COLLEGE PLAN. WHY SHOULD I SIGN UP FOR THE FLORIDA COLLEGE INVESTMENT PLAN? With a Florida Prepaid College Plan, you have prepaid some of your child's college costs. The Florida College Investment Plan gives you a way to save for extra expenses not covered by your Florida Prepaid College Plan, including books, off-campus housing and the additional costs of most private and out-of-state colleges and graduate or professional schools.

WHAT IS THE MOST POPULAR INVESTMENT PLAN? Many families choose the Age-Based/Years to Enrollment Investment Option, which automatically adjusts the level of investment risk to match the child's age, so the investment risk is higher when the child is young and the risk is lowered automatically as the child gets closer to enrolling in college.

DOLLARS INVESTED

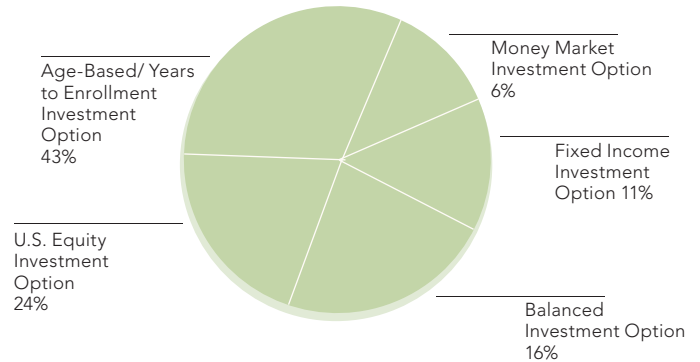
By Customer as of June 30, 2010

AVERAGE ACCOUNT BALANCE = \$6,149



Source: Florida Prepaid College Board. There is a minimum contribution of \$250 required to open an account, or the customer may authorize contributions of at least \$25 per month. After that, the customer decides how much and how often to contribute, up to the current maximum account limit of \$382,000.

INVESTMENT OPTION SELECTION



Source: Florida Prepaid College Board based on data provided by The Northern Trust Company.

FLORIDA COLLEGE INVESTMENT PLAN ANNUAL PERFORMANCE SUMMARY

July 1, 2009 - June 30, 2010

INVESTMENT OPTIONS	INVESTMENT RETURNS*
FIXED INCOME INVESTMENT OPTION	9.04%
U.S. EQUITY INVESTMENT OPTION	13.91%
BALANCED INVESTMENT OPTION	12.03%
Age-Based/Years to Enrollment Investment Option	
Age 0-4 Years / 14 or More Years to Enrollment	13.91%
Age 5-8 Years / 10-13 Years to Enrollment	13.07%
Age 9-12 Years / 6-9 Years to Enrollment	11.71%
Age 13-15 Years / 3-5 Years to Enrollment	10.44%
Age 16 & Above / 0-2 Years to Enrollment	10.44%
MONEY MARKET INVESTMENT OPTION	-0.04%

Investment performance is reported net of the annual administrative fee, which is $\frac{3}{4}$ of one percent (75 basis points or 0.0075) of the account balance.

*The investment returns for the Investment Options are provided as general information only and are not intended to provide investment or other advice. Past performance is no guarantee of future performance. The investment return show for each Investment Option reflects the composite returns for the institutional portfolios comprising the investment options. Investment returns shown in the table were calculated by Callan Associates Inc., the Board's investment consultant, by computing the percentage change in the trust unit value of each Investment Option. The unit values for the investment options were calculated by the plan's custodian, The Northern Trust Company. The investment period FY2009/2010 covers July 1, 2009 through June 30, 2010. Under no circumstances is this information to be used or considered as an offer to sell or a solicitation of any offer to buy a particular investment. Please refer to the Florida College Investment Plan Disclosure Statement for more information.

FINANCIAL STATEMENTS

Chairman and Members

Florida Prepaid College Board

Tallahassee, Florida

We have audited the accompanying financial statements of the business-type activities, of the Florida Prepaid College Board (the Board), a component unit of the State of Florida, State Board of Administration as of and for the year ended June 30, 2010, which comprise the Board's basic financial statements as listed in the table of contents. We have also audited the fiduciary fund type and the discretely presented component unit of the Board as of and for the year ended June 30, 2010 as displayed in the Board's basic financial statements. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audits.

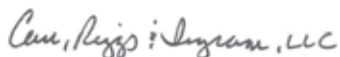
We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and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

As discussed in Note 1, the financial statements of the Board, a component unit of the State of Florida, State Board of Administration are intended to present the financial position, and the changes in financial position and, where applicable, cash flows of only that portion of the business-type activities, the fiduciary fund type and the discretely presented component unit information of the State that is attributable to the transactions of the Board. They do not purport to, and do not, present fairly the financial position of State of Florida as of June 30, 2010, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities, the fiduciary fund type and the discretely presented component unit of the Board, as of June 30, 2010, and the respective changes in financial position and where applicable, cash flows thereof 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 September 30, 2010, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, administrative rules, regulations, contracts, and grant agreements and other matters. 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 as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



September 30, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis of financial performance for the Florida Prepaid College Board ("the Board"), provides an overview of the Board's financial activities for the fiscal year ended June 30, 2010. Please read this information in conjunction with the Board's financial statements, which begin on page 8.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Board presents the following basic financial statements: a Statement of Net Assets – Enterprise Fund, a Statement of Revenues, Expenses, and Changes in Net Assets – Enterprise Fund, a Statement of Cash Flows – Enterprise Fund, a Statement of Fiduciary Net Assets, and a Statement of Changes in Fiduciary Net Assets.

The enterprise fund statements offer financial information about The Stanley G. Tate Florida Prepaid College Program which the Board operates like a business. Fiduciary fund statements provide information about the financial relationships – like the Florida College Savings Program and the Florida Prepaid College Foundation, Inc. – in which the Board acts as a trustee for the benefit of others, to whom the resources in question belong.

The Board's financial position is measured in terms of resources (assets) owned and obligations (liabilities) owed on a given date. This information is reported on the Statement of Net Assets – Enterprise Fund, which reflects the Board's resources in relation to its obligations. The excess of assets over liabilities are equal to net assets. The Board's financial position, or net assets, is one way to measure the Board's financial health.

Information regarding the results of operations during the current year is reported in the Statement of Revenues, Expenses and Changes in Net Assets. This statement shows the increase or decrease in net assets during the year as a result of operations.

The Board is the trustee, or fiduciary, for the Florida College Savings Program and the Florida Prepaid College Foundation, Inc. The funds in these programs can only be used for the trust beneficiaries. The Board is responsible for ensuring that assets reported in these funds are used for their intended purposes. All of the Board's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets.

FINANCIAL SUMMARY
 THE STANLEY G. TATE FLORIDA PREPAID
 COLLEGE PROGRAM (THE "PREPAID PLAN")

FINANCIAL POSITION

A summary comparison of the Prepaid Plan's Statement of Net Assets at June 30, 2010 and June 30, 2009 is presented below.

JUNE 30,	2010	2009	CHANGE
Assets			
Restricted assets	\$11,423,979,113	\$ 11,021,116,133	3.66%
Equipment	1,506	3,227	-53.33%
TOTAL ASSETS	\$11,423,980,619	\$11,021,119,360	3.66%
Liabilities			
Current liabilities	\$ 2,013,578,406	\$ 2,924,198,947	-31.14%
Long-term liabilities	8,927,035,284	7,751,576,081	15.16%
TOTAL LIABILITIES	10,940,613,690	10,675,775,028	2.48%
Net assets			
Invested in capital assets	1,506	3,227	-53.33%
Restricted	483,365,423	345,341,105	39.97%
TOTAL NET ASSETS	483,366,929	345,344,332	39.97%
TOTAL LIABILITIES AND NET ASSETS	\$11,423,980,619	\$11,021,119,360	3.66%

CHANGES IN NET ASSETS

A summary comparison of the Prepaid Plan's Statement of Revenues, Expenses and Changes in Net Assets for the years ended June 30, 2010 and June 30, 2009 is presented below.

YEARS ENDED JUNE 30,	2010	2009	CHANGE
Operating revenues	\$ 685,052,100	\$ 484,480,711	41.40%
Operating expenses	1,515,307,745	1,004,060,268	50.92%
Net operating revenues	(830,255,645)	(519,579,557)	59.79%
Non-operating revenues	976,188,796	170,206,913	473.53%
Non-operating expenses	6,092,526	30,940,916	-80.31%
Transfers to other funds	1,818,028	2,025,000	-10.22%
Net non-operating revenues	968,278,242	137,240,997	605.53%
Change in net assets	138,022,597	(382,338,560)	-136.10%
Net assets, beginning	345,344,332	727,682,892	-52.54%
Net assets, ending	\$ 483,366,929	\$ 345,344,332	39.97%

The increase in non-operating revenues is due primarily to an increase in the market value of investment securities from June 30, 2009 to June 30, 2010.

FINANCIAL HIGHLIGHTS

- Total market value of investments, net of Obligations Under Securities Lending which represents collateral held for securities on loan, at June 30, 2010 were \$8.1 billion as compared to \$7.0 billion at June 30, 2009.
- Projected value of assets exceeds the projected value of liabilities by \$483 million per the June 30, 2010 actuarial adequacy report prepared by Ernst & Young, LLP as compared to \$422 million per the June 30, 2009 report. The actuarial reserve was determined by deducting future contract benefits and expenses from the sum of investments, future contract payments receivable, and fees. The increase in the actuarial reserve is primarily due to earnings on investments.
- Tuition, fees, and dormitory housing benefits payable increased from \$8.280 billion at June 30, 2009 to \$9.516 billion at June 30, 2010, due primarily to new Florida Prepaid College Plans sales and projected increases in the university tuition rates.
- Total number of Florida Prepaid College Plans purchased for the 2009–2010 enrollment period as of June 30, 2010 was 70,493 (38,567 Tuition, 12,268 Tuition Differential Fee, 13,194 Local Fee, and 6,464 Dormitory). Total number of Florida Prepaid College Plans purchased since the inception of the Prepaid Plan in 1988, was 1,436,963 (956,861 Tuition, 30,893 Tuition Differential Fee, 244,866 Local Fee, and 204,343 Dormitory). New Florida Prepaid College Plans purchases caused an increase to the tuition and housing contracts receivable and revenue and tuition and housing benefits payable and expenses.
- The total 2009-2010 gross investment portfolio return of 13.3% was due to realized and unrealized gains in the market value of the portfolio as of June 30, 2010. The fixed income segment of the portfolio returned 13.0% and constituted 93.5% of the total portfolio as of June 30, 2010. The equity segment of the portfolio returned 14.0% and constituted 6.2% of the total portfolio. For comparison purposes, the total portfolio return for 2008-2009 was 2.4 percent. In 2008-2009, the fixed income segment of the portfolio returned 5.8% and the equity segment of the portfolio returned a negative 23.7 percent.
- Total administrative expenditures for the Prepaid Plan were \$12.3 million for administration and \$4.3 million for investment fees totaling \$16.6 million during fiscal year 2009-2010 as compared to \$12.4 million for administration and \$4.1 million for investment fees totaling \$16.5 million during 2008-2009.



FINANCIAL SUMMARY

FLORIDA COLLEGE SAVINGS PROGRAM

(THE "INVESTMENT PLAN")

FINANCIAL POSITION

A summary comparison of the Investment Plan's Statement of Fiduciary Net Assets at June 30, 2010 and June 30, 2009 is presented below.

JUNE 30,	2010	2009	CHANGE
Assets			
Restricted assets	\$ 211,583,083	\$ 178,835,813	18.31%
TOTAL ASSETS	\$ 211,583,083	\$ 178,835,813	18.31%
Liabilities			
Current liabilities	\$ 24,296,471	\$ 27,158,828	-10.54%
Long-term liabilities	3,612	2,485	45.35%
TOTAL LIABILITIES	24,300,083	27,161,313	-10.53%
Net assets			
Held in trust for individuals	187,283,000	151,674,500	23.48%
TOTAL NET ASSETS	187,283,000	151,674,500	23.48%
TOTAL LIABILITIES AND NET ASSETS	\$ 211,583,083	\$ 178,835,813	18.31%

CHANGES IN NET ASSETS

A summary comparison of the Investment Plan's Statement of Changes in Fiduciary Net Assets for the years ended June 30, 2010 and June 30, 2009 is presented below.

YEARS ENDED JUNE 30,	2010	2009	CHANGE
Additions	\$ 48,474,925	\$ 12,014,486	303.47%
Deductions	12,866,425	11,837,268	8.69%
Increase in net assets	35,608,500	177,218	19993.05%
Net assets, beginning	151,674,500	151,497,282	0.12%
Net assets, ending	\$ 187,283,000	\$ 151,674,500	23.48%

FINANCIAL HIGHLIGHTS

- Total market value of investments, net of Obligations Under Securities Lending, which represents collateral held for securities on loan, at June 30, 2010 were \$187.8 million as compared to \$152.5 million at June 30, 2009.
- Total active participants at June 30, 2010 were 30,520 as compared to 28,891 at June 30, 2009.
- Total new participants during fiscal year 2009-2010 were 3,127 as compared to 2,448 during fiscal year 2008-2009.
- Total administrative expenses for the Investment Plan during fiscal year 2009-2010 were \$4.2 million as compared to \$4.1 million during fiscal year 2008-2009.

INVESTMENT PLAN SUMMARY YEAR ENDED JUNE 30, 2010

OPTION	MARKET VALUE (MILLIONS)	% OF TOTAL PORTFOLIO	OPTION PERFORMANCE ¹	PARTICIPANTS BY INVESTMENT*
Money Market Investment Option	11.11	5.9%	0.5%	7,517
Fixed Income Investment Option	19.77	10.5%	9.8%	9,312
Balanced Investment Option	30.75	16.4%	12.9%	11,520
U.S. Equity Investment Option	44.82	23.9%	14.8%	13,008
Age-Based Investment Options				18,444
Ages 0-4	8.99	4.8%	14.8%	
Ages 5-8	20.28	10.8%	13.9%	
Ages 9-12	20.74	11.1%	12.5%	
Ages 13-15	14.47	7.7%	11.3%	
Ages 16+	16.73	8.9%	9.8%	
TOTAL PORTFOLIO	187.66	100%		

¹Gross of Administration Fee of 75 basis points.

*Participants may elect to invest in one or more investment options.

Other cash deposits not included in investment options totaled \$0.14 million at June 30, 2010, resulting in total market value of investments (including investment related receivables and payables), net of securities lending obligations held under management of \$187.8 million.

STATEMENT OF NET ASSETS - ENTERPRISE FUND

JUNE 30, 2010	FLORIDA PREPAID COLLEGE PLAN (PRIMARY GOVERNMENT)
Assets	
Restricted assets	
Current	
Cash and cash equivalents	\$ 33,264,554
Investments	1,612,315,684
Future contract premiums and other receivables	339,314,269
Delinquent fees and contracts receivable	9,862,736
Investment trades receivable	1,053,675
Accrued interest receivable	23,441,438
TOTAL CURRENT RESTRICTED ASSETS	2,019,252,356
Non-current	
Investments	7,802,694,461
Future contract premiums and other receivables	1,602,032,296
Equipment, net of depreciation	1,506
TOTAL NON-CURRENT RESTRICTED ASSETS	9,404,728,263
TOTAL ASSETS	\$ 11,423,980,619
Liabilities and Net Assets	
Current liabilities	
Accounts payable and accrued expenses	\$ 26,813,037
Obligations under securities lending	1,395,362,594
Investment trades payable	1,826,788
Future contract benefits and expenses payable	589,531,913
Compensated absences	44,074
TOTAL CURRENT LIABILITIES	2,013,578,406
Long-term liabilities	
Future contract benefits and expenses payable	8,926,893,070
Compensated absences	142,214
TOTAL LONG-TERM LIABILITIES	8,927,035,284
TOTAL LIABILITIES	10,940,613,690
Net assets	
Invested in capital assets	1,506
Restricted	483,365,423
TOTAL NET ASSETS	483,366,929
TOTAL LIABILITIES AND NET ASSETS	\$ 11,423,980,619

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - ENTERPRISE FUND

YEAR ENDED JUNE 30, 2010	FLORIDA PREPAID COLLEGE PLAN (PRIMARY GOVERNMENT)
Operating Revenues	
Contract premiums	\$ 775,071,037
Less refunds	(93,787,651)
Contract premiums, net	681,283,386
Application and other fees	3,768,714
TOTAL OPERATING REVENUES	685,052,100
Operating Expenses	
Contract benefits	1,502,894,818
Administration	12,412,927
TOTAL OPERATING EXPENSES	1,515,307,745
Operating loss	(830,255,645)
Non-operating Revenues (Expenses)	
Investment income	942,839,474
Investment expense	(4,272,266)
Securities lending income	33,349,322
Securities lending expense	(1,820,260)
TOTAL NON-OPERATING REVENUES (EXPENSES)	970,096,270
Transfers to other funds	(1,818,028)
Change in net assets	138,022,597
Net assets, beginning of year	345,344,332
NET ASSETS, END OF YEAR	\$ 483,366,929

STATEMENT OF CASH FLOWS - ENTERPRISE FUND

YEAR ENDED JUNE 30, 2010	FLORIDA PREPAID COLLEGE PLAN (PRIMARY GOVERNMENT)
Cash flows from operating activities:	
Receipts from contract purchasers	\$ 533,809,435
Payments to schools and others for contract obligations	(353,506,277)
Payments to employees, vendors and other consultants	(12,426,507)
Net cash provided by operating activities	167,876,651
Cash flows from noncapital and related financing activities:	
Operating subsidies and transfers to other funds	(1,818,028)
Net cash used in capital and related financing activities	(1,818,028)
Cash flows from investing activities:	
Purchases of investments	(6,729,663,830)
Net investment income	100,296,137
Proceeds from sales and maturities of investments	6,474,950,553
Net cash used in investing activities	(154,417,140)
Increase in cash and cash equivalents	11,641,483
Cash and cash equivalents, beginning of year	21,623,071
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 33,264,554

STATEMENT OF CASH FLOWS - ENTERPRISE FUND (CONTINUED)

YEAR ENDED JUNE 30, 2010	FLORIDA PREPAID COLLEGE PLAN (PRIMARY GOVERNMENT)
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (830,255,645)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	1,721
(Increase) decrease in:	
Future contract premiums and other receivables	(242,155,604)
Delinquent fees and contracts receivable	(2,874,711)
Increase (decrease) in:	
Accounts payable and accrued expenses	6,392,378
Future contract benefits and expenses payable	1,236,738,030
Compensated absences payable	30,482
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 167,876,651
Non-cash investing, capital, and financing activities:	
CHANGE IN THE FAIR VALUE OF INVESTMENTS	\$ 737,630,375

STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2010	PRIVATE-PURPOSE TRUST FUNDS		
	FLORIDA COLLEGE SAVINGS PROGRAM (PRIMARY GOVERNMENT)	FLORIDA PREPAID COLLEGE FOUNDATION, INC. (COMPONENT UNIT)	PRIVATE - PURPOSE TRUST FUND TOTAL
Assets			
Cash and cast equivalents	\$ -	\$ 6,890,544	\$ 6,890,544
Restricted assets			
Cash and cash equivalents	721,694	2,329,925	3,051,619
Investments	210,011,897	-	210,011,897
Investment trades receivable	169,349	-	169,349
Accrued interest receivable	680,143	-	680,143
Accounts receivable	-	175,647	175,647
TOTAL ASSETS	\$ 211,583,083	\$ 9,396,116	\$ 220,979,199
Liabilities and Net Assets			
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	\$ 424,391	\$ 4,961,189	\$ 5,385,580
Due to beneficiaries	-	2,505,572	2,505,572
Obligations under securities lending	23,648,496	-	23,648,496
Investment trades payable	220,892	-	220,892
Compensated absences	2,692	-	2,692
TOTAL CURRENT LIABILITIES	24,296,471	7,466,761	31,763,232
Long-term liabilities			
Compensated absences	3,612	-	3,612
TOTAL LIABILITIES	24,300,083	7,466,761	31,766,844
Net assets			
Held in trust for individuals	187,283,000	-	187,283,000
Held in trust for scholarships and other	-	1,929,355	1,929,355
TOTAL NET ASSETS	187,283,000	1,929,355	189,212,355
TOTAL LIABILITIES AND NET ASSETS	\$ 211,583,083	\$ 9,396,116	\$ 220,979,199

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

PRIVATE-PURPOSE TRUST FUNDS

YEAR ENDED JUNE 30, 2010	FLORIDA COLLEGE SAVINGS PROGRAM (PRIMARY GOVERNMENT)	FLORIDA PREPAID COLLEGE FOUNDATION, INC. (COMPONENT UNIT)	PRIVATE - PURPOSE TRUST FUND TOTAL
Additions			
Contributions	\$ 26,990,385	\$ -	\$ 26,990,385
Investment income	18,331,899	8,618	18,340,517
Securities lending (loss)	(131,238)	-	(131,238)
Application and other fees	1,465,851	70,480	1,536,331
Transfers from other funds	1,818,028	-	1,818,028
TOTAL ADDITIONS	48,474,925	79,098	48,554,023
Deductions			
Payments in accordance with trust agreements	8,600,035	207,641	8,807,676
Securities lending expense	41,650	-	41,650
Administration expense	4,224,740	58,928	4,283,668
TOTAL DEDUCTIONS	12,866,425	266,569	13,132,994
Change in net assets held in trust for individuals	35,608,500	-	35,608,500
Change in net assets held in trust for scholarships and other	-	(187,471)	(187,471)
Total change in net assets held in trust	35,608,500	(187,471)	35,421,029
Net assets, beginning of year	151,674,500	2,116,826	153,791,326
NET ASSETS, END OF YEAR	\$ 187,283,000	\$ 1,929,355	\$ 189,212,355

NOTE 1 – ORGANIZATION AND PURPOSE

DESCRIPTION OF THE REPORTING ENTITY

The Florida Prepaid College Board (the "Board") is a corporate body assigned to, and administratively housed within, the State of Florida, State Board of Administration (the "SBA"). The Board was created pursuant to Chapter 1009.971(1) of the Florida Statutes to administer the Stanley G. Tate Florida Prepaid College Program (the "Prepaid Plan") and the Florida College Savings Program (the "Investment Plan"). The Board is a component unit of the State of Florida, SBA.

The legislation which created the Prepaid Plan was passed in 1987 and the Prepaid Plan was implemented in fall 1988. The Prepaid Plan was created to provide a medium through which the cost of a state postsecondary education may be paid in advance of enrollment at a rate lower than the projected corresponding cost at the time of actual enrollment. The Prepaid Plan is authorized by Chapter 1009.98 of the Florida Statutes and governed by Board Rules. The State of Florida (the "State") guarantees to meet the obligations of the Prepaid Plan for qualified beneficiaries if funds in the Prepaid Plan are insufficient. In the event that the State determines the Prepaid Plan to be financially infeasible, the State may discontinue the provisions of the Prepaid Plan. If discontinued, any qualified beneficiary who has been accepted by, and is enrolled in, or is within five years of enrollment at, a state college, university or postsecondary institution, (or other institution as specified in the contract), would be able to exercise the complete benefits of the Prepaid Plan. All other contract holders would receive a refund with an additional amount for interest at prevailing rates.

The legislation which created the Investment Plan was passed in 2000 and the Investment Plan was implemented in fall 2002, to provide a vehicle whereby participants can save for qualified educational expenses. The Investment Plan is authorized by Chapter 1009.981 of the Florida Statutes and is also governed by Board Rules. Participant contributions are collected and invested in accordance with Investment Plan provisions and participant direction. Investment Plan provisions clearly state that the participant contributions are solely the debt of the Investment Plan and not the debt of the State.

Participants retain ownership of all amounts on deposit with the Investment Plan, up to the dates of distribution on behalf of designated beneficiaries. Participant contributions and the earnings derived therefrom are held in trust for the participants.

The Investment Plan will continue in existence until it is terminated by law. Upon termination of the Investment Plan, all deposits would be returned to the participants and any unclaimed assets in the Investment Plan would revert to the Florida Prepaid College Foundation in accordance with general laws regarding unclaimed property of the Florida Prepaid College Board.

In evaluating the Board as a reporting entity, management has considered all potential component units (traditionally separate reporting entities) for which the Board may or may not be financially accountable and, if accountable, be included in the Board's financial statements.

The accompanying financial statements present the financial position and changes in financial position of the Board's discretely presented component unit, the Florida Prepaid College Foundation, Inc. (the Foundation.) The Board is a legally separate organization from the Foundation. However, the Board is financially accountable for the Foundation. In accordance with governmental accounting standards, the Board (the primary government) is financially accountable if it appoints a majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit or to impose specific financial burden on the Board. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Board's analysis disclosed no other component units that should be included in the Board's financial statements.

COMPONENT UNIT	JUSTIFICATION FOR INCLUSION IN THE REPORTING ENTITY	SEPARATE FINANCIAL STATEMENTS
Foundation	The Board's chair and executive director jointly appoint a majority of the Foundation's board and is able to impose its will, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, on the Foundation.	Available upon request P. O. Box 1117 Tallahassee, Florida 32302 (850) 922-6740

The Foundation is a direct-support organization of the Board and is authorized by section 1009.984 of the Florida Statutes. The Foundation was incorporated under the provisions of chapter 617 and approved by the Secretary of State. The legislation was passed in 1989 and the Foundation was implemented in 1990. The Foundation administers the Stanley Tate Project STARS Scholarship Program (formerly the Florida Prepaid Tuition Scholarship Program) and other scholarship programs, on behalf of the Board. The Stanley Tate Project STARS Scholarship Program provides prepaid scholarships to economically disadvantaged, at-risk students.

The accompanying financial statements do not include the funds and accounts of the State of Florida, and therefore, are not intended to present the financial position and the results of operations of the State of Florida in conformity with generally accepted accounting principles.

NOTE 2 – BASIS OF PRESENTATION

PREPAID PLAN

Proprietary funds report activities generally financed and operated like private businesses and include enterprise funds and internal service funds.

Enterprise funds are used to report activities for which a fee is charged to external users for goods or services. The Prepaid Plan charges an actuarially determined price to contract purchasers. The contract price and investment earnings thereon are intended to be sufficient to provide for the future costs of the services provided. As such, the Prepaid Plan is accounted for as an enterprise fund.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. Operating revenues and expenses for the Prepaid Plan include the contract revenue and expenses associated with covered college tuition and fees, and dormitory housing fees. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

INVESTMENT PLAN

Fiduciary fund reporting focuses on net assets and changes in net assets. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to report resources held and administered by the reporting government when it is acting in a fiduciary capacity for individuals, private organizations, or other governments.

Private-purpose trust funds are used to report all trust arrangements, excluding those recognized in pension, investment trust or agency funds, under which principal and income benefit individuals, private organizations, or other governments. In determining the basis of presentation, management considered the definitions of each of the four fiduciary fund types as presented in Statement No. 34 of the Governmental Accounting Standards Board, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments and determined the private-purpose trust fund category to be most definitive of the funds representing the Investment Plan and the Foundation.

BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

Enterprise funds and fiduciary type funds use the economic resources measurement focus and thus, the accrual basis of accounting. Revenues are recognized as earned when prepaid plans are purchased and expenses are recognized when services or benefits are received.

The Foundation receives donations from donor organizations with instructions to purchase contracts from the Prepaid Plan for specified third-party beneficiaries. The Foundation has no discretion in determining the parties to be benefited and it must deliver the contracts to the specified beneficiaries. Receipt of those donations is not a contribution to the Foundation, nor is the delivery of the contracts considered an expense of the Foundation.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The unexpended funds from the donors are classified as restricted assets and amounts due to beneficiaries in the statement of net assets, and totaled \$2,505,572 at June 30, 2010.

EQUIPMENT

Equipment is reported at historical cost and depreciated using the straight-line method over the estimated useful lives of the related assets, which range from three to seven years.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include certain investments in highly liquid instruments with original maturities of three months or less when purchased. Cash equivalents held at Northern Trust are classified as investments in accordance with GASB 9 Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting.

INVESTMENTS

Investments are recorded at fair value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Quoted market prices are used to determine fair value.

COMPENSATED ABSENCES

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

REVENUE RECOGNITION

Prepaid tuition, fees and dormitory housing contracts are set up to be paid under either a lump-sum plan, a five-year monthly payment plan or a monthly payment plan. The lump-sum plan is a one-time payment when the child is enrolled in the Prepaid Plan. The five-year monthly payment plan provides for 55 equal monthly payments. The monthly payment plan provides for equal payments each month until the child enters college. Revenues are recognized as earned when plans are purchased. Additionally, contract premiums revenue includes the annual change in the actuarially determined net present value of existing contract payments to be received in the future.

DELINQUENT FEES AND CONTRACTS RECEIVABLE

Delinquent fees and contracts receivable are the total due as of June 30, 2010 on contract payments that are past due. Management considers these amounts fully collectible as any contracts that remain delinquent past six months are cancelled and all fees are deducted from contract payments already received prior to cancellation.

FUTURE CONTRACT PREMIUMS AND OTHER RECEIVABLES

Future contract premiums receivable represents the actuarially determined present value of future receipts on contracts existing as of June 30, 2010. Future other receivables represent the actuarially determined present value of future revenue receivable from late payments, non sufficient funds fees, and cancellation fees due as of June 30, 2010.

FUTURE CONTRACT BENEFITS AND EXPENSES PAYABLE

Future contract benefits payable represents the actuarially determined present value of future contract benefit obligations of the Prepaid Plan. Future contract benefits payable includes return of payments, which is the actuarially determined present value of future cancellation refund payments to participants. Future expenses payable represents the actuarially determined present value of future administrative expenses of the Prepaid Plan.

INTERFUND TRANSACTIONS

During the course of normal operations, the Board engages in transactions between funds. These transactions are reflected as operating transfers or as interfund receivables and payables. Management's intent to reimburse a fund determines whether or not the interfund transaction is recorded as a transfer or a receivable. The administrative expenses of the Investment Plan are funded in part by operating transfers from the Prepaid Plan.

INCOME TAXES

The Foundation is a non-profit organization, exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is shown in the accompanying financial statements.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and 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.

NOTE 4 – DEPOSITS AND RISK INVESTMENT DISCLOSURES**DEPOSITS**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Board's deposits may not be returned to them. Cash deposits consisted of interest bearing and non-interest bearing demand accounts at two financial institutions which are entirely insured by the Federal Depositary Insurance Corporation or by collateral pursuant to The Florida Security for Public Deposits Act (the Act). The Act establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the Board's cash deposits in qualified public depositories are totally insured. Deposits are presented in the basic financial statements at cost plus accrued interest which is also the market or fair value. At June 30, 2010, the carrying amounts of the Prepaid Plan's and the Investment Plan's deposits at Wachovia Bank were \$988,675 and \$412,135, respectively. At June 30, 2010, the carrying amount of the Foundation's deposits at SunTrust Banks, Inc. was \$563,278. At June 30, 2010, the Foundation also had \$9,220,469 on deposit with SunTrust Banks, Inc. in a short term money market fund that is not insured under the Act. In addition to cash deposits in operating accounts, cash was received as collateral for securities lent under the Security Lending Agreement. At June 30, 2010, the Prepaid Plan and the Investment Plan had \$32,272,098 and \$546,945, respectively, invested in short-term cash and cash equivalents that is not insured under the Act. The Board and Foundation believe the credit risk related to these balances is minimal.

INVESTMENTS

CUSTODIAL CREDIT RISK

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the Board will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. At June 30, 2010 all investments, except those held in a short term investment fund at the State of Florida, State Board of Administration (SBA), were registered in the name of the Florida Prepaid College Board and were held in the possession of the Florida Prepaid College Board's custodial bank, The Northern Trust Company.

Investments of the Prepaid Plan at June 30, 2010 were as follows:

PREPAID PLAN

ASSET CATEGORY	FAIR VALUE - JUNE 30, 2010
Government bonds	\$ 4,622,861,513
Corporate bonds	1,071,646,554
Government agencies	946,007,231
Repurchase agreements	575,300,105
Common stock	495,959,631
Short-term investment funds	474,930,247
Certificates of deposit	385,808,320
Commercial mortgage backed securities	251,974,934
Index linked government bonds	244,078,539
Asset backed securities	147,448,469
Guaranteed fixed income securities	99,066,674
Commercial paper	73,745,655
Government mortgage backed securities	15,156,560
Government-issued commercial mortgage backed securities	6,043,010
Other fixed income securities	4,982,703
TOTAL INVESTMENTS	\$ 9,415,010,145

Investments of the Investment Plan at June 30, 2010 were as follows:

INVESTMENT PLAN

ASSET CATEGORY	FAIR VALUE - JUNE 30, 2010
Common stock	\$ 95,057,378
Corporate bonds	27,021,994
Government agencies	18,333,779
Commercial mortgage backed securities	16,938,942
U.S. Treasury bills and notes	13,491,280
Repurchase agreements	9,765,911
Short-term investment funds	7,999,563
Certificates of deposit	6,554,057
Government bonds	6,174,675
Asset backed securities	3,299,492
Commercial paper	1,606,254
Government mortgage backed securities	1,297,528
Municipal Bonds	750,000
Other fixed income securities	620,000
Index linked government bonds	600,426
Cash equivalents	500,618
TOTAL INVESTMENTS	\$ 210,011,897

CREDIT RISK

The Board's policy is that investments in debt obligations and preferred stock may not be rated less than Baa/BBB as established by two nationally recognized rating services. Any exceptions to the policy will be noted and a statement provided indicating the steps to be taken to bring the portfolio back into compliance with the policy. Securities rated below Baa in the following schedules are being actively managed with the intention of selling when value is deemed to be maximized. Government bonds, government mortgage backed securities, government issued commercial mortgage backed securities, guaranteed fixed income securities, and index linked government bonds, are explicitly backed by the full faith of the U.S. government and are not considered to have credit risk. Certain debt obligations issued by federal government-sponsored entities, such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation, and the Federal National Mortgage Association, are not explicitly guaranteed by the U.S. government and are subject to credit risk. These debt obligations are normally not rated by rating agencies and therefore have been included as unrated government agencies under the credit quality ratings when unavailable.

The fair value of the Prepaid Plan debt security investments as rated by Moody's Investor Services are presented below:

PREPAID PLAN DEBT SECURITIES INVESTMENTS CREDIT QUALITY RATINGS

AS OF JUNE 30, 2010

Credit Rating	Asset backed	Commercial mortgage backed	Corporate bonds	Short-term investment funds	Government agencies
P-1	\$ -	\$ -	\$ 9,831,015	\$ -	\$ 168,129,515
Aaa	53,216,619	165,728,790	-	474,915,748	-
Aa	3,032,914	-	207,022,259	-	-
A	1,978,695	-	486,884,807	-	-
Baa	29,036,575	-	328,319,212	-	-
Ba	21,121,895	-	16,719,447	-	-
B	33,505,084	-	-	-	-
Not rated	5,556,687	86,246,144	22,869,814	14,499	777,877,716
	\$ 147,448,469	\$ 251,974,934	\$ 1,071,646,554	\$ 474,930,247	\$ 946,007,231

The fair value of the Investment Plan debt security investments as rated by Moody's Investor Services are presented below:

INVESTMENT PLAN DEBT SECURITIES INVESTMENTS CREDIT QUALITY RATINGS

AS OF JUNE 30, 2010

CREDIT RATING	ASSET BACKED	COMMERCIAL MORTGAGE BACKED	CORPORATE BONDS	SHORT-TERM INVESTMENT FUNDS	GOVERNMENT AGENCIES	OTHER FIXED INCOME	MUNICIPAL BONDS
P-1	\$ -	\$ -	\$ 166,615	\$ -	\$ -	\$ -	\$ -
Aaa	1,796,633	12,643,059	-	7,994,690	4,516,419	-	500,000
Aa	51,402	550,948	3,516,849	-	-	-	100,000
A	33,535	-	11,255,415	-	-	-	-
Baa	492,110	-	11,314,299	-	-	-	-
Ba	357,972	-	269,951	-	-	-	-
B	567,840	-	-	-	-	-	-
Not rated	-	3,744,935	498,865	4,873	13,817,360	620,000	150,000
	\$ 3,299,492	\$ 16,938,942	\$ 27,021,994	\$ 7,999,563	\$ 18,333,779	\$ 620,000	\$ 750,000

INTEREST RATE RISK

Through the Board's Comprehensive Investment Plan (CIP), the Board controls exposure to fair value losses arising from increasing interest rates by using an enhanced immunization style of management. This style of investment management means the liabilities of the Prepaid Plan will be immunized by structuring the assets in such a way that the value of the Prepaid Plan's assets increase (decrease) in conjunction with increases (decreases) in the value of its liabilities due to changes in interest rates. Certain investment types are managed using different techniques, such as effective duration method and the weighted average maturity method. Investment types related to debt portfolios are presented using the effective duration method. Investments types related to security lending transactions are presented using the weighted average maturity.

As of June 30, 2010, the Prepaid Plan had the following debt securities subject to interest rate risk (excluding debt securities purchased with cash collateral received under the Securities Lending Agreement):

PREPAID PLAN

ASSET CATEGORY	FAIR VALUE	EFFECTIVE DURATION (IN YEARS)
Asset backed securities	\$ 5,556,689	1.97
Commercial mortgage backed securities	251,974,934	4.67
Corporate bonds	908,586,919	7.38
Government agencies	579,263,141	7.57
Government mortgage backed securities	368,977,301	0.23
Government bonds	4,614,382,077	11.01
Index linked government bonds	244,078,540	3.50
Guaranteed fixed income	99,066,673	1.19
Government issued mortgage backed securities	6,043,010	2.89
Other fixed income	4,982,703	1.71
TOTAL FAIR VALUE	\$ 7,082,911,987	
PORTFOLIO EFFECTIVE DURATION		9.44

The total duration of the Prepaid Plan fixed income portfolio should not differ from the total duration of the benchmark by more than six months. The total duration of the Prepaid Plan fixed income portfolio, including cash, was 8.83 at June 30, 2010. The customized benchmark's duration for the Prepaid Plan was 8.43 at June 30, 2010.

As of June 30, 2010, the Investment Plan had the following debt securities subject to interest rate risk (excluding debt securities purchased with cash collateral received under the Securities Lending Agreement):

INVESTMENT PLAN

ASSET CATEGORY	FAIR VALUE	EFFECTIVE DURATION (IN YEARS)
Asset backed securities	\$ 894,722	0.11
Commercial mortgage backed securities	16,938,942	4.19
Corporate bonds	24,154,653	5.64
Government agencies	17,832,305	2.28
Government mortgage backed securities	1,297,528	0.31
Government bonds	6,174,675	10.36
Index linked government bonds	600,426	10.13
Other fixed income	620,000	1.61
U.S. Treasury bills and notes	13,491,280	0.34
TOTAL FAIR VALUE	\$ 82,004,531	
PORTFOLIO EFFECTIVE DURATION		4.00

As of June 30, 2010, the Prepaid Plan and Investment Plan had the following debt securities purchased with cash collateral received under the Securities Lending Agreement subject to interest rate risk:

SECURITIES LENDING

ASSET CATEGORY	PREPAID PLAN FAIR VALUE	INVESTMENT PLAN FAIR VALUE	TOTAL	WEIGHTED AVERAGE MATURITY (IN YEARS)
Asset backed securities	\$ 141,891,781	\$ 2,404,771	\$ 144,296,552	0.87
Corporate bonds	163,054,246	2,763,431	165,817,677	0.11
TOTAL FAIR VALUE	\$ 304,946,027	\$ 5,168,202	\$ 310,114,229	

SECURITIES LENDING

Under the provisions of the Securities Lending Authorization Agreement, the Board lends securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The types of securities lent include U.S. government agency bonds, U.S. government bonds, U.S. common stock and U.S. corporate bonds. The Board's investment trustee manages the securities lending program and receives cash, certain governmental securities or irrevocable bank letters of credit as collateral from the borrower. The non-cash collateral cannot be pledged or sold by the Board unless the borrower defaults, so the non-cash collateral is not reported on the statement of net assets.

Collateral cash, securities and letters of credit are initially pledged at 102% of the market value plus any accrued interest of the securities lent for U.S. securities and 105% of the market value plus any accrued interest for non-U.S. securities. Additional collateral must be provided by the next business day if the value of the collateral falls to less than 100.5% of the market value of the securities lent.

All securities loans can be terminated on demand by either the lender or the borrower, although the average term of the Prepaid Plan's and Investment Plan's loans was approximately 81 days as of June 30, 2010. Cash open collateral is invested in a short-term investment pool, the Florida Custom Collateral Section, which had an interest rate sensitivity of 17 days as of June 30, 2010. Cash collateral may also be invested separately in "term loans", in which case the investments match the loan term.

For the Prepaid Plan, securities lent to others under security lending agreements with cash collateral had a fair value of \$1,374,051,494 as of June 30, 2010. For the Investment Plan, securities lent to others under security lending agreements with cash collateral had a fair value of \$22,985,313 as of June 30, 2010.

Both the Prepaid Plan and the Investment Plan received cash as collateral for the securities lent to other borrowers. The cash collateral is invested in a short-term investment pool including asset backed securities, corporate bonds, certificates of deposit and repurchase agreements.

As of June 30, 2010, the Board has no credit risk exposure to borrowers because the amounts the Board owes the borrowers exceeds the amounts the borrowers owe the Board. The Agreement with the Board's trustee requires it to indemnify the Board if the borrowers fail to return the securities or fail to pay the Board for income distributions by the securities' issuers while the securities are on loan if the loss to the Board is a result of the negligence or intentional misconduct of the trustee.



RISKS AND UNCERTAINTIES

The Board's Comprehensive Investment Plan allows a maximum allocation of 30% to securitized debt obligations, including, but not limited to, mortgage pass-throughs and asset-backed securities within the Prepaid Plan's fixed income portfolio. As of June 30, 2010, the fixed income segment of the Prepaid Plan portfolio had an allocation of 5% for mortgage/asset backed securities. The value, liquidity and related income of these securities are sensitive to changes in economic conditions, including real estate, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

NOTE 5 – FUTURE CONTRACT BENEFITS AND EXPENSES PAYABLE

The Prepaid Plan's future contract benefits and expenses payable represents the actuarially determined present value of future Prepaid Plan obligations. The following is a summary of changes in long-term future contract benefits payable:

APV of future contract benefits and expenses payable (2010)	\$ 9,516,424,983
Net assets available	9,999,051,565
Net assets as a percentage of future contract benefits and expenses obligation	105.1%

The standard measurement is the actuarial present value (APV) of the future contract benefits and expenses obligation. The valuation method reflects the present value of estimated contract benefits and expenses that will be paid in future years and is adjusted for the effects of projected tuition and fees and dormitory housing fees increases and termination of contracts.

The net assets available represent assets in trust at market value and the future discounted contract payments adjusted for estimated cancellations.

Net present value of future contract benefits and expenses payable at June 30, 2009	\$ 8,279,686,953
Payments for contract benefits	(353,506,277)
Increase in future contract benefits and expenses payable	1,590,244,307
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Net present value of future contract benefits and expenses payable at June 30, 2010	9,516,424,983
Current portion	589,531,913
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Long-term future contract benefits and expenses payable	\$ 8,926,893,070
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The following assumptions were used in the actuarial evaluations:

- Rate of return: 3.62% per annum.
- Projected tuition increase: 6.0% compounded annually for plans in effect on July 1, 2009 for Florida Universities; 6.5% compounded annually for plans issued after July 1, 2009 for Florida Universities; and 6.0% compounded annually for Florida Colleges.
- Projected dormitory fee increase: 6.0% compounded annually.
- Projected local fee increase: 5.0% compounded annually for plans in effect on July 1, 2009 for Florida Universities; 6.5% compounded annually for plans issued after July 1, 2009 for Florida Universities; and 6.0% compounded annually for Florida Colleges.
- Projected tuition differential fee increase: For plans in effect on July 1, 2009, increase from \$37.03 at the rate dictated by 1009.98(10), F.S. for plans matriculating from 2012/2013 forward. For plans matriculating prior to academic year 2012/2013, increases are set according to 1009.24(16), F.S. For plans purchased after July 1, 2009, increases are set according to 1009.24(16), F.S.

NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

At June 30, 2010, accounts payable and accrued expenses for the Prepaid Plan consisted of the following:

Accounts payable and accrued expenses	\$	26,698,324
Securities lending broker rebate fees payable		114,713
TOTAL ACCOUNTS PAYABLE AND ACCRUED EXPENSES	\$	26,813,037

At June 30, 2010, accounts payable and accrued expenses for the Investment Plan consisted of the following:

Accounts payable and accrued expenses	\$	421,087
Securities lending broker rebate fees payable		3,304
TOTAL ACCOUNTS PAYABLE AND ACCRUED EXPENSES	\$	424,391

NOTE 7 – DUE TO BENEFICIARIES

The Foundation receives donations from donors and purchases contracts for the donor's designated beneficiaries. The unexpended funds from these donors are classified as due to beneficiaries. The receipts and disbursements of the funds received are as follows:

Balance, June 30, 2009	\$	4,350,773
Donations		12,248,859
Payments on behalf of donors		(14,094,060)
BALANCE, JUNE 30, 2010	\$	2,505,572

NOTE 8 – EQUIPMENT

A summary of the changes in equipment held within the funds is as follows:

PREPAID PLAN

Equipment, at June 30, 2009	\$	3,227
Sales or other dispositions		-
Equipment, at June 30, 2010		3,227
Accumulated depreciation		(1,721)
Net equipment, at June 30, 2010	\$	1,506

Depreciation expense for the Prepaid Plan totaled \$1,721 for the year ended June 30, 2010 and is included in administration expenses.

INVESTMENT PLAN

Equipment, at June 30, 2010	\$	5,719
Accumulated depreciation		(5,719)
Net equipment, at June 30, 2010	\$	-

For the year ended June 30, 2010, there was no activity in equipment for the investment plan.

NOTE 9 – RETIREMENT

THE FLORIDA RETIREMENT SYSTEM

All permanent full-time employees of the Board participate in the Florida Retirement System (FRS) Pension Plan, a multiple employer cost sharing defined benefit retirement system, administered by the State, and the FRS Investment Plan, a defined contribution plan designed for mobile employees. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The State issues a publicly available report that includes financial statements and required supplementary information for FRS. That report may be obtained by writing to Florida Retirement System, State of Florida, Tallahassee, Florida 32399-1590.

The FRS provides vesting of benefits after six years of creditable service for the Pension Plan and one year of creditable service for the Investment Plan. Normal retirement age is attained at the earlier of thirty years of creditable service regardless of age or retirement at age sixty-two with at least six years of creditable service. Early retirement may be taken anytime; however, there is a five percent benefit reduction for each year prior to normal retirement age. Benefits are computed on the basis of age, average final compensation, creditable years of service and accrual value by membership class. Members are also eligible for in-line-of-duty or regular disability benefits if permanently disabled or unable to work.

The Board contribution requirements are established by Florida Statutes, Chapter 121, Section 121.71 and may be amended by FRS. The Board contribution rate under the uniform rate structure (a blending of both the FRS Pension Plan and the Investment Plan rates) was 8.74% for the fiscal year ending June 30, 2010. The plan is non-contributory for employees with all contributions being the obligation of the Board. The Board's contributions to FRS for the year ended June 30, 2010 were \$47,306, and were equal to the required contributions.

The FRS was amended in July 1998 to add the Deferred Retirement Option Program (DROP), which was subject to provisions of Section 121.091(13) of Florida Statutes. It permits eligible defined benefit plan members who have reached normal retirement age to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a maximum of 60 months after becoming eligible to participate. Additionally, authorized instructional personnel may participate in DROP for up to 36 additional months beyond their initial 60-month participation period. For fiscal year ended June 30, 2010 the Board had one employee who participated in DROP.

The Board contribution requirements are established by Florida Statutes, Chapter 121, Section 121.71 and may be amended by FRS. The Board contribution rate under the uniform rate structure (a blending of both the FRS Pension Plan and the Investment Plan rates) was 9.80% for the fiscal year ending June 30, 2010. The plan is non-contributory for employees with all contributions being the obligation of the Board. The Board's contributions to DROP for the year ended June 30, 2010 were \$17,505, and were equal to the required contributions.

RETIREE HEALTH INSURANCE SUBSIDIARY PROGRAM

The Retiree Health Insurance Subsidiary (HIS) Program is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363 of the Florida Statutes. The benefit is a monthly cash payment to assist retirees of state-administered retirement systems in paying their health insurance costs. For fiscal year ended June 30, 2010, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month. To be eligible to receive the HIS, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

The HIS Program is funded by required contributions from FRS participating employers as set by the Legislature. Employer contributions for the HIS Program are a percentage of gross compensation for all active FRS employees. For fiscal year ended June 30, 2010, the contribution rate was 1.11% of gross payroll. The Board contributions to the HIS program for the year ended June 30, 2010 were \$7,168, and were equal to the required contribution.

NOTE 10 – RELATED-PARTY TRANSACTIONS

The Foundation purchases Florida Prepaid College Plans from the Prepaid Plan on behalf of selected scholarship recipients. Florida Prepaid College Plans at a cost of \$14,094,060 were purchased during the year ended June 30, 2010.

NOTE 11 – RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Board participates in the State Risk Management Trust Fund which provides property insurance coverage, casualty coverage for the risks of loss related to Federal civil rights and employment actions, workers' compensation, court-awarded attorney fees, automobile liability, and general liability insurance coverage.



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

FLORIDA PREPAID COLLEGE BOARD MEMBERS TALLAHASSEE, FLORIDA

We have audited the financial statements of the business-type activities, the fiduciary fund type and the discretely presented component unit of the Florida Prepaid College Board (the Board) as of and for the year ended June 30, 2010, which comprise the Board's basic financial statements and have issued our report thereon dated September 30, 2010. 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 Accounting Standards, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Florida Prepaid College Board's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, 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 Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, administrative rules, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We have noted other matters pursuant to the Rules of the Auditor General, Chapter 10.550 that we have reported to the management of the Board in a separate letter dated September 30, 2010.

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

Carr, Riggs & Ingram, LLC

September 30, 2010

ACTUARIAL REPORT

ERNST & YOUNG LLP

FINANCIAL POSITION

Florida Prepaid College Board
1801 Hermitage Blvd., Suite 210
Tallahassee, FL 32308

We have completed our calculations related to the Trust Fund (the "Fund") for the Stanley G. Tate Florida Prepaid College Program (the "Program") as of June 30, 2010. This report presents the results of our calculations in the following areas: adequacy of the Fund, projection of the Fund's cash flows, calculation of the duration of the Fund's liabilities, and the calculation of the Fund's Program Termination Liability.

Our work related to the Program's funding was prepared for the Florida Prepaid College Board (the "Board") for the sole purpose of assessing the actual adequacy of the Fund. The calculations have been completed in accordance with generally accepted actuarial principals and practices applicable to similar types of arrangements.

The expected value of assets in the Fund exceeds the expected value of liabilities by \$483 million, representing 5.1% of liabilities, based on assumptions determined by the Board.

In preparing this report we have relied on the asset and contract information provided by the Board for the enrollment periods 1988/1989 - 2009/2010, assumptions specified to us by the Board and on un-audited financial information as of June 30, 2010, also provided by the Board.

We appreciate the continued opportunity to work with the Board. Any questions about this report should be directed to Richard de Haan at (212) 773-0895 or Chris Raham at (212) 773-9064.

Ernst & Young LLP

August 19, 2010

EXECUTIVE SUMMARY

BACKGROUND AND SCOPE

Ernst & Young LLP (hereafter referred to as "we", "us", "our") was engaged by the Board to calculate the adequacy of the Stanley G. Tate Florida Prepaid College Program's (the "Program") Trust Fund (the "Fund") as of June 30, 2010. As part of this engagement, we also calculate the Program's liability duration, provide a projection of the Fund's cash flows for use by their investment managers and calculate the Program Termination Liability, which is the liability facing the Board were the Program to be terminated as of June 30, 2010.

Our calculations include only the existing business of the Program in force as of June 30, 2010 and do not consider the impact of any future plan participants. This scope is consistent with work we have previously performed for the Board.

Our calculations relied on data and qualitative information provided to us by the Board. This information included, but was not limited to, descriptions of material legislative changes, attributes of the Program, participant data and the economic and demographic assumptions used to project the Program's actuarial liabilities. We have not sought to confirm the accuracy of the data or the information and explanations provided by management.

Our work was limited in scope and more detailed procedures, additional analyses or alternative assumptions or methods may reveal findings that this work has not. Actual results will differ from those assumed or projected.

Our work product is intended solely for the information and use of the management of the Board and is not intended to be and should not be used by anyone other than this specified party. In addition, this report is intended for a reader with a working knowledge of the Program's attributes. Ernst & Young, therefore, assumes no responsibility to any user of the report other than the Board. Any other persons who choose to rely on our report do so entirely at their own risk.

In this section, we have summarized the key results and the assumptions on which they are predicated. More detailed information is contained in the body of our report.

ADEQUACY OF THE FUND

Based on the assumptions provided by the Board, our calculations show that the Fund is actuarially sound. That is, the expected value of assets of the Fund exceeds the expected value of liabilities. We define this excess to be the Actuarial Reserve. The assumptions used to determine the status of the Fund are those set by the Board. The key results are shown below: (Figures may not total due to rounding.)

PRESENT VALUE AS OF JUNE 30, 2010

ASSETS	
Investments ^{[1][2]}	\$ 8,057,705,000
Future Plan Premiums	1,934,602,307
Other ^[3]	6,744,257
TOTAL ASSETS	\$ 9,999,051,564
LIABILITIES AND ACTUARIAL RESERVES	
Future Plan Benefits and Expenses	\$ 9,516,424,983
Actuarial Reserves	\$ 482,626,581
TOTAL LIABILITIES AND RESERVES	\$9,999,051,564

^[1] Invested assets are shown at market value. Effective February 1, 2009, the Board no longer automatically issues involuntary cancellation refund checks upon the account's cancellation; instead, a signed and notarized request is required. The total value of outstanding refund payments of \$17,139,519 has been deducted from the market value of invested assets and the corresponding accounts are not included in the valuation population.

^[2] Invested assets include an unrealized securities lending loss of (\$23,762,000).

^[3] Future revenue receivable from late payment charges, not sufficient funds charges and cancellation charges.

ECONOMIC ASSUMPTIONS

The key economic assumptions we have used to develop our estimates are listed below. All assumptions have been provided to us by the Board.

Yield on investments	The weighted average yield rate is calculated as 3.62% based on the June 30, 2010 U.S. Treasury Spot Rate Curve as provided to the Board by Columbia Management, increased by an incremental return of 17.9 basis points as provided to the Board by Callan Associates.
Florida University tuition increases • Plans in effect on July 1, 2009 • Plans issued after July 1, 2009	6.0% for the 2010/2011 academic year. Subsequent years' inflation rates are determined in accordance with 1009.98(10), F.S. 6.5% per annum
Florida College tuition increases	6.0% per annum
Tuition differential Fee ("TDF") increases • Plans in effect on July 1, 2009 • Plans issued after July 1, 2009	Increase from \$37.03 at the rate dictated by 1009.98(10)F.S. for contracts matriculating from 2012/2013 forward. For contracts matriculating prior to academic year 2012/2013, increases are set according to 1009.24(16)F.S. Increases are set according to 1009.24(16), F.S.
Florida University local fee increases • Plans in effect on July 1, 2009 • Plans issued after July 1, 2009	5.0% per annum 6.5% per annum
Florida College local fee increases	6.0% per annum
Dormitory fee increases • Plans in effect on July 1, 2009 • Plans issued after July 1, 2009	6.0% per annum 6.0% per annum

The weighted average yield on investments mentioned above represents an average annual yield, based on annualized liability cash flows and a spot rate curve based on the June 30, 2010 U.S. Treasury Spot Rate Curve. The spot curve is adjusted for an assumed incremental return to reflect the impact of fixed income funds management. The incremental return is specified by Callan Associates to the Board and used for our calculations. This year the specified spread is 17.9 basis points.

EXPECTED CASH FLOWS

For existing plans, cash flows to the Fund are expected to be negative until 2032/2033, and positive from then until all liabilities are satisfied. A positive cash flow occurs when plan payments and investment income exceed tuition payments, tuition differential fee payments, local fee payments, dormitory payments and expenses. When negative cash flows occur, asset sales and maturities will be needed to provide the necessary cash.

INVESTMENT STRATEGY

As described to us by the Board, the investment strategy of the Fund is designed to enable the Board to meet the actuarially determined Program liabilities. The sole objective of the Board's Comprehensive Investment Plan (the "CIP") is to meet the projected liabilities.

The Board has selected Columbia Management Advisors, LLC and BlackRock Financial Management, Inc. to provide fixed income investment services. The Board's long-term strategy is to immunize the Fund against interest rate fluctuations. The Board employs an enhanced structured immunization strategy to control interest rate risk while providing higher portfolio returns. We have not reviewed the strategies in detail and we are not expressing an opinion on the immunization strategies. We note that an immunization strategy is consistent with the stated goals of the CIP.

In June 1994, the Program began investing in equities. The purpose of this change in investment allocation was to increase the total return to the Fund over the long term. The equity investment managers are Deutsche Investment Management Americas, Inc. (large capitalization growth equities), Florida State Board of Administration-Quantitative Management Associates, LLC (large capitalization value equities), Fiduciary Management, Inc. (small capitalization equities), and Northern Trust Investments, N.A. (S&P 500 Index Fund).

In June 2006, the Florida Prepaid College Board adopted an asset allocation policy that limits the amount of assets invested in equities to the amount of the Actuarial Reserve as determined by the Board's actuary, or 15% of the market value of the total assets under management, whichever is less.



BOARD MEMBERS

The Florida Prepaid College Board is committed to helping Floridians save for future qualified higher education expenses by providing a cost-effective, financially sound Florida Prepaid College Plan and other college savings programs. The board has seven members including three members appointed by the Governor, the Chief Financial Officer of Florida, the Attorney General of Florida, The Chancellor of the Board of Governors and the Chancellor of the Division of Florida Colleges, or their designees. The Board manages the Florida Prepaid College Plan and the Florida College Investment Plan, which are tax-advantaged 529 plans authorized by Section 529 of the Internal Revenue Code. The Board has more experience in the 529 plan industry than any other program manager. Its meetings are public and held quarterly.

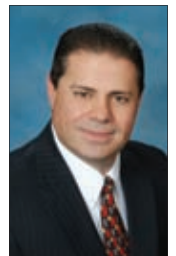
The Florida Prepaid College Board would like to thank Ms. Marianne Edmonds for her service for the past three years, most recently serving as Vice Chairman of the Board. We are also grateful for the public service commitment of Pamela Stephany who served on our board during this year.

At the September 2010 board meeting, Duane Ottenstroer of Jacksonville was elected to serve as Chairman of the Board. In December of 2010, Governor Charlie Crist appointed Ray T. Berry to serve as a board member.

DUANE L. OTTENSTROER was originally appointed to the Florida Prepaid College Board in 2001 as the designee for Florida Chief Financial Officer Tom Gallagher. In 2007, Mr. Ottenstroer was reappointed as the designee for Attorney General Bill McCollum and is the current Chairman of the Board. Mr. Ottenstroer serves on numerous, corporate, charitable and community boards and is active in higher education policy for Flagler College. Mr. Ottenstroer has a Bachelor's degree in business from the University of Minnesota.



RAY T. BERRY was appointed to the Florida Prepaid College Board by Governor Charlie Crist in 2010. Mr. Berry founded Health Business Solutions, LLC in 2002 and serves as Chief Executive Officer. Located in Cooper City, Florida, the firm specializes in outsourced denial management solutions to hospitals and physician practices. In addition to this role, he also served as an adjunct faculty member for Nova Southeastern University in the Behavioral Science Department. Prior to this, Mr. Berry was the Chief Executive Officer for the Brown School of Florida, Inc as well as held several positions for the State of Florida Department of Health & Rehabilitative Services over an eight year span. Mr. Berry currently serves on numerous local, state and national committees including the Board of Directors for The Starting Place. Mr. Berry earned an associate's degree from Broward Community College and a Bachelor of Arts degree in liberal arts from the University of Central Florida.



FRANK T. BROGAN, Frank Brogan was named chancellor for the State University System of Florida in July 2009. Previously, Chancellor Brogan served as president of Florida Atlantic University. Prior to joining his alma mater as its fifth president, he was twice elected Florida's lieutenant governor with then-Governor Jeb Bush. His educational career in Florida began more than three decades ago in Martin County where he held several positions before being named Martin's County's superintendent of schools. In 1994, he was named as Florida's Education Commissioner, the youngest person to serve the position. Chancellor Brogan has extensive involvement in public service on the local, state and national levels and has chaired Florida's Dialogue on Cancer as well as the state's Blueprint Commission on juvenile justice issues. He was one of sixteen university presidents serving on the board of directors of the National Collegiate Athletic Association (NCAA). Chancellor Brogan received a bachelor's degree in education magna cum laude from the University of Cincinnati and earned a master's degree in education from Florida Atlantic University.





WILL HOLCOMBE, PH.D., is Chancellor for the Florida College System, the primary access point to higher education for more than 800,000 students. With more than 30 years of experience in educational leadership and collegiate administration, he completed his undergraduate studies at Baldwin-Wallace College and earned a master's degree in education and a Ph.D. in college administration from the University of Florida. A former Marine Corps Captain, Dr. Holcombe joined the Florida College System as an English professor at Santa Fe Community College and Broward College. After serving in administrative positions at Brevard Community College, he served as president of Broward College.



ANTHONY C. KRAYE III, was appointed to the Florida Prepaid College Board by Governor Charlie Crist in 2009. Mr. Kraye is the Executive Vice President and Chief Administrative Officer of the South Broward Hospital District, a position he has held since 1997. Prior to this, he held senior roles for OrNda Healthcorp serving as an executive in several capacities. For more than 20 years, Mr. Kraye held the position of Partner for Ernst and Whinney and served as Chairman of the Florida Healthcare Committee from 1985-1989. Involved in numerous boards and civic organizations, Mr. Kraye served on the Board of Directors for Coconut Grove Bankshares, the Community Television Foundation of South Florida, Inc., the Broward Regional Health Planning Council and the Plantation Health Facilities Authority. Mr. Kraye earned a Bachelor of Science degree in accounting from Florida Atlantic University.



THOMAS H. RUGGIE Thomas Ruggie was appointed to the Florida Prepaid College Board by Governor Charlie Crist in 2009. An 18-year veteran of the investment and financial planning industries, Mr. Ruggie founded Ruggie Wealth Management in 1991 and serves as President and CEO. Ruggie Wealth specializes in wealth management and financial planning. His industry certifications include designation as a Chartered Financial Consultant (ChFC) as well as a Certified Financial Planner (CFP). Mr. Ruggie has garnered numerous mentions including the selection by The Robb Report's Worth Magazine as one of the Top Wealth Advisors in the United States for 2006, 2007 and 2008 and Barron's Top 1000 Advisors for 2009. Active in numerous civic and charitable affairs, Mr. Ruggie serves as president of the Cornerstone Hospice Foundation Board and is the former president of the Mid-Florida Estate Planning Council. Mr. Ruggie graduated from the University of Central Florida with a Bachelors degree in finance.

THOMAS J. WALLACE – Executive Director

SERVICE PROVIDERS

The Board contracts with various companies for legal, financial, investment, customer service, marketing and other professional support. Our vendors include:

CARR, RIGGS & INGRAM, LLC
Auditing and Accounting Services

FIDELITY SECURITY LIFE INSURANCE COMPANY
Student Insurance Services

NORTHERN TRUST INVESTMENTS, N.A.
Investment Management Services

ERNST & YOUNG, LLP
Actuarial Services

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CALLAN ASSOCIATES, INC.
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**STANDISH MELLON ASSET MANAGEMENT
COMPANY, LLC**
Investment Management Services

STABLERIVER MANAGEMENT, LLC
Investment Management Services

THE NORTHERN TRUST COMPANY
Trustee and Securities Lending Services

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AMERICAS INC.**
Investment Management Services

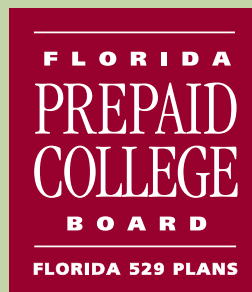
QUANTITATIVE MANAGEMENT ASSOCIATES
(Under a State Board of Administration contract)
Investment Management Services

GRAY ROBINSON, P.A.
Legal Services

NEUBERGER BERMAN FIXED INCOME, LLC.
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