

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
PENSACOLA, FLORIDA
FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
PENSACOLA, FLORIDA
FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

CONTENTS

	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis (Unaudited)	4
Basic Financial Statements:	
Statements of Net Position	10
Statements of Revenues, Expenses, and Changes in Net Position	11
Statements of Cash Flows	12
Notes to Financial Statements	14
Supplementary Information:	
Schedules of Student Housing System Revenues and Expenses	50
Schedules of Net Position (Excluding the Student Housing System)	51
Schedules of Functional Expenses	52
Chairs Under Eminent Scholars Program - Schedule of Receipts, Expenses and Endowment Balances, certified by management	53
Major Gifts Program - Schedule of Receipts, Expenses and Endowment Balances, certified by management	54

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
PENSACOLA, FLORIDA
FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

CONTENTS
(Continued)

Compliance Section:

Schedule of Expenditures of State Financial Assistance	56
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 <i>Government Auditing Standards</i>	57
Independent Auditor's Report on Compliance for Each Major State Project and on Internal Control Over Compliance Required by Chapter 10.650, Rules of Auditor General	59
Schedule of Findings and Questioned Costs	61
Management Letter	63

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 University of West Florida Foundation, Inc. (the "Foundation") (a component unit of the University of West Florida), as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, as listed in the table of contents.

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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free 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.

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 respective financial position of the Foundation as of June 30, 2019 and 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Foundation's financial statements were previously reported following standards of the Financial Accounting Standards Board. As a result of changes made to Section 1004.28, Florida Statutes, the Foundation's financial statements now follow standards of the Governmental Accounting Standards Board. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Foundation's basic financial statements. 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. The Schedule of Expenditures of State Financial Assistance is included in the compliance section, as required by Chapter 10.650, Rules of Auditor General, and for purposes of additional analysis is not a required part of the basic financial statements.

Board of Directors
University of West Florida Foundation, Inc.

The Schedules of Student Housing System Revenues and Expenses, Net Position (Excluding the Student Housing System), Functional Expenses and Expenditures of State Financial Assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated, in all material respects, in relation to the basic 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 Programs have not been subjected to the auditing procedures applied in the audits of the basic 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 September 23, 2019, 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 solely 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 effectiveness of the Foundation's 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 the Foundation's internal control over financial reporting and compliance.



Pensacola, Florida
September 23, 2019

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019 AND 2018
(UNAUDITED)

This management's discussion and analysis ("MD&A") provides an overview of the financial position and activities of the University of West Florida Foundation, Inc (the "Foundation") as of and for the years ended June 30, 2019 and 2018.

The Foundation is presented as a discrete component unit of the University of West Florida (the "University" or "UWF"). The Foundation's mission is to exclusively support and enhance the University's mission of teaching, research, and service as determined by the University of West Florida Board of Trustees ("BOT").

Overview of the Financial Statements

The financial statements are prepared on the accrual basis of accounting with accounting principles generally accepted in the United States of America, as promulgated by the Government Accounting Standards Board ("GASB").

It is noteworthy that in the current year a transition from Financial Accounting Standards Board ("FASB") standards was made to the GASB standards. This was driven by a change in Florida Statute 1004.28(3) which in part requires the approval of the Foundation's board members by the BOT. See the notes to the financial statements for a summary of the Foundation's significant accounting policies.

Pursuant to GASB Statement No. 35, *Basic Financial Statements - Management's Discussion and Analysis – for Public Colleges and Universities*, the Foundation's basic financial statements include; the statements of net position; the statements of revenue, expenses and changes in net position; the statements of cash flows, and other required supplemental information.

The Statement of Net Position

The statements of net position reflect the assets, liabilities, deferred inflows of resources, and liabilities of the Foundation and presents the financial position of the Foundation at a specified time. Assets less liabilities and deferred inflows equal net position, which is one indicator of the Foundation's current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the Foundation's financial condition. Restricted net position is comprised of expendable and nonexpendable and consists of assets that have constraints placed upon their use either by external donors or creditors or through laws or regulations imposed through constitutional provisions or enabling legislature. Nonexpendable assets represent endowment assets whose principal cannot be spent and are required by the donor to be held in perpetuity. Unrestricted net position consists of net assets that do not meet the definition of restricted or net investment in capital assets.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019 AND 2018
(UNAUDITED)

The Statements of Net Position (Continued)

The following is a summary of the Foundation's statements of net position as of June 30, 2019 and the preceding year.

	2019	Restated 2018	Dollar Change	Percentage Change
Assets:				
Current assets	\$ 8,446,210	\$ 10,617,476	\$ (2,171,266)	-20.4%
Noncurrent assets	157,428,694	156,036,751	1,391,943	0.9%
Total Assets	<u>\$ 165,874,904</u>	<u>\$ 166,654,227</u>	<u>\$ (779,323)</u>	-0.5%
Liabilities:				
Current liabilities	\$ 3,357,778	\$ 3,317,276	\$ 40,502	1.2%
Noncurrent liabilities	44,353,273	46,585,483	(2,232,210)	-4.8%
Total liabilities	<u>47,711,051</u>	<u>49,902,759</u>	<u>(2,191,708)</u>	-4.4%
Deferred Inflows of Resources:				
Split-interest agreements	<u>904,831</u>	<u>1,487,643</u>	<u>(582,812)</u>	-39.2%
Net Position:				
Net investment in capital assets	8,326,211	7,258,692	1,067,519	14.7%
Unrestricted	2,378,339	5,250,229	(2,871,890)	-54.7%
Restricted -				
Expendable	45,873,580	43,367,062	2,506,518	5.8%
Nonexpendable	60,680,892	59,387,842	1,293,050	2.2%
Total net position	<u>117,259,022</u>	<u>115,263,825</u>	<u>1,995,197</u>	1.7%
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 165,874,904</u>	<u>\$ 166,654,227</u>	<u>\$ (779,323)</u>	-0.5%

The Foundation's assets totaled \$165.9 million as of June 30, 2019. Current assets contribute \$8.4 million and consist primarily of funds available to meet current obligations. Noncurrent assets contribute \$157.4 million and consist primarily of investments expected to be held and pledges receivable expected to be collected beyond the next fiscal year. This balance reflects a decrease of \$779,000 compared to June 30, 2018. The total decrease in assets is primarily related to a decrease in current assets available to meet current obligations net of increases in pledges receivable.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019 AND 2018
(UNAUDITED)

The Statements of Net Position (Continued)

The Foundation's liabilities total \$47.7 million as of June 30, 2019. This is composed of \$3.4 million in current liabilities including accounts payable and accrued expenses along with current year debt service amounts. The noncurrent portion of noncurrent liabilities is \$44.4 million which consists of long-term debt and other obligations extending out more than one year. The amount of total liabilities reflects a decrease of \$2.2 million related primarily to debt service payments on housing bonds.

Deferred inflows of resources of \$905,000 represent planned giving donations made under split interest agreements and will be available in future years net of liabilities owed to other beneficiaries.

Net position totals \$117.3 million and is made up of \$8.3 million of net investment in capital assets and \$2.4 million in unrestricted net assets. It also includes \$45.9 million in restricted expendable net assets and \$60.7 million in restricted nonexpendable net assets. The total net position has increased \$2 million.

During fiscal year 2019, the net investment in capital assets increased by \$1 million. Contributing to the change, capital assets decreased \$1.6 million (net of depreciation) and bonds payable reduced by \$2.6 million. A determination was made that the Southside dorms built in the 1960's were no longer suitable for housing. Six of the units were transferred to the University and the remaining nine were written down to zero. Footnote 5 Capital Assets contains additional details.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019 AND 2018
(UNAUDITED)

The Statements of Revenues, Expenses, and Changes in Net Position

Change in net position is based on the activity presented in the statement of revenues, expenses, and changes in net position. The purpose of this statement is to present the revenues earned and the expenses incurred by the Foundation. Revenue, expenses, and changes in net position of the Foundation for the years ended June 30, 2019 and 2018 are presented in the following table:

	2019	Restated 2018	Dollar Change	Percentage Change
Operating revenues	\$ 20,065,540	\$ 29,869,841	\$ (9,804,301)	-32.8%
Operating expenses	19,235,850	19,226,065	9,785	0.1%
Operating income	829,690	10,643,776	(9,814,086)	-92.2%
Other changes in net position	1,165,507	1,885,153	(719,646)	-38.2%
Change in net position	1,995,197	12,528,929	(10,533,732)	-84.1%
Net position, beginning of year	115,263,825	110,271,794	4,992,031	4.5%
Change in accounting principle	-	(7,536,898)	7,536,898	-100.0%
Net position, beginning of year, as restated	115,263,825	102,734,896	12,528,929	12.2%
Net position, end of year	<u>\$ 117,259,022</u>	<u>\$ 115,263,825</u>	<u>\$ 12,528,929</u>	10.9%

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019 AND 2018
(UNAUDITED)

The Statements of Revenues, Expenses, and Changes in Net Position (Continued)

Operating revenues total \$20 million of which \$9 million is related to the student housing system, \$5.4 million are contributions, \$3.4 million represents net unrealized and realized gain on investments, and \$1.5 million are interest and dividends.

Operating expenses total \$19.2 million and are composed of \$10.5 million related to the student housing system, \$5 million represents services to the University, \$1.5 million of scholarships to students, \$1.8 million in general and administrative expenses, and \$476,000 related to fundraising.

The change in accounting principle, which primarily related to pledges on endowments, restated 2018 numbers for comparability at \$7.5 million.

Operating income is \$830,000 and contributions to endowments are \$1.2 million for fiscal year 2019. As a result, net position increased by \$2 million.

Overall, financial position and operations were favorable with investments increasing \$2.7 million and bonds payable outstanding decreasing \$2.7 million. Total expenses were flat at \$19.2 million and revenues decreased by \$9.8 million as investment returns were positive but not as robust as the prior year. The economic outlook continues to be favorable with generally low interest rates with the 10-year treasury yielding below 2% and continued expansion in the United States reflected in quarterly gross domestic product of 2%.

The Statements of Cash Flows

The statement of cash flows is important to readers because it shows the Foundation's ability to generate cash required for its operations and payment of obligations in a timely fashion. It also provides information regarding decisions made by management as to the use of cash available.

The statement of cash flows shows the cash provided by and used in operating, investing, capital and related financing activities, and noncapital activities.

- Operating activities include funds received (i.e. private donors) and payments (i.e. for programs, programmatic equipment, materials, and supplies) made for the Foundation and the University.
- Investing activities represent funds used to purchase investments, proceeds from sales of investments, and the funds held for West Florida Historic Trust.
- Capital and related financing activities include the purchase of property and equipment and the principal payments on the bonds.
- Noncapital and related financing activities include funds received for endowments.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019 AND 2018
(UNAUDITED)

Economics Factors That Will Affect the Future

The economic outlook of the Foundation is affected by several factors, including contributions, return on investments, and the State of Florida legislative changes. Annual contributions and endowments have a direct impact on enhancing University programs. The Foundation is not aware of currently known facts, decisions, or conditions that are expected to have a significant effect on the overall financial position or results of operations during the 2020 fiscal year.

Requests for Information

Questions concerning information provided in the MD&A or requests for additional information should be addressed to the University of West Florida Foundation, 1000 University Parkway, Building 12, Pensacola, FL 32514 or by calling (850) 474-3380.

BASIC FINANCIAL STATEMENTS

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
STATEMENTS OF NET POSITION
JUNE 30, 2019 AND 2018

ASSETS

	2019	Restated 2018
Current Assets:		
Cash and cash equivalents	\$ 1,344,978	\$ 2,630,280
Restricted cash reserves	11,699	26,400
Contributions receivable, net	469,368	385,076
Other receivables, net	235,633	202,735
Due from University	387,149	378,796
Prepaid expenses	225,361	203,330
Investments	5,772,022	6,790,859
Total current assets	<u>8,446,210</u>	<u>10,617,476</u>
Noncurrent Assets:		
Restricted cash reserves	8,116,773	10,167,193
Contributions receivable, net	3,581,352	2,281,534
Investments	88,783,071	85,058,754
Capital assets, net	52,026,434	53,579,283
Assets held under split interest agreements	3,180,517	3,208,207
Other assets	1,740,547	1,741,780
Total noncurrent assets	<u>157,428,694</u>	<u>156,036,751</u>
Total Assets	<u><u>\$ 165,874,904</u></u>	<u><u>\$ 166,654,227</u></u>

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

Current Liabilities:		
Accounts payable and accrued expenses	\$ 677,407	\$ 739,080
Bonds payable, net	2,680,371	2,578,196
Total current liabilities	<u>3,357,778</u>	<u>3,317,276</u>
Noncurrent Liabilities:		
Liabilities under split-interest agreements	2,159,914	1,604,792
Due to West Florida Historic Trust	1,173,507	1,238,296
Bonds payable, net	41,019,852	43,742,395
Total noncurrent liabilities	<u>44,353,273</u>	<u>46,585,483</u>
Deferred Inflows of Resources:		
Split-interest agreements	<u>904,831</u>	<u>1,487,643</u>
Net Position:		
Net investment in capital assets	8,326,211	7,258,692
Unrestricted	2,378,339	5,250,229
Restricted -		
Expendable	45,873,580	43,367,062
Nonexpendable	60,680,892	59,387,842
Total net position	<u>117,259,022</u>	<u>115,263,825</u>
Total Liabilities, Deferred Inflows and Net Position	<u><u>\$ 165,874,904</u></u>	<u><u>\$ 166,654,227</u></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 REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	Restated 2018
Operating Revenues:		
Contributions	\$ 5,373,076	\$ 3,474,949
Interest and dividend income	1,514,607	1,283,955
Net unrealized and realized gain on investments	3,397,696	7,100,889
Student housing system	8,980,297	9,258,099
University support - non cash	685,555	8,609,446
Other operating revenues	114,309	142,503
Total operating revenues	<u>20,065,540</u>	<u>29,869,841</u>
Operating Expenses:		
Scholarships	1,481,751	1,947,358
Other program services	5,012,417	5,245,928
Student housing system	10,493,569	9,675,136
Fundraising services	476,206	346,255
General and administrative	1,771,907	2,011,388
Total operating expenses	<u>19,235,850</u>	<u>19,226,065</u>
Operating Income Before Other Changes in Net Position	829,690	10,643,776
Other Changes in Net Position:		
Endowed contributions	<u>1,165,507</u>	<u>1,885,153</u>
Change in Net Position	<u>1,995,197</u>	<u>12,528,929</u>
Net Position, Beginning of Year	115,263,825	110,271,794
Change in Accounting Principle	<u>-</u>	<u>(7,536,898)</u>
Net Position, Beginning of Year, as restated	<u>115,263,825</u>	<u>102,734,896</u>
Net Position, End of Year	<u><u>\$ 117,259,022</u></u>	<u><u>\$ 115,263,825</u></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, 2019 AND 2018

	2019	Restated 2018
Cash Flows From Operating Activities:		
Cash receipts from contributions	\$ 3,988,966	\$ 3,540,493
Interest and dividend received	1,514,607	1,283,955
Cash receipts from student housing system	8,980,297	9,258,099
Cash receipts from other operating revenues	73,058	233,626
Cash paid for operating expenses	(14,694,068)	(15,784,025)
Net cash used in operating activities	<u>(137,140)</u>	<u>(1,467,852)</u>
Cash Flows From Investing Activities:		
Purchase of investment securities	(18,833,490)	(12,325,535)
Proceeds from sales of investment securities	19,525,706	15,800,636
Due to West Florida Historic Trust	(64,789)	(98,586)
Net cash provided by investing activities	<u>627,427</u>	<u>3,376,515</u>
Cash Flows From Capital and Related Financing Activities:		
Acquisition of property and equipment	(2,385,849)	(997,213)
Bond principal payments	(2,620,368)	(2,527,669)
Net cash used in capital and related financing activities	<u>(5,006,217)</u>	<u>(3,524,882)</u>
Cash Flows From Noncapital Financing Activities:		
Endowment contributions	<u>1,165,507</u>	<u>1,885,153</u>
Net Increase (Decrease) in Cash	(3,350,423)	268,934
Cash, Beginning of Year	<u>12,823,873</u>	<u>12,554,939</u>
Cash, End of Year	<u><u>\$ 9,473,450</u></u>	<u><u>\$ 12,823,873</u></u>
Displayed As:		
Cash and cash equivalents	\$ 1,344,978	\$ 2,630,280
Current restricted cash reserves	11,699	26,400
Noncurrent restricted cash reserves	8,116,773	10,167,193
	<u><u>\$ 9,473,450</u></u>	<u><u>\$ 12,823,873</u></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, 2019 AND 2018
(Continued)

	<u>2019</u>	<u>Restated 2018</u>
Reconciliation of Operating Income to net Cash		
Used In Operating Activities:		
Operating income	\$ 829,690	\$ 10,643,776
Adjustments to reconcile operating income to		
Net cash used in operating activities -		
Net unrealized and realized gain on long-term investments	(3,397,696)	(7,100,889)
Contributions of property and equipment	-	(6,475,202)
Contributions of works of art	-	(1,388,420)
Bad debt expense	18,760	24,982
Loss on impairment of capital assets	417,643	-
Loss on disposal of assets	300,277	15,992
Change in fair value of -		
Contributions receivable	(5,689)	(5,689)
Cash surrender value of insurance policies	1,233	(27,084)
Depreciation	3,220,778	2,949,112
Change in operating assets and liabilities -		
Contributions receivable	(1,383,157)	64,663
Other receivables	(46,922)	10,019
Due from University	(8,353)	62,692
Prepaid expenses	(22,031)	(12,418)
Accounts payable and accrued expenses	(61,673)	(229,386)
Net cash used in operating activities	<u>\$ (137,140)</u>	<u>\$ (1,467,852)</u>
Supplemental Disclosure of Cash Flow Information:		
Interest paid	<u>\$ 1,658,035</u>	<u>\$ 1,753,769</u>
Supplemental Disclosure of Capital and Related		
Financing Activities:		
Property and equipment received as contributions	<u>\$ -</u>	<u>\$ 6,475,202</u>
Collections received as contributions	<u>\$ -</u>	<u>\$ 1,388,420</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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity:

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 is considered a discrete component unit of the University due to the University's governance and budgetary oversight responsibility and due to the Foundation's significant operational and financial relationship with 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 11 to the financial statements.

Change in Accounting Principle:

In prior reporting years, the Foundation reported following the standards of accounting and financial reporting prescribed for nonprofit organizations as prescribed by the Financial Accounting Standards Board ("FASB"). Changes made to Section 1004.28, Florida Statutes increased the University's governance and oversight requiring the Foundation to follow standards of accounting and financial reporting that are generally accepted for governmental entities. In these financial statements, management has restated the prior period in accordance with the Governmental Accounting Standards Board ("GASB"). As such, prior year net income increased by \$784,283 and prior year beginning net position decreased by \$7,536,898.

Basis of Accounting:

The Foundation follows standards of accounting and financial reporting that are generally accepted in the United States of America for governmental business-type activities. The Foundation's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, which recognizes revenue when earned and expenses as incurred.

Fund Accounting:

To help ensure observance of limitations and restrictions placed on the use of resources, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund in the general ledger. For reporting purposes, these funds are combined into one column.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued):

The net position of the Foundation is reported in three categories as follows:

Net Investment in Capital Assets - Represents funds that consist of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any revenue bonds that are attributable to and expended on the acquisition, construction or improvement of those assets net of any related unspent debt proceeds.

Unrestricted - Represents funds that are available without restriction for carrying out the Foundation's objectives.

Restricted - Restricted net position represents net position that is restricted by constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through enabling legislation. Restricted funds include:

Expendable: Represents funds that are subject to donor, grantor or other outside party restrictions to use for the benefit of various programs at the University and includes the expendable portion of endowment funds. These programs include endowed chairs and professorships, research funding and student scholarships.

Nonexpendable: Represents the nonexpendable portion (corpus) of endowment funds that are subject to donor, grantor, or other outside party restrictions for the benefit of various programs at the University. These programs include endowed chairs, professorships, and student scholarships. The corpus of the permanent endowments are retained and reported in nonexpendable endowments, while the net earnings or losses on endowment funds are included in expendable funds available for expenditure.

As a general practice, the Foundation applies restricted resources when an expense relating to the purpose restriction imposed by the outside party is incurred before unrestricted resources are used.

Operating and Nonoperating Activities:

Operating revenues and expenses represent ongoing activities of the Foundation, as well as ongoing activities that are in support of the University's programs. Operating activities relate to the Foundation's principal function, which is to solicit, receive, hold, invest and administer charitable contributions for the benefit of the University. Operating revenues also include rental revenue from student housing facilities. Nonoperating revenues include certain revenue sources that provide additional funding not included in operating revenues and include University related support and endowment contributions.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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, and a portion of cash placed with the State Treasury Special Purpose Investment Account ("SPIA").

SPIA has enacted liquidity requirements limiting the amount of money SPIA participants can withdraw from their accounts. The portion considered liquid is calculated as forty percent of the previous three months' average daily balance.

For the purpose of reporting cash flows, the Foundation considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Under this definition, the Foundation considers the liquid portion of SPIA deposits to be cash equivalents.

Noncurrent cash and cash equivalents at June 30, 2019 and 2018, include cash that is restricted or is not expected to be used during the Foundation's next fiscal year.

Restricted Cash Equivalents:

Restricted cash equivalents represent a portion of SPIA, and funds held by bond trustees for construction of on-campus housing, debt service, and maintenance of reserves required under the bond indentures. In addition, SPIA has established a minimum balance for each account. Each SPIA participant is required to give six months' notice for all withdrawals below the floor, which is calculated as sixty percent of the previous three months' average daily balance.

Investments:

The Foundation has created various pools for the investment of funds on a consolidated basis. All investments are reported at fair value. Investments that are expected to be used within the next 12 months are classified as current investments. Investments classified as noncurrent primarily represent the corpus of donor restricted contributions and amounts subject to other internal designations by the Board of Directors and management as well as investments not expected to be used during the next fiscal year.

Investment income includes interest, dividends, realized and unrealized gains or losses.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions Receivable:

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, all non-endowed pledges that have met all eligibility requirements that are verifiable, probable, and measurable are recorded at their estimated realizable value on a discounted basis. An allowance for uncollectible contribution receivables is estimated and recorded based on management's judgment of the collectability in future years.

Capital Assets:

Capital assets 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. Where a contributed asset has an uncertain fair market value due to deed restrictions, the Foundation records no value for the property. The Foundation has a capitalization threshold of \$20,000. Depreciation is allocated over the estimated useful lives of the respective assets on a straight-line basis as follows:

	<u>Years</u>
Property and improvements	7 - 45
Equipment and software	3 - 10

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.

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 deferred inflows of resources. 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.

Works of Art:

Donated works of art are capitalized and are recorded as other assets on the statements of net position.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Inflows of Resources:

The Foundation reports increases in net position that relate to future periods as deferred inflows of resources in a separate section of the statement of net position. Deferred inflows of resources relate to split interest agreements.

Revenue Recognition:

Contributions of cash, investments securities or pledges receivable are recognized at fair value when all eligibility requirements have been met and are recognized when funds are received. Property and equipment donated to the Foundation are recorded at their estimated values at the dates of donation. Donated services are not recognized by the Foundation. Conditional promises to give are not recognized until the condition has been met. Additions to endowments and other trusts are not recognized until the resources are received and all eligibility requirements have been met.

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. As discussed in Note 6, the Foundation accounts for the recognition and measurement for services received from affiliated organizations when not charged.

Bond Discounts and Premiums:

Bond discounts and premiums 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 and premiums are presented as an adjustment to 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, 2019 and 2018, accrued compensated absences totaling \$375,298 and \$318,566 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, 2019 AND 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Program Services:

Other program services consist of expenditures 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.

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).

Use of 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 and Other Post-Employment Healthcare Benefits:

As discussed in more detail in Note 10, 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.

As required by Section 112.0804, Florida Statutes, retirees and their eligible dependents are provided the same health care coverage as is offered to active employees at the same premium cost (borne by the retiree) applicable to active employees. The University allows retirees to participate in the plan at reduced or blended group rates. These rates may provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees.

Since all employees who work for the Foundation are employees of the University, the liabilities for pensions and other post-employment benefits is reported by the University and not reflected on the Foundation's financial statements.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2 - CASH AND INVESTMENTS

Cash and Cash Equivalents:

At June 30, 2019 and 2018, unrestricted cash and cash equivalents consisting of bank demand accounts were as follows:

	2019	2018
Foundation cash on deposit	\$ 1,290,484	\$ 2,304,203
Housing cash on deposit	54,494	326,077
	<u>\$ 1,344,978</u>	<u>\$ 2,630,280</u>

At June 30, 2019 and 2018, restricted cash and cash equivalents consisting of State of Florida's Division of Treasury's SPIA and Housing reserve accounts were as follows:

	2019	2018
Housing operating reserves	\$ 926,671	\$ 1,203,135
Housing replacement reserves	357,529	695,375
Housing contingency and improvement reserve	4,853,841	6,152,899
Courtelis reserve	548,494	640,230
SPIA operating reserves	1,429,096	1,475,554
Housing bond service accounts	12,841	26,400
	<u>8,128,472</u>	<u>10,193,593</u>
Less current portion	<u>11,699</u>	<u>26,400</u>
Restricted cash, less current portion	<u>\$ 8,116,773</u>	<u>\$ 10,167,193</u>

Custodial Credit Risk - Deposits:

Custodial credit risk for deposits is the risk that, in the event of a depository financial institution's failure, the Foundation's deposits may not be returned to it. It is the Foundation's policy to monitor deposits on account to avoid deposits that are not covered by depository insurance or are uncollateralized. 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, 2019, the Foundation's uninsured cash balance at financial institutions totaled approximately \$87,000.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2 - CASH AND INVESTMENTS (Continued)

Custodial Credit Risk - Deposits (Continued):

At June 30, 2019, the Foundation maintained approximately \$7,549,000 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, 2019, the Pool was rated at AA-f by Standard and Poor's and had an effective duration of 2.71 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, 2019, the unaudited Factor was 1.0103. 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.

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 custodial credit risk consist of cash deposits at brokerage firms. These accounts are not insured by the FDIC. At June 30, 2019, the Foundation maintained cash and cash equivalent balances at these institutions totaling approximately \$1,824,000.

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.

Investments:

The Foundation has an investment policy which provides guidelines for the investments of Foundation assets. The purpose of these assets is to further the overall mission of the University. The objectives of the assets are the enhancement of capital and real purchasing power while limiting exposure to risk of loss. Real purchasing power of real rate of return will be defined as returns in excess of inflation as defined by Consumer Price Index. The investment policy provides information on authorized asset classes, target allocations and ranges of acceptable investment categories.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2 - CASH AND INVESTMENTS (Continued)

Investments (Continued):

Investments are carried at fair value and consist of the following:

	Cost	Fair Value	Unrealized Gain (Loss)
June 30, 2019:			
Certificates of deposit	\$ 599,649	\$ 599,649	\$ -
Equity securities -			
Common stock and mutual funds	49,219,517	61,088,241	11,868,724
Debt securities	16,872,372	17,145,999	273,627
Alternative investments -			
Fund of fund hedge funds	5,497,079	8,982,267	3,485,188
Private equity investments	2,569,952	3,641,312	1,071,360
Real estate investment trust	2,834,936	3,097,625	262,689
 Total investments	 <u>\$ 77,593,505</u>	 <u>\$ 94,555,093</u>	 <u>\$ 16,961,588</u>
 June 30, 2018:			
Certificates of deposit	\$ 586,890	\$ 586,890	\$ -
Equity securities -			
Common stock and mutual funds	44,673,403	59,183,345	14,509,942
Debt securities	17,512,327	17,456,679	(55,648)
Alternative investments -			
Fund of fund hedge funds	5,586,458	8,799,734	3,213,276
Private equity investments	1,997,095	2,648,851	651,756
Real estate investment trust	2,855,044	3,174,114	319,070
 Total investments	 <u>\$ 73,211,217</u>	 <u>\$ 91,849,613</u>	 <u>\$ 18,638,396</u>

Wells Fargo is the custodian for the Foundation's equity securities, debt securities and fund of fund hedge funds.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2 - CASH AND INVESTMENTS (Continued)

Investments (Continued):

As further discussed in Note 6, on July 1, 2016, the Foundation entered into a cash and securities agreement with the Pensacola Museum of Art (“PMA”) for the furtherance of the PMA mission. The Foundation acts as a manager of PMA’s certificates of deposit and mutual funds which are included in the Foundation’s investment balance. These investments are kept separate from the Foundation’s investment pool. Balances at June 30 were as follows:

	2019	2018
Certificates of deposit	\$ 599,649	\$ 586,890
Mutual funds	116,761	112,800
	<u>\$ 716,410</u>	<u>\$ 699,690</u>

As further discussed in Note 9, the fair market value of all endowed investments was at a level above the minimum required by donor stipulations, totaling \$13,228,774. However, individual donor-restricted endowment funds were deficient, totaling \$44,072, where the fair value of the investments at June 30, 2019 was less than the level required by the donor stipulations.

The net return on investments was as follows:

	Total Unrestricted	Total Expendable
Year Ended June 30, 2019 -		
Dividends and interest	\$ 3,467	\$ 1,511,140
Net realized gain on investments	12,691	5,401,634
Unrealized gain (loss) on investments	671,602	(2,688,231)
	<u>\$ 687,760</u>	<u>\$ 4,224,543</u>
 Year Ended June 30, 2018 -		
Dividends and interest	\$ 25,088	\$ 1,258,867
Net realized gain on investments	79,454	3,927,857
Unrealized gain on investments	1,390,156	1,703,422
	<u>\$ 1,494,698</u>	<u>\$ 6,890,146</u>

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2 - CASH AND INVESTMENTS (Continued)

Custodial Credit Risk - Investments:

Custodial risk for investments is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. It is the Foundation's policy to require that all securities be held by the Foundation's agent in the Foundation's name. The Foundation's investments as of June 30, 2019 and 2018, excluding mutual funds and alternative investments, are uninsured and registered with securities held by the Foundation's agent in the Foundation's name. Mutual funds and alternative investments do not have specific securities, are uninsured and are held in the book entry form.

Concentration of Credit Risk:

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The Foundation's investment policy requires diversification of investments sufficient to reduce the potential of a single security, single sector of securities, or single investment manager having a disproportionate or significant impact on the portfolio. Guidelines for individual sectors of the portfolio further indicate percentage limitations.

Disclosure of any issuer of investments that in the aggregate is 5% or more of the portfolio is required to be disclosed as a concentration of credit risk (investments issued by or explicitly guaranteed by the US Government and investments in mutual funds, external investment pools and other pooled investments are exempt). As of June 30, 2019, there were no concentrations of credit risk.

Credit Risk:

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2019 and 2018, the credit quality ratings of the Foundation's debt securities were as follows:

<u>Standard and Poor's Credit Rating</u>	<u>2019</u>	<u>2018</u>
AAA	\$ 5,468,988	\$ 5,374,002
AA	895,142	1,007,371
A	3,133,401	3,364,547
BBB	3,566,452	3,919,381
BB	3,325,341	3,071,920
B	756,675	718,392
Unrated	-	1,066
	<u>\$ 17,145,999</u>	<u>\$ 17,456,679</u>

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2 - CASH AND INVESTMENTS (Continued)

Credit Risk (Continued):

Alternative investments consist of funds that may include underlying securities including equities, fixed income, real estate, and other types of investments. The schedule above only reflects the credit risk related to debt securities that are directly held by the Foundation.

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Foundation's policy for managing its exposure to fair value loss occurring from interest rate risk is through maintaining diversification of its investments and investment maturities so as to minimize the impact of downturns in the market as stated above.

As of June 30, 2019, the Foundation's debt securities of \$17,145,999 had weighted average maturities of 1 - 5 years. As of June 30, 2018, the Foundation's debt securities had the following weighted average maturities:

Total Fair Value	Less than 1 year	1-5 years
\$ 17,456,679	\$ 6,790,859	\$ 10,665,820

Alternative investments consist of funds that may include underlying securities including equities, fixed income, real estate, and other types of investments. The schedule above only reflects the interest rate risk related to debt and equity securities that are directly held by the Foundation.

Foreign Currency Risk:

Foreign currency risk is the risk that changes in exchange rates between the U.S. dollar and foreign currencies could adversely affect an investment's fair value. It is the Foundation's policy to limit its exposure to foreign currency risk by limiting the asset allocation in international investments in accordance with the established targets in the approved investment policy. As of June 30, 2019 and 2018, the Foundation did not have any direct investments subject to this risk. As of June 30, 2019 and 2018, the Foundation's assets were held in U.S. currency, the currency risk on international and global assets is absorbed by the underlying investments managers.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2 - CASH AND INVESTMENTS (Continued)

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.

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.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

The fair value of the Foundation's assets and liabilities at June 30, 2019 is as follows:

Description	Total	(Level 1)	(Level 2)	(Level 3)
Assets measured at fair value -				
Equity securities-Domestic & International	\$ 61,088,241	\$ 61,088,241	\$ -	\$ -
Debt securities	17,145,999	11,462,615	5,683,384	-
Alternative investments:				
Private equity investments	1,701,594	-	-	1,701,594
Real estate investment trust	3,097,625	-	-	3,097,625
Total alternative investments	4,799,219	-	-	4,799,219
Funds held in trust by others	3,180,517	3,180,517	-	-
Contributions receivable, net	4,050,720	-	-	4,050,720
Total assets measured at fair value	90,264,696	75,731,373	5,683,384	8,849,939
Assets measured at net asset value (NAV) -				
Fund of fund hedge funds	8,982,267			
Private equity investments	1,939,718			
Total assets measured at NAV	10,921,985			
Total assets	101,186,681			
Liabilities:				
Funds held in trust	2,159,914	-	-	2,159,914
Due to WFHT	1,173,507	-	1,173,507	-
Total liabilities	3,333,421	-	1,173,507	2,159,914
Total	\$ 97,853,260	\$ 75,731,373	\$ 4,509,877	\$ 6,690,025

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

The fair value of the Foundation's assets and liabilities at June 30, 2018 is as follows:

Description	Total	(Level 1)	(Level 2)	(Level 3)
Assets measured at fair value -				
Equity securities-Domestic & International	\$ 59,183,345	\$ 59,183,345	\$ -	\$ -
Debt securities	17,456,679	12,173,971	5,282,708	-
Alternative investments:				
Private equity investments	1,231,297	-	-	1,231,297
Real estate investment trust	3,174,114	-	-	3,174,114
Total alternative investments	4,405,411	-	-	4,405,411
Funds held in trust by others	3,208,207	3,208,207	-	-
Contributions receivable, net	2,666,610	-	-	2,666,610
Total assets measured at fair value	86,920,252	74,565,523	5,282,708	7,072,021
Assets measured at net asset value (NAV) -				
Fund of fund hedge funds	8,799,734			
Private equity investments	1,417,554			
Total assets measured at NAV	10,217,288			
Total assets	97,137,540			
Liabilities:				
Funds held in trust	1,604,792	-	-	1,604,792
Due to WFHT	1,238,296	-	1,238,296	-
Total liabilities	2,843,088	-	1,238,296	1,604,792
Total	\$ 94,294,452	\$ 74,565,523	\$ 4,044,412	\$ 5,467,229

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2 - CASH AND INVESTMENTS (Continued)

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 private equity partnerships for which there is no readily determinable fair value is classified as Level 3 as the valuation is based on significant unobservable inputs.

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.

Funds held in trust by others - Funds held in trust by others 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. The liabilities are classified as Level 3 as they are measured at the present value of the future distributions the Foundation expects to receive over the term of the agreements.

Contributions receivable - Unconditional promises to give that are expected to be collected in future years are recorded at an estimated fair value determined using the discounted present value of expected cash flows. They are classified as Level 3 as the discounts on those amounts are computed using a risk adjusted discount rate applicable at the time promises are received.

Due to WFHT - 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.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

The following table presents a reconciliation of the statement of net 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, 2019:

	Private Equity	Real Estate	Contributions Receivable, net	Funds Held in Trust by Others	Total
Assets:					
Beginning balance	\$ 1,231,297	\$ 3,174,114	\$ 2,666,610	\$ -	\$ 7,072,021
Total gains or losses:					
Included in change in net assets	193,032	129,854	-	-	322,886
Purchases, issuances, sales, and settlements:					
Purchases	685,843	278,207	-	-	964,050
Settlements	(408,578)	(484,550)	-	-	(893,128)
New pledges, payments, Write-offs:					
New pledges	-	-	1,754,120	-	1,754,120
Payments	-	-	(370,010)	-	(370,010)
Total assets	1,701,594	3,097,625	4,050,720	-	8,849,939
Liabilities:					
Beginning balance	-	-	-	1,604,792	1,604,792
Adjustments	-	-	-	582,814	582,814
Total gains or losses:					
Included in change in net assets	-	-	-	156,958	156,958
Purchases, issuances, sales, and settlements:					
Purchases	-	-	-	-	-
Settlements	-	-	-	(184,650)	(184,650)
Total liabilities	-	-	-	2,159,914	2,159,914
Total	\$ 1,701,594	\$ 3,097,625	\$ 4,050,720	\$ (2,159,914)	\$ 6,690,025

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

The following table presents a reconciliation of the statement of net 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, 2018:

	Private Equity	Real Estate	Contributions Receivable, net	Funds Held in Trust by Others	Total
Assets:					
Beginning balance	\$ 1,214,879	\$ 1,584,893	\$ 2,929,739	\$ -	\$ 5,729,511
Total gains or losses:					
Included in change in net assets	97,027	355,098	-	-	452,125
Purchases, issuances, sales, and settlements:					
Purchases	216,816	1,547,796	-	-	1,764,612
Settlements	(297,425)	(313,673)	-	-	(611,098)
New pledges, payments, Write-offs:					
New pledges	-	-	527,655	-	527,655
Payments	-	-	(662,142)	-	(662,142)
Write-offs	-	-	(128,642)	-	(128,642)
Total assets	1,231,297	3,174,114	2,666,610	-	7,072,021
Liabilities:					
Beginning balance	-	-	-	1,642,526	1,642,526
Adjustments	-	-	-	(67,526)	(67,526)
Total gains or losses:					
Included in change in net assets	-	-	-	166,887	166,887
Purchases, issuances, sales, and settlements:					
Purchases	-	-	-	46,566	46,566
Settlements	-	-	-	(183,661)	(183,661)
Total liabilities	-	-	-	1,604,792	1,604,792
Total	\$ 1,231,297	\$ 3,174,114	\$ 2,666,610	\$ (1,604,792)	\$ 5,467,229

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

The following tables set forth a summary of valuation techniques and quantitative information utilized in determining the fair value of the Level 3 assets and liabilities as of June 30, 2019, excluding investments valued using the practical expedient or the net asset value ("NAV").

<u>Asset or Liability 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	\$ 42,120	Independent Appraisal	Capitalization Rate	8.25%
Real Estate Investment Trust - Harbert V:				
Real Estate Partnership Interest	\$ 281,068	Independent Appraisal	Capitalization Rate	7.04%
Real Estate Partnership Interest	\$ 566,103	Direct Capitalization	Capitalization Rate	6.75%
Real Estate Partnership Interest	\$ 212,359	Market Transactions (a)	N/A	N/A
Real Estate Investment Trust - Harbert VI:				
Real Estate Partnership Interest	\$ 60,961	Independent Appraisal	Capitalization Rate	N/A
Real Estate Partnership Interest	\$1,263,672	Direct Capitalization	Capitalization Rate	6.71%
Real Estate Partnership Interest	\$ 671,342	Market Transactions (a)	N/A	N/A
Private Equity Investments - Step Stone:				
Preferred Partnership Interest	\$ 212,191	Escrow	Other (b)	N/A
Member or Partnership Interest	\$ 416,870	Escrow	Other (b)	N/A

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

(b) Investment is valued based on the estimated future distributions expected to be received in 2019 from the release of escrow and sale of transaction reserves.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

Asset or Liability Type	Fair Value	Valuation Technique(s)	Unobservable Input	Range (weighted average)
Private Equity Investments - Portfolio	Advisor Credit	Opportunities Fund:		
Common Securities	\$ 69,373	Market Comparable Companies	EBITDA Multiple (10.1X)	7.6x - 15.8x
Common Securities	\$ 20,791	Cost (Recent Transaction)	N/A	N/A
Preferred Securities	\$ 20,545	Cost (Recent Transaction)	N/A	N/A
Preferred Securities	\$ 25,664	Market comparable companies	EBITDA Multiple (10.1X)	8.4x - 11.1x
Debt Securities	\$ 128,129	Cost (Recent Transaction)	N/A	N/A
Debt Securities	\$ 408,032	Relative Value Analysis	Yield to Maturity 11.86%	9.3% - 15.70%
Contributions receivable, net	\$4,050,720	Discounted present value	Discounted present value of expected cash flows at a risk-adjusted discount rate applicable at the time promises are received	N/A
Funds Held in Trust - Liabilities	\$2,159,914	Factor times Annuity	Value of \$1 paid every year discounted for both mortality and interest multiplied by the annual amount paid to annuitant(s)	N/A

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2 - CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued):

The following table lists investments in hedge funds and investment limited partnerships by strategy, excluding investments measured at net asset value, as of June 30, 2019:

	<u>Net Asset Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
Fund of Fund Hedge Funds:				
Equity market neutral	8,982,267	-	Quarterly to Semi-annual	95 Days
Private equity investments	<u>1,939,718</u>	<u>1,421,124</u>	N/A*	N/A*
	<u><u>\$ 10,921,985</u></u>	<u><u>\$ 1,421,124</u></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.

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 33%, based on the prevailing five-year Treasury constant maturities. As of June 30, 2019 and 2018, the fair value adjustment to contributions revenue was \$482,237 and \$487,926, 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 2019 and 2018, 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
JUNE 30, 2019 AND 2018

NOTE 3 - CONTRIBUTIONS RECEIVABLE (Continued)

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

	2019	Restated 2018
	<u>2019</u>	<u>2018</u>
In one year or less	\$ 476,762	\$ 394,040
Between one and five years	2,309,851	1,563,777
Greater than five years	1,758,163	1,203,802
Total contributions receivable, gross	<u>4,544,776</u>	<u>3,161,619</u>
Less discounts to net fair value	482,237	487,926
Less allowance for doubtful accounts	<u>11,819</u>	<u>7,083</u>
Net contributions receivable, fair value	<u>\$ 4,050,720</u>	<u>\$ 2,666,610</u>
Current contributions receivable, net	\$ 469,368	\$ 385,076
Noncurrent contributions receivable, net	<u>3,581,352</u>	<u>2,281,534</u>
Total contributions receivable, net	<u>\$ 4,050,720</u>	<u>\$ 2,666,610</u>

Time-restricted and endowment contributions receivable (gross) not recognized in the statement of net position under the provisions of GASB No. 33 were \$5,888,547 and \$6,092,397 at June 30, 2019 and 2018, respectively.

Conditional promises to give amounted to \$2,438,052 at June 30, 2019 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.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 4 - OTHER RECEIVABLES

Other receivables at June 30 consist of the following:

	<u>2019</u>	<u>2018</u>
Student loan fund	\$ 68,025	\$ 65,321
Rent, less allowance of \$250,896 in 2019 and \$236,872 in 2018	146,859	118,744
Other	<u>20,749</u>	<u>18,670</u>
Net other receivables	<u>\$ 235,633</u>	<u>\$ 202,735</u>

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 \$236,825 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.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<i>Capitals assets not being depreciated:</i>					
Land	\$ 2,334,483	\$ 725,000	\$ -	\$ -	\$ 3,059,483
Construction in progress	979,690	1,660,849	-	(2,190,719)	449,820
Total capital assets not being depreciated	<u>3,314,173</u>	<u>2,385,849</u>	<u>-</u>	<u>(2,190,719)</u>	<u>3,509,303</u>
<i>Capitals assets being depreciated:</i>					
Property held under capital lease	75,503,947	-	-	2,190,719	77,694,666
Timeless Tanglewood property	5,595,202	-	-	-	5,595,202
Office equipment and software	501,957	-	-	-	501,957
Idle property	1,985,003	-	(794,001)	-	1,191,002
Total capital assets being depreciated	<u>83,586,109</u>	<u>-</u>	<u>(794,001)</u>	<u>2,190,719</u>	<u>84,982,827</u>
Less accumulated depreciation for:					
Property held under capital lease	31,540,965	2,993,437	-	-	34,534,402
Timeless Tanglewood property	84,114	168,230	-	-	252,344
Office equipment and software	480,567	7,381	-	-	487,948
Idle property	1,215,353	469,373	(493,724)	-	1,191,002
Total accumulated depreciation	<u>33,320,999</u>	<u>3,638,421</u>	<u>(493,724)</u>	<u>-</u>	<u>36,465,696</u>
Total capital assets being depreciated, net	<u>\$ 53,579,283</u>	<u>\$ (1,252,572)</u>	<u>\$ (300,277)</u>	<u>\$ -</u>	<u>\$ 52,026,434</u>

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 5 - CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<i>Capitals assets not being depreciated:</i>					
Land	\$ 1,454,483	\$ 880,000	\$ -	\$ -	\$ 2,334,483
Construction in progress	793,784	997,213	(15,994)	(795,313)	979,690
Total capital assets not being depreciated	<u>2,248,267</u>	<u>1,877,213</u>	<u>(15,994)</u>	<u>(795,313)</u>	<u>3,314,173</u>
<i>Capitals assets being depreciated:</i>					
Property held under capital lease	74,708,634	-	-	795,313	75,503,947
Timeless Tanglewood property	-	5,595,202	-	-	5,595,202
Office equipment and software	501,957	-	-	-	501,957
Idle property	1,985,003	-	-	-	1,985,003
Total capital assets being depreciated	<u>77,195,594</u>	<u>5,595,202</u>	<u>-</u>	<u>795,313</u>	<u>83,586,109</u>
Less accumulated depreciation for:					
Property held under capital lease	28,760,091	2,780,874	-	-	31,540,965
Timeless Tanglewood property	-	84,114	-	-	84,114
Office equipment and software	473,186	7,381	-	-	480,567
Idle property	1,138,610	76,743	-	-	1,215,353
Total accumulated depreciation	<u>30,371,887</u>	<u>2,949,112</u>	<u>-</u>	<u>-</u>	<u>33,320,999</u>
Total capital assets being depreciated, net	<u>\$ 49,071,974</u>	<u>\$ 4,523,303</u>	<u>\$ (15,994)</u>	<u>\$ -</u>	<u>\$ 53,579,283</u>

Depreciation expense for the years ended June 30, 2019 and 2018 was \$3,220,778 and \$2,949,112, respectively. As discussed below, an impairment loss of \$417,643 is included in increases to accumulated depreciation for the idle property for the year ended June 30, 2019.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 5 - CAPITAL ASSETS (Continued)

Property held under capital lease represents the University's Student Housing System, which consists of the following: 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, 2019 and 2018, amortization of the property under capital lease totaled \$3,052,548 and \$2,864,997, respectively. See Note 11 for further capital lease disclosure.

During the fiscal year 2018, the Foundation was gifted an estate known as "Timeless Tanglewood" that included land, a building, and furniture and fixtures with carrying values as of June 30, 2018 of \$880,000, \$5,135,697, and \$459,505, respectively. The estate also gifted the Foundation works of art with a total carrying value of \$1,388,420 that are included in other assets on the statement of net position as of June 30, 2019 and 2018. This estate will be recognized as the UWF President's Club at Timeless Tanglewood and will be used to host related events. In addition, the estate will act as a lab for students in the University's Global Hospitality and Tourism Management program to immerse themselves in high-end hospitality entertainment services.

During fiscal year 2019, the Foundation acquired an archaeological property with a carrying value of \$725,000 as of June 30, 2019.

The Foundation routinely evaluates the carrying value of its long-lived assets. The Foundation records impairment losses on long-term assets when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If such assets are considered to be impaired, the charge to operations is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

During the year ended June 30, 2016, management decided to take the Southside units, which are part of the University's student housing system, offline. This action was compliant with the covenants in Section 5.14 of all the bond agreements, which allow housing facilities to be abandoned, sold, converted, razed or removed in the event that the facilities are found to be not capable of producing positive net revenues. Management has been considering this action as a portion of these units have been taken offline over the past few years. The Southside units, originally constructed in the 1960's, are the oldest units and maintenance costs have increased each year. It was economically unfeasible to continue to operate these units in their current capacity. In September 2018, the Foundation transferred six of the fifteen units to the University for non-housing use resulting in a loss on transfer of \$300,277 charged to student housing system operations for the year ended June 30, 2019.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 5 - CAPITAL ASSETS (Continued)

During fiscal year 2019, management determined the remaining nine South Side Housing units to be materially and permanently impaired for housing use with a fair market value of zero. As a result, a loss on impairment equal to the net carrying value of the remaining units or \$417,643 was charged to student housing system operations for the year ended June 30, 2019.

NOTE 6 - RELATED PARTY TRANSACTIONS

At June 30, 2019 and 2018, 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, 2019 and 2018, the cash balances held by the University were \$387,149 and \$378,796 respectively, and were included in due from University.

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 \$1,173,507 and \$1,238,296 at June 30, 2019 and 2018, respectively, and are included in due to WFHT.

On July 1, 2016, the assets of Pensacola Museum of Art ("PMA"), an independent not-for-profit corporation, became part of the University. On that date, the Foundation was gifted a historic building, land, a fine arts collection, furniture and equipment, cash and cash equivalents, a permanent endowment, and other current assets from the dissolving entity totaling approximately \$4.2 million. The historic building and land were transferred to the University and the fine arts collection, furniture and equipment, and all other assets were transferred to WFHT, with the exception of the permanent endowment and cash and cash equivalents. On July 1, 2016, the Foundation entered into a cash and securities agreement with PMA for the furtherance of the PMA mission, as discussed in Note 2. As such, the permanent endowment and cash and cash equivalents remained with the Foundation, which stewards the endowment on behalf of PMA.

As a direct support organization, the Foundation received support from the University in performance of its mission. Salaries and benefits of University employees providing such support total approximately \$686,000 and \$762,000 in 2019 and 2018, respectively, and are included in general and administrative expenses. The University also provides centralized payroll processing and IT support that the Foundation estimates as immaterial to these financial statements.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 7 - BONDS PAYABLE

The table below presents information about revenue bonds at June 30, 2019, including a schedule of changes for the year then ended:

	Beginning Balance	Additions	Deletions	Ending Balance	Amount Due Within One Year
\$28,000,000 Dormitory Refunding Revenue Bonds, Series 2016A, due in annual installments of \$720,000 to \$1,780,000, from June 1, 2017 through June 1, 2040 with interest ranging from 3.375% to 5.00% due semiannually, June 1 and December 1	\$ 25,810,000	\$ -	\$ (1,150,000)	\$ 24,660,000	\$ 1,210,000
\$8,635,000 Dormitory Refunding Revenue Bonds, Series 2016B, due in annual installments of \$618,500 to \$830,500, from June 1, 2017 through June 1, 2028 with an interest rate of 2.75% due semiannually, June 1 and December 1	7,383,000	-	(652,000)	6,731,000	670,500
\$13,683,344 Dormitory Refunding Revenue Bonds, Series 2016C, due in annual installments of \$731,544 to \$1,120,171, from June 1, 2017 through June 1, 2031 with an interest rate of 3.10% due semiannually, June 1 and December 1	12,199,803	-	(776,196)	11,423,607	799,871
Bonds payable	45,392,803	-	(2,578,196)	42,814,607	2,680,371
Less unamortized premiums	(927,788)	-	42,172	(885,616)	-
Bonds payable, net of unamortized premiums	<u>\$ 46,320,591</u>	<u>\$ -</u>	<u>\$ (2,620,368)</u>	<u>\$ 43,700,223</u>	<u>\$ 2,680,371</u>

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 7 - BONDS PAYABLE (Continued)

The table below presents information about revenue bonds at June 30, 2018, including a schedule of changes for the year then ended:

	Restated Beginning Balance	Additions	Deletions	Ending Balance	Amount Due Within One Year
\$28,000,000 Dormitory Refunding Revenue Bonds, Series 2016A, due in annual installments of \$720,000 to \$1,780,000, from June 1, 2017 through June 1, 2040 with interest ranging from 3.375% to 5.00% due semiannually, June 1 and December 1	\$ 26,910,000	\$ -	\$ (1,100,000)	\$ 25,810,000	\$ 1,150,000
\$8,635,000 Dormitory Refunding Revenue Bonds, Series 2016B, due in annual installments of \$618,500 to \$830,500, from June 1, 2017 through June 1, 2028 with an interest rate of 2.75% due semiannually, June 1 and December 1	8,016,500	-	(633,500)	7,383,000	652,000
\$13,683,344 Dormitory Refunding Revenue Bonds, Series 2016C, due in annual installments of \$731,544 to \$1,120,171, from June 1, 2017 through June 1, 2031 with an interest rate of 3.10% due semiannually, June 1 and December 1	12,951,800	-	(751,997)	12,199,803	776,196
Bonds payable	47,878,300	-	(2,485,497)	45,392,803	2,578,196
Less unamortized premiums	(969,960)	-	42,172	(927,788)	-
Bonds payable, net of unamortized premiums	\$ 48,848,260	\$ -	\$ (2,527,669)	\$ 46,320,591	\$ 2,578,196

Interest of \$133,393 and \$141,684 was accrued on the bonds as of June 30, 2019 and 2018, respectively.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 7 - BONDS PAYABLE (Continued)

Maturities of the revenue bonds are as follows:

<u>For the year ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 2,680,371	\$ 1,600,716	4,281,087
2021	2,780,073	1,496,981	4,277,054
2022	2,878,587	1,389,172	4,267,759
2023	2,996,456	1,277,228	4,273,684
2024	3,099,469	1,160,472	4,259,941
Thereafter	28,379,651	6,601,348	34,980,999
	<u>\$ 42,814,607</u>	<u>\$ 13,525,917</u>	<u>\$ 56,340,524</u>

During fiscal year 2017, the Foundation publicly issued advanced refunding revenue bonds (Series 2016A) of \$28,000,000 to defease the Series 2009 and 2011 outstanding housing revenue bonds for the purpose of consolidation and to achieve debt service coverage savings. The transaction reduced total debt service payments by approximately \$3,723,000, a net present value savings of approximately 9.96% or \$2,684,000. Additionally, Escambia County Housing Finance Authority was removed as sponsor. The Foundation placed the proceeds from the refunding in irrevocable escrow accounts with a trust agent to ensure payment of debt service on the refunded bonds. This refunded debt from the earlier issue was retired in full during this fiscal year based on the call date of June 1, 2019.

Simultaneous with the issuance of the Series 2016A, the Series 2010 and 2015 bonds were reissued by private placement to the existing holders under Series 2016B and Series 2016C, respectively. The terms remain substantially the same with the exception of the removal of Escambia County Housing Finance Authority as sponsor.

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, 2019 was 124%. The Foundation is not aware of any violations of the covenants at June 30, 2019.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 8 - NET POSITION

Expendable net position at June 30 are available for the following purposes:

	2019	Restated 2018
Scholarships, student awards and loan funds	\$ 11,479,558	\$ 10,404,763
Faculty support, professorships and chairs	4,993,746	5,015,867
Foundation reserve fund	8,958,855	7,329,767
Programs and other	20,441,421	20,616,665
Total expendable net position	<u>\$ 45,873,580</u>	<u>\$ 43,367,062</u>

Nonexpendable net position consists of endowment fund assets to be held in perpetuity, with only the income to be expended. The following is a summary of nonexpendable net position at June 30, 2019 and 2018, categorized by the purpose for which the income is expendable:

	2019	Restated 2018
Scholarships, student awards and loan funds	\$ 29,264,349	\$ 27,030,026
Faculty support, professorships and chairs	11,763,613	11,763,613
Programs and other	19,652,930	20,594,203
Total nonexpendable net position	<u>\$ 60,680,892</u>	<u>\$ 59,387,842</u>

NOTE 9 - ENDOWMENTS

The Foundation's endowments consist of 293 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 position 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.

As discussed in Note 6, the Foundation acts as a steward of PMA's cultural endowment program. The endowment of \$716,410 does not follow the Foundation's spending policy. All income from the endowment will provide support to PMA's mission.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 9 - 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.

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, 2019 and 2018, the amount of the loan was \$20,845 and \$16,370, respectively. The loan considers donor-restricted endowments where the fair value of the investments was less than donor stipulations plus amounts available for spending. These deficiencies resulted from unfavorable market fluctuations and continued appropriation for certain programs that was deemed prudent by the governing board.

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 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 amount for the operating budget on an annualized basis.

The Foundation's 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.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 9 - ENDOWMENTS (Continued)

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, 2019 and 2018.

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. The Foundation takes seriously its responsibility to provide prudent fiduciary management. 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 step down spending allocation method to slow the spending from the endowment. 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 has generally been two percent (2%) of the three-year average of the market value of the investment portfolio. To accommodate both the needs of the university and keeping with the goal of managing the endowment portfolio for the long term the governing board has fixed the amount at a rate of 1.75% effective fiscal year 2020.

Changes in balances for donor and board restricted endowments by net position class as of June 30, 2019 are as follows:

	Unrestricted	Expendable	Nonexpendable	Total
Endowment Balance, July 1, 2018	\$ 1,665,776	\$ 14,137,621	\$ 59,387,842	\$ 75,191,239
Restricted contributions	10,000	34,673	1,318,052	1,362,725
Investment income	153,450	6,872,379	-	7,025,829
Net depreciation	(71,512)	(2,681,012)	-	(2,752,524)
Other changes	(31,381)	(1,476,321)	(25,002)	(1,532,704)
Amounts appropriated for expenditures	(100,000)	(2,795,258)	-	(2,895,258)
Endowment Balance, June 30, 2019	<u>\$ 1,626,333</u>	<u>\$ 14,092,082</u>	<u>\$ 60,680,892</u>	<u>\$ 76,399,307</u>

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 9 - ENDOWMENTS (Continued)

Changes in balances for donor and board restricted endowments by net position class as of June 30, 2018 are as follows:

	Unrestricted	Expendable	Nonexpendable	Total
Endowment Balance, July 1, 2017	\$ 1,825,566	\$ 10,906,819	\$ 57,973,627	\$ 70,706,012
Restricted contributions	240	175,672	1,408,116	1,584,028
Investment income	122,255	5,156,400	-	5,278,655
Net appreciation	48,135	1,693,108	-	1,741,243
Other changes	-	(1,188,153)	6,099	(1,182,054)
Amounts appropriated for expenditures	(330,420)	(2,606,225)	-	(2,936,645)
Endowment Balance, June 30, 2018	<u>\$ 1,665,776</u>	<u>\$ 14,137,621</u>	<u>\$ 59,387,842</u>	<u>\$ 75,191,239</u>

The earnings from investments, and expenditures from those earnings, related to nonexpendable balances for the years ended June 30, 2019 and 2018 are classified as expendable balances.

As of June 30, 2019 and 2018, \$2,244,251 and \$2,253,509, 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 position. The quasi-endowments resulting from donor designations are classified as expendable net position.

NOTE 10 - 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.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 10 - RETIREMENT PLAN (Continued)

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.

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 8.47% to 25.41% and 7.92% to 22.71% for 2019 and 2018, 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 2019 and 2018, employees paid an amount of 3.00% into the Plan. Retirement expense for employees participating in this plan was \$61,769 and \$68,371 for the years ended June 30, 2019 and 2018, 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 employer 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. No employees participated in DROP during the years ended June 30, 2019 or 2018.

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 allocate 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 \$32,130 and \$31,236 for the years ended June 30, 2019 and 2018, 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, 2019 and 2018 totaled \$84,091 and \$71,868, respectively.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 10 - RETIREMENT PLAN (Continued)

The University has 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 2019 and 2018 for the University President participating in the plan totaled \$58,584 and \$60,106, respectively.

NOTE 11 - STUDENT HOUSING SYSTEM

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 seven projects, which are the following: 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 sublease 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 2019 or 2018. The sublease agreement was signed in 1998 and ends August 31, 2038. The sublease was amended September 30, 2018 in order to transfer six South Side units back to the University for non-housing use. See Note 5 for further explanation regarding the South Side units.

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 December 1, 2016 and is effective until all bonds outstanding are paid in full.

SUPPLEMENTARY INFORMATION

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
SCHEDULES OF STUDENT HOUSING SYSTEM REVENUES AND EXPENSES
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	Restated 2018
Revenues:		
Rent	\$ 8,526,791	\$ 8,848,847
Interest	191,244	168,220
Other	262,262	241,032
Total revenues	<u>8,980,297</u>	<u>9,258,099</u>
Operating Expenses:		
Salaries and wages	1,889,867	2,031,881
Administrative and general	683,151	417,285
Loss on impairment of capital assets	417,643	-
Maintenance and repairs	1,543,183	1,294,057
Insurance	187,282	190,932
Utilities	1,070,151	1,130,193
Interest	1,649,744	1,745,791
Depreciation and amortization	<u>3,052,548</u>	<u>2,864,997</u>
Total operating expenses	<u>10,493,569</u>	<u>9,675,136</u>
Deficiency of Revenues Under Expenses	<u><u>\$ (1,513,272)</u></u>	<u><u>\$ (417,037)</u></u>

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
SCHEDULES OF NET POSITION
(EXCLUDING THE STUDENT HOUSING SYSTEM)
JUNE 30, 2019 AND 2018

ASSETS

	2019	Restated 2018
Current Assets:		
Cash and cash equivalents	\$ 1,290,484	\$ 2,304,203
Contributions receivable, net	469,368	385,076
Other receivables, net	88,774	83,991
Due from University	387,149	378,796
Prepaid expenses	140,917	127,110
Investments	5,772,022	6,790,859
Total current assets	<u>8,148,714</u>	<u>10,070,035</u>
Noncurrent Assets:		
Restricted cash reserves	1,977,590	2,115,784
Contributions receivable, net	3,581,352	2,281,534
Investments	88,783,071	85,058,754
Capital assets, net	8,402,341	7,845,571
Assets held under split interest agreements	3,180,517	3,208,207
Other assets	1,740,547	1,741,780
Total noncurrent assets	<u>107,665,418</u>	<u>102,251,630</u>
Total Assets	<u>\$ 115,814,132</u>	<u>\$ 112,321,665</u>

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

Current Liabilities:		
Accounts payable and accrued expenses	\$ 828,687	\$ 752,210
Noncurrent Liabilities:		
Liabilities under split-interest agreements	2,159,914	1,604,792
Due to West Florida Historic Trust	1,173,507	1,238,296
Total noncurrent liabilities	<u>3,333,421</u>	<u>2,843,088</u>
Deferred Inflows of Resources:		
Split-interest agreements	<u>904,831</u>	<u>1,487,643</u>
Net Position:		
Net investment in capital assets	8,402,341	7,845,571
Unrestricted	(4,209,620)	(3,361,751)
Restricted -		
Expendable	45,873,580	43,367,062
Nonexpendable	60,680,892	59,387,842
Total net position	<u>110,747,193</u>	<u>107,238,724</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 115,814,132</u>	<u>\$ 112,321,665</u>

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
SCHEDULES OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019
(With Comparative Totals for 2018)

		Other Program	Student Housing		General &	2019	Restated
	Scholarships	Services	System	Fundraising	Administrative	Total	2018
							Total
Bad debt expense	\$ -	\$ 4,736	\$ 14,024	\$ -	\$ -	\$ 18,760	\$ 24,982
Bond expense	-	-	22,622	-	-	22,622	20,756
Depreciation and amortization	-	168,230	3,052,548	-	-	3,220,778	2,949,112
Equipment	-	13,593	5,313	-	-	18,906	59,716
Housing administrative and general	-	-	51,197	-	-	51,197	56,593
Insurance	-	26,195	187,282	-	20,492	233,969	245,336
Interest	-	-	1,649,744	-	-	1,649,744	1,745,791
Investment and consultant fees	-	5,093	-	-	226,318	231,411	267,372
Lobbying	-	30,000	-	-	90,000	120,000	120,000
Maintenance and repairs	-	-	1,543,183	-	-	1,543,183	1,294,057
Miscellaneous	-	252,960	-	9,969	9,219	272,148	265,936
Office	-	199,096	108,140	85,860	49,372	442,468	543,505
Professional development	-	79,924	7,313	15,513	8,974	111,724	122,648
Professional services	-	575,244	6,625	26,203	72,196	680,268	874,942
Public radio program	-	299,866	-	-	-	299,866	285,213
Public relations	-	100,981	-	45,161	12,496	158,638	126,206
Recruitment	-	27,937	482	9	66	28,494	37,895
Rental	-	38,810	-	4,926	5,848	49,584	48,937
Salaries and wages	-	1,631,696	1,889,867	189,356	1,300,520	5,011,439	5,081,230
Scholarships	1,481,751	-	-	-	-	1,481,751	1,947,358
Service charges and other fees	-	73,180	110,702	3,076	(68,482)	118,476	204,928
Loss on impairment of capital assets	-	-	417,643	-	-	417,643	-
Loss on transfer of capital assets	-	-	300,277	-	-	300,277	-
Student and staff support	-	-	-	-	-	-	653
Travel and entertainment	-	402,920	56,456	96,133	44,888	600,397	507,996
University support	-	1,081,956	-	-	-	1,081,956	1,264,710
Utilities	-	-	1,070,151	-	-	1,070,151	1,130,193
	<u>\$ 1,481,751</u>	<u>\$ 5,012,417</u>	<u>\$ 10,493,569</u>	<u>\$ 476,206</u>	<u>\$ 1,771,907</u>	<u>\$ 19,235,850</u>	<u>\$ 19,226,065</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, 2019
(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	\$ 1,584,845	\$ -	\$ 88,301	\$ 5,782	\$ 85,722	\$ 1,581,642	\$ 1,210,852	\$ 1,581,642
John C. Pace, Sr., Business Chair	1,000,000	1,304,186	-	72,664	4,758	70,541	1,301,551	1,000,000	1,301,551
John C. Pace, Sr., Memorial Eminent Scholar	2,644,500	3,526,229	-	196,466	12,866	190,728	3,519,101	2,644,500	3,519,101
John C. Pace, Jr., Distinguished University Professorship	3,966,750	5,289,343	-	294,698	19,298	286,092	5,278,651	3,966,750	5,278,651
Mary Ball Washington Chair	1,320,155	1,622,092	-	90,376	5,918	87,736	1,618,814	1,320,155	1,618,814
Total - Eminent Scholars Program	<u>\$ 10,142,257</u>	<u>\$ 13,326,695</u>	<u>\$ -</u>	<u>\$ 742,505</u>	<u>\$ 48,622</u>	<u>\$ 720,819</u>	<u>\$ 13,299,759</u>	<u>\$ 10,142,257</u>	<u>\$ 13,299,759</u>

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


Daniel Lucas, Chief Financial Officer

September 23, 2019

Date

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, 2019
(UNAUDITED)

Name of Gift	Beginning	Beginning	Corpus	Investment	Investments	Spending	Fund Balance	Reclass	Loan from	Ending	Ending
	Corpus	Net	Contributed		& Other		Net of				
	Balance	Balance	During the	Earnings	Expenses	Transfers	Earnings, Expenses	for	Unrestricted	Corpus	Total
			Year				& Transfers	Spending	Transfers	Balance	Balance
Alexander Memorial Scholarship	\$ 282,852	\$ 317,962	\$ -	\$ 17,715	\$ 1,160	17,198	\$ 317,319	\$ -	\$ -	\$ 282,852	\$ 317,319
Alfred duPont Foundation Scholarship	395,000	433,732	40,000	28,908	1,678	23,204	477,758	-	-	435,000	477,758
Bank of America	150,000	174,084	-	9,699	635	9,416	173,732	-	-	150,000	173,732
Baptist Hospital Fund	170,539	236,778	-	12,926	846	12,548	236,310	-	-	170,539	236,310
Barnett Bank Endowment	166,692	232,091	-	13,198	864	12,812	231,613	-	-	166,692	231,613
Blue Cross & Blue Shield Nursing Scholarship	155,673	168,946	-	9,413	616	9,137	168,606	-	-	155,673	168,606
C. L. Fountain Family Business Ethics	100,000	111,739	-	6,226	408	6,044	111,513	-	-	100,000	111,513
Cacilda Prado Pace Library Fund	150,346	162,074	-	9,030	591	8,761	161,752	-	-	150,346	161,752
Chadbourne Foundation - PJC/UWF	191,434	221,761	5,000	37,522	905	13,149	250,229	-	-	196,434	250,229
Chadbourne Foundation Business Ethics	300,000	329,797	-	18,375	1,203	17,836	329,133	-	-	300,000	329,133
Charles & Fran Switzer Business Ethics	198,774	219,539	-	12,232	801	11,875	219,095	-	-	198,774	219,095
CHARLOTTE	150,000	191,701	-	10,681	699	10,369	191,314	-	-	150,000	191,314
Dorothy Martin Endowment	150,005	192,076	-	10,702	701	10,389	191,688	-	-	150,005	191,688
E. W. Hopkins Jr., Professorship	175,343	241,742	-	13,469	882	13,075	241,254	-	-	175,343	241,254
Elizabeth R. Woolf	275,412	355,127	-	19,786	1,296	19,208	354,409	-	-	275,412	354,409
Gulf Power Electrical Engineering	152,700	165,592	-	9,226	604	8,955	165,259	-	-	152,700	165,259
Harold E. & Pat Marcus History/Archaeology	150,000	183,418	-	10,219	669	9,921	183,047	-	-	150,000	183,047
Jane & Fred Seligman Endowment	207,251	224,936	-	12,531	821	12,165	224,481	-	-	207,251	224,481
John C. Pace, Jr., Memorial Endowment	8,592,090	11,312,450	-	630,281	41,274	611,873	11,289,584	-	-	8,592,090	11,289,584
John C. Pace, Jr., Memorial Scholarship Fund	7,740,835	10,266,000	-	571,977	37,456	555,272	10,245,249	-	-	7,740,835	10,245,249
John L. Switzer Business Ethics	195,688	215,848	-	12,026	788	11,675	215,411	-	-	195,688	215,411
Katherine C. Pace Memorial Endowment	1,700,000	1,788,560	-	99,651	6,526	96,728	1,784,957	-	-	1,700,000	1,784,957
Kerrigan Daughters' Endowment	340,204	368,704	-	20,543	1,345	19,940	367,962	-	-	340,204	367,962
Levin Fund	251,906	318,685	-	17,754	1,163	17,237	318,039	-	-	251,906	318,039
Mabie Fund	324,014	401,824	1,225	22,502	1,468	21,772	402,311	-	-	325,239	402,311
Mattie M. Kelly Music Education Fund	163,443	224,457	-	12,506	819	12,141	224,003	-	-	163,443	224,003
Maygarden Lecture Series	162,810	182,549	250	10,171	666	9,877	182,427	-	-	163,060	182,427
Medical Center Clinic Endowment	164,306	216,225	-	12,047	789	11,695	215,788	-	-	164,306	215,788

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, 2019
(UNAUDITED)
(Continued)

Name of Gift	Beginning Corpus Balance	Beginning Net Balance	Corpus Contributed During the Year	Investment Earnings	Investments & Other Expenses	Spending Transfers	Fund Balance Net of Earnings, Expenses & Transfers	Reclass for Spending	Loan from Unrestricted Transfers	Ending Corpus Balance	Ending Total Balance
National Defense Industrial Assoc Sch End	150,000	161,223	-	8,982	588	8,719	160,898	-	-	150,000	160,898
Orville Beckford Scholarship Endowment	150,050	186,314	-	10,381	680	10,077	185,938	-	-	150,050	185,938
Pickens Foundation For Education	162,556	211,812	-	11,801	773	11,446	211,394	-	-	162,556	211,394
Pre Professional Endowment	165,338	242,643	-	13,519	885	13,124	242,153	-	-	165,338	242,153
Raymond C. Dyson Fund I	177,422	237,510	-	13,233	867	12,847	237,029	-	-	177,422	237,029
Raymond C. Dyson Fund II	162,282	213,468	-	11,894	779	11,546	213,037	-	-	162,282	213,037
Rotary Business Ethics	105,000	115,155	-	6,416	420	6,229	114,922	-	-	105,000	114,922
Sacred Heart Allied Health Endowment	163,947	227,887	-	12,697	831	12,326	227,427	-	-	163,947	227,427
Seymour Gitenstein Scholarship Endowment	200,000	181,063	-	10,088	661	13,269	177,221	-	-	200,000	177,221
Switzer Brothers Professorship Endowment	581,859	639,751	-	35,644	2,334	34,599	638,462	-	-	581,859	638,462
T. T. Wentworth, Jr. Historical Center	151,240	152,359	-	8,489	556	8,222	152,070	-	-	151,240	152,070
William D. Smart Seminar Series in Chem. End.	161,579	169,657	-	9,453	619	9,155	169,336	-	-	161,579	169,336
Women's Athletic Trust Fund	169,011	217,516	285	12,156	795	11,762	217,400	-	-	169,296	217,400
Total	\$ 25,657,601	\$ 32,414,755	\$ 46,760	\$ 1,836,069	\$ 118,461	\$ 1,757,593	\$ 32,421,530	\$ -	\$ -	\$ 25,704,361	\$ 32,421,530

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


Daniel Lucas, Chief Financial Officer

September 23, 2019

Date

COMPLIANCE SECTION

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2019

State Grantor		
Pass-through Grantor	CSFA	State
State Program Title	Number	Expenditures
<hr/>		
Florida Department of Education and Commissioner of Education:		
Major Gifts Program	48.074	\$ 792,370
Florida Department of Highway Safety and Motor Vehicles:		
University of West Florida License Plate Project	76.036	<u>\$ 47,400</u>
Total State Financial Assistance		<u><u>\$ 839,770</u></u>

Note: This schedule is presented on the accrual basis of accounting in accordance with generally accepted accounting principles.

**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), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated September 23, 2019.

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.

Board of Directors
University of West Florida Foundation, Inc.

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.

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
September 23, 2019

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY CHAPTER 10.650,
RULES OF THE AUDITOR GENERAL**

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

Report on Compliance for Each Major State Project

We have audited University of West Florida Foundation, Inc.'s (the "Foundation's") compliance with the types of compliance requirements described in the *Executive Office of the Governor's State Projects Compliance Supplement* that could have a direct and material effect on the Foundation's major state project for the year ended June 30, 2019. The Foundation's major state project is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state project.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Foundation's major state project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, Rules of the Auditor General. Those standards and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major state project. However, our audit does not provide a legal determination of the Foundation's compliance.

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

Opinion on Each Major State Project

In our opinion, the Foundation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major state project for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on the major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major state project and to test and report on internal control over compliance in accordance with Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.



Pensacola, Florida
September 23, 2019

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

A. SUMMARY OF AUDIT RESULTS

1. The independent auditor's report expresses an unmodified opinion on the financial statements of the University of West Florida Foundation, Inc.
2. No significant deficiencies in internal control relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of the University of West Florida Foundation, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major state project are reported in the Independent Auditor's Report on Compliance for Each Major State Project and on Internal Control Over Compliance Required by Chapter 10.650, Rules of the Auditor General.
5. The auditor's report on compliance for the major state project for the University of West Florida Foundation, Inc. expresses an unmodified opinion.
6. There are no audit findings relative to the major state project for the University of West Florida Foundation, Inc. which are required to be reported in accordance with Chapter 10.650, Rules of the Auditor General.
7. The project tested as major was:

University Major Gifts Program (CSFA No. 48.074)
8. The threshold for distinguishing Type A and B programs was \$300,000 for the major state projects.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statements which are reported in accordance with *Government Auditing Standards*.

C. FINDINGS AND QUESTIONED COSTS - MAJOR STATE PROJECT

None

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019
(Continued)

D. OTHER ISSUES

No Summary Schedule of Prior Year Findings is required, because there were no prior year audit findings related to state projects.

No Corrective Action Plan is required because there were no findings required to be reported under the Florida Single Audit Act.

MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of University of West Florida Foundation, Inc. (the “Foundation”), as of and for the fiscal year ended June 30, 2019, and have issued our report thereon dated September 23, 2019.

Auditor’s Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Chapter 10.650, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards, and Independent Auditor’s Report on Compliance for Each Major State Project and on Internal Control over Compliance Required by Chapter 10.650, Rules of the Auditor General.

Additional Matters

Section 10.654(1)(e), Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or State project amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, reading "Saltmarsh Cleaveland & Gend".

Pensacola, Florida
September 23, 2019