

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.

**A COMPONENT UNIT OF
THE UNIVERSITY OF WEST FLORIDA**

PENSACOLA, FLORIDA

FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
PENSACOLA, FLORIDA
FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
University of West Florida Foundation, Inc.
Pensacola, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the University of West Florida Foundation, Inc. (the "Foundation") (a component unit of the University of West Florida), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Board of Directors
University of West Florida Foundation, Inc.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The Schedules of Student Housing System Revenue and Expenses, Financial Position (Excluding the Student Housing System), and Other Program Services and General and Administrative Expenses have been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole. The accompanying Schedules of Receipts, Expenses and Endowment Balances for the Chairs Under Eminent Scholars Program and the Major Gifts Program have not been subjected to the auditing procedures applied in the audits of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2014, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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* in considering Foundation's internal control over financial reporting and compliance.



Pensacola, Florida
August 22, 2014

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

To the Board of Directors
University of West Florida Foundation, Inc.
Pensacola, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the University of West Florida Foundation, Inc. (the "Foundation") (a component unit of the University of West Florida), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 22, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors
University of West Florida Foundation, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Pensacola, Florida
August 22, 2014

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2014 AND 2013

ASSETS

	2014	2013
Cash and cash equivalents	\$ 4,233,532	\$ 4,903,959
Restricted cash equivalents	11,091,643	11,570,338
Contributions receivable, net	3,250,980	2,560,380
Other receivables, net	173,381	132,031
Due from related party	67,397	-
Prepaid expenses	145,407	92,781
Long-term investments	71,617,969	61,670,168
Property and equipment, net	53,625,450	55,849,480
Assets held under split interest agreements	311,850	310,263
Bond issue costs, net	1,312,006	1,380,523
Other assets	190,126	127,435
	\$ 146,019,741	\$ 138,597,358

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable and accrued expenses	\$ 694,960	\$ 1,173,798
Liabilities held under split interest agreements	198,715	202,782
Due to related party	1,235,904	816,514
Bonds payable, net	53,206,819	55,174,768
Total liabilities	55,336,398	57,367,862

Commitments and Contingencies

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Net Assets:

Unrestricted -		
Undesignated	1,951,989	1,858,403
Board designated	1,564,843	1,364,214
Student Housing System	10,302,761	9,873,528
Total unrestricted	13,819,593	13,096,145
Temporarily restricted	27,188,685	20,377,939
Permanently restricted	49,675,065	47,755,412
Total net assets	90,683,343	81,229,496

Total Liabilities and Net Assets

	\$ 146,019,741	\$ 138,597,358
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The accompanying notes are an integral
part of these financial statements.

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UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2014 AND 2013

	Unrestricted		Temporarily Restricted	Permanently Restricted	2014 Total
	Foundation	Student Housing			
Revenue, Support and Reclassifications:					
Contributions	\$ 102,406	\$ -	\$ 2,918,982	\$ 1,995,953	\$ 5,017,341
Interest and dividends	5,531	-	975,328	-	980,859
Net unrealized and realized gain on long-term investments	726,646	-	8,811,959	-	9,538,605
Student housing system	-	11,593,634	-	-	11,593,634
Other income	98,536	-	-	-	98,536
Reclassification of net assets	-	-	(17,850)	17,850	-
Net assets released from restrictions	5,877,673	-	(5,877,673)	-	-
	<u>6,810,792</u>	<u>11,593,634</u>	<u>6,810,746</u>	<u>2,013,803</u>	<u>27,228,975</u>
Expenses:					
Direct program services -					
Scholarships	1,153,933	-	-	-	1,153,933
Other program services	3,781,896	-	-	-	3,781,896
Student housing system	-	11,164,401	-	-	11,164,401
Total direct program services	<u>4,935,829</u>	<u>11,164,401</u>	<u>-</u>	<u>-</u>	<u>16,100,230</u>
Supporting services -					
Fundraising	454,610	-	-	-	454,610
General and administrative	1,126,138	-	-	-	1,126,138
Total supporting services	<u>1,580,748</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,580,748</u>
Total expenses	<u>6,516,577</u>	<u>11,164,401</u>	<u>-</u>	<u>-</u>	<u>17,680,978</u>
Loss from cancelled restricted contributions	-	-	-	94,150	94,150
Total expenses and losses	<u>6,516,577</u>	<u>11,164,401</u>	<u>-</u>	<u>94,150</u>	<u>17,775,128</u>
Change in Net Assets	294,215	429,233	6,810,746	1,919,653	9,453,847
Net Assets, Beginning of Year	<u>3,222,617</u>	<u>9,873,528</u>	<u>20,377,939</u>	<u>47,755,412</u>	<u>81,229,496</u>
Net Assets, End of Year	<u>\$ 3,516,832</u>	<u>\$ 10,302,761</u>	<u>\$ 27,188,685</u>	<u>\$ 49,675,065</u>	<u>\$ 90,683,343</u>

Unrestricted					
Foundation	Student Housing	Temporarily Restricted	Permanently Restricted	2013 Total	
\$ 113,800	\$ -	\$ 1,978,787	\$ 801,561	\$ 2,894,148	
5,552	-	1,078,026	-	1,083,578	
647,252	-	6,554,927	-	7,202,179	
-	11,734,914	-	-	11,734,914	
111,081	-	-	-	111,081	
22,115	-	(500)	(21,615)	-	
5,231,827	-	(5,231,827)	-	-	
<u>6,131,627</u>	<u>11,734,914</u>	<u>4,379,413</u>	<u>779,946</u>	<u>23,025,900</u>	
1,074,260	-	-	-	1,074,260	
3,163,345	-	-	-	3,163,345	
-	10,792,687	-	-	10,792,687	
<u>4,237,605</u>	<u>10,792,687</u>	<u>-</u>	<u>-</u>	<u>15,030,292</u>	
375,221	-	-	-	375,221	
1,035,409	-	-	-	1,035,409	
1,410,630	-	-	-	1,410,630	
<u>5,648,235</u>	<u>10,792,687</u>	<u>-</u>	<u>-</u>	<u>16,440,922</u>	
-	-	2,500	-	2,500	
<u>5,648,235</u>	<u>10,792,687</u>	<u>2,500</u>	<u>-</u>	<u>16,443,422</u>	
483,392	942,227	4,376,913	779,946	6,582,478	
2,739,225	8,931,301	16,001,026	46,975,466	74,647,018	
<u>\$ 3,222,617</u>	<u>\$ 9,873,528</u>	<u>\$ 20,377,939</u>	<u>\$ 47,755,412</u>	<u>\$ 81,229,496</u>	

The accompanying notes are an integral part of these financial statements.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
Cash Flows From Operating Activities:		
Change in net assets	\$ 9,453,847	\$ 6,582,478
Adjustments to reconcile change in net assets to cash flows (used in) provided by operating activities -		
Net unrealized and realized gain on long-term investments	(9,538,605)	(7,202,179)
Contributions restricted for long-term purposes	(1,995,953)	(801,561)
Bad debt expense	66,845	17,505
Loss from cancelled restricted contributions	94,150	-
Change in fair value of -		
Contributions receivable	238,417	(3,281)
Split interest agreements	(5,654)	2,786
Cash surrender value of insurance policies	(62,691)	(28,276)
Depreciation and amortization of bond issuance costs	2,760,156	2,771,424
Net amortization of bond discount	8,051	8,051
Change in operating assets and liabilities -		
Contributions receivable	(1,063,651)	4,869
Other receivables	(67,711)	139,397
Due from related party	(67,397)	-
Prepaid expenses	(52,626)	(15,784)
Accounts payable and accrued expenses	(478,838)	(1,005,058)
Net cash (used in) provided by operating activities	(711,660)	470,371
Cash Flows From Investing Activities:		
Purchases of investments	(18,065,407)	(41,921,057)
Proceeds from sales, maturities, and distributions of investments	17,656,211	43,166,206
Acquisition of property and equipment	(467,609)	(3,821,317)
Due to related party	419,390	816,514
Net cash used in investing activities	(457,415)	(1,759,654)
Cash Flows From Financing Activities:		
Bond principal payment	(1,976,000)	(1,896,000)
Contributions to permanent endowments	1,995,953	801,561
Net cash provided by (used in) financing activities	19,953	(1,094,439)
Net Decrease in Cash and Cash Equivalents	(1,149,122)	(2,383,722)
Cash and Cash Equivalents at Beginning of Year	16,474,297	18,858,019
Cash and Cash Equivalents at End of Year	\$ 15,325,175	\$ 16,474,297

The accompanying notes are an integral
part of these financial statements.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2014 AND 2013
(Continued)

	2014	2013
Analysis of Cash and Cash Equivalents:		
Cash and cash equivalents	\$ 4,233,532	\$ 4,903,959
Restricted cash equivalents	11,091,643	11,570,338
	\$ 15,325,175	\$ 16,474,297
 Supplemental Disclosure of Cash Flow Information:		
Interest paid	\$ 2,453,453	\$ 2,450,346

The accompanying notes are an integral
part of these financial statements.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose:

The University of West Florida Foundation, Inc. (the "Foundation") was organized as a Florida not-for-profit corporation in 1965 for the purpose of soliciting, receiving, and administering gifts and bequests of property and funds for scientific, educational, and charitable purposes, all for the advancement of the University of West Florida (the "University") and its objectives. The Foundation is a direct-support organization of the University, as provided for in Section 1004.28, Florida Statutes, and Rule 6C-9.011, Florida Administrative Code, and therefore is considered a component unit of the University.

The Foundation owns the Student Housing System and is responsible for the management thereof, along with the associated revenues, expenses and debt related to the operation of these projects as further described in Note 13 to the financial statements.

Basis of Accounting:

The Foundation follows standards of accounting and financial reporting prescribed for not-for-profit organizations. It uses the accrual basis of accounting, which recognizes revenue when earned and expenses as incurred.

Basis of Presentation:

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that the corpus be maintained permanently by the Foundation. The donors of these assets permit the Foundation to use all of the investment return on these assets. Such assets primarily include the Foundation's permanent endowment funds.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Foundation pursuant to those stipulations or that expire by the passage of time. Such assets are available for use by the various colleges and departments of the University, as designated by the donors to the Foundation.

Unrestricted net assets - Net assets not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by the action of the governing board, including quasi-endowments, or may otherwise be limited by contractual agreements with outside parties.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued):

Unrestricted net assets - student housing system - Unrestricted net assets designated through bond covenant restrictions for the specific purpose of bond repayment for the Student Housing System.

Contributions:

Contributions are reported as temporarily restricted if the donor limits the use of the donated assets. When the restrictions expire, these temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as *net assets released from restrictions*. Contributions of endowments are reported as permanently restricted since the corpus is invested in perpetuity. All other contributions having no restrictions are reported as unrestricted.

The Foundation has previously elected under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 825, *Financial Instruments*, to record unconditional promises to give at fair value. Management believes the use of fair value reduces the cost of measuring unconditional promises to give in periods subsequent to their receipt and provides equal or better information to users of its financial statements than if those promises were measured using present value techniques at historical discount rates. An allowance for uncollectible pledges is provided based on management’s evaluation of potential uncollectible pledges receivable at year-end. Conditional promises to give are not recorded in the financial statements.

In the event a donor makes changes to the nature of a restricted gift which affect its classification among the net asset categories, such amounts are reflected as net assets released from restrictions in the revenues section of the statement of activities.

Non-cash contributions are recorded at fair market value at the time of donation.

Each state university board of trustees is authorized to permit the use of property, facilities, and personal services at any state university by any university direct support organization per Section 1004.28, Florida Statutes. Administrative and fiscal services, office space, and other miscellaneous support services are provided to University direct support organizations by the University at no cost. Estimated fair values are recorded if determinable. No value is assigned to administrative and fiscal services in the accompanying statements of financial position, statements of activities, and statements of cash flows, since there is no objective basis for determining the value.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents:

The amount reported as cash and cash equivalents consists of cash on hand, cash in demand accounts, cash placed with the University and cash placed with the State Treasury Special Purpose Investment Account, ("SPIA"). For the purpose of reporting cash flows, the Foundation considers all highly liquid investments with original maturities of three (3) months or less to be cash equivalents. Under this definition, the Foundation considers amounts invested with the University and SPIA to be cash equivalents.

Restricted Cash Equivalents:

Restricted cash equivalents represent funds held by either the University or by bond trustees for construction of on-campus housing, debt service, and maintenance of reserves required under the bond indentures.

Investments:

The Foundation has created various pools for the investment of funds on a consolidated basis. All investments are reported at fair value.

Investment income (interest, dividends, realized and unrealized gains or losses) from endowment and restricted operating funds is recognized as temporarily restricted investment income in accordance with donor stipulations. Income from all other operating funds is recognized as unrestricted investment income. There are no permanent restrictions on investment income.

Property and Equipment:

Property and equipment consists of office equipment and property held for lease, future use, or sale. Purchased assets are recorded at cost, while donated assets are recorded at fair market value at the date of donation. Depreciation is allocated over the estimated useful lives of the respective assets on a straight-line basis. Where a contributed asset has an uncertain fair market value due to deed restrictions, the Foundation records no value for the property.

The Foundation capitalizes interest costs on borrowing incurred during the construction of qualifying assets. The capitalized interest is amortized over the life of the borrowing.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Collections:

The Foundation has capitalized its collections since its inception. Collections consist of paintings donated to the Foundation. Works of art are stated at the estimated fair market value at the time of donation. Gains and losses on the deaccession of donated collection items are classified in the statement of activities based on the absence or existence and nature of donor restrictions placed on the item at the time of donation.

Split-Interest Agreements:

The Foundation serves as trustee for split-interest agreements classified as charitable gift annuities and charitable remainder unitrust. Assets received under these agreements are recorded at fair market value and the liabilities to make future payments under these agreements are recorded at present value, with the difference reported as a gain or loss. These assets and liabilities are adjusted to reflect changes in their fair market value and present value. The determination of the present value of liabilities under split-interest agreements is based on discount rates and mortality tables established by the Internal Revenue Code and Regulations.

Bond Discounts/Issuance Costs:

Bond discounts and issuance costs are amortized over the terms of the bonds using the straight-line method since the difference between this method and the effective interest method is not material to the financial statements. Bond discounts are presented as a reduction of the face amount of bonds payable.

Compensated Absences:

Employees of the Foundation are entitled to paid vacation and sick days depending on job classification, length of service and other factors. Upon termination of employment, an employee will be paid for accumulated annual leave. In addition, an employee with ten or more years of service may be paid for a portion of their accumulated sick leave.

At June 30, 2014 and 2013, accrued compensated absences totaling \$311,074 and \$290,866 were reported as a component of accrued expenses in the accompanying financial statements.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Program Services:

Other program services consist of expenditures released from temporarily restricted net assets based on donor-imposed stipulations to support the objectives of the University and/or its various colleges and departments.

Income Taxes:

The Foundation is a nonprofit organization exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code. However, income from certain investment activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

With a few exceptions, the Foundation is no longer subject to examination by tax authorities for years beginning before 2011.

In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Retirement Plan:

As discussed in more detail in Note 12, Foundation employees may elect to participate in the Florida Retirement System consisting of a defined benefit plan; the Deferred Retirement Option Program, an alternative method for retirement payment; and the Public Employee Optional Retirement Program, a defined contribution plan. These plans have vesting and service requirements. Certain eligible faculty and administrators may also elect to participate in the Optional Retirement Program, a defined contribution plan which provides full and immediate vesting of contributions. Certain key University personnel participate in a money-purchase retirement savings plan with specific vesting schedules.

**UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events:

Management has evaluated subsequent events through August 22, 2014, the date which the financial statements were available for issue.

NOTE 2 - RESTRICTED CASH EQUIVALENTS

Restricted cash equivalents at June 30 consist of the following:

	2014	2013
Housing operating reserves	\$ 1,173,659	\$ 1,017,505
Housing replacement reserves	1,364,344	362,477
Housing contingency and improvement reserve	6,565,640	7,589,744
Courtelis reserve	987,591	1,600,195
2009 bond issuance -		
Special interest checking	1,000,401	1,000,401
2010 bond interest	7	15
2011 bond issuance -		
Principal	1	1
	\$ 11,091,643	\$ 11,570,338

NOTE 3 - CONTRIBUTIONS RECEIVABLE

The Foundation records unconditional promises to give using fair value adjusted for the current year end discount rates, ranging from 0% to 39%, based on the prevailing five-year Treasury constant maturities. The current year fair value adjustment to contributions revenue for temporarily and permanently restricted was \$45,844 and \$415,092 respectively. For the year ending June 30, 2013, the fair value adjustment to contributions revenue for temporarily and permanently restricted was \$5,813 and \$216,706, respectively. Multi-year contributions receivable are classified within Level 3 of the fair value hierarchy because determination of the present value of future cash flows is based on little or no market data and requires management to develop their own assumptions. In 2014 and 2013, there were no transfers of contributions receivable into or out of Level 3.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
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NOTE 3 - CONTRIBUTIONS RECEIVABLE (Continued)

Unconditional promises to give at June 30 are due as follows:

	2014	2013
In one year or less	\$ 953,098	\$ 686,957
Between one and five years	1,081,360	559,558
Greater than five years	1,678,750	1,580,000
Total contributions receivable, gross	3,713,208	2,826,515
Less discounts to net fair value	460,936	222,519
Less allowance for doubtful accounts	1,292	43,616
Net contributions receivable, fair value	\$ 3,250,980	\$ 2,560,380

The table below presents information about unconditional promises to give measured at fair value at June 30, 2014:

	Temporarily Restricted	Permanently Restricted
Promises measured at Fair Value		
Promised cash flows	\$ 530,132	\$ 3,183,076
Fair value estimate	\$ 484,288	\$ 2,767,984
Measurement basis	Level 3	Level 3
Contribution revenue	\$ 45,844	\$ 415,092
Total changes included in the statement of activities	\$ 45,844	\$ 415,092

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NOTE 3 - CONTRIBUTIONS RECEIVABLE (Continued)

The table below presents information about unconditional promises to give measured at fair value at June 30, 2013:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Promises measured at Fair Value		
Promised cash flows	\$ 394,250	\$ 2,432,265
Fair value estimate	\$ 388,437	\$ 2,215,559
Measurement basis	Level 3	Level 3
Contribution revenue	\$ 5,813	\$ 216,706
Total changes included in the statement of activities	\$ 5,813	\$ 216,706

Changes in unconditional promises to give for the year ended June 30, 2014 are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Beginning balance, July 1, 2013	\$ 388,437	\$ 2,215,559
New promises received	369,523	1,269,500
Collections	(178,641)	(394,688)
Contribution revenue	(40,030)	(198,387)
Management and general (write-offs)	(59,001)	(124,000)
Change in pledge terms	4,000	-
Ending balance, June 30, 2014	<u>\$ 484,288</u>	<u>\$ 2,767,984</u>

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NOTE 3 - CONTRIBUTIONS RECEIVABLE (Continued)

Changes in unconditional promises to give for the year ended June 30, 2013 are as follows:

	Temporarily Restricted	Permanently Restricted
Beginning balance, July 1, 2012	\$ 433,844	\$ 2,176,266
New promises received	209,000	369,000
Collections	(256,107)	(325,096)
Contribution revenue	1,700	1,580
Management and general (write-offs)	-	(6,191)
	<u>388,437</u>	<u>2,215,559</u>
Ending balance, June 30, 2013	<u>\$ 388,437</u>	<u>\$ 2,215,559</u>

Conditional promises to give amounted to \$2,438,052 at June 30, 2014 for state matching funds from the state of Florida Major Gifts Trust Fund. The funds will be forwarded to the Foundation in the event that future appropriations are made by the state legislature.

NOTE 4 - OTHER RECEIVABLES

Other receivables at June 30 consist of the following:

	2014	2013
Student loan fund, less allowance of \$5,743 in 2013	\$ 61,692	\$ 60,813
Rent, less allowance of \$161,892 in 2014 and \$135,531 in 2013	93,413	69,454
Other	18,276	1,764
	<u>173,381</u>	<u>132,031</u>
Net other receivables	<u>\$ 173,381</u>	<u>\$ 132,031</u>

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NOTE 4 - OTHER RECEIVABLES (Continued)

The Student Loan Fund, established through contributions, provides low-interest, short-term loans to students. All transactions are conducted through the University's cashiers' office. The Student Loan Program is made up of accounts receivable for loans to students, funds held at the University available for loans to students, and funds invested in a quasi endowment at the Foundation. The Foundation holds \$198,132 that is invested in a quasi endowment. Earnings in the quasi endowment are transferred to the University, as needed, to support the Student Loan Program.

NOTE 5 - LONG-TERM INVESTMENTS

Investments in the long-term pool are carried at fair value and consist of the following:

	Cost	Fair Value	Unrealized Gain (Loss)
June 30, 2014:			
Equity securities -			
Common stock and mutual funds	\$ 35,436,134	\$ 43,091,235	\$ 7,655,101
Debt securities	9,973,105	10,354,747	381,642
Alternative investments -			
Fund of fund hedge funds	11,005,742	15,241,975	4,236,233
Private equity investments	1,493,648	1,753,691	260,043
Real estate investment trust	1,196,492	1,176,321	(20,171)
	<u>\$ 59,105,121</u>	<u>\$ 71,617,969</u>	<u>\$ 12,512,848</u>
June 30, 2013:			
Equity securities -			
Common stock and mutual funds	\$ 32,822,326	\$ 35,485,039	\$ 2,662,713
Debt securities	9,924,245	10,047,815	123,570
Alternative investments -			
Fund of fund hedge funds	10,775,726	13,744,979	2,969,253
Private equity investments	1,298,684	1,404,859	106,175
Real estate investment trust	933,361	987,476	54,115
	<u>\$ 55,754,342</u>	<u>\$ 61,670,168</u>	<u>\$ 5,915,826</u>

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
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NOTE 5 - LONG-TERM INVESTMENTS (Continued)

From July through November 2013, Bank of New York Mellon was the custodian for the Foundation's equity securities, debt securities and fund of fund hedge funds. In December 2013, the Foundation began using Wells Fargo as its new custodian for the Foundation's equity securities, debt securities and fund of fund hedge funds.

As further discussed in Note 11, the fair market value of all endowed investments was at a level above the minimum required by donor stipulations, totaling \$12,845,257. However, individual donor-restricted endowment funds were deficient, totaling approximately \$19,000, where the fair value of the investments at June 30, 2014 was less than the level required by the donor stipulations.

The net return on investments was as follows:

	<u>Total Unrestricted</u>	<u>Temporarily Restricted</u>
Year Ended June 30, 2014 -		
Dividends and interest	\$ 5,531	\$ 975,328
Net realized gain on investments	17,493	3,045,348
Unrealized gain on investments	<u>709,153</u>	<u>5,766,611</u>
Total return on investments	<u>\$ 732,177</u>	<u>\$ 9,787,287</u>
Year Ended June 30, 2013 -		
Dividends and interest	\$ 5,552	\$ 1,078,026
Net realized gain on investments	17,556	4,158,958
Unrealized gain on investments	<u>629,696</u>	<u>2,395,969</u>
Total return on investments	<u>\$ 652,804</u>	<u>\$ 7,632,953</u>

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
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NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following at June 30:

	2014	2013
Land	\$ 1,454,483	\$ 1,454,483
Property held under capital lease	73,572,305	73,197,153
Office equipment and software	465,051	465,051
Construction in progress	246,873	154,416
	75,738,712	75,271,103
Less accumulated depreciation	22,113,262	19,421,623
	\$ 53,625,450	\$ 55,849,480

Depreciation and amortization expense for the years ended June 30, 2014 and 2013 was \$2,691,639 and \$2,702,906, respectively.

Property held under capital lease represents the University's Student Housing System, which consists of the following: the South Side facilities constructed in 1966 and 1972; the Villages Phase I (West) and II (East), completed in 1997 and 1999, respectively; the first (Martin Hall), the second (Pace Hall), and the third (Argo Hall) portions of Phase III completed in 2000, 2001, and 2004, respectively; and the first (Heritage Hall) and the second (President's Hall) portions of Phase IV completed in 2010 and 2012, respectively. The buildings under capital lease are depreciated over the lease term, which is effectively 30 years, and the furniture, fixtures, and equipment are depreciated over their useful life of 5 - 10 years. Amortization of property under capital lease is included in depreciation expense. At June 30, 2014 and 2013, amortization of the property under capital lease totaled \$2,654,569 and \$2,665,621, respectively. See Note 13 for further capital lease disclosure.

The Foundation capitalizes interest costs on borrowings incurred during the construction or upgrade of qualifying assets. Capitalized interest is added to the cost of the underlying assets and is amortized over the useful lives of the assets. The Foundation capitalized approximately \$74,000 of interest in connection with the construction of President's Hall for the year ended June 30, 2013.

**UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

NOTE 7 - RELATED PARTY TRANSACTIONS

At June 30, 2014, the Foundation and the University jointly determined an amount for the Foundation to deposit with the University to be used to manage and pay expenses for the Foundation's operations. Payroll, other University departments, and program expenses that are funded from the Foundation are paid through the University utilizing these funds. At June 30, 2014, the cash balance held by the University is \$67,397 and is included in due from related party.

In March of 2013 the Foundation entered into a Memorandum of Understanding with the University of West Florida Historic Trust ("WFHT"), another DSO of the University, where WFHT may transfer current cash assets to the Foundation to invest on their behalf. These funds are invested as a Quasi-Endowment with the Foundation and will be part of the overall investment pool subject to spending and investment policies of the Foundation as agreed to in the memorandum. Funds invested by WFHT in the Foundation's investment pool totaled \$1,235,904 and \$816,514 at June 30, 2014 and 2013, respectively, and are included in due to related party.

NOTE 8 - BOND ISSUE COSTS

Bond issuance costs relate to the dormitory and housing system revenue bonds. Bond issuance costs are summarized as follows:

	2014	2013
Bond issue costs	\$ 1,693,480	\$ 1,693,480
Less accumulated amortization	381,474	312,957
Bond issue costs, net	\$ 1,312,006	\$ 1,380,523

Bond issuance costs are being amortized by the straight-line method over the remaining lives of the bonds from 14.5 - 27 years. Amortization of bond issuance costs for both years ended June 30, 2014 and 2013 was \$68,517.

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NOTE 9 - BONDS PAYABLE

Revenue Bonds consist of the following at June 30:

	2014	2013
<p>\$18,290,000 Dormitory Refunding Revenue Bonds, Series 2005, due in annual installments of \$50,000 to \$1,235,000, from June 1, 2006 through June 1, 2031 with interest ranging from 3.75% to 5.00% due semiannually, June 1 and December 1</p>	\$ 14,880,000	\$ 15,465,000
<p>\$15,000,000 Dormitory Revenue Bonds, Series 2009, due in annual installments of \$487,000 to \$1,190,000, from June 1, 2011 through June 1, 2029 with an interest rate of 5.09% due semiannually, June 1 and December 1</p>	12,898,000	13,463,000
<p>\$11,717,000 Dormitory Refunding Revenue Bonds, Series 2010, due in annual installments of \$474,000 to \$885,000, from June 1, 2011 through June 1, 2028 with an interest rate of 3.95% due semiannually, June 1 and December 1</p>	9,758,000	10,274,000
<p>\$16,525,000 Dormitory Revenue Bonds, Series 2011, due in annual installments of \$300,000 to \$1,120,000, from June 1, 2013 through June 1, 2040 with interest ranging from 3.00% to 5.875% due semiannually, June 1 and December 1</p>	15,915,000	16,225,000
<p>Bonds payable</p>	53,451,000	55,427,000
<p>Less unamortized discount</p>	244,181	252,232
<p>Bonds payable, net of unamortized discount</p>	\$ 53,206,819	\$ 55,174,768

**UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
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NOTE 9 - BONDS PAYABLE (Continued)

Interest of \$216,319 and \$223,041 was accrued on the bonds as of June 30, 2014 and 2013, respectively.

Maturities of the Revenue Bonds are as follows:

<u>For the year ending</u>	
2015	\$ 2,056,000
2016	2,143,000
2017	2,236,000
2018	2,325,000
2019	2,430,000
Thereafter	<u>42,261,000</u>
	<u><u>\$ 53,451,000</u></u>

The 2005 Dormitory Refunding Revenue bonds, sponsored by Escambia County Housing Finance Authority, were issued to refund approximately \$5.5 million from a 2002 bond issue and to defease approximately \$11.6 million from a 1999 bond issue for the purpose of consolidation and to achieve debt service coverage savings.

The 2009 Dormitory Revenue bonds, sponsored by the Escambia County Housing Finance Authority, were issued to provide financing for the construction of student housing facilities.

The 2010 Dormitory Refunding Revenue bonds, sponsored by the Escambia County Housing Finance Authority, were issued to refund \$11.5 million from the 1998 Dormitory Revenue bonds.

The 2011 Dormitory Revenue bonds, sponsored by the Escambia County Housing Finance Authority, were issued to provide financing for the construction of student housing facilities.

The bonds are secured by mortgages on the student housing facilities in addition to a pledge of revenues earned from their operation. The bonds require the Foundation to maintain various covenants, including one that requires student housing room rates to be maintained at a level that provides net revenues at least equal to 120% of annual debt service. The debt service ratio for the year ended June 30, 2014 was 128%. The Foundation is not aware of any violations of the covenants at June 30, 2014.

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NOTE 10 - NET ASSETS

Temporarily restricted net assets at June 30 are available for the following purposes:

	<u>2014</u>	<u>2013</u>
Scholarships, student awards and loan funds	\$ 7,657,225	\$ 5,004,810
Faculty support, professorships and chairs	5,097,861	3,296,226
Foundation reserve fund	2,179,595	1,996,586
Programs and other	<u>12,254,004</u>	<u>10,080,317</u>
Total temporarily restricted net assets	<u>\$ 27,188,685</u>	<u>\$ 20,377,939</u>

Permanently restricted net assets consist of endowment fund assets to be held in perpetuity, with only the income to be expended. The following is a summary of permanently restricted net assets at June 30, 2014 and 2013, categorized by the purpose for which the income is expendable:

	<u>2014</u>	<u>2013</u>
Scholarships, student awards and loan funds	\$ 21,970,444	\$ 21,347,724
Faculty support, professorships and chairs	11,763,604	11,453,604
Programs and other	<u>15,941,017</u>	<u>14,954,084</u>
Total permanently restricted net assets	<u>\$ 49,675,065</u>	<u>\$ 47,755,412</u>

NOTE 11 - ENDOWMENTS

The Foundation's endowments consist of 239 individual funds established for a variety of purposes. The endowments include both donor-restricted endowment funds and funds designated by the governing board to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the governing board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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NOTE 11 - ENDOWMENTS (Continued)

Interpretation of Relevant Law -

The Foundation's governing board with guidance from legal counsel has interpreted the Florida Uniform Prudent Management of Institutional Funds Act ("Florida UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by the Florida UPMIFA. In accordance with the Florida UPMIFA, the Foundation's governing board considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Florida UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported as a loan from unrestricted net assets. For the period ending June 30, 2014 and 2013, the amount of the loan was \$1,845 and \$68,321, respectively. The loan is offset against the net assets released from restrictions on the statement of activities. These deficiencies resulted from unfavorable market fluctuations and continued appropriation for certain programs that was deemed prudent by the governing board.

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NOTE 11 - ENDOWMENTS (Continued)

Return Objectives and Risk Parameters -

The Foundation's governing board has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the governing board, the endowment assets are invested in a manner that is intended to produce the desired minimum rate of return which is equal to the Consumer Price Index ("CPI") plus 400 basis points (4%) for spending, plus an additional 200 basis points (2%) for the operating budget on an annualized basis.

The Foundation expects its endowment funds, over time, to provide an average annual rate of return of approximately CPI plus 600 basis points (6%). Actual returns in any year may vary from this amount. The Investment Committee recognizes that prudent investing requires taking reasonable risks in order to raise the likelihood of achieving the targeted investment returns. Research has demonstrated that portfolio risk is best minimized through diversification of assets. The portfolio of funds is structured to maintain prudent levels of diversification. In terms of relative risk, the volatility of the portfolio is expected to be in line with general market conditions.

Strategies Employed for Achieving Objectives -

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy -

The Foundation's spending rate is calculated on a three year average of the market value of the endowments as of June 30. Spending is awarded for endowments greater than \$25,000 after a one year waiting period. The approved spending rate was 4.00% for fiscal years ended June 30, 2014 and 2013.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 11 - ENDOWMENTS (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy (Continued) -

The Foundation strives to balance the donor's desire to fund current program, faculty, and scholarship needs with the commitment to preserve over time the donor's gifts to the endowment corpus. Furthermore, the Foundation takes seriously its responsibility to provide prudent fiduciary management, oversight of the endowments, and intergenerational equity. However, the Foundation is aware that despite utilizing a well-diversified investment portfolio strategy and the best good faith efforts of its governing board, there will be times when the fair market value of an endowment may fall below the endowment corpus value creating underwater endowments. In the event an endowment falls underwater, the Foundation will use a 25% step down spending allocation method to slow the spending from the endowment. For each 10% an endowment is underwater, the allocated endowment spending (exclusive of the operating allocation) will be reduced by 25%. Any endowment more than 30% underwater will receive no endowment spending allocation. The intent of this policy is to attempt to continue to provide spending to support the scholarships, programs, and faculty as designated by the donor and within the limits of Florida laws, while also allowing the endowment to recover more quickly from economic downturns.

The Foundation's operating budget is generally, two percent (2%) of the three year average of the market value of the investment portfolio. Pursuant to the proposal adopted by the governing board, the goal is to reduce the operating budget from two percent (2%) to one and one-half percent (1.5%) of the total investment assets. As such, for each \$1,000,000 increase in market value of the investment portfolio above \$50,000,000, the percentage for the operating budget will decrease by one basis point (0.01%), reaching the objective of 1.5% with assets of \$100,000,000. Using this formula, the budget rate for fiscal year 2014-2015 is 1.85%.

Changes in balances for donor and board restricted endowments by net asset class as of June 30, 2014 are as follows:

	Expendable		Nonexpendable	Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment balance, July 1, 2013	\$ 1,303,229	\$ 6,818,373	\$ 47,755,412	\$ 55,877,014
Contributions restricted for long term purpose	-	-	1,995,953	1,995,953
Loss from cancelled restricted contributions	-	-	(94,150)	(94,150)
Investment income	123,051	3,599,792	-	3,722,843
Net appreciation	168,273	5,734,356	-	5,902,629
Other changes	-	-	17,850	17,850
Amounts appropriated for expenditures	<u>(54,233)</u>	<u>(3,023,673)</u>	<u>-</u>	<u>(3,077,906)</u>
Endowment balance, June 30, 2014	<u>\$ 1,540,320</u>	<u>\$ 13,128,848</u>	<u>\$ 49,675,065</u>	<u>\$ 64,344,233</u>

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NOTE 11 - ENDOWMENTS (Continued)

Changes in balances for donor and board restricted endowments by net asset class as of June 30, 2013 are as follows:

	Expendable		Nonexpendable	Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment balance, July 1, 2012	\$ 1,262,487	\$ 2,427,120	\$ 46,975,466	\$ 50,665,073
Contributions restricted for long term purpose	-	-	801,561	801,561
Investment income	44,103	4,850,917	-	4,895,020
Net appreciation	19,705	2,383,673	-	2,403,378
Other changes	-	-	(21,615)	(21,615)
Amounts appropriated for expenditures	(23,066)	(2,843,337)	-	(2,866,403)
Endowment balance, June 30, 2013	<u>\$ 1,303,229</u>	<u>\$ 6,818,373</u>	<u>\$ 47,755,412</u>	<u>\$ 55,877,014</u>

The earnings from investments, and expenditures from those earnings, related to the permanently restricted nonexpendable balances for the years ended June 30, 2014 and 2013 are classified as temporarily restricted.

Endowment composition by type of fund as of June 30, 2014 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment
Donor-restricted permanent endowments	\$ -	\$ -	\$ 46,902,575	\$ 46,902,575
Donor-restricted expendable balance from permanent endowments	-	12,845,257	-	12,845,257
Donor-restricted unconditional promises to give, at fair value	-	-	2,772,490	2,772,490
Donor-restricted quasi endowments	-	283,591	-	283,591
Board-designated quasi endowments	1,540,320	-	-	1,540,320
Total endowment balance	<u>\$ 1,540,320</u>	<u>\$ 13,128,848</u>	<u>\$ 49,675,065</u>	<u>\$ 64,344,233</u>

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NOTE 11 - ENDOWMENTS (Continued)

Endowment composition by type of fund as of June 30, 2013 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment
Donor-restricted permanent endowments	\$ -	\$ -	\$ 45,565,193	\$ 45,565,193
Donor-restricted expendable balance from permanent endowments	-	6,573,577	-	6,573,577
Donor-restricted unconditional promises to give, at fair value	-	-	2,190,219	2,190,219
Donor-restricted quasi endowments	-	244,796	-	244,796
Board-designated quasi endowments	1,303,229	-	-	1,303,229
	<u>1,303,229</u>	<u>-</u>	<u>-</u>	<u>1,303,229</u>
Total endowment balance	<u>\$ 1,303,229</u>	<u>\$ 6,818,373</u>	<u>\$ 47,755,412</u>	<u>\$ 55,877,014</u>

As of June 30, 2014 and 2013, \$1,823,911 and \$1,548,025, respectively, of net assets have been designated as quasi endowment funds to support the missions of the University. The quasi endowments resulting from internal designations are classified as unrestricted net assets. The quasi endowments resulting from donor designations are classified as temporarily restricted net assets.

NOTE 12 - RETIREMENT PLAN

Certain Foundation employees working in regularly established positions of the University are covered by the Florida Retirement System (“FRS”), a State-administered cost-sharing, multiple-employer, public employee defined benefit retirement plan (“Plan”). The Plan provisions are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code, wherein Plan eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other non-integrated programs. These include the Plan, a Deferred Retirement Option Program (“DROP”), and a defined-contribution plan, referred to as the Public Employee Optional Retirement Program (“PEORP”). Participating employers include all State departments, counties, district school boards, universities and community colleges. Many municipalities and special districts have elected to be participating employers. Essentially all regular employees of participating employers are eligible.

Employees in the Plan vest at six years of service. All vested members are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, which may include up to four years of credit for military service.

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NOTE 12 - RETIREMENT PLAN (Continued)

The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. The University, as an employer participating in the Plan, paid an amount between 6.95% to 18.31% and 5.18% to 6.30% for 2014 and 2013, respectively, of each individual's salary to the retirement fund. Prior to July of 2011, the Plan was a non-contributory program for the employee. During 2014 and 2013, employees paid an amount of 3.00% into the Plan. Retirement expense for employees participating in this plan was \$112,348 and \$33,369 for the years ended June 30, 2014 and 2013, respectively.

DROP, subject to provisions of section 121.091, Florida Statutes, permits employees eligible for normal retirement under the plan to defer receipt of monthly benefits payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. Retirement expenses for employees participating in this plan were \$3,026 and \$2,971 for the years ended June 30, 2014 and 2013, respectively.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the PEORP in lieu of the FRS defined-benefit plan. Employees already participating in the State University System Optional Retirement Program or the DROP are not eligible to participate in this program. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The PEORP is funded by employer contributions that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.). Contributions are directed to individual member accounts, and the individual members allocated contributions and account balances among various approved investment choices. Employees in PEORP vest at one year of service. Retirement expenses for employees participating in this plan were \$64,706 and \$10,935 for the years ended June 30, 2014 and 2013, respectively.

Pursuant to Section 121.35, Florida Statutes, the Florida Legislature created an Optional Retirement Program ("Program") for eligible State University System faculty and administrators. The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions may make an irrevocable election to participate in the Program rather than the Plan, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing university contributes on behalf of the participant an amount equal to a percentage of the participant's gross monthly compensation. The participant may contribute by salary deduction an amount not to exceed the percentage contributed by the University to the participant's annuity account. Contributions made to the Program for fiscal years ended June 30, 2014 and 2013 totaled \$87,793 and \$39,561, respectively.

Effective July 1, 2007, the University established a qualified defined contribution plan under Section 401(a) of the Internal Revenue Code of 1986, as amended ("Code"), that is a governmental plan as defined under Code Section 414(d), to provide retirement benefits to eligible employees. Retirement expenses paid by the Foundation in 2014 and 2013 for the University President participating in the plan totaled \$36,860 and \$34,871, respectively.

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NOTE 13 - STUDENT HOUSING SYSTEM (Continued)

The Foundation has a sublease agreement with the Florida Board of Education of the State of Florida on behalf of the University for use of land and certain existing student housing facilities. The lease requires the Foundation to construct additional student housing facilities and to operate the facilities as a consolidated housing system on behalf of the University.

The Student Housing System consists of eight projects, which are the following: the South Side facilities constructed in 1966 and 1972; the Villages Phase I (West) and II (East), completed in 1997 and 1999, respectively; the first (Martin Hall), the second (Pace Hall), and the third (Argo Hall) portions of Phase III completed in 2000, 2001, and 2004, respectively; and the first (Heritage Hall) and the second (President's Hall) portions of Phase IV completed in 2010 and 2012, respectively.

The terms of the sub-lease require the Foundation to pay the University rents of \$10 per year plus variable rent equal to 100% of the Surplus Earnings from the Student Housing System. Surplus Earnings represent cash flows after payment of the operating costs, debt service and reserves. No variable rent was due for either 2014 or 2013. The sub-lease agreement was signed in 1998 and ends August 31, 2038.

The Foundation and the University have a management operating agreement outlining the responsibilities of both parties for the operations of the Student Housing System. The current agreement was signed on June 14, 2012 and is effective through June 30, 2017.

NOTE 14 - CONCENTRATIONS

Uninsured Cash Balances:

The Foundation's cash balances held at financial institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to certain limits. At June 30, 2014, the Foundation's uninsured cash balance at financial institutions totaled approximately \$370,000.

At June 30, 2014, the Foundation maintained approximately \$10,362,000 of cash and cash equivalent balances in the State of Florida's Division of Treasury's SPIA investment pool ("Pool"). This amount is the Foundation's pro-rata ownership in the Pool itself, not in the underlying securities. The Pool is invested in a combination of short-term liquid instruments and intermediate term fixed income securities. Federal depository insurance does not insure amounts in the Pool. At June 30, 2014, the Pool was rated at A+f by Standard and Poor's and had an effective duration of 2.57 years. Fair value for this account is determined by multiplying the Foundation's cost for its pro-rata share of the Pool by the Pool's Fair Value Factor ("Factor"). At June 30, 2014, the unaudited Factor was 1.0074. The Factor is determined by an independent pricing service which uses quoted market prices as well as multifactor models for securities which have no quoted market prices.

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NOTE 14 - CONCENTRATIONS (Continued)

Uninsured Cash Balances (Continued):

Additional information may be found in Note 2 to the State of Florida Comprehensive Annual Financial Report (“CAFR”) and at the Treasury’s website, www.fltreasury.org. Due to the dollar for dollar liquidity of the account, the cash amounts in the Foundation’s financial statements that are held in SPIA have not been adjusted for the unaudited fair value factor.

Additional financial instruments that potentially subject the Foundation to concentrations of credit risk consist of cash deposits at brokerage firms and the University. These accounts are not insured by the FDIC. At June 30, 2014, the Foundation maintained cash and cash equivalent balances at these institutions totaling approximately \$4,418,000.

Management monitors the soundness of the financial institutions and does not believe the Foundation is exposed to any significant credit risk on cash and cash equivalents.

Contributions Receivable:

For the year ended June 30, 2014, 41% of the Foundation’s contributions receivable was due from one donor.

NOTE 15 - CONDITIONAL ASSET RETIREMENT OBLIGATIONS

The Foundation has conditional asset retirement obligations (“AROs”) primarily related to the encapsulated structural fireproofing in the older residence halls that is not subject to abatement unless the buildings are demolished and non-encapsulated asbestos that the Foundation would remediate only if it performed major renovations of those buildings. Under current accounting guidance, these AROs meet the definition of liabilities and should be recognized when incurred if their fair values can be reasonably estimated. Because there is no definitive timeframe in which these halls will be demolished and they are tied to the current bond funding that will not be alleviated until 2040, these conditional obligations are considered to have indeterminate settlement dates. Therefore, the Foundation could not develop a reasonable estimate of their fair values. However, the Foundation will continue to assess its ability to estimate fair values at each future reporting date. The related liability will be recognized once sufficient additional information becomes available.

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NOTE 16 - FAIR VALUES OF FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents, restricted cash, other receivables, accounts payable and accrued expenses approximate fair value because of the short maturity of these instruments. Long-term investments are carried at fair value, as discussed in Note 5. Contributions receivable and assets held under split interest agreements, and the related liabilities, are reported at fair value based on life expectancy of the beneficiary and the present value of expected cash flows using a discount rate.

The fair value of bonds payable are estimated using discounted cash flow analyses based on the Foundation's current incremental borrowing rates for similar types of bond arrangements.

A comparison of the carrying value of the bonds payable, net, as of June 30, is as follows:

	2014	2013
Carrying amount	\$ 53,206,819	\$ 55,174,768
Fair value	\$ 51,890,279	\$ 53,867,660

The Foundation determined the estimated fair value amounts by using available market information and commonly accepted valuation methodologies. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Foundation or holders of the instruments could realize in a current market exchange. The use of different assumptions and/or estimation methodologies may have a material effect on the estimated fair value.

NOTE 17 - FAIR VALUE MEASUREMENTS

The Foundation utilizes various methods to measure fair value of its assets and liabilities on a recurring basis. U.S. GAAP establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of hierarchy are:

Level 1: Unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than quoted market prices and can include active markets and markets not considered to be active.

Level 3: Unobservable inputs that are supported by little or no market activity.

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NOTE 17 - FAIR VALUE MEASUREMENTS (Continued)

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level of any input that is significant to the fair value measurement in its entirety. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Changes in valuation techniques may result in transfers in or out of an investment's assigned level as described above.

The inputs used to measure the fair value of contributions receivable are categorized as Level 3. All information related to the fair value disclosure of these assets is described in Note 3.

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NOTE 17 - FAIR VALUE MEASUREMENTS (Continued)

The fair value of the Foundation's assets and liabilities at June 30, 2014 is as follows:

Description	Total	(Level 1)	(Level 2)	(Level 3)
Equity securities-Domestic & International:				
Consumer	\$ 2,780,173	\$ 2,780,173	\$ -	\$ -
Energy	4,599,140	4,599,140	-	-
Financials	2,265,265	2,265,265	-	-
Health care	901,793	901,793	-	-
Industrials	1,356,785	1,356,785	-	-
Technology	2,107,134	2,107,134	-	-
International	12,381,747	12,381,747	-	-
Other	16,699,198	16,699,198	-	-
Total equity securities	<u>43,091,235</u>	<u>43,091,235</u>	<u>-</u>	<u>-</u>
Debt securities:				
Corporate bonds	4,944,544	4,944,544	-	-
High yield fixed income	1,038,290	-	1,038,290	-
U.S. government agencies	1,185,743	1,185,743	-	-
U.S. government mortgage pool	2,592,126	2,592,126	-	-
Corporate mortgage pool	594,044	594,044	-	-
Total debt securities	<u>10,354,747</u>	<u>9,316,457</u>	<u>1,038,290</u>	<u>-</u>
Alternative investments:				
Fund of fund hedge funds -				
Directional, hedged equity	4,760,738	-	-	4,760,738
Non-Directional absolute return	3,043,752	-	-	3,043,752
Equity market neutral	7,437,485	-	-	7,437,485
Total fund of fund hedge funds	<u>15,241,975</u>	<u>-</u>	<u>-</u>	<u>15,241,975</u>
Private equity investments	1,753,691	-	-	1,753,691
Real estate investment trust	1,176,321	-	-	1,176,321
Total alternative investments	<u>18,171,987</u>	<u>-</u>	<u>-</u>	<u>18,171,987</u>
Cash surrender value of insurance policies	143,978	-	143,978	-
Funds held in trust by others	311,850	-	-	311,850
Total assets	<u>72,073,797</u>	<u>52,407,692</u>	<u>1,182,268</u>	<u>18,483,837</u>
Liabilities:				
Funds held in trust	198,715	-	-	198,715
Due to related party	1,235,904	-	1,235,904	-
Total liabilities	<u>1,434,619</u>	<u>-</u>	<u>1,235,904</u>	<u>198,715</u>
Total	<u>\$ 70,639,178</u>	<u>\$ 52,407,692</u>	<u>\$ (53,636)</u>	<u>\$ 18,285,122</u>

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NOTE 17 - FAIR VALUE MEASUREMENTS (Continued)

The fair value of the Foundation's assets and liabilities at June 30, 2013 is as follows:

Description	Total	(Level 1)	(Level 2)	(Level 3)
Equity securities-Domestic & International:				
Consumer	\$ 5,865,196	\$ 5,865,196	\$ -	\$ -
Energy	2,198,271	2,198,271	-	-
Financials	4,156,368	4,156,368	-	-
Health care	3,199,005	3,199,005	-	-
Industrials	3,084,165	3,084,165	-	-
Technology	6,024,242	6,024,242	-	-
International	10,302,075	10,302,075	-	-
Other	655,717	655,717	-	-
Total equity securities	<u>35,485,039</u>	<u>35,485,039</u>	<u>-</u>	<u>-</u>
Debt securities:				
Corporate bonds	4,356,984	4,356,984	-	-
High yield fixed income	930,602	-	930,602	-
U.S. government agencies	1,345,723	1,345,723	-	-
U.S. government mortgage pool	2,845,811	2,845,811	-	-
Corporate mortgage pool	568,695	568,695	-	-
Total debt securities	<u>10,047,815</u>	<u>9,117,213</u>	<u>930,602</u>	<u>-</u>
Alternative investments:				
Fund of fund hedge funds -				
Directional, hedged equity	4,334,229	-	-	4,334,229
Non-Directional absolute return	2,742,063	-	-	2,742,063
Equity market neutral	6,668,687	-	-	6,668,687
Total fund of fund hedge funds	<u>13,744,979</u>	<u>-</u>	<u>-</u>	<u>13,744,979</u>
Private equity investments	1,404,859	-	-	1,404,859
Real estate investment trust	987,476	-	-	987,476
Total alternative investments	<u>16,137,314</u>	<u>-</u>	<u>-</u>	<u>16,137,314</u>
Cash surrender value of insurance policies	81,287	-	81,287	-
Funds held in trust by others	310,263	-	-	310,263
Total assets	<u>62,061,718</u>	<u>44,602,252</u>	<u>1,011,889</u>	<u>16,447,577</u>
Liabilities:				
Funds held in trust	202,782	-	-	202,782
Due to related party	816,514	-	816,514	-
Total liabilities	<u>1,019,296</u>	<u>-</u>	<u>816,514</u>	<u>202,782</u>
Total	<u>\$ 61,042,422</u>	<u>\$ 44,602,252</u>	<u>\$ 195,375</u>	<u>\$ 16,244,795</u>

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NOTE 17 - FAIR VALUE MEASUREMENTS (Continued)

The following methods and assumptions were used to estimate the fair value for each class of asset and liability, measured at fair value:

Equity securities - Investments in equity securities are measured at fair value using quoted market prices. They are classified as Level 1 as they are traded in an active market for which closing stock prices are readily available.

Debt securities - Investments in fixed income securities are classified as Level 1 as they trade with sufficient frequency and volume to enable the Foundation to obtain pricing information on an ongoing basis. However, a small segment of debt security holdings are in a High Yield Commingled Fund where there are inputs, other than quoted prices included in Level 1, that are observable, either directly or indirectly, and therefore included in Level 2.

Alternative investments - Investments in fund of fund hedge funds and private equity partnerships for which there is no readily determinable fair value are classified as Level 3 as the valuation is based on significant unobservable inputs.

Directional (hedged equity) investment strategies utilize market movements, trends, or inconsistencies when picking stocks across a variety of markets. These types of strategies have a greater exposure to the fluctuations of the overall market than do market neutral strategies. Directional hedge fund strategies include U.S. and international long/short equity hedge funds, where long equity positions are hedged with short sales of equities or equity index options.

Non-Directional or absolute return strategies aim to produce a positive absolute return regardless of the directions of financial markets. They typically achieve this by investing the portfolio's assets in cash or other low volatility investments and then taking hedged long and short positions in portfolios of securities that when combined are expected to have modest exposures to market returns.

Equity market neutral is a hedge fund strategy that seeks to exploit investment opportunities unique to some specific group of stocks while maintaining a neutral exposure to broad groups of stocks defined, for example, by sector, industry, market capitalization, country, or region. The strategy holds long/short equity positions, with long positions hedged with short positions in the same and related sectors, so that the equity market neutral investor should be little affected by sector-wide events.

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NOTE 17 - FAIR VALUE MEASUREMENTS (Continued)

Private equity and real estate investment trust funds for which there are not readily determinable fair values are classified as Level 3 as the valuation is based on significant unobservable inputs. Private equity real estate are partnerships formed for the purpose of acquiring, holding, managing and selling income producing real estate and real estate related assets including interest in joint venture development projects for current income, investment and capital appreciation over a three to five year holding period.

Cash surrender value of insurance policies - Cash surrender values of life insurance policies are classified as Level 2 as values are based on quotes for like instruments with similar credit ratings and terms.

Funds held in trust by others - The Foundation's beneficial interest in irrevocable split interest agreements held or controlled by a third party are classified as Level 3 as the fair values are based on a combination of Level 2 inputs (interest rates and yield curves) and significant unobservable inputs (entity specific estimates of cash flows). The fair values are measured at the present value of the future distributions the Foundation expects to receive over the term of the agreements.

Due to related party - The amount payable to WFHT is classified as Level 2 as the value correlates directly to the fair value of WFHT's interest in the Foundation's investment pool.

While the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 17 - FAIR VALUE MEASUREMENTS (Continued)

The following table presents a reconciliation of the statement of financial position amounts for financial instruments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2014:

	Fund of Fund Hedge Funds	Private Equity	Real Estate	Funds Held in Trust by Others	Total
Assets:					
Beginning balance	\$ 13,744,979	\$ 1,404,859	\$ 987,476	\$ 310,263	\$ 16,447,577
Transfers into Level 3	-	-	-	-	-
Transfers out of Level 3	-	-	-	-	-
Total gains or losses:					
Included in change					
in net assets	1,496,996	259,920	160,185	30,261	1,947,362
Purchases, issuances, sales, and settlements:					
Purchases	-	205,250	1,339,827	10,000	1,555,077
Sales	-	-	-	-	-
Settlements	-	(116,338)	(1,311,167)	(38,674)	(1,466,179)
Total assets	15,241,975	1,753,691	1,176,321	311,850	18,483,837
Liabilities:					
Beginning balance	-	-	-	202,782	202,782
Transfers into Level 3	-	-	-	31,500	31,500
Transfers out of Level 3	-	-	-	(31,277)	(31,277)
Total gains or losses:					
Included in change					
in net assets	-	-	-	42,236	42,236
Purchases, issuances, sales, and settlements:					
Purchases	-	-	-	4,122	4,122
Settlements	-	-	-	(50,648)	(50,648)
Total liabilities	-	-	-	198,715	198,715
Total	\$ 15,241,975	\$ 1,753,691	\$ 1,176,321	\$ 113,135	\$ 18,285,122

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 17 - FAIR VALUE MEASUREMENTS (Continued)

The following table presents a reconciliation of the statement of financial position amounts for financial instruments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2013:

	Fund of Fund Hedge Funds	Private Equity	Real Estate	Funds Held in Trust by Others	Total
Assets:					
Beginning balance	\$ 12,208,148	\$ 1,112,071	\$ 1,057,770	\$ 310,627	\$ 14,688,616
Transfers into Level 3	-	-	-	-	-
Transfers out of Level 3	-	-	-	-	-
Total gains or losses:					
Included in change in net assets	1,536,831	161,556	153,249	18,959	1,870,595
Purchases, issuances, sales, and settlements:					
Purchases	-	276,979	-	20,000	296,979
Sales	-	-	-	-	-
Settlements	-	(145,747)	(223,543)	(39,323)	(408,613)
Total assets	<u>13,744,979</u>	<u>1,404,859</u>	<u>987,476</u>	<u>310,263</u>	<u>16,447,577</u>
Liabilities:					
Beginning balance	-	-	-	200,360	200,360
Transfers into Level 3	-	-	-	30,060	30,060
Transfers out of Level 3	-	-	-	(16,538)	(16,538)
Total gains or losses:					
Included in change in net assets	-	-	-	28,457	28,457
Purchases, issuances, sales, and settlements:					
Purchases	-	-	-	9,262	9,262
Settlements	-	-	-	(48,819)	(48,819)
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>202,782</u>	<u>202,782</u>
Total	<u>\$ 13,744,979</u>	<u>\$ 1,404,859</u>	<u>\$ 987,476</u>	<u>\$ 107,481</u>	<u>\$ 16,244,795</u>

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 17 - FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth a summary of valuation techniques and quantitative information utilized in determining the fair value of the level three investments as of June 30, 2014, excluding investments valued using the practical expedient or the net asset value (“NAV”).

<u>Investment Type</u>	<u>Fair Value</u>	<u>Valuation Technique(s)</u>	<u>Unobservable Input</u>	<u>Range (weighted average)</u>
Real Estate Investment Trust - Harbert IV:				
Real Estate Partnership Interest	\$ 54,530	Independent Appraisal	Capitalization Rate	6.91%
Real Estate Partnership Interest	\$ 241,943	Direct Capitalization	Capitalization Rate	7.94%
Real Estate Partnership Interest	\$ 110,538	Market Transactions (a)	N/A	N/A
Real Estate Investment Trust - Harbert V:				
Real Estate Partnership Interest	\$ 355,088	Direct Capitalization	Capitalization Rate	5.50%
Real Estate Partnership Interest	\$ 414,222	Market Transactions (a)	N/A	N/A
Private Equity Investments:				
Preferred Partnership Interest	\$ 370,870	Market Approach	LTM EBITDA Multiple (7.0X)	N/A
Member or Partnership Interest	\$ 285,195	Market Approach; Recent Transaction Price (b)	LTM EBITDA Multiple (8.9X); Discount for lack of marketability	N/A

(a) Market Transactions include related capital expenditures of a particular investment.

(b) Investment is valued based on pending transactions with an expended close date after valuation date.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 17 - FAIR VALUE MEASUREMENTS (Continued)

The following table lists investments in hedge funds and investment limited partnerships by strategy as of June 30, 2014:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
Fund of Fund Hedge Funds:				
Directional, hedged equity	\$ 4,760,740	\$ -	Quarterly	90 Days
Non-Directional absolute return	3,043,751	-	Quarterly	90 Days
Equity market neutral	7,437,485	-	Quarterly to Semi-annual	95 Days
Private equity investments	1,753,691	1,353,900	N/A*	N/A*
Real estate investment trust	1,176,320	1,362,907	N/A*	N/A*
Funds held in trust by others	<u>311,850</u>	<u>-</u>	N/A**	N/A**
	<u>\$ 18,483,837</u>	<u>\$ 2,716,807</u>		

* These funds are in private equity structures, with no ability to be redeemed.

** These funds are in trust that have no identifiable redemption period.

SUPPLEMENTARY INFORMATION

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
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SCHEDULES OF STUDENT HOUSING SYSTEM REVENUE AND EXPENSES
YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
Revenue:		
Rent	\$ 11,266,342	\$ 11,389,239
Interest	97,583	117,862
Other	229,709	227,813
Total revenue	11,593,634	11,734,914
 Operating Expenses:		
Salaries and wages	2,128,780	2,009,235
Administrative and general	878,146	835,334
Maintenance and repairs	1,257,519	1,075,561
Insurance	204,076	188,993
Utilities	1,294,970	1,267,987
Interest	2,669,772	2,673,387
Depreciation	2,646,569	2,657,621
Amortization	84,569	84,569
Total operating expenses	11,164,401	10,792,687
 Excess of Revenue over Expenses	 \$ 429,233	 \$ 942,227

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
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SCHEDULE OF FINANCIAL POSITION
(EXCLUDING THE STUDENT HOUSING SYSTEM)
JUNE 30, 2014 AND 2013

ASSETS

	2014	2013
Cash and cash equivalents	\$ 4,002,574	\$ 4,691,317
Restricted cash equivalents	987,591	1,600,195
Contributions receivable, net	3,250,980	2,560,380
Other receivables, net	79,968	62,577
Due from related party	67,397	-
Due from student housing system	-	12,961
Prepaid expenses	64,083	32,405
Long-term investments	71,617,969	61,670,168
Property and equipment, net	1,527,336	1,564,403
Assets held under split interest agreements	311,850	310,263
Other assets	190,126	127,435
	\$ 82,099,874	\$ 72,632,104

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable and accrued expenses	\$ 284,673	\$ 256,840
Liabilities held under split interest agreements	198,715	202,782
Due to related party	1,235,904	816,514
Total liabilities	1,719,292	1,276,136

Commitments and Contingencies

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Net Assets:

Unrestricted	3,402,961	3,222,617
Temporarily restricted	27,302,556	20,377,939
Permanently restricted	49,675,065	47,755,412
Total net assets	80,380,582	71,355,968

Total Liabilities and Net Assets

	\$ 82,099,874	\$ 72,632,104
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UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
SCHEDULES OF OTHER PROGRAM SERVICES AND GENERAL AND ADMINISTRATIVE EXPENSES
YEAR ENDED JUNE 30, 2014
(With Comparative Totals for 2013)

	Scholarships	Other Program Services	Student Housing System	Fundraising	General & Administrative	2014 Total	2013 Total
Amortization	\$ -	\$ -	\$ 84,569	\$ -	\$ -	\$ 84,569	\$ 84,569
Bad debt	-	40,484	26,361	-	-	66,845	17,505
Bond expense	-	-	78,895	-	-	78,895	75,614
Depreciation	-	37,070	2,646,569	-	-	2,683,639	2,694,906
Equipment	-	356,612	13,063	-	129	369,804	89,399
Housing administrative and general	-	-	233,370	-	-	233,370	189,743
Insurance	-	65,852	204,076	-	23,999	293,927	269,604
Interest	-	-	2,669,772	-	-	2,669,772	2,673,387
Investment and consultant fees	-	4,930	-	-	311,347	316,277	323,253
Lobbying	-	10,000	-	-	60,150	70,150	70,150
Maintenance and repairs	-	-	1,257,519	-	-	1,257,519	1,075,561
Miscellaneous	-	90,579	-	8,893	20,574	120,046	93,962
Office	-	138,217	160,697	75,568	73,770	448,252	395,913
Professional development	-	62,940	9,107	2,667	3,325	78,039	118,066
Professional services	-	955,977	18,500	64,471	94,668	1,133,616	448,845
Public radio program	-	282,579	-	-	-	282,579	264,946
Public relations	-	109,779	-	22,439	25,309	157,527	119,731
Recruitment	-	36,681	331	455	2,521	39,988	29,438
Rental	-	31,630	-	65	555	32,250	31,611
Salaries and wages	-	792,332	2,128,780	251,338	556,073	3,728,523	3,626,471
Scholarships	1,153,933	-	-	-	-	1,153,933	1,074,260
Service charges and other fees	-	27,612	210,502	2,497	(75,263)	165,348	103,979
Student and staff support	-	5,522	-	-	241	5,763	3,144
Travel and entertainment	-	252,308	127,320	26,217	28,740	434,585	413,848
University support	-	480,792	-	-	-	480,792	885,030
Utilities	-	-	1,294,970	-	-	1,294,970	1,267,987
	<u>\$ 1,153,933</u>	<u>\$ 3,781,896</u>	<u>\$ 11,164,401</u>	<u>\$ 454,610</u>	<u>\$ 1,126,138</u>	<u>\$ 17,680,978</u>	<u>\$ 16,440,922</u>

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
CHAIRS UNDER EMINENT SCHOLARS PROGRAM
SCHEDULE OF RECEIPTS, EXPENSES AND ENDOWMENT BALANCES
YEAR ENDED JUNE 30, 2014
(UNAUDITED)

Name of Gift	Beginning Corpus Balance	Beginning Net Balance	Corpus Contributed During the Year	Net Investment Earnings	Expenditures	Other Expenditures and Transfers	Fund Balance Net of Earnings, Expense & Transfers	Ending Corpus Balance	Ending Total Balance
William Craig Nystul Chair	\$ 1,210,852	\$ 1,435,068	\$ -	\$ 263,992	\$ 10,347	\$ 83,114	\$ 1,605,599	\$ 1,210,852	\$ 1,605,599
John C. Pace, Sr., Business Chair	1,000,000	1,180,932	-	217,242	8,514	68,395	1,321,265	1,000,000	1,321,265
John C. Pace, Sr., Memorial Eminent Scholar	2,644,500	3,192,978	-	587,374	23,021	184,926	3,572,405	2,644,500	3,572,405
John C. Pace, Jr., Distinguished University Professorship	3,966,750	4,789,466	-	881,061	34,531	277,388	5,358,608	3,966,750	5,358,608
Mary Ball Washington Chair	1,320,155	1,468,795	-	270,197	10,590	85,068	1,643,334	1,320,155	1,643,334
Total - Eminent Scholars Program	<u>\$ 10,142,257</u>	<u>\$ 12,067,239</u>	<u>\$ -</u>	<u>\$ 2,219,866</u>	<u>\$ 87,003</u>	<u>\$ 698,891</u>	<u>\$ 13,501,211</u>	<u>\$ 10,142,257</u>	<u>\$ 13,501,211</u>

I hereby certify that the above is an accurate representation of the activity for this program.

 **CFO**
 Daniel Lucas, Chief Financial Officer

August 22, 2014
 Date

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY WEST FLORIDA
MAJOR GIFTS PROGRAM
SCHEDULE OF RECEIPTS, EXPENSES AND ENDOWMENT BALANCES
YEAR ENDED JUNE 30, 2014
(UNAUDITED)

Name of Gift	Beginning	Beginning	Corpus	Investments	Investments	Spending	Fund Balance	Reclass	Loan from	Ending	Ending
	Corpus	Net	Contributed				Net of			for	Corpus
	Balance	Balance	During the	Investment	& Other	Transfers	Earnings, Expenses	Spending	Unrestricted	Balance	Balance
			Year	Earnings	Expenses		& Transfers		Transfers		
Alexander Memorial Scholarship	\$ 282,852	\$ 287,809	\$ -	\$ 52,945	\$ 2,075	\$ 16,594	\$ 322,085	\$ -	\$ -	\$ 282,852	\$ 322,085
Alfred duPont Foundation Scholarship	235,000	228,412	20,000	44,505	1,758	12,896	278,263	-	-	255,000	278,263
Bank of America	166,692	214,490	-	39,457	1,546	12,422	239,979	-	-	166,692	239,979
Baptist Hospital Fund	170,530	210,057	-	38,642	1,514	12,166	235,019	-	-	170,530	235,019
Barnett Bank Endowment	150,000	157,574	-	28,987	1,136	9,085	176,340	-	-	150,000	176,340
Blue Cross & Blue Shield Nursing Scholarship	155,673	151,132	-	27,802	1,090	8,672	169,172	-	-	155,673	169,172
C. L. Fountain Family Business Ethics	100,000	101,140	-	18,606	729	5,830	113,187	-	-	100,000	113,187
Cacilda Prado Pace Library Fund	150,046	144,616	-	26,603	1,043	8,265	161,911	-	-	150,046	161,911
Chadbourne Foundation - PJC/UWF	166,434	196,171	-	36,087	1,414	11,362	219,482	-	-	166,434	219,482
Chadbourne Foundation Business Ethics	268,977	294,495	-	50,177	1,990	14,158	328,524	-	-	268,977	328,524
Charles & Fran Switzer Business Ethics	198,774	198,718	-	36,556	1,433	11,457	222,384	-	-	198,774	222,384
CHARLOTTE	150,000	173,592	-	31,934	1,252	10,060	194,214	-	-	150,000	194,214
Dorothy Martin Endowment	150,005	173,924	-	31,995	1,254	10,073	194,592	-	-	150,005	194,592
E. W. Hopkins Jr., Professorship	175,343	218,895	-	40,268	1,578	12,678	244,907	-	-	175,343	244,907
Elizabeth R. Woolf	275,412	321,506	-	59,144	2,318	18,579	359,753	-	-	275,412	359,753
Gulf Power Electrical Engineering	152,700	148,136	-	27,251	1,068	8,504	165,815	-	-	152,700	165,815
Harold E. & Pat Marcus History/Archaeology	150,000	166,084	-	30,553	1,197	9,619	185,821	-	-	150,000	185,821
Jane & Fred Seligman Endowment	207,251	201,291	-	37,029	1,451	11,604	225,265	-	-	207,251	225,265
John C. Pace, Jr., Memorial Endowment	8,592,090	10,243,352	-	1,884,348	73,853	593,257	11,460,590	-	-	8,592,090	11,460,590
John C. Pace, Jr., Memorial Scholarship Fund	7,740,820	9,295,773	-	1,710,033	67,020	538,369	10,400,417	-	-	7,740,820	10,400,417
John L. Switzer Business Ethics	195,688	195,376	-	35,941	1,409	11,263	218,645	-	-	195,688	218,645
Katherine C. Pace Memorial Endowment	1,700,000	1,599,445	-	294,231	11,532	91,410	1,790,734	-	-	1,700,000	1,790,734
Kerrigan Daughters' Endowment	340,179	329,689	25	60,653	2,377	18,841	369,149	-	-	340,204	369,149
Kugelman Family Scholarship Endowment	185,563	231,820	-	42,645	1,671	13,426	259,368	-	-	185,563	259,368
Levin Fund	251,906	288,570	-	53,085	2,081	16,713	322,861	-	-	251,906	322,861
Mabie Fund	324,014	363,849	-	66,933	2,623	21,073	407,086	-	-	324,014	407,086
Mattie M. Kelly Music Education Fund	163,443	203,243	-	37,388	1,465	11,771	227,395	-	-	163,443	227,395
Maygarden Lecture Series	162,810	165,240	-	30,397	1,191	9,529	184,917	-	-	162,810	184,917
Medical Center Clinic Endowment	164,297	195,781	-	36,015	1,412	11,339	219,045	-	-	164,297	219,045

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
MAJOR GIFTS PROGRAM
SCHEDULE OF RECEIPTS, EXPENSES AND ENDOWMENT BALANCES
YEAR ENDED JUNE 30, 2014
(UNAUDITED)
(Continued)

Name of Gift	Beginning Corpus Balance	Beginning Net Balance	Corpus		Investment Earnings	Investments & Other Expenditures	Spending Transfers	Fund Balance		Reclass for Spending	Loan from Unrestricted	Ending Corpus Balance	Ending Total Balance
			Contributed During the Year	Investment Earnings				Net of Earnings, Expenses & Transfers	Earnings, Expenses & Transfers				
National Defense Industrial Assoc Sch End	\$ 150,000	\$ 144,180	\$ -	\$ 26,523	\$ 1,040	\$ 8,241	\$ 161,422	\$ -	\$ -	\$ -	\$ -	\$ 150,000	\$ 161,422
Orville Beckford Scholarship Endowment	150,050	168,706	-	31,035	1,216	9,771	188,754	-	-	-	-	150,050	188,754
Pickens Foundation For Education	160,693	189,921	440	34,963	1,371	10,992	212,961	-	-	-	-	161,133	212,961
Pre-Professional Endowment	165,338	219,713	-	40,418	1,584	12,725	245,822	-	-	-	-	165,338	245,822
Raymond C. Dyson Fund I	177,422	215,065	-	39,563	1,551	12,456	240,621	-	-	-	-	177,422	240,621
Raymond C. Dyson Fund II	162,282	193,296	-	35,558	1,394	11,195	216,265	-	-	-	-	162,282	216,265
Rotary Business Ethics	105,000	104,235	-	19,175	751	6,010	116,649	-	-	-	-	105,000	116,649
Sacred Heart Allied Health Endowment	163,897	206,301	-	37,951	1,487	11,948	230,817	-	-	-	-	163,897	230,817
Seymour Gitenstein Scholarship Endowment	200,000	177,314	-	32,618	1,278	17,479	191,175	-	-	-	-	200,000	191,175
Switzer Brothers Professorship	581,859	572,503	-	105,317	4,128	33,006	640,686	-	-	-	-	581,859	640,686
T.T. Wentworth Jr. History Curator	151,240	134,883	-	24,813	972	7,708	151,016	-	-	-	-	151,240	151,016
William D. Smart Seminar Series In Chem End.	161,579	150,191	-	27,629	1,083	8,579	168,158	-	-	-	-	161,579	168,158
Women's Athletic Trust Fund	166,367	194,270	425	35,749	1,401	11,257	217,786	-	-	-	-	166,792	217,786
Total	\$ 25,622,226	\$ 29,370,758	\$ 20,890	\$ 5,401,522	\$ 211,736	\$ 1,702,382	\$ 32,879,052	\$ -	\$ -	\$ -	\$ -	\$ 25,643,116	\$ 32,879,052

I hereby certify that the above is an accurate representation of the activity for this program.


Daniel Lucas, Chief Financial Officer

August 22, 2014

Date