

UWF BUSINESS ENTERPRISES, INC.

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

PENSACOLA, FLORIDA

FINANCIAL STATEMENTS

JUNE 30, 2013

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
PENSACOLA, FLORIDA
FINANCIAL STATEMENTS
JUNE 30, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
UWF Business Enterprises, Inc.
Pensacola, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of UWF Business Enterprises, Inc. ("BEI"), (a component unit of the University of West Florida), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively compromise BEI'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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of BEI as of June 30, 2013, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Error

As described in Note 16, the financial statements as of and for the year ended June 30, 2013 have been restated to correct an error in the reporting of contracts which do not meet the criteria established in GASB 60, *Accounting and Financial Reporting for Service Concession Arrangements*. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 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 BEI's basic financial statements. The supplementary information presented on pages 29 through 34 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This supplementary information is the responsibility of management and was derived from and relates 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, the supplementary information presented on pages 29 through 34 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Directors
UWF Business Enterprises, Inc.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2013, on our consideration of BEI's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 BEI's internal control over financial reporting and compliance.



Pensacola, Florida
September 30, 2013
except for Note 16, as to which the date is March 13, 2014

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

This section of UWF Business Enterprises, Inc.'s ("BEI") annual financial report presents our discussion and analysis of the financial performance of BEI for the fiscal year ended June 30, 2013. This discussion has been prepared by management.

Because the information contained in the Management's Discussion and Analysis ("MD&A") is intended to highlight significant transactions, events and conditions, it should be considered in conjunction with the Basic Financial Statements and related notes found on pages 10 through 24.

Reporting Entity

At the September 23, 2011 University of West Florida ("the University") Board of Trustees' meeting, a motion was passed unanimously by Board members to establish a new Direct Support Organization of the University under Section 1004.28, Florida Statutes and University Regulation 5.016. BEI was to be established as a Florida not-for-profit corporation.

On October 18, 2011, BEI's Articles of Incorporation were filed under the laws of the State of Florida and were certified by the Florida Department of State, Division of Corporations on October 19, 2011.

BEI received official notice from the IRS of tax-exempt status under Section 501(c)(3) of the Internal Revenue Code on April 17, 2012.

BEI was established to build and manage public-private partnerships, create new services and businesses to support the University campus community, and enhance current auxiliaries and businesses to increase alternate sources of revenue for the University.

BEI is focused on entrepreneurial ideas that will enhance academic training and enhance university-community life, allow the University to continue to develop and grow, and increase revenue from alternate sources to further the University's strategic priorities.

Operational Highlight

Subsequent to June 30, 2012, the CEO of BEI resigned from his position with the University and cited February 2, 2013, as his last day. The University has appointed an interim CEO while taking time to contemplate a permanent replacement. The University has indicated they will continue with BEI's initiatives, as appropriate.

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013
(Continued)

Overview of the Financial Statements

The basic financial statements presented herein include all activities of BEI, as prescribed by statements of the Government Accounting Standards Board ("GASB"). BEI is a component unit of the University as of June 30, 2013.

With the implementation of GASB No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the statement of net position presents information on all of BEI's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Assets and deferred outflows less liabilities and deferred inflows equal the organization's net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of BEI is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents information showing how BEI's net position changed during the most recent period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The statement of cash flows presents information about the cash receipts and cash payments of BEI. It provides insight into the reasons for differences between operating income and associated cash receipts and payments; and the effects on BEI's financial position of its cash and its noncash investing, capital, and related financing transactions during the year.

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in BEI's basic financial statements. The notes are included immediately following the basic financial statements within this report.

Schedules I through VI provide supplementary information of expenses by BEI activity / category reported on the statement of revenues, expenses, and changes in net position. The schedules follow the notes to the basic financial statements.

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013
(Continued)

Summary of Financial Condition

As noted earlier, net position may serve over time as a useful indicator of BEI's financial position.

BEI's Condensed Statement of Net Position

	2013
Assets	
Total assets, excluding capital assets	\$ 1,345,644
Capital assets	2,544,681
Total assets	\$ 3,890,325
Liabilities	
Current liabilities	\$ 1,036,954
Long-term liabilities	3,174,699
Total liabilities	4,211,653
Net Position	
Net investment in capital assets	1,478,919
Unrestricted deficit	(1,800,247)
Total net position	(321,328)
Total liabilities and net position	\$ 3,890,325

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013
(Continued)

BEI's Condensed Statement of Revenues, Expenses, and Changes in Net Position

Revenues

Golf course sales	\$ 1,242,825
Food service commissions	643,117
Bookstore commissions	229,645
Revenues from service and management arrangements	190,909
Contributions in-kind	4,332
Miscellaneous income	6,000
Total revenues	<u>2,316,828</u>

Expenses

Golf course operations	1,122,495
Golf course pro shop cost of sales	118,736
Food service management	445,522
Donations to the University of West Florida	978,950
General and administrative	102,703
Building Eight	6,310
Depreciation	79,165
Total expenses	<u>2,853,881</u>

Nonoperating Expenses (3,089)

Change in net position (540,142)

Net Position at July 1, 2012 218,814

Net Position at June 30, 2013 \$ (321,328)

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013
(Continued)

Financial Highlights

Scenic Hills Country Club ("SHCC") was purchased by BEI on June 29, 2012 with \$1.1 million cash on hand and a \$1.1 million bank loan at 3.95% interest, amortized over 20 years with a balloon payment due in the third year. The \$1.1 million cash spent to purchase SHCC was the proceeds from a signing incentive paid to BEI from a vendor as part of the dining and event services agreement. The agreement also made provisions for additional capital investments to be made by the vendor. Accordingly, the payment received and all capital improvements made and to be made under the agreement are recorded as unearned income and amortized to revenue over the remaining life of the agreement.

On October 15, 2012 the President of the University granted approval for BEI to accept and administer Bookstore Services for the University. In an amendment to the initial agreement with the University, the bookstore vendor paid a \$600,000 signing bonus to BEI and agreed to make potential additional capital investments. Unearned income has been recognized and is subject to amortization over the extended life of the contract.

Capital investments made by the vendors under agreements with BEI ultimately become the property of the University. In recognition of this transfer of ownership, BEI's statement of revenues, expenses, and changes in net position reports a donation from BEI to the University in the amount of \$978,950 for the year ended June 30, 2013. Recognition of this expense in the current year, while associated revenues from amortization of unearned income are recognized over the life of the agreements from which they were derived, is the primary contributor to the \$572,982 decrease in BEI's net position at June 30, 2013 in comparison to the preceding fiscal year.

BEI also receives commissions based on sales from both the dining services and bookstore services vendors. Of the \$1 million advance commission paid to BEI by the dining services vendor in June 2012, \$440,884 remained unearned as of June 30, 2013.

BEI assumed a sublease liability, with the acquisition of SHCC, for the fleet of golf carts under capital lease. The fleet of golf carts was purchased by a third party in the fall of 2012, releasing BEI of the sublease liability. BEI then entered into an operating lease for a new fleet of golf carts and a capital lease for the purchase of golf course maintenance equipment. BEI also made investments in construction work in progress and an exterior sign for SHCC and project development costs associated with the East Campus project and the University Park project.

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013
(Continued)

Requests for Information

Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the following address:

UWF Business Enterprises, Inc.
11000 University Parkway
Building 10 Room 118
Pensacola, FL 32514

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
STATEMENT OF NET POSITION
JUNE 30, 2013

ASSETS

Current Assets:	
Cash	\$ 805,138
Accounts receivable, net of allowance of \$2,654	116,947
Due from the University of West Florida	330,281
Inventory	66,695
Prepaid expenses	6,426
Total current assets	<u>1,325,487</u>
Capital Assets	2,544,681
Other Assets:	
Loan costs	<u>20,157</u>
Total Assets	<u><u>\$ 3,890,325</u></u>

LIABILITIES AND NET POSITION

Current Liabilities:	
Accounts payable	\$ 252,913
Accrued liabilities	48,052
Unearned commission income	440,884
Current portion of unearned service and management arrangement income	254,542
Current portion of note payable	38,148
Capital lease obligation	2,415
Total current liabilities	<u>1,036,954</u>
Long-Term Liabilities:	
Unearned service and management arrangement income, less current portion	2,149,500
Note payable, less current portion	<u>1,025,199</u>
Total long-term liabilities	<u>3,174,699</u>
Total liabilities	<u>4,211,653</u>
Net Position:	
Net investment in capital assets	1,478,919
Unrestricted deficit	<u>(1,800,247)</u>
Total net position	<u>(321,328)</u>
Total Liabilities and Net Position	<u><u>\$ 3,890,325</u></u>

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

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2013

Revenues:

Golf course sales	\$ 1,242,825
Food service commissions	643,117
Bookstore commissions	229,645
Revenues from service and management arrangements	190,909
Contributions in-kind	4,332
Miscellaneous income	<u>6,000</u>
 Total revenues	 <u>2,316,828</u>

Expenses:

Golf course operations	1,122,495
Golf course pro shop cost of sales	118,736
Food service management	445,522
Donations to the University of West Florida	978,950
General and administrative	102,703
Building Eight	6,310
Depreciation	<u>79,165</u>
 Total expenses	 <u>2,853,881</u>

Net Operating Loss

(537,053)

Nonoperating Revenues (Expenses):

Gain on disposal of capital assets	40,427
Interest expense	<u>(43,516)</u>
 Net nonoperating expenses	 <u>(3,089)</u>

Change in Net Position

(540,142)

Net Position at July 1, 2012

218,814

Net Position at June 30, 2013

\$ (321,328)

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

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2013

Cash Flows from Operating Activities:

Cash received from customers and others	\$ 2,628,638
Cash paid to leased employees for services	515,463
Cash paid to suppliers and others	(3,051,790)
Net cash provided by operating activities	<u>92,311</u>

Cash Flows from Capital and Related Financing Activities:

Purchase of capital assets	(66,002)
Principal paid on capital debt	(59,269)
Interest paid on capital debt	(43,516)
Net cash used in capital and financing activities	<u>(168,787)</u>

Net Decrease in Cash (76,476)

Cash at July 1, 2012 881,614

Cash at June 30, 2013 \$ 805,138

Reconciliation of Net Operating Loss to Net Cash

Provided by Operations:

Net operating loss	\$ (537,053)
Adjustments to reconcile net operating loss to net cash provided by operating activities	
Depreciation	79,165
Amortization	10,079
Changes in -	
Accounts receivable, net	(433,118)
Inventory	25,803
Prepaid expenses	(1,556)
Accounts payable	209,965
Accrued liabilities	(5,900)
Unearned commission income	(559,116)
Unearned service and management arrangement income	1,304,042
Net cash provided by operating activities	<u><u>\$ 92,311</u></u>

Supplemental Schedule of Noncash Investing, Capital and Financing Activities:

Equipment acquired by capital lease	<u>\$ 20,775</u>
Release of sublease liability	<u>\$ 62,260</u>
Release of capital lease liability	<u><u>\$ 17,795</u></u>

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

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations:

UWF Business Enterprises, Inc. (“BEI”) was formed in 2011 as a Florida corporation, organized as a direct support organization of the University of West Florida (“the University” or “UWF”) under Section 1004.28, Florida Statutes, and Rule 6C-9.011, Florida Administrative Code, and therefore is considered a component unit of the University. BEI was organized for the explicit purpose of supporting the University of West Florida by the development of properties and facilities used or useful in the University’s educational endeavors, to lessen the burdens of government and provide assistance to the faculty, staff and students of the University. BEI is a public charity under section 501(c)(3) of the Internal Revenue Code.

BEI owns an office building located on UWF campus and assumed operation of Scenic Hills Country Club (“SHCC”) effective July 1, 2012. Both are used to support the University’s educational activities. BEI also has entered into contracts which will provide services to University students and personnel.

Basis of Presentation and Accounting:

Basis of accounting refers to when revenues, expenses and related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurements focus applied.

The accompanying financial statements of BEI have been prepared in conformity with generally accepted accounting principles (“GAAP”) as applied to governmental units. The Government Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. BEI applies all applicable GASB pronouncements. Additionally, BEI applies pronouncements of the Financial Accounting Standards Board (“FASB”) and its predecessor bodies, issued on or before November 30, 1989, unless those pronouncements contradict or conflict with GASB pronouncements.

BEI uses enterprise fund accounting. The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Use of Estimates:

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

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents:

For the purposes of reporting cash flows, BEI considers all cash accounts and certificates of deposit with original maturities of three months or less to be cash or cash equivalents.

Accounts Receivable:

Accounts receivable are stated net of an allowance for doubtful accounts. The allowance for doubtful accounts is management's estimate of those accounts on which collection is improbable.

Due from the University of West Florida:

BEI and the University jointly determined an amount for BEI to deposit with the University to be used to pay expenses for the fiscal year related to the management of the Assigned Functions, as defined in Note 6. At June 30, 2013, the cash balance held by the University is \$330,281.

Inventory:

Inventory consists of merchandise held for resale and maintenance inventory held at SHCC. Inventory is recorded at the lower of cost or market value. All dining services inventory was purchased by the food service provider after execution of an agreement with BEI for the transfer of the operations of the Food & Beverage and Catering Event services at SHCC.

Capital Assets:

Capital assets consist of land, buildings, golf course improvements, equipment, furniture and fixtures, exterior sign, and construction in progress. Assets are capitalized and recorded at cost at the date of acquisition or at estimated fair value at the date received in the case of donations. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. BEI has a capitalization threshold of \$50,000 for buildings, building improvements, infrastructure, infrastructure improvements, and leasehold improvements and a \$5,000 capitalization threshold for tangible personal property. Depreciation is calculated on the straight-line basis over the following estimated useful lives of the related assets:

Buildings	40 years
Golf course improvements	20 years
Maintenance equipment	7 - 10 years
Furniture and fixtures	7 years
Office equipment	5 years
Exterior sign	7 years

UWF BUSINESS ENTERPRISES, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loan Costs:

Loan costs related to long term debt will be amortized over the life of the loan. The loan was closed on June 29, 2012 and will be amortized through June 2015.

Unearned Commission Income:

As discussed in Note 7, BEI receives annually \$1,000,000 in unearned advance commissions in connection with a contract with a food service provider (“vendor”). Commissions earnings are calculated monthly based on net sales and recognized as revenue. The vendor will not make commission payments other than the annual advance to BEI until commissions earnings have exceeded the \$1 million annual advance plus any unearned commissions carried forward from prior years.

Unearned Service and Management Arrangement Income:

As discussed in Note 7, BEI received \$1.1 million as a signing incentive during the prior fiscal year in connection with a dining services contract with a vendor. Effective October 2012, BEI also assumed the unamortized balance of the vendor’s investment under the prior dining services contract between the University and the vendor. The payment received and capital improvements made and to be made by the vendor under the contract are recorded as unearned income and are amortized on a straight line basis from October 2012, or date of completion in the case of capital improvements, through June 2032.

As discussed in Note 8, BEI received as part of a service and management arrangement an initial contribution of \$600,000 from the vendor for the operation of the bookstore. This unearned income is being amortized on a straight line basis from October 2012 through November 2022.

Unearned service and management arrangement income at June 30, 2013 consists of the following:

Unamortized income from	
Dining Services agreement - Note 7	\$ 1,849,042
Unamortized income from	
Bookstore Services agreement - Note 8	<u>555,000</u>
 Total unearned income from service and management arrangements at June 30, 2013	 <u><u>\$ 2,404,042</u></u>

UWF BUSINESS ENTERPRISES, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position:

Equity is classified as net position and is further classified in the following components:

Net investment in capital assets - Consists of all capital assets, reduced by outstanding debt that is attributable to the acquisition of those assets.

Unrestricted - Consists of all other assets, liabilities and deferred inflows and outflows of resources not included in the above category.

Income Taxes:

BEI was established as a direct support organization of the University and has been granted tax exempt status under Section 501(c)(3) of the Internal Revenue Code. As of the date the financial statements were available for issue, BEI is not aware of any uncertain tax positions that would require disclosure or accrual in accordance with generally accepted accounting principles. In future years, it is possible unrelated business income will be generated by specific activities or operations of BEI. Federal and state income taxes will be accrued when applicable.

Operating Revenues and Expenses:

Operating revenues and expenses generally result from providing services in connection with BEI's SHCC, Dining Services, and Bookstore Services. Operating revenues are from golf course sales, commissions, service and management arrangements, and contributions in kind. Operating expenses are primarily from golf course operations, food and bookstore management, donations to the University, general and administrative, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTE 2 - ACQUISITION OF SCENIC HILLS COUNTRY CLUB

On June 29, 2012, BEI purchased Scenic Hills Country Club located in Pensacola, Florida for approximately \$2,200,000, which was appraised for \$2,700,000. Under the purchase agreement, the effective date of assuming operations was July 1, 2012. The acquisition was a cash transaction funded by cash on hand on June 29, 2012 and a loan of \$1.1 million (see Note 5).

UWF BUSINESS ENTERPRISES, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2 - ACQUISITION OF SCENIC HILLS COUNTRY CLUB (Continued)

On September 27, 2012, BEI entered into an agreement with the campus food service provider to operate all retail Food & Beverage and Catering Event services at Scenic Hills Country Club, to provide Catering Event services in the Scenic Hills Country Club buildings, and to provide cart food and beverage services on the golf course property. The vendor began operations of the Food & Beverage and Catering Event services on October 8, 2012. The contract extends until September 2014 and may be renewed for additional one-year periods upon mutual agreement.

The contract calls for the vendor to operate the Food & Beverage and Catering Events at Scenic Hills Country Club on a profit and loss basis and for BEI to be paid the larger dollar amount of 50% of profit from the total Food & Beverage and Catering Event sales each month or commissions based on sales from Food & Beverage and Catering Events at Scenic Hills Country Club on a sliding scale from 5% on the first \$750,000 of sales to 10% for sales in excess of \$901,000.

In addition, Scenic Hills Country Club retains 50% of all banquet room rental revenue (facilities fees).

The vendor provides in-kind food and beverage service to BEI at a maximum annual value of \$5,600.

NOTE 3 - CASH

At June 30, 2013, the bank balances of BEI were \$853,586. As of January 1, 2013, funds deposited in a noninterest-bearing transaction account no longer receive unlimited deposit insurance coverage by the Federal Deposit Insurance Corporation ("FDIC"). Beginning January 1, 2013, the sum of all of a depositor's accounts at an insured depository institution, including all noninterest-bearing transaction accounts are insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 for each deposit insurance ownership category. At June 30, 2013, BEI had \$603,586 held by a financial institution in excess of insured limits.

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4 - CAPITAL ASSETS

Capital assets consist of the following:

	Beginning Balance	Additions	Disposals	Ending Balance
Land	\$ 393,162	\$ -	\$ -	\$ 393,162
Buildings	1,701,870	-	-	1,701,870
Golf course improvements	344,808	-	-	344,808
Maintenance equipment	35,712	20,775	33,473	23,014
Furniture and fixtures	88,132	-	-	88,132
Office equipment	13,013	-	5,000	8,013
Exterior sign	-	11,392	-	11,392
Construction in progress	-	51,310	-	51,310
	<u>2,576,697</u>	<u>83,477</u>	<u>38,473</u>	<u>2,621,701</u>
Less: Accumulated depreciation	<u>-</u>	<u>(79,165)</u>	<u>2,145</u>	<u>(77,020)</u>
Total	<u>\$ 2,576,697</u>	<u>\$ 4,312</u>	<u>\$ 36,328</u>	<u>\$ 2,544,681</u>

Capital assets are depreciated on a straight-line basis over their useful lives. Depreciation expense for the year ended June 30, 2013 totaled \$79,165.

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 5 - LONG-TERM LIABILITIES

Changes in long-term liabilities were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Unearned service and management arrangement income	\$ 1,100,000	\$ 1,494,950	\$ 190,908	\$ 2,404,042	\$ 254,542
Sublease liability	84,311	-	84,311	-	-
Capital lease obligations	-	20,775	18,360	2,415	2,415
Note payable	1,100,000	-	36,653	1,063,347	38,148
	<u>\$ 2,284,311</u>	<u>\$ 1,515,725</u>	<u>\$ 330,232</u>	<u>\$ 3,469,804</u>	<u>\$ 295,105</u>

The note payable consists of a bank loan with an original principal balance of \$1.1 million at 3.95% interest, amortized over 20 years with a three year balloon payment. The monthly payment is \$6,670 and is secured by the real property of SHCC. Aggregate payments required on principal and interest under the note payable for each of the succeeding two years is as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 38,148	\$ 41,892	\$ 80,040
2015	1,025,199	40,337	1,065,536
	<u>\$ 1,063,347</u>	<u>\$ 82,229</u>	<u>\$ 1,145,576</u>

BEI has entered into a capital lease agreement for golf course equipment which expires in 2014. Amortization on the equipment under capital lease is included in depreciation. As of June 30, 2013, the cost of the equipment under capital lease was \$20,775 and related accumulated amortization was \$1,731.

NOTE 6 - MANAGEMENT AGREEMENT WITH UNIVERSITY OF WEST FLORIDA

On December 9, 2011, BEI and the University entered into a Master Management Agreement (“the Agreement”) which authorizes the President of the University to assign management and operation of certain University facilities and programs (“Assigned Functions”) to BEI. The Agreement requires BEI to use any excess funds to support University operations. However, BEI may retain funds (operating capital) which are necessary for the purposes of future projects and programs.

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 7 - ASSIGNMENT OF DINING SERVICES

On June 11, 2012, the President of the University granted approval, under the Agreement, for BEI to accept and administer Dining Services for the University. BEI entered into an agreement in June 2012 with a food service provider who will provide all retail and catering food services on the University's main campus, catering and event services in the University's facilities in the Pensacola historic district and concession services at athletic, recreational and special events at the University's main campus.

The contract with the vendor extends until September 2032 and can be extended for one year periods upon mutual agreement. Either party may terminate this agreement during the contract period due to financial hardship and with proper notice.

During the previous fiscal year, the vendor paid a signing incentive of \$1.1 million to BEI. The vendor has also agreed to purchase \$7,475,000 of capital improvements on behalf of BEI in exchange for contract terms including exclusive rights to provide services. The majority of the capital improvements will be purchased through August 2015. The \$1.1 million signing incentive has been recorded as unearned income and is being amortized to revenue on a straight-line basis from October 2012 through June 2032. Capital improvements made under the contract are recorded as completed, and corresponding unearned income is recognized and amortized over the remaining life of the contract. As the University, under the terms of the contract, holds title to assets funded through the capital investment, the transfer of the asset to the University by BEI will be recognized as donations to the University.

Included in the vendor's total capital investment is \$584,986, which is the unamortized balance of the vendor's investment under the contract between the University and the vendor in existence immediately prior to the effective date of the current agreement with BEI. BEI has included this amount as donations to the University and unearned income to be amortized on a straight-line basis over the period October 2012 to June 2017.

As of June 30, 2013, BEI has recognized \$894,950 in donations to the University and \$145,908 in earned revenue from the vendor investments.

Unearned service and management arrangement income at June 30, 2012	\$ 1,100,000
Add: Capital improvement under service and management arrangement	309,964
Add: Assumption of unamortized capital investment from prior contract	584,986
Less: Amortization of unearned income	<u>(145,908)</u>
Unearned service and management arrangement income at June 30, 2013	<u><u>\$ 1,849,042</u></u>

UWF BUSINESS ENTERPRISES, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 7 - ASSIGNMENT OF DINING SERVICES (Continued)

BEI also donated \$84,000 to the University during the fiscal year from a bonus payment received from the vendor. The bonus was based on sales from the previous fiscal year under the prior agreement with the University.

The contract also calls for commissions to be paid to BEI based upon sales by the vendor on a sliding scale from 8.5% on the first \$10 million of sales to 13% for sales in excess of \$14 million. Under the contract, an advance commission payment of \$1 million was paid upon the signing of the contract during the previous fiscal year. The balance of unearned commission is \$440,884 at June 30, 2013.

NOTE 8 - ASSIGNMENT OF BOOKSTORE OPERATIONS

On October 15, 2012, the President of the University granted approval, under the Agreement, for BEI to accept and administer Bookstore Services for the University.

On August 18, 2009, the University and a bookstore operations vendor entered into a Bookstore Operating Agreement pertaining to the operation of the University's bookstore facilities and certain bookstore upgrades. Bookstore Services became an Assigned Function of BEI on October 15, 2012, and the Bookstore Operating Agreement was amended on this date to substitute BEI as party to the agreement in lieu of the University. The amendment additionally extended the contract between BEI and the vendor through September 2022.

Under the contract, a \$600,000 initial contribution was provided to BEI by the vendor. This initial contribution was recognized as unearned income and is being amortized on a straight line basis over the 10 year contract period. The vendor has also agreed to pay BEI an additional \$300,000 for furniture, fixtures and equipment upon construction of a new bookstore facility on or about December 1, 2015 or soon thereafter.

All equipment, fixtures and furniture included as store upgrades from the capital investments of the vendor or from future capital investments for the new bookstore facility will remain the property of the vendor until the investment is fully amortized, over a five year period commencing on the date of the first disbursement of funds, at which time the upgrades will become property of the University. As of June 30, 2013, there were no fully amortized store upgrades. Upon such time that store upgrade titles are transferred to the University, the fair value of the assets will be recognized as donations to the University and unearned income by BEI.

BEI assumed a contingent liability in the amount of \$46,875 as of October 15, 2012, resulting from the ability of BEI to cancel the contract. This is the unamortized balance of the vendor's investment under the original agreement between the University and the vendor in existence immediately prior to the effective date of the contract amendment with BEI. This will be fully amortized in August 2014. Since BEI considers the likelihood of cancelation to be remote, no contingent liability is recorded as of June 30, 2013.

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 8 - ASSIGNMENT OF BOOKSTORE OPERATIONS (Continued)

As of June 30, 2013, BEI has recognized \$45,000 in bookstore contract revenue.

Unearned service and management arrangement income at June 30, 2012	\$ -
Add: Initial bookstore contribution	600,000
Less: Amortization of unearned income	<u>(45,000)</u>
 Unearned service and management arrangement income at June 30, 2013	 \$ <u>555,000</u>

The contract amendment also calls for commissions to be paid to BEI based upon sales by the vendor on a sliding scale from 10.25% on the first \$5 million of sales to 12.25% for sales in excess of \$7.5 million with a minimum annual guarantee of \$425,000 for fiscal years ending June 30, 2013 (which includes commissions earned from July 1, 2012 until the effective date of the contract amendment) and June 30, 2014. For the fiscal years commencing July 1, 2014 and beyond, the minimum annual guarantee shall be equal to 90% of the previous years calculated commission amount.

NOTE 9 - ASSIGNMENT OF PARKING OPERATIONS

On June 21, 2013, the President of the University granted approval, under the Agreement, for BEI to accept and administer Parking and Transportation Services (“PATS”) for the University. BEI assumed the PATS contract for the trolley service provider, formerly held by the University. The expenses for the PATS Assigned Function are the responsibility of BEI; cash reserves held by the University specifically for the PATS assigned function will remain the property of the University and will be held for planned and unscheduled needs and for the design and construction of parking, transportation, and related facilities as required. The assignment is effective July 1, 2013.

NOTE 10 - GROUND LEASE FOR DEVELOPMENT

On February 20, 2013, BEI entered into an agreement with an at-risk developer (the “Developer”) for the development of Argonaut Village, a mixed-use development with plans to include a hotel and conference center, student housing, retail outlets and restaurants. Total development budget is approximately \$41,400,000. In addition, BEI has employed a consultant as the financial advisor with fees not to exceed \$25,000.

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 10 - GROUND LEASE FOR DEVELOPMENT (Continued)

The Developer is responsible for bringing acceptable financing, design, construction and development plans for the project to BEI. The agreement contemplates BEI granting to the Developer up to a 50-year ground lease upon successful execution of the agreement. Furthermore, the agreement contemplates that upon expiration of the ground lease, BEI will own all improvements made on the property. BEI will participate in management of the property upon completion of the project.

NOTE 11 - BUILDING LEASE AND RENTAL INCOME

On June 14, 2013, BEI entered into a lease agreement with the UWF Small Business Development Center, a component of the University, to rent the building transferred to BEI in the previous year. The annual rent shall be \$20,310, and the rental period will be July 1, 2013 through June 30, 2016.

NOTE 12 - RISK MANAGEMENT

BEI is exposed to various levels of loss including, but not limited to, related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. BEI is insured for these risks. There were no insurance losses related to these risks for the last two fiscal years. BEI is not aware of any liabilities related to these risks as of June 30, 2013.

Subsequent to year end, BEI has established a Low Value Asset Policy to manage and account for certain property items which are portable and susceptible to theft or loss.

NOTE 13 - NEW ACCOUNTING STANDARD

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* became effective during the year end June 30, 2013 and requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. Statement No. 63 is intended to improve financial reporting by providing citizens and other users of state and local government financial reports with information about how past transactions will continue to impact a government's financial statements in the future. These statements reflect changes made pursuant to Statement No. 63.

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 14 - IN-KIND CONTRIBUTIONS

Certain donated services which require specific expertise or enhance an asset are required to be recorded in the financial statements at their fair market value. For the year ended June 30, 2013, approximately \$1,363 was recorded for contributions from BEI's volunteer board members. Rent for space utilized by BEI and owned by the University was recorded for approximately \$1,606. In addition, \$1,363 was recorded for food and beverage service donated to BEI's chief executive officer and other catering services.

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 the University direct support organizations by the University at no cost. Estimated fair values are recorded if determinable. No value is assigned to administrative and fiscal services in the accompanying statement of revenues, expenses, and changes in net position, since there is no objective basis for determining the value.

NOTE 15 - RELATED PARTIES

The University provides administrative, managerial and facilities support for BEI. BEI reimbursed the University \$51,770 for services and costs during the period ended June 30, 2013. As discussed in Note 1, BEI has a cash balance of \$330,281 held by the University, with \$32,840 of the balance in transit at June 30, 2013. As of June 30, 2013, BEI had disbursed \$445,522 for food service management pursuant to the Agreement discussed in Note 6. As discussed in Note 7, BEI donated \$978,950 to the University related to dining services.

NOTE 16 - CORRECTION OF ERROR

The accompanying financial statements as of and for the year ended June 30, 2013 have been restated to correct an error in the reporting of contracts which do not meet the criteria established in GASB 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The effect of the restatement was to decrease deferred inflows of resources and increase unearned service and management arrangement income by \$2,404,042. Net position as of June 30, 2013 and the change in net position for the year ended June 30, 2013 were not affected.

OTHER REPORT

**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
UWF Business Enterprises, 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 business-type activities of UWF Business Enterprises, Inc. (“BEI”), (a component unit of the University of West Florida), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise BEI’s basic financial statements, and have issued our report thereon dated September 30, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered BEI’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 BEI’s internal control. Accordingly, we do not express an opinion on the effectiveness of the BEI’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described below, that we consider to be significant deficiencies.

Finding 13-1: Cash Receipts

Auditor's Comment:

As part of gaining an understanding of the internal controls over cash receipts at SHCC, we noted that there were several differences between the amount of cash and checks recorded on the Pro Shop deposit reconciliation and the amount of cash and checks deposited at the bank. In all instances, more cash and checks were received by the bank than what was recorded on the deposit reconciliation. According to the established internal controls, management should review all differences greater than \$10. For the month of April 2013, three differences were over \$10, which totaled \$1,936. We also noted that there was no documentation of the General Manager's review of the nightly closeout of the point-of-sale system. We recommend the General Manager ensure accuracy, as well as document timely and proper review of deposit information, specifically as it relates to a comparison between the Pro Shop's cash and check deposits and the bank's cash and check deposits.

Management's Response:

The General Manager of Scenic Hills Country Club will provide additional training to new Pro Shop employees for point-of-sale system closeout procedures. Written point-of-sale system closeout procedures will be furnished to Pro Shop employees for reference when performing the nightly closeout. The General Manager will review the closeout information the next working day, which will include a reconciliation of the register printout of the closeout totals from the previous day with the deposit log. After review, the General Manager will initial and date the register printout and the deposit log to certify the amount deposited matches the amounts recorded during closeout. Any variances of \$10.00 or more identified during the review will be immediately investigated by the General Manager, and an explanation will be noted and dated on the register printout and communicated to the Director. BEI will explore other means for review which may be feasible with the new point-of-sale system software implementation.

Finding 13-2: Outstanding Membership Dues

Auditor's Comment:

During our testing of SHCC's monthly membership dues, we noted one member had not paid membership dues since joining in January 2013 and another member had not paid membership dues since joining in March 2013. Management has not established a formal policy on collection of outstanding membership dues; however, in practice, the General Manager will contact members when dues have been outstanding for more than sixty days. We recommend management develop a formal membership dues collection policy and assign appropriate personnel to enforce the policy.

Management's Response:

BEI will establish a formal membership dues collection policy and will assign appropriate personnel to enforce the policy.

Finding 13-3: Distribution of Payroll Checks

Auditor's Comment:

As part of gaining an understanding of the internal controls over payroll, we noted SHCC's payroll checks were kept in an unlocked safe which can be accessed by all employees. Absent proper security over payroll checks, there is a heightened risk that payroll checks could be stolen or otherwise mishandled. BEI should maintain documentation demonstrating payroll checks were distributed and received by its employees. To improve controls over payroll, we recommend payroll checks that are not immediately distributed to employees be placed in the digital safe, which is locked at all times and is accessible only by the General Manager. We also recommend management develop a formal policy on internal controls over payroll check distribution.

Management's Response:

Scenic Hills Country Club employees will no longer have access to bi-weekly payroll checks or direct deposit stubs. A form will be created with all Scenic Hills Country Club employees' names for employees to sign and date beside their name when they receive their bi-weekly payroll check or direct deposit stub from their supervisor. Bi-weekly payroll checks or direct deposit stubs which are not picked up on the pay date will be stored in the digital safe, which will be locked at all times and only accessible by the General Manager. After the pay date, bi-weekly payroll checks or direct deposit stubs must be picked up directly from the General Manager, and employees will be required to sign and date the form beside their name at such time. BEI will establish a formal policy on internal controls over payroll check and direct deposit stub distribution.

Finding 13-4: Cash Disbursements

Auditor's Comment:

As part of gaining an understanding of the internal controls over expenses, we noted the Director did not document the review of the expenses we selected for testing. Without the Director's documented approval, there is an increased risk that improper expenditures may be made that may ultimately result in material misstatements of the financial statements. We recommend, as good business practice, that the Director sign all invoices as a control to ensure that only necessary and appropriate expenses are being paid by BEI.

Management's Response:

The Director will initial and date all original invoices submitted to BEI upon review, prior to recording the invoices and payment processing.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether BEI'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*.

BEI's Response to Findings

BEI's responses to each of the findings identified in our audit are described previously as "Management's Response." BEI's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 30, 2013

SUPPLEMENTARY INFORMATION

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
SCHEDULE I - SCENIC HILLS COUNTRY CLUB EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013

Administrative expenses	\$ 28,373
Advertising and promotion	5,046
Amortization	2,940
Armored truck charges	6,386
Bank service charges	18,377
Carts expense	72,182
Computer	7,877
Course maintenance	172,093
Dues and subscriptions	1,120
Insurance	47,358
Marketing expense	24,897
Miscellaneous	1,977
Office supplies	2,742
Postage	3,513
Pro Shop expenses	4,452
Professional fees	13,950
Repairs and maintenance	28,549
Restaurant expense	11,384
Staff leasing	515,464
Taxes and licenses	22,983
Travel and entertainment	2,437
Utilities	128,395
	<hr/>
	\$ 1,122,495
	<hr/> <hr/>

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
SCHEDULE II - FOOD SERVICE MANAGEMENT EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013

Auxiliary administrative overhead	\$ 68,000
Concession commissions	885
Credit card fees	25,788
Materials and supplies	6,430
Miscellaneous	5,175
Nautilus card fees	48,613
Repairs and maintenance	117,006
Repairs and replacement	50,000
Utilities	<u>123,625</u>
	<u><u>\$ 445,522</u></u>

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
SCHEDULE III - DONATIONS TO THE UNIVERSITY OF WEST FLORIDA
FOR THE YEAR ENDED JUNE 30, 2013

Catering kitchen (design)	\$ 24,534
Dining services auxiliary	84,000
Dining services capital improvements	584,986
Food truck	<u>285,430</u>
	<u>\$ 978,950</u>

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
SCHEDULE IV - GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013

Administrative expenses	\$ 4,333
Advertising and promotion	909
Amortization	7,139
Computer	7,631
Equipment	238
Miscellaneous	599
Office supplies	2,152
Other university support	14,112
Postage	290
Professional fees	60,647
Taxes and licenses	369
Travel and entertainment	4,203
Utilities	81
	<hr/>
	\$ 102,703
	<hr/> <hr/>

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
SCHEDULE V - BUILDING EIGHT EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013

Insurance	\$ 2,713
Repairs and maintenance	<u>3,597</u>
	<u><u>\$ 6,310</u></u>

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
SCHEDULE VI - DEPRECIATION EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013

Building Eight	\$ 3,593
Scenic Hills Country Club	<u>75,571</u>
	<u><u>\$ 79,165</u></u>