



AGENDA

**THE UNIVERSITY OF WEST FLORIDA
BOARD OF TRUSTEES**

**Audit & Compliance Committee Meeting
November 16, 2017**

**University of West Florida Conference Center, Bldg. 22
11000 University Parkway, Pensacola, FL 32514**

Call to Order/Roll Call. Robert Jones, Chair

Greeting Robert Jones

Action Items:

1. Approval of 2017 Florida Educational Equity Act Report
2. Acceptance of UWF Internal Auditing Reports Issued: Faculty/Staff-Led Student Travel 2016-17; Market Rate Tuition 2016-17; Petty Cash and Change Funds 2017-18
3. Acceptance of External Audit of Financial Statements of Direct Support Organization – UWF Business Enterprises, Inc.
4. Acceptance of External Audit of Financial Statements of Direct Support Organization – University of West Florida Foundation, Inc.
5. Certification of External Audit of Financial Statements of Direct Support Organization – West Florida Historic Trust, Inc.
6. Acceptance of Internal Auditing PCard Auditing Reports: Quarter 1 Update (July 2017 – September 2017)

Information Items:

1. Internal Auditing Update on Activities
2. Compliance Update on Activities

Other Committee Business:

Adjournment

UWF Board of Trustees Meeting
Audit and Compliance Committee
November 16, 2017

Issue/Agenda Recommendation: 2017 Florida Educational Equity Act Report

Proposed Action: Approval

Background Information: The Florida Education Equity Act Report is completed annually by each Florida public university and includes information on the University's progress in implementing strategic initiatives related to equity and access in academic services, programs, and student enrollment; equity in athletics; and equity in employment as required by Regulation 2.003 Equity and Access. Each University's Florida Educational Equity Act Report is approved by the Board of Trustees and is submitted to the Board of Governors. The Student Enrollment and Employment reporting focuses on females and members of specified racial/ethnic groups. The Athletics portion of the report focuses on gender equity on the basis of Accommodation of Interests and Abilities. The 2017 Florida Education Equity Report is based on 2015-2016 data.

In 2014, a UWF Student Diversity Goals committee was formed. The purpose of this committee was to collectively set student diversity goals for the annual Florida Equity Report. As a result, the student diversity goals were changed to three-year goals that will now cover the 2014/2015, 2015/2016, and 2016/2017 Academic Years ("AY").

Implementation Plan: N/A

Fiscal Implications: N/A

Supporting documents: 2017 Florida Education Equity Act Report and PowerPoint Presentation

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2017 Florida Equity Report

Enrollment, Gender Equity in Athletics, and Employment

Data Year: 2015-2016

Approved by the University Board of Trustees

November 16, 2017

Approved by Dr. Martha Saunders, 2017

Submitted by:

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2016 FLORIDA EQUITY REPORT

Data Year: July 2015 – June 2016

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PART I EXECUTIVE SUMMARY

The Florida Education Equity Act Report is completed annually by each Florida public university and includes information on the University's progress in implementing strategic initiatives related to equity and access in academic services, programs, and student enrollment; equity in athletics; and equity in employment as required by Regulation 2.003 Equity and Access. Each University's Florida Educational Equity Act Report is approved by the Board of Trustees and is submitted to the Board of Governors.

The University of West Florida's 2017 Florida Education Equity Report is based on 2015-2016 data. Discussion in this report referring to "this year" indicates 2015-2016 data, and discussion referring to "last year" indicates 2014-2015 data.

The University of West Florida (UWF) submits the 2017 Florida Educational Equity Act Report which identifies, measures, and enhances UWF's progress toward appropriate gender and racial representation. This report celebrates our successes and outlines our goals for areas in which we can improve the diversity of our campus community. The Student Enrollment and Employment reporting focuses on females and members of specified racial/ethnic groups. The Athletics portion of the report focuses on gender equity on the basis of Accommodation of Interests and Abilities.

Prior to Summer 2010, the protected classes were Black (B), non-Hispanic; Hispanic (H); Asian/Pacific Islander (A/PI); and American Indian/Alaska Native (AI/AN). Beginning Summer 2010, the Board of Education revised the racial classes to be used in this report. Asian/Pacific Islander (A/PI) became Asian (A). A new category of Native Hawaiian or Other Pacific Islander (NH/OPI) was added. In addition, individuals now have the ability to designate themselves as two or more races. Individuals are counted only once per category.

In 2014, a UWF Student Diversity Goals committee was formed. The purpose of this committee was to collectively set student diversity goals for the annual Florida Equity Report. The committee was composed of university employees such as the Chief Diversity Officer and the Assistant Vice President of Enrollment Affairs. This Committee met several times throughout 2014. As a result, the student diversity goals were changed from yearly goals to three-year goals. The three-year goals cover the 2014/2015, 2015/2016, and 2016/2017 data years. Additionally, setting three-year goals will better correlate with the University's comprehensive Diversity Plan (2014-2017).

The following areas assisted with gathering information for this report: Institutional Research, Research and Sponsored Programs, Enrollment Services, Academic Affairs, Student Affairs, Human Resources, and Intercollegiate Athletics.

Data Year: 2015-2016

The University of West Florida excels in female representation in student enrollment and has a diverse minority representation. At the University, out of the 2,142 Bachelor's degrees received this year, 1,328 of them were received by females (62%) and 556 by minorities (26%). Out of the 742 Master's and Specialist's degrees received, 495 were received by females (67%) and 152 were minorities (20%). Also, out of the 19 Doctoral degrees awarded, seven of them were received by females (37%) and four were minorities (21%).

The University of West Florida's gender equity in athletics program was effective for the report period. There were eight sports for female students and six sports for male students. While no specific areas of improvement are suggested by the 2015-2016 data, there is significant planning underway to advance UWF athletics. Intercollegiate Athletics seeks to develop the resources to proactively address implications for compliance thresholds and to ensure that the accommodation of interest and abilities in athletics is maintained.

The University of West Florida's strategies for achieving diversity goals included the following action-oriented programs: Utilized an online recruiting and hiring process to increase the University's visibility to applicants for employment; required hiring managers to advertise in diversity-focused periodicals and discipline-specific journals; extended application deadlines and recommended additional diverse advertising on a case-by-case basis for job searches that had not resulted in a diverse pool of applicants; instituted additional outreach programs such as job fairs targeted to diverse applicants to recruit females, minorities, individuals with disabilities and veterans; identified the essential functions of positions and the skills and knowledge needed to carry out those functions before interviewing for positions; controlled for bias in the employment process by requiring that search committees represent gender and racial diversity; monitored selection procedures and applicant pool representation to ensure diversity in employment searches; continued to fund the John C. Pace Symposium series for outstanding diverse scholars to provide seminars and lectures at the University; listed student employment opportunities on the University's online recruitment system; complied with requirements of the Office of Federal Contract Compliance Program's Uniform Guidelines on Employee Selection Procedures; included access, equal opportunity and diversity factors in the strategic planning process; and provided the tuition waivers to faculty and staff.

Budget Plan

UWF requires hiring managers to advertise each job posting in publications targeted to females and minority populations. Diversity recruitment advertising during the 2015-2016 data year was \$21,000. The University has been successful in increasing exposure of its position openings to females and minorities in the hiring market, and this will continue to be a priority.

UWF will continue multicultural/diversity training and grant opportunities. Funding is available for full-time faculty and staff to travel to obtain training on multiculturalism/diversity issues. Attendees share their knowledge by presenting what they have learned to the campus community.

The President's Award for Leadership in Diversity is provided annually to recognize the following: Demonstrated leadership and/or evidence of extensive, sustained participation in integrating issues of multiculturalism, diversity, or cross-cultural achievements in teaching, university service, or community service activities. Demonstrated leadership and/or evidence of personal engagement in the dissemination of information, or the implementation of events or activities that seek to enhance cross-cultural understanding and inclusion of people from under-represented groups in terms of ethnicity, race, gender, and/or socioeconomic status. Awards are given to a degree-seeking student, a faculty member, and a staff member.

PART II: REVIEW OF POLICIES AND PROCEDURES

P-13.08-03/17 – Prohibition of Discrimination, Harassment, and Retaliation (EO Policy):

<https://confluence.uwf.edu/display/UP/Prohibition+of+Discrimination%2C+Harassment+and+Retaliation>

Procedure for Investigation and Disposition of Formal Complaints of Discrimination, harassment, or Retaliation:

<http://uwf.edu/offices/equal-opportunity-and-accessibility/equal-opportunity-programs/services-provided/procedure-for-formal-complaints/>

HR-20.02-09/15 - Recruitment, Selection, and Appointment:

<https://confluence.uwf.edu/display/UP/Recruitment%2C+Selection%2C+and+Appointment>

P-14.02-02/15 - Sexual Misconduct, Sexual Violence, and Gender-Based Discrimination and Retaliation Policy (Title IX Policy):

<https://confluence.uwf.edu/display/UP/Sexual+Misconduct%2C+Sexual+Violence%2C+Gender-Based+Discrimination+and+Retaliation>

The University's primary policy in support of equity is the Policy Prohibiting Discrimination, Harassment, and Retaliation (P-13.08). This policy was amended in June 2016, with technical corrections made in March 2017. This policy is posted on the Human Resources Department's electronic bulletin board on the Human Resources website and the Equal Opportunity Programs website. In addition, the policy is provided to new employees at New Hire Orientation. A statement of the University's commitment to equal opportunity is also included on contracts. Equal opportunity training is required, along with information accessible from several departmental web sites.

Legend to racial codes used throughout this report:

B – Black or African American
H – Hispanic or Latino
A – Asian
NH/OPI – Native Hawaiian or Other Pacific Islander
AI/AN – American Indian/Alaska Native
≥Two – Two or more races
Unk - Unknown

PART III: ACADEMIC PROGRAM REVIEWS

Table 1. Fulltime First Time In College Enrollment, Fall and Early Admits Fall 2016, Fall 2015, and Fall 2011										
	NRA	Asian	AI AN	B	H	W	NH OPI	>TW O	Unk	Total
Men	12	20	2	60	58	388	0	45	4	589
Women	11	24	10	76	67	460	1	36	8	693
Total FTIC Fall 2016	23	44	12	136	125	848	1	81	12	1282
Category % of Total Fall 2016	1.79	3.43	0.94	10.61	9.75	66.15	0.08	6.32	0.94	100
Men	11	18	1	96	70	393	2	40	10	641
Women	15	21	4	95	73	429	1	46	9	693
Total FTIC Fall 2015	26	39	5	191	143	822	3	86	19	1334
Category % of Total Fall 2015	1.95	2.92	0.37	14.32	10.72	61.62	0.22	6.45	1.42	100
Men	15	17	4	59	48	394	3	23	0	563
Women	4	20	4	98	54	456	1	39	1	677
Total FTIC Fall 2011	19	37	8	157	102	850	4	62	1	1240
Category % of Total Fall 2011	1.53	2.98	0.65	12.66	8.23	68.55	0.32	5	0.08	100
Percentage Change in number from Fall 2011 to Fall 2016	21.05	18.92	50.00	-13.38	22.55	-0.24	-75.00	30.65	1100.00	3.39

Source: BOG IPEDS Fall Enrollment by Race, Ethnicity, and sex. Line 01, First time students.

Out of the total number of Fall 2016 FTIC students, 54% were female and approximately 31% were minorities. Diversity enrollment numbers increased for Asian students, and American Indian/Alaska Native students. In year one, the three-year diversity goals were reached for Black and Hispanic students.

Three-year Diversity Goals for this category:

- Black students, 2 percentage points
- American Indian/Alaska Native students, none
- Asian students, 2 percentage points
- Hispanic students, 2 percentage points
- Native Hawaiian/Other Pacific Islander students, none

	NRA	Asian	AI AN	B	H	W	NH OPI	>TWO	Unk	Total
Men	14	4	3	63	15	207	3	20	7	336
Women	8	7	3	62	54	323	0	18	15	490
Total Fall 2016	22	11	6	125	69	530	3	38	22	826
Category % of Total Fall 2016	2.66	1.33	0.73	15.13	8.35	64.16	0.36	4.6	2.66	100
Men	4	6	3	78	35	258	1	22	4	411
Women	4	10	1	52	31	349	1	23	9	480
Total Fall 2015	8	16	4	130	66	607	2	45	13	891
Category % of Total Fall 2015	0.9	1.8	0.45	14.59	7.41	68.13	0.22	5.05	1.46	100
Men	12	7	4	48	32	322	8	17	0	450
Women	1	7	1	78	56	480	1	29	0	653
Total Fall 2011	13	14	5	126	88	802	9	46	0	1103
Category % of Total Fall 2011	1.18	1.27	0.45	11.42	7.98	72.71	0.82	4.17	0	100
Percentage Change in number from Fall 2011 to Fall 2016	69.23	-21.43	20.00	-0.79	-21.59	-33.92	-66.67	-17.39	∞	-25.11

Source: BOG IPEDS Fall Enrollment by Race, Ethnicity, and sex. Column 2 Transfer-In.

Diversity increased among Black, American Indian/Alaska Native students, Hispanic students, Native Hawaiian or Other Pacific Islander and female students. Out of the 826 total transfer students, over 59% were female and 30% were minority students. In year one, the three-year diversity goals were reached for Black students and Hispanic students. In year two, female students increase by 5%.

Three-year Diversity Goals for this category:

- Black students, 3 percentage points
- American Indian/Alaska Native students, none
- Asian students, 9 percentage points
- Hispanic students, 2 percentage points
- Native Hawaiian/Other Pacific Islander students, none

Table 3. Retention of Fulltime FTIC's Entering Fall 2015 or Summer 2015 and Continuing into Fall, after One Year

	NRA	Asian	AI AN	B	H	W	NH OPI	>TWO	Unk	Female	Male	Total
Cohort	28	37	5	189	142	812	4	84	18	691	628	1319
Category % of Total	2.12	2.81	0.38	14.33	10.77	61.56	0.3	6.37	1.36	52.39	47.61	100
After 1 Year	21	31	5	121	106	606	3	64	14	535	436	971
Retention Rate	75.00	83.78	100.00	64.02	74.65	74.63	75.00	76.19	77.78	77.42	69.43	73.62

Source: Student Instruction File. FTICs who matriculated in Fall 2015, plus those FTICs who matriculated in Summer 2015 and enrolled in Fall 2015

Retention percentages from the previous year's retention percentages increased among Asian students, American Indian/Alaska Native students, Hispanic students, female students, and students identifying as two or more. Out of total number students retained after one year, 52% were female students and 34% were minority students. In year two, the three-year diversity goals were met for Asian students and Hispanic students.

Three-year Diversity Goals for this category:

- Black students, 1 percentage point
- American Indian/Alaska Native students, none
- Asian students, 1 percentage point
- Hispanic students, 1 percentage point
- Native Hawaiian/Other Pacific Islander students, none

Table 4. Graduation Rate of Fulltime FTICs Beginners and Early Admits Entering Fall 2015 or Summer 2015 and Continuing into Fall After Six Years

Category	NRA	Asian	AI AN	B	H	W	NH OPI	>TWO	Unk	F	M	Total
Cohort	16	38	7	126	98	879	5	40	3	662	550	1212
Category % of Total	1.32	3.14	0.58	10.4	8.09	72.52	0.41	3.3	0.25	54.62	45.38	100
AFTER 6 YEARS	13	35	4	90	64	573	2	14	3	484	314	798
Number of Graduates	10	23	3	53	45	441	2	12	2	351	240	591
Percent Graduated	62.50	60.53	42.86	42.06	45.92	50.17	40.00	30.00	66.67	53.02	43.64	48.76
Category % Graduated	1.69	3.89	0.51	8.97	7.61	74.62	0.34	2.03	0.34	59.39	40.61	100.00
Number Retained	11	25	3	59	49	482	2	15	3	372	277	649
Percent Retained	68.75	65.79	42.86	46.83	50.00	54.84	40.00	37.50	100.00	56.19	50.36	53.55

Source: BOG Retention Report 06-Year FTIC Graduate Rate Report.

The number Black students and American Indian/Alaska Native students who graduated after six years increased. The number of retained students increased for Asian students and Black students. In year one, the three-year diversity goal was reached for Hispanic students. In year two, the three year diversity goals was reached for Black students and Asian students.

Three-year Diversity Goals for this category:

- Black students, 2 percentage points
- American Indian/Alaska Native students, none
- Asian students, 1 percentage point
- Hispanic students, 1 percentage point
- Native Hawaiian/Other Pacific Islander students, none

Table 5. Bachelor's Awarded, AY 2015-2016, AY 2014-2015, AY 2010-2011										
Category	NRA	Asian	AI AN	B	H	W	NH OPI	>TWO	Unk	Total
AY 2015-2016										
Male	34	29	3	64	64	564	5	38	13	814
Female	45	36	8	133	110	909	0	66	21	1328
Total	79	65	11	197	174	1473	5	104	34	2142
Category % of Total	3.69	3.03	0.51	9.2	8.12	68.77	0.23	4.86	1.59	100
AY 2014-2015										
Male	29	17	5	62	49	542	2	18	8	732
Female	28	29	6	128	98	838	4	41	23	1195
Total	57	46	11	190	147	1380	6	59	31	1927
Category % of Total	2.96	2.39	0.57	9.86	7.63	71.61	0.31	3.06	1.61	100
AY 2010-2011										
Male	15	34	8	37	23	586	1	5	1	710
Female	12	50	11	120	64	924	3	6	3	1193
Total	27	84	19	157	87	1510	4	11	4	1903
Category % of Total	1.42	4.41	1	8.25	4.57	79.35	0.21	0.58	0.21	100
Source: BOG IPEDS Completions AY 2015-2016, AY 2014-2015, AY 2010-2011 Report Degrees Awarded Bachelor's Completions: Total by first major.										

Compared to last year, the total number of Bachelor degrees awarded to Asian students, Hispanic students, and students identifying as two or more increased. In year one, the three-year diversity goal was reached for Black students.

Three-year Diversity Goals for this category:

- Black students, 1 percentage point
- American Indian/Alaska Native students, none
- Asian students, 1 percentage point
- Hispanic students, 2 percentage points
- Native Hawaiian/Other Pacific Islander students, none

Table 6. Master's Awarded, AY 2015-2016, AY 2014-2015, AY 2010-2011										
Category	NRA	Asian	AI AN	B	H	W	NH OPI	>TWO	Unk	Total
AY 2015-2016										
Male	27	8	3	22	14	162	0	6	5	247
Female	23	11	3	45	37	370	0	3	3	495
Total	50	19	6	67	51	532	0	9	8	742
Category % of Total	6.74	2.56	0.81	9.03	6.87	71.7	0	1.21	1.08	100
AY 2014-2015										
Male	20	7	1	19	13	194	2	5	0	261
Female	13	10	4	57	30	382	2	8	1	507
Total	33	17	5	76	43	576	4	13	1	768
Category % of Total	4.30	2.21	0.65	9.90	5.60	75.00	0.52	1.69	0.13	100
AY 2010-2011										
Male	5	4	3	13	14	151	1	2	0	193
Female	8	16	5	38	13	269	1	2	0	352
Total	13	20	8	51	27	420	2	4	0	545
Category % of Total	2.39	3.67	1.47	9.36	4.95	77.06	0.37	0.73	0	100
<i>Source: BOG IPEDS Completions AY 2015-2016, AY 2014-2015, AY 2010-2011 Report Degrees Awarded Master's Completions: Total by first major.</i>										

Compared to last year, the total number of degrees awarded to American Indian/Alaska Native students, Asian students, and Hispanic students increased.

Three-year Diversity Goals for this category:

- Black students, 3 percentage points
- American Indian/Alaska Native students, none
- Asian students, 2 percentage points
- Hispanic students, 3 percentage points
- Native Hawaiian/Other Pacific Islander students, none

Table 7. Doctoral Degrees Awarded, AY 2015-2016, AY 2014-2015, AY 2010-2011

Category	NRA	Asian	AI AN	B	H	W	NH OPI	>TWO	Unk	Total
AY 2015-2016										
Male	1	0	0	3	0	8	0	0	0	12
Female	0	1	0	0	0	6	0	0	0	7
Total	1	1	0	3	0	14	0	0	0	19
Category % of Total	5.26	5.26	0	15.79	0	73.68	0	0	0	100
AY 2014-2015										
Male	0	1	0	1	0	3	0	0	0	5
Female	0	0	0	1	0	6	0	0	0	7
Total	0	1	0	2	0	9	0	0	0	12
Category % of Total	0	8.33	0	16.67	0	75	0	0	0	100
AY 2010-2011										
Male	0	0	0	1	1	11	0	0	0	13
Female	0	0	1	1	0	12	0	0	0	14
Total	0	0	1	2	1	23	0	0	0	27
Category % of Total	0	0	3.7	7.41	3.7	85.19	0	0	0	100

*Source: BOG IPEDS Completions AY 2015-2016, AY 2014-2015, AY 2010-2011 Report Degrees Awarded Doctoral Completions:
Total by first major.*

Out of the 19 Doctoral degrees awarded, seven of them were received by females (37%) and four were minorities (21%). In year one, the three year diversity goal was met for Black students.

Three-year Diversity Goals for this category:

- Black students, 1 percentage point
- American Indian/Alaska Native students, none
- Asian students, 1 percentage point
- Hispanic students, 1 percentage point
- Native Hawaiian/Other Pacific Islander students, none

Table 8. First Professional Degrees Awarded, AY 2015-2016, AY 2014-2015, and AY 2010-11

	NRA	B	AI/AN	A	H	NH/OPI	W	≥ TWO	UNK	TOTAL
AY 2015-2016										
Male										0
Female										0
Total										0
Category % of Total										
AY 2014-2015										
Male										0
Female										0
Total										0
Category % of Total										
AY 2010-2011										
Male										0
Female										0
Total										0
Category % of Total										

The University of West Florida does not offer First Professional degrees.

STUDENT SERVICES

Student Services at the University of West Florida are available to all students without regard to age, color, disability, gender (including gender identity and sex), marital status, national origin, race, religion, sexual orientation, and veteran status. Student Services include:

1) Academic Advising

Academic advising is required for all students. Incoming first year students, any student with less than 30 credits, and those who are undecided on major receive advising in the First Year Advising Center. Degree-seeking sophomore, junior, senior, and graduate students are assigned academic advisors by the department housing the program in which the student is majoring. Academic advising is also offered to students in the University's Honors and Student Success Programs tailored specifically to meet the needs of students in these special programs. Students are encouraged to meet with their academic advisors each semester to ensure that they are fulfilling their degree requirements. Advisors work to build partnerships with the students and ensure that students understand their responsibilities in completing their degree goals. Advisors help students choose or change a major, develop degree plans, assist with course selection, make students aware of graduation requirements, connect students with success resources, and help interpret academic policy.

2) Admission to Academic Program

UWF encourages applications from qualified persons and does not discriminate on the basis of age, color, disability, gender (including gender identity and sex), marital status, national origin, race, religion, sexual orientation, or veteran status.

3) The Student Disability Resource Center (SDRC)

The Student Disability Resource Center (SDRC) works with students and faculty to help make UWF an accessible learning environment in accordance with the Americans with Disabilities Act and Section 504 of the Rehabilitation Act. The SDRC offers a variety of services for students with documented disabilities, including learning disabilities, deaf/hard of hearing, blind/low vision, mobility limitations, ADHD, psychiatric conditions, and medical disabilities. SDRC coordinates the following accommodations:

- Scribes
- Sign Language interpreting services
- Transcription and/or captioning
- Alternative format textbooks/course room materials
- Support for substitution or waiver of graduation requirements due to a disability (when appropriate)
- Notetaking Support
- Readers (screen reading software) for testing
- Adjustable desk/chair
- Testing accommodations

- Reduced distraction testing space
- Other accommodations as appropriate based on documentation

4) Health Services

Student Health Services (SHS) provides medical care for currently enrolled students. SHS strives to provide high-quality primary health care, health education, and prevention services to a culturally diverse student population through education and motivation for students to become full participants in their own health. This supports the University's commitment to promote academic success and personal development.

The University's Counseling and Psychological Services (CAPS) provides counseling and therapy to help students manage, cope, and grow with the stress associated with college and life. The primary goal of counseling is to help students develop the personal awareness and skills necessary to overcome problems and to develop in ways that will allow them to take advantage of the University's educational opportunities. CAPS provides confidential personal, vocational, and couples counseling to students at no charge. Psychologists assist students with issues such as depression, test anxiety, vocational indecision, relationship difficulties, interpersonal conflict, identity confusion, substance abuse, stress management, and other personal difficulties that may impede a student's academic progress. Workshops are offered on various topics including stress and time management, romantic relationships, interpersonal and personal functioning, and vocational development.

Wellness Services provides workshops, awareness events, health marketing campaigns, and other educational programming in the areas of alcohol and other drug abuse/misuse prevention, sexually transmitted infection prevention and sexual health promotion, and sexual assault prevention and risk reduction. All UWF faculty, staff, and students can request that the programs be presented to a class, residence hall, or organization. Wellness Services also coordinates the UWF Peer Educators program to promote student-driven health efforts which provide opportunities for students to help other students by promoting a student culture of kindness, responsibility, compassion, and respect.

The University has a 19,832 square-foot, state-of-the-art Health and Wellness Center on the main campus. This facility is a one-stop-shop for students' health and wellness needs. The center contains seven treatment rooms, two observation/treatment rooms, and a procedure room, which increases the number of students who can be treated each day. The center includes exterior plazas, an open glass lobby, and a roof garden. The building design and construction was certified to the U.S. Green Building Council LEED Silver level. Leadership in Energy and Environmental Design (LEED) Green Building Rating System is a benchmark for the design, construction, and operation of high performance green buildings that promotes a whole-building approach to sustainability by recognizing performance in five key areas of human and environmental health: sustainable site development, water savings, energy efficiency, materials selection, and indoor environmental quality.

5) Sport Clubs and Intramural Sports

The mission of UWF's Intramural Sports program is to provide students, faculty, and staff with an opportunity to participate in a variety of competitive recreational sports in a safe environment; to promote and provide quality service, facilities, and equipment; to facilitate an opportunity for enjoyable experiences; to nurture and celebrate the wholesome and worthwhile use of leisure, healthy lifestyles, and wellness; and to create opportunities for the growth and development of all participants.

The Sport Club Program offers participants a wide range of recreational, instructional, or competitive teams to bridge the gap between intramural sports and intercollegiate athletics. Participants with similar interests are given the opportunity to work together on a team in an organized recreational activity. Teams are then offered the chance to practice and compete at a specialized level and clubs are given an opportunity to shape their own unique atmosphere. Membership in any sport club is open to all current University of West Florida students. Each club welcomes new members with no requirement to try-out for teams.

6) Fitness/Wellness

The goal of Fitness/Wellness is to offer students a variety of opportunities to make physical activity and overall wellness a part of their daily lives. The Fitness/Wellness program area provides UWF students with a variety of Group Fitness classes for all levels each semester, ranging from cardio to yoga classes. Fitness/Wellness also offers multiple incentive programs to encourage students to participate and achieve their fitness goals throughout the semester. In addition to the Group Fitness classes, Fitness/Wellness also offers sessions with personal trainers and massage therapy.

7) Outdoor Adventures

The Outdoor Adventures program provides the university community the chance to engage in exciting and entertaining outdoor recreation activities. The Outdoor Adventures Program is available to UWF groups for planning, supplying, and staffing outdoor recreation special events such as custom trips and clinics or ropes-course style trainings. One of the most popular aspects of Outdoor Adventures are the trips they offer each semester which are open to current students, faculty and staff of UWF. These trips allow participants to experience unique situations while meeting and interacting with new people. Outdoor Adventures also manages the climbing center, located in the center of the HLS Facility. The climbing center is a state-of-the-art, indoor wall accommodating all abilities and experience levels, and Routes are changed regularly to provide new challenges for regular visitors. The Climbing Center is open to all those who have access to the facility. The Outdoor Adventures program also manages the Bike Shop, which offers bike supplies and rentals, and the Disc Golf course on campus.

8) Aquatics

The UWF Aquatic Center offers a wide variety of activities for the community to enjoy. It is open to students, staff, and faculty, as well as all members of the public who have a membership. Both recreational and fitness swimming are encouraged in the Olympic sized pool. Group and private swimming lessons are offered for children and adults at different skill levels. Lifeguard and Swim Instructor training courses are also available for individuals over the age of 16. The Aquatic Center

also offers private rentals for parties or other activities. Established as tradition in the 1970's, panhandle schools, churches and community groups continue to bring youth to the pool celebrating milestones, hosting award ceremonies and rewarding students for outstanding behavior and accomplishments. There are many different types of parties for groups to choose from with a variety of activities. In addition to these services, the Aquatic Center also houses a relaxing whirlpool and dry sauna for members to enjoy.

9) Student Financial Assistance

The mission of the Financial Aid Office is to help eligible students meet educational costs while attending UWF. A comprehensive program of scholarships, grants, part-time employment, and loans are available through federal, state and university funds. In cases where a student demonstrates extensive need, a combination of several types of aid may be extended, provided funds are available.

10) Housing

Through the responsible management of all resources, the Department of Housing and Residence Life strives to create a living and learning environment, which offers support and assistance to maximize educational opportunities to a diverse resident student population. Students living in campus housing are governed by a housing contract that includes Conditions and Responsibilities of Residents. Each student is responsible for knowing and observing UWF's regulations and policies as set forth in official UWF publications including, but not limited to, the UWF Housing Handbook and the UWF Student Handbook. The Standards for Community Living section of the UWF Student Handbook states the following:

"The University of West Florida is a community of people from diverse cultural, racial, economic, and ethnic backgrounds; each person is a unique individual, drawn from a broad spectrum of our society. We strive to understand the individuality and the life choices of those among us. We can best learn from one another in an atmosphere of positive encouragement and mutual respect. In addition, we must give others the respect and tolerance that we ourselves deserve.

UWF Housing spaces are assigned without regard to race, color, religion, national origin, sexual orientation or age. Housing and Residence Life provides accommodations for students with disabilities, and students with documented disabilities may request reasonable accommodation through the Student Disability Resource Center (SDRC). Following are examples of accommodations that the SDRC has made in collaboration with Housing and Residence Life for students with disabilities who live in University residence halls:

- Single occupancy rooms
- Separate refrigerators
- Locks for refrigerators
- Personal Care Attendants access to residence halls
- Handicap accessible showers & rooms

- First floor rooms
- Bringing own bed/mattress
- Adjustable shelves
- Service animals in residence halls
- Waiver of Meal Plans (when appropriate and in collaboration with Dining Services)

**11) Student Employment
and**

12) Personnel

The University of West Florida is an Equal Opportunity/Equal Access/Affirmative Action institution. UWF seeks excellence through diversity among its administrators, faculty, staff, and students. UWF prohibits discrimination on the basis of race, color, religion, gender (both sex and gender identity), age, national origin, sexual orientation, disability, veteran status, or marital status. In an effort to increase the quality of student campus life and support services, the Human Resources Department has incorporated the recruitment of student employees in the University's recruiting software ("PA7"). Numerous part-time, on-campus student employment opportunities are available in departmental offices and facilities. Student employment can range from jobs that require no special skills, previous training, or work experience to professional-level work requiring knowledge gained through completion of a bachelor's degree. Student work schedules are tailored so as not to interfere with class schedules.

In 2012, The President's Council on Diversity and Inclusion was created to advise the President and the administration of The University of West Florida on matters related to diversity and inclusion. The Council includes members of the UWF community and the regional community. In late 2013, the University hired a Chief Diversity Officer (CDO). Using a combination of institutional data and survey data, the Council worked with the Chief Diversity Officer to identify five overarching goals that the University will work to achieve over the course of the next three years (2014 – 2017). The full plan outlines strategies and a timeline for achieving them as well as those units responsible for implementation. The CDO works closely with the appropriate units across campus to establish metrics to determine our success. The University's Diversity Plan can be found at the following link: <http://uwf.edu/media/university-of-west-florida/offices/equity-diversity--international-affairs/DiversityPlan14-17.pdf>

In addition, the University has an Office of Career Services to promote experiential learning and professional development for students and to expand and facilitate access to quality career opportunities for students. The mission of Career Services is to educate and empower UWF Students/Alumni in the career development process by providing opportunities for experiential learning, civic engagement, service and employment. Services, programs, and assistance are offered to all UWF students without

regard to race, color, religion, gender (sex and gender identity), age, national origin, sexual orientation, disability, veteran status, or marital status.

13) Educational and Work Environment

The University of West Florida is a public university based in Northwest Florida with multiple instructional sites and a strong virtual presence. UWF's mission is to provide students with access to high-quality, relevant, and affordable undergraduate and graduate learning experiences; to transmit, apply, and discover knowledge through teaching, scholarship, research, and public service; and to engage in community partnerships that respond to mutual concerns and opportunities and that advance the economy and quality of life in the region. UWF is committed to planning and investing strategically to enhance student access and educational attainment; to build on existing strengths and develop distinctive academic and research programs and services that respond to identified regional and state needs; and to support highly qualified faculty and staff who engage students in rigorous, high-impact, student-oriented learning experiences that enhance personal and professional development and empower alumni to contribute responsibly and creatively to a complex 21st Century global society. UWF aspires to be widely recognized as a model of excellence and relevance, sought out as a distinctive intellectual and cultural center, valued as an engaged partner, and acclaimed for being "different by design."

UWF will continue multicultural/diversity training opportunities. Funding is available for full-time faculty and staff to travel to obtain training on multiculturalism/diversity issues. Applicants demonstrate how the training will benefit the diversity of the campus community and how attendance will contribute to the applicant's discipline, and how learning may be incorporated into diversity initiatives in the individual's department. Attendees share their knowledge by presenting what they have learned to the campus community.

UWF will continue its commitment to advertising career opportunities in female and minority publications; providing the annual President's Diversity Leadership Awards to faculty, staff, and students; making professional development leave available to faculty; and making tuition fee waivers and textbook scholarships available to faculty and staff. These strategies will ensure that the University remains visible to female and minority applicants, maintains budgetary incentive plans to recruit a diverse workforce, and provides educational scholarship assistance to further the University's goal of a culturally diverse campus.

PART IV: GENDER EQUITY IN INTERCOLLEGIATE ATHLETICS

Chart 1. Gender Equity in Athletics Update		
Element	Assessment	Area for Improvement? (check if yes and describe)
1. Sports offerings	8 women's sports 6 men's sports	
2. Participation rates, male and female, compared with full-time undergraduate enrollment	<u>Student Athletes:</u> Male 120 Female 131 - 48%/52% <u>Student Enrollment:</u> Male 3,097 Female 3,928 - 44%/56%	
3. Availability of facilities, <i>defined as locker room, practice, and competitive facilities</i>	Equitable	
4. Scholarship offerings for athletes	<u>Male:</u> \$1,226,774 (50%) <u>Female:</u> \$1,228,400 (50%)	
5. Funds allocated for:		
a) the athletic program as a whole	\$8,435,380	
b) administration	\$789,181 shared equally by all sports programs	
c) travel and per diem allowances	<u>Male:</u> \$195,000 (44%) <u>Female:</u> \$245,000 (56%)	
d) recruitment	<u>Male:</u> \$47,500 (63%) <u>Female:</u> \$28,500 (37%)	
e) comparable coaching	<u>Male:</u> 6.00 FTE Head Coaches and 10.80 FTE Assistant Coaches <u>Female:</u> 7.00 FTE Head Coaches and 6.4 FTE Assistant Coaches	
f) publicity and promotion	Equitable	

g) other support costs	\$ 645,757	
6. Provision of equipment and supplies	Equitable	
7. Scheduling of games and practice times	Equitable	
8. Opportunities to receive tutoring	Equitable	
9. Compensation of coaches and tutors	\$2,049 Tutors (for all athletes) <u>Male:</u> \$605,830 Head Coaches and \$512,162 Assistant Coaches <u>Female:</u> \$551,018 Head Coaches and \$203,705 Assistant Coaches	
10. Medical and training services	Equitable	
11. Housing and dining facilities and services	Equitable	

Chart 2: Gender Equity in Athletics – Areas for Improvement

Areas for Improvement	Program for Improvement	Timetable
None Identified	N/A	N/A

Check one basis below for assuring that the University is in compliance with the Florida Educational Equity Act:

- Accommodation of Interest and Abilities
- Substantial Proportionality
- History and Practice of Expansion of Sports

PART V: EMPLOYMENT REPRESENTATION

Table 1. Category Representation - Tenured Faculty												
Indicator	NRA	Asian	AI AN	B	H	W	NH OPI	>TWO	Unk	Female	Male	Total
Number, Fall 2016	0	14	3	5	3	116	0	0	1	50	92	142
Number, Fall 2015	0	14	3	4	3	115	0	0	1	47	93	140
Percentage Change from Fall 2015 to Fall 2016	0	0	0	25	0	0.87	0	0	0	6.38	-1.08	1.43
Number, Fall 2011	0	13	3	7	2	139	0	0	0	52	164	216
Percentage Change from Fall 2011 to Fall 2016	0.00	7.69	0.00	-28.57	50.00	-16.55	0.00	0.00	0.00	-3.85	-43.90	-34.26
Area for improvement, compared with national standards? (Check is yes)	0	0	0	0	0	0	0	0	0	0	0	0
Source: IPEDS Human Resources 2015 and IPEDS Human Resources 2016 Preliminary Data.												
IPEDS Human Resource Fall 2016 and Fall 2015, instructional faculty only. Does not include Research or Public Service only faculty.												

From 2011 to 2016, tenured faculty diversity increased for Asian faculty and Hispanic faculty. From Fall 2015 to Fall 2016, the number of tenured Black faculty increased by one and female faculty increased by three.

Table 2. Category Representation - Tenured-Track Faculty

Indicator	NRA	Asian	AI AN	B	H	W	NH OPI	>TWO	Unk	Female	Male	Total
Number, Fall 2016	0	11	0	5	3	62	0	0	1	35	47	82
Number, Fall 2015	0	8	0	7	4	65	0	0	1	34	51	85
Percentage Change from Fall 2015 to Fall 2016	0	37.5	0	-28.6	-25	-4.62	0	0	0	2.94	-7.84	-3.53
Number, Fall 2011	0	6	0	4	0	44	0	0	2	28	28	56
Percentage Change from Fall 2011 to Fall 2016	0.00	83.33	0.00	25.00	∞	40.91	0.00	0.00	-50.00	25.00	67.86	46.43
Area for improvement, compared with national standards? (Check is yes)	0	0	0	0	0	0	0	0	0	0	0	0
<p><i>Source: IPEDS Human Resources 2015 and IPEDS Human Resources 2016 Preliminary Data. IPEDS Human Resource Fall 2016 and Fall 2015, instructional faculty only. Does not include Research or Public Service only faculty.</i></p>												

From 2011 to 2016, the number of Black faculty, Asian faculty, and female faculty increased. From Fall 2015 to Fall 2016 the number of Asian faculty increased by three and female faculty by one.

Table 3. Category Representation - Non-Tenure-Earning Faculty or Faculty at Non-Tenure Granting Universities

Indicator	NRA	Asian	AI AN	B	H	W	NH OPI	>TWO	Unk	Female	Male	Total
Number, Fall 2016	0	6	0	9	3	102	0	2	2	75	49	124
Number, Fall 2015	0	4	0	6	4	96	0	2	1	68	45	113
Percentage Change from Fall 2015 to Fall 2016	0	50	0	50	-25	6.25	0	0	100	10.29	8.89	9.73
Number, Fall 2011	0	4	0	4	3	75	0	0	0	45	41	86
Percentage Change from Fall 2011 to Fall 2016	0	50.00	N/A	125.00	0.00	36.00	N/A	∞	∞	66.67	19.51	44.19
Area for improvement, compared with national standards? (Check is yes)	0	0	0	0	0	0	0	0	0	0	0	0

Source: IPEDS Human Resources 2015 and IPEDS Human Resources 2016 Preliminary Data.

IPEDS Human Resource Fall 2016 and Fall 2015, instructional faculty only. Does not include Research or Public Service only faculty.

Report includes: Number of Full-time Instructional Staff with Faculty Status Not on Tenure Track - Annual Contract,

Number of Full-time Instructional Staff with Faculty Status Not on Tenure Track - Multi-Year or Continuing or At-will Contract

and Number of Full-time Instructional Staff with Faculty Status Not on Tenure Track - Less-than-annual Contract

From Fall 2011 to Fall 2016, the number of non-tenure earning Asian faculty, Black faculty, and female faculty increased. From Fall 2015 to Fall 2016, non-tenured faculty diversity increased for Asian faculty, Black faculty, and female faculty.

Table 4. Category Representation - Executive/Administrative/Managerial												
Indicator	NRA	Asian	AI AN	B	H	W	NH OPI	>TWO	Unk	Female	Male	Total
Number, Fall 2016	0	6	0	18	8	231	0	3	0	159	107	266
Number, Fall 2015	0	7	0	19	6	206	0	2	0	142	98	240
Percentage Change from Fall 2015 to Fall 2016	0	-14.3	0	-5.26	33.33	12.14	0	50	0	11.97	9.18	10.83
*Number, Fall 2011	0	0	1	2	3	25	0	0	0	17	14	31
*Percentage Change from Fall 2011 to Fall 2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Area for improvement, compared with national standards? (Check is yes)	0	0	0	0	0	0	0	0	0	0	0	0
Source: IPEDS Human Resources 2015 and IPEDS Human Resources 2016 Preliminary Data.												
IPEDS Human Resource Fall 2016 and Fall 2015, instructional faculty only. Does not include Research or Public Service only faculty.												

From Fall 2015 to Fall 2016, diversity increased among Hispanic staff, staff identifying as Two or More, and female staff.

PART VI: AREAS OF IMPROVEMENT/ACHIEVEMENT

Last Year's Goals from 2016 Report	Achievements in 2017 Report
<p align="center"><i>Academic Services, Programs, and Student Enrollment</i></p>	<p align="center"><i>Academic Services, Programs, and Student Enrollment</i></p>
<p>Three-year Diversity Goals:</p> <ul style="list-style-type: none"> • Black students, 2 percentage points • Asian students, 2 percentage points • Hispanic students, 2 percentage points 	<p align="center"><u>Chart 1: Full-Time First-Time-in-College</u></p> <p>Out of the total number of Fall 2016 FTIC students, 54% were female and approximately 31% were minorities. Diversity enrollment numbers increased for Asian students and American Indian/Alaska Native students. In year one, the three-year diversity goals were reached for Black students and Hispanic students.</p>
<p>Three-year Diversity Goals:</p> <ul style="list-style-type: none"> • Black students, 3 percentage points • Asian students, 9 percentage points • Hispanic students, 2 percentage points 	<p align="center"><u>Chart 2: Full-Time College Transfers</u></p> <p>Diversity increased among Black students, American Indian/Alaska Native students, Hispanic students, Native Hawaiian/Other Pacific Islander students and female students. Out of the 826 total transfer students, 55% were female and 30% were minority students. In year one, the three-year diversity goals were reached for Black students and Hispanic students. In year two, the number of female full-time college transfers increased by 5%.</p>
<p>Three-year Diversity Goals:</p> <ul style="list-style-type: none"> • Black students, 1 percentage point • Asian students, 1 percentage point • Hispanic students, 1 percentage point 	<p align="center"><u>Chart 3: Retention of Full-Time FTICs</u></p> <p>Retention percentages from the previous year's retention percentages increased among Asian students, American Indian/Alaska Native students, Hispanic students, female students, and students identifying as two or more. Out of total number students retained after one year, 52% were female students and 34% were minority students. In year two, the three-year diversity goals were met for Asian students and Hispanic students.</p>
<p>Three-year Diversity Goals:</p> <ul style="list-style-type: none"> • Black students, 2 percentage points • Asian students, 1 percentage point • Hispanic students, 1 percentage point 	<p align="center"><u>Chart 4: Graduation Rate of Full-Time FTICs after 6 years</u></p> <p>The number Black students and American Indian/Alaska Native students who graduated after six years increased. The number of retained students increased for Asian students and Black students. In year one, the three-year diversity goal was reached for Hispanic students. In year two, the three-year diversity goals was reached for Black students and Asian students.</p>
<p>Three-year Diversity Goals:</p> <ul style="list-style-type: none"> • Black students, 1 percentage point • Asian students, 1 percentage point • Hispanic students, 2 percentage points 	<p align="center"><u>Chart 5: Bachelor's Degrees Awarded</u></p> <p>Compared to last year, the total number of Bachelor degrees awarded to Asian students, Hispanic students, and students identifying as two or more increased. In year one, the three-year diversity goal was reached for Black students.</p>

<p>Three-year Diversity Goals:</p> <ul style="list-style-type: none"> • Black students, 3 percentage points • Asian students, 2 percentage points • Hispanic students, 3 percentage points 	<p><u>Chart 6: Master’s and Specialist Degrees Awarded</u> Compared to last year, the total number of degrees awarded to American Indian/Alaska Native students, Asian students, and Hispanic students increased.</p>
<p>Three-year Diversity Goals:</p> <ul style="list-style-type: none"> • Black students, 1 percentage point • Asian students, 1 percentage point • Hispanic students, 1 percentage point 	<p><u>Chart 7: Doctoral Degrees Awarded</u> Out of the 19 Doctoral degrees awarded, seven of them were received by females (37%) and four were minorities (21%). In year one, the three year diversity goal was met for Black students.</p>
<p>Last Year’s Goals from 2016 Report</p>	<p>Achievements in 2017 Report</p>
<p><i>Gender Equity in Athletics</i></p>	<p><i>Gender Equity in Athletics</i></p>
<p>None identified.</p>	<p>N/A</p>
<p><i>Employment</i></p>	<p><i>Employment</i></p>
<p>The University had an overall goal to increase diversity among female and minority staff.</p>	<p><u>Chart 1: Tenured Faculty</u> From 2011 to 2016, tenured faculty diversity increased for Asian faculty and Hispanic faculty. From Fall 2015 to Fall 2016, the number of tenured Black faculty increased by one and female faculty increased by three.</p>
	<p><u>Chart 2: Tenured-Track Faculty</u> From 2011 to 2016, the number of Black faculty, Asian faculty, and female faculty increased. From Fall 2015 to Fall 2016 the number of Asian tenured-track faculty increased by three, and Female faculty by one.</p>
	<p><u>Chart 3: Non-Tenure-Earning Faculty</u> From Fall 2011 to Fall 2016, the number of non-tenure earning Asian faculty, Black faculty, and female faculty increased. From Fall 2015 to Fall 2016, non-tenured faculty diversity increased for Asian faculty, Black faculty, and female faculty.</p>
	<p><u>Chart 4: Executive/Administrative/Managerial Staff</u> From Fall 2015 to Fall 2016, diversity increased among Hispanic staff, staff that identified as two or more races and female staff.</p>

The University of West Florida is dedicated to providing an inclusive and welcoming environment for all who interact in the University community and utilizes many efforts to increase the diversity and success of its students at all levels of the academic process. In continuing to build a diverse environment, UWF strives to attract students, faculty, and staff from a variety of cultures, backgrounds and life experiences.

University of West Florida's efforts to increase student diversity:

Enrollment Management/Admissions

Admissions diversity activities include utilizing social networking venues to reach targeted student groups; purchasing prospective student leads that include members of the targeted student groups; executing a more consistent and timely communication plan with prospective students, including those from these targeted student groups about the process of enrolling at UWF; continuing coordinated and focused call, mail, text, and email campaigns to address specific needs of the applicant and admit pools; strengthening student/applicant understanding of financial aid and its related processes through outreach in targeted communities; maintaining and strengthening relationships with students from targeted high schools throughout the state; and offering a user friendly web presence to interact and educate students on the application process.

The Division of Student Affairs

The mission of the Division of Student Affairs at the University of West Florida is to work collaboratively with faculty, staff and students in alignment with the strategic direction of the University and to create supportive and inclusive environments so that all students may engage in purposeful activities and services that complement their educational experience and stimulate their holistic growth and development. Inclusion is one of the core Values of the Division of Student Affairs, embracing and respecting the diversity inherent in all people and creating an environment where all students can live, learn, and lead meaningful lives.

The Division of Student Affairs at the University of West Florida is dedicated to assisting students with their personal and professional development so they may reach their full potential. The Division provides quality services, programs and facilities that enrich the educational experience of students.

The Division has crafted six priorities based on the University of West Florida's Strategic Plan 2012-2017, which was adopted by the Board of Trustees in June 2012. The development of these priorities began at the Directors' Retreat in May 2012. Ideas were generated by this group and were evaluated by the Vice President for Student Affairs. Throughout the following academic school year, feedback on the development of divisional priorities shifted between the directors and members of the division via division wide meetings or departmental staff meetings. The final decision on priorities was made by the Vice President for Student Affairs.

Specific to the advancement of diversity and inclusion, the division's "Strategic Priority 1" is to "facilitate robust student life programs and services that support retention, persistence and degree completion." Over a dozen specific divisional "actions" are identified for the five-year strategic plan:

- P1.1 Review and strengthen the Delphi (first-year) and Oracle (second-year) residential learning communities.
- P1.2 Strategically develop new residential and non-residential learning communities in partnership with academic leadership.
- P1.3 Develop a University-wide first-year experience program and online presence.
- P1.4 Design and implement orientation experiences for student subpopulations (e.g., international, military veterans and TRIO) in collaboration with their "home" departments.
- P1.5 Increase the number, chapter membership and variety of social fraternities and sororities.
- P1.6 Update First Time In College student (FTIC) retention plan, and develop retention plans for student subpopulations such as transfers, graduate students, military and students of color.
- P1.7 Implement strategies to identify and assist "at risk" FTICs with their academic success.
- P1.8 Deliver services to students "where they are" including residence halls and other non-traditional locations.
- P1.9 Adapt office hours for essential and high volume service areas.
- P1.10 Develop a model for leadership development programs with a focus on major/career skill development.
- P1.11 Expand opportunities for men's engagement on campus.
- P1.12 Explore opportunities to partner with existing campus and community faith based organizations.
- P1.13 Implement a case management approach for students experiencing a hardship or crisis.
- P1.14 Increase the number industry-focused career fairs.
- P1.15 Increase the number of departments providing "don't cancel class" options for faculty.
- P1.16 Expand the contributions of student affairs staff at new faculty orientation.
- P1.17 Develop a plan for the continuing engagement of parents and families with the University and each other.

New Student Orientation

Attendance at orientation programs is mandatory for all incoming students and is a dynamic, engaging experience that is designed to prepare incoming students for their transition to UWF and to foster an overall understanding of the University. The Orientation

staff consists of 24 diverse student leaders. Orientation also has special breakouts for International, Military, Commuter and Non-traditional students. During Orientation, special attention is given to advising and registration, campus safety and security, Title IX and VAWA information and prevention strategies and connecting students to one another through small group meetings called “Argo to Argo”. Topics include student success tips and diversity issues.

All FTIC and transfer students are required to attend orientation. Transfer students have the option of completing an Online Orientation program specifically geared to their needs.

A Parent and Family Orientation program is run concurrently with the student program in order to establish a successful partnership with students, families and the University.

The Delphi Living-Learning Community

The Delphi Living-Learning Community (LLC), which began in August, 2008, is a First Year Experience (FYE) Program for freshman students living in Martin Hall. The purpose of the Delphi LLC is to create an educational living community for first-year students, giving them the opportunity to take the same classes, build friendships, and support each other through their first year of college, all of which helps ensure student success and retention. Delphi is broken out into two groups: Delphi Leadership which focuses on learning new leadership skills and community service; and Delphi Exploratory which centers around major and career exploration. Both Delphi groups consist of first year students, a staff faculty member, Resident Assistants, Argo Peer Academic Leaders (Argo PALs), and a Hall Director. Argo PALS serve as advisors, confidants, and educational mentors. They are the voice of experience for new students on a variety of topics such as making time to study or arranging class schedules. The size of the Delphi LLCs allow the students to feel as if they are part of a small living community. The Delphi LLCs are intended to support and to challenge each other so that every student has an amazing experience their first-year on campus both in the classroom and by engaging in high impact practices through living in the Delphi community. Delphi helps students become successful their first year at UWF through the combination of curriculum and co-curriculum activities and is built on three pillars:

- Academic Success
- Civic Engagement
- Interpersonal Development

Delphi helps students to become successful their first year at UWF through the combination of curriculum and co-curriculum activities.

Argo Camp

Argo Camp is an optional extended orientation program for incoming students. The camp promotes the initial friendship bonds between freshmen campers and selected faculty and staff in an effort to connect the students to campus, promote acceptance of diverse cultures, and provide experiences not offered by other universities. Argo Camp provides

an opportunity for first time in college students to have fun before their first semester at UWF. Students are transported to an off-campus conference facility for three days and two nights and are able to talk to current students and meet faculty members to learn about campus life and academics in a more relaxed atmosphere. Argo Camp has three sections: Adventure (camping), Service and Traditions. Students can choose between the three options. Statistics show that students who attend Argo Camp are more likely to be involved on campus and reach out to other students, which minimizes homesickness. Argo Camp helps with the emotional and social changes students experience during the transition from high school to the University. Prospective UWF students who attend Argo Camp arrive at UWF with several new friends before the semester begins.

The Office of Family Programs

The Office of Family Programs strives to develop relationships and provide support to families throughout their students' college experience. UWF recognizes the importance of partnering with families to promote student development and success. The office serves as a centralized resource and a liaison between the University and families with a focus on communication, events and partnerships, and provides an outlet for families to become active members of the UWF community. The goals of the Office of Family Programs are the following:

- Establish partnerships between families and the University of West Florida through increased communication
- Provide resources families need to encourage their students' development and success
- Educate families about the University of West Florida and the services and opportunities available for students

Common Ground/SPLC on Campus

Common Ground/SPLC on Campus provides opportunities for discussion and participation in ongoing dialogue on relevant social justice issues. One of the premier programs of this group is the monthly discussions on "undiscussable" topics. In addition, the group provides opportunities for the campus community to meet with student and international leaders from various countries through its partnership with the Gulf Coast Citizen Diplomacy Council. Common Ground/SPLC on Campus creates to help create safe spaces to discuss issues of difference and inclusion. This group is open to all students who are interested in promoting inclusion and diversity on campus.

Student Case Management

The Case Management Director serves as a centralized point of response and contact for students and the campus community. Case Management services is designed to respond to student issues and concerns both inside the classroom and beyond. Each student's case differs and can range from a simple email to instructors to inform them of a student's illness to interventions that are far more severe. The goal of Case Management is to help retain

the student by providing relevant guidance on various issues. Among the most critical functions of case management at UWF are identifying campus and community resources; analyzing students' concerns and recommending appropriate solutions and course (s) of action; understating and communicating concerns and determining possible outcomes. The case management director works in collaboration with various offices on campus to address student needs including academic affairs, Psychological and Counseling Services, Admissions, Housing and Residence Life, the Office of the Registrar and faculty and staff.

The University Commons and Student Involvement (UCSI)

The University Commons is the student union for UWF and is referred to as the "University Living Room" because of its relaxed atmosphere and constant level of activity. Facilities, services, and events are designed to encourage students to become engaged in campus life at UWF. The vision of UCSI is to build community on the West Florida campus by involving students in the leadership of programs and services, instilling a sense of belonging through activities and experiences, and continual improvement efforts in order to provide high quality facilities and services to the university community.

International Programs

International Programs facilitates the immigration law component of the international student's life. They provide immigration assistance to all international students, scholars, and employees. Upon arrival at UWF, every international student must contact the International Student Office. The International Student Office also facilitates the University community's connection to a broader understanding of international culture.

In addition, International Programs administers international exchange programs and study abroad opportunities for students and faculty. Exchange agreements with over 45 partner institutions throughout Europe and Asia, allow students to pay UWF tuition and receive UWF credit for course work conducted abroad.

Intensive English Program

Since 1996, the Intensive English Program has brought international students to campus to study English as a second language. The program offers full and half term options for students in fall, spring, and summer semesters.

Japan Center

The mission of the Japan Center at UWF is to foster stronger ties between the U.S. and Japan through educational, cultural, and business programs. Under this mission, the Center operates the activities of the Florida-Japan Linkage Institute, the Jikei-American Center, the UWF Japan House, and the Japan-America Society of Northwest Florida. The Center also offers credit and non-credit Japanese language instruction. The Center plays an active role in promoting both the sister-state relationship between the state of Florida and the prefecture of Wakayama in Japan as well as the sister-city relationship between the city of Pensacola and the city of Gero in Japan.

Florida-Japan Linkage Institute

The Florida-Japan Linkage Institute (FJLI) works toward strengthening mutual understanding and cooperation between the peoples of Florida and Japan through the promotion of educational, cultural, economic, and policy relations. The FJLI awards out-of-state tuition exemptions to Japanese citizens studying at Florida public universities and community colleges. The Institute is a joint program between UWF, University of South Florida, and St. Petersburg College.

Confucius Institute

The Confucius Institute (CI) at the University of West Florida (UWF) is a language program that promotes the study of Chinese language and culture. The CI at UWF plays a vital role in providing resources for learning and teaching Chinese language to students at UWF, as well as individuals within the local community. Through a partnership with Sichuan International Studies University (SISU) in Chongqing, China, UWF signed an agreement with the CI Headquarters (Hanban) in Beijing on May 20, 2013 to establish a CI on UWF campus. The CI at UWF is committed to facilitate a positive social change in the local area by offering community education and enrichment services in Chinese language and culture.

Florida-China Linkage Institute

The Florida-China Linkage Institute (FCLI) provides a broad range of services to the local community and university students, including out-of-state waivers, Conference for Chinese Studies, and trade show and industry information. The FCLI is a joint program between UWF, University of South Florida, and Brevard Community College.

The Office of Equity and Diversity

The Office of Equity and Diversity coordinates diversity programming for the University through the John C. Pace Jr. Symposium Series. In addition, there are events that address the needs of an increasingly diverse student body through a myriad of programs that promote and enhance educational programs for students, faculty, staff, and the wider community in support of a diverse and globalized environment.

Military and Veterans Resource Center

In 2011, the University opened the Military and Veterans Resources Center (MVRC) to assist military and veteran students successfully transition from the military environment to campus life. The mission of MVRC is to serve the educational and training needs of prospective and currently enrolled service members, veterans, their dependents, their survivors, and other persons eligible to receive educational benefits under the various Department of Veteran Affairs (DVA) programs. The MVRC supplements recruitment and retention efforts by providing transition assistance counseling, program and application information, and certifying eligible students to receive DVA educational benefits while maintaining productive relations with the DVA and other agencies serving veterans students.

Celebrate Diversity Months and Significant Cultural Achievements

Throughout the calendar year, diversity and cultural celebrations take place to create an environment that demonstrates not only inclusion but also awareness, acceptance, respect. For example, Black History Month is celebrated each February to acknowledge African-American achievements and contributions. UWF celebrates history and heritage with unique programs, artist, performances, speakers, special foods, and conversations. All programs are open to the public without charge, unless otherwise noted.

Student Success Programs (SSP)

The mission of SSP is to contribute to the University of West Florida by providing academic assistance and academic resources in an effort to increase retention and graduation rates while promoting student learning and enhancing the development. Programs are designed to help students achieve success and assist with any non-academic issues. Programs include advising, mentoring, and tutoring and book loan library.

UWF Men's Empowerment Network (MEN)

UWF Men's Empowerment Network is designed to provide male students with a variety of academic support services, activities, and resources. Embracing the principles of accountability, leadership, self-discipline, and intellectual development, UWF's MEN's program was developed to increase retention and graduation. The program fosters a system of support committed to the success of each participant.

UWF P.E.A.R.L. (Professionally Empowered and Ready for Life)

PEARL at the University of West Florida is a women's empowerment initiative designed to create opportunities for women to explore topics of mutual interest through programming, networking events and mentoring opportunities. The goals of the program are to create opportunities for undergraduate women to explore topics of mutual concern/interest that will prepare them for life after college; cultivate networks, bonds and relationships regardless of differences; and, create environments for conversation and personal growth and development.

Executive Mentor Program

UWF's College of Business is pleased to offer a mentor program where undergraduate and graduate students are partnered with business executives to establish connections in the business world and gain valuable insights into issues such as career choice, networking skills and career development. Business executive mentors are paired with students based on academic and career fields, common interests, and/or availability. The purpose of the Executive Mentor Program is to prepare students for successful careers in business by integrating academic learning with real-world experiences and to become a model for workforce readiness, embraced by the community. The goals and objectives of the Executive mentor relationship:

- Help identify career paths for students and support students' personal growth.

- Provide an opportunity for students to learn and practice professional networking skills.
- Equip students with the understanding and tools to make ethical and informed decisions.
- Shape students into confident graduates with excellent leadership, communication, critical thinking, professionalism and other skills important to the transition to the world of work.
- Help students identify and pursue opportunities for employment related to their degrees.

Multicultural Support Services

This program is designed to increase the recruitment, retention, and graduation rates of multicultural students through activities such as academic support services, tutorial assistance, counseling, cultural events, and support for University initiatives aimed toward diverse populations.

TRiO/Student Support Services

TRiO is a federally funded program that provides academic support for eligible students including tutoring, advising, mentoring, career planning, financial aid, cultural and social activities, and academic intervention. The Trio/SSS serves 200 low income, first generation students, and students with disabilities.

The Academic Center for Excellence

The Academic Center for Excellence (ACE) is an academic facility that provides free academic support services to all students enrolled at the University of West Florida. ACE is the only exclusive tutor lab on campus to provide tutoring in mostly all general subjects offered at UWF.

Scholarship Opportunities

In addition to the programs and support services available to students and their families, UWF provides numerous scholarship opportunities to help alleviate student financial barriers and attract and retain a diverse student body. The following are examples of scholarships available at the University:

John C. Pace, Jr. Memorial Scholarship

This endowed scholarship was established in 1994 by the multi-million dollar gift by the last will and testament of Dr. John C. Pace, Jr. of Pensacola. The endowment supports transfer scholarships from Florida public community colleges, achievement scholarships for continuing students, graduate scholarships, and honors scholarships to new full-time freshman and Black freshman.

BG & Mrs. Michael L. Ferguson Scholarship for Sons/Daughters Military Vets

This endowed scholarship was established in 2001 by Brigadier General and Mrs. Michael L. Ferguson. Scholarships are awarded to the son or daughter of a

deceased, active duty or retired veteran who demonstrates leadership capability and a commitment to service, with children of Army veterans receiving a priority.

Dan McLeod Memorial Scholarship

The Dan McLeod Memorial Scholarship is a competitively awarded scholarship that is available to undergraduate and graduate students with orthopedic disabilities who attend UWF. An orthopedic disability is defined as severe skeletal, muscular, or neuromuscular impairment.

Theodore R. and Vivian M. Johnson Scholarship

The Johnson Scholarship is a competitively awarded program that is available to undergraduate students with disabilities who have a financial need.

Pensacola Women's Alliance Scholarship

This scholarship was established in 1992 by the Pensacola Women's Alliance. The Pensacola Women's Alliance encourages the advancement of women in the community. Scholarships are awarded to female students over the age of 21 with financial need pursuing a college degree or vocational trade.

Latin American/Caribbean Scholarship

This scholarship was established in 2001 by the UWF Foundation, UWF, and friends of the University. Scholarships are awarded to citizen/resident of a Latin American or Caribbean country, including Puerto Rico and the U.S. Virgin Islands.

The Lisa Wallace Giese Memorial Scholarship Endowment

Scholarship preference is given to a female student in their junior, senior, or graduate level year majoring in Accounting and maintaining a 3.5 or higher in their major coursework.

Helene Erickson Memorial Women's Tennis Scholarship

This scholarship is intended for undergraduate and graduate students on the women's tennis team.

Aimee Godwin Scholarship

This scholarship is for students on the UWF Women's Basketball team.

Camille Carunchio Women's Soccer Scholarship

This scholarship is for Women's Soccer student-athletes.

Donald Carunchio Women's Basketball Scholarship Endowment

This scholarship is for Women's Basketball student-athletes.

J. Terryl “T. Bubba” Bechtol Women’s Basketball Scholarship Endowment

This scholarship is for Women’s Basketball student-athletes.

Pensacola Runners Association Women’s Cross Country Scholarship Endowment

This scholarship is for undergraduate or graduate students on the women’s cross-country team who meet University qualifications.

Women’s Cross Country Scholarship Endowment

This scholarship is for undergraduate or graduate students on the women’s cross-country team.

W.H. “Hendy” Hilton-Green Men’s and Women’s Golf Scholarship Endowment

This scholarship was established to honor the memory of W. H. “Hendy” Hilton Green. It is designated for eligible men’s and women’s golf student-athletes attending UWF.

Women’s Athletics Trust Scholarship Endowment

This scholarship is for female student-athletes and other activities related to women’s athletics.

Argo Scholars

These scholarships are for a select group of highly motivated Pensacola High School students who also have significant financial or other barriers to success. ARGO Scholars are mentored, participate in a variety of cultural experiences, and receive scholarship support for tuition, books and room/board while at UWF.

Lisa Jo Dickson Memorial Scholarship Endowment

Scholarship awards are made to an upper division initiated female of a UWF Panhellenic sorority who has proven leadership roles in and commitment to the mission of Panhellenic Greek life and her sorority. The recipient must have a 2.8 GPA and record of volunteerism/community service. Students may receive the award a maximum of two times.

W.J. (“Jerry”) Douglas Annual Scholarship

This scholarship is awarded to a student meeting UWF’s enrollment requirements and may include the amount of tuition and matriculation fees, excluding summer term. First preference is given to student(s) returning to or beginning school during and/or after military service. Second preference is given to the dependent of a person who was a student during and/or after military service.

Dr. Grace Po-Yuen Chiu Scholarship

This scholarship is awarded to students majoring full time in international chemistry entering their junior or senior year with financial need.

Maria Flewellen Mikel Memorial Scholarship Endowment

Preference for this scholarship is given to an upper division or transfer female student pursuing a degree in Business or Finance and maintaining a 2.7 GPA. The amount varies.

Stan and Mary Stephenson Engineering Scholarship

This scholarship is for full-time students majoring in electrical engineering who have a cumulative GPA of 3.0 on a 4.0 scale. Preference is given to electrical engineering students with dependents who indicate a desire to teach engineering and/or first generation college students in engineering.

Frank and Alice Adams Scholarship Fund

This scholarship is for a Florida resident freshman with a documented specific learning disability and a cumulative high school GPA of 2.5 on a 4.0 scale. It is renewable through the senior year based on cumulative GPA requirements. The maximum award is equal to tuition/matriculation fees for two academic terms.

Max Conner Scholarship Endowment

This scholarship is for UWF need-based students. Preference will be given to first generation students (defined as those students whose parents do not possess a baccalaureate degree).

First Generation Scholarships

These scholarships are for UWF need-based students enrolled full-time or part-time (minimum of 6 credit hours required) in a degree seeking program. Students must be residents of Florida, have parents that have not earned a bachelor's degree or raised by a single parent who did not earn an undergraduate degree.

The Kerrigan Daughters' Young Women's Scholarship

This scholarship is for need-based female students under the age of 30 (for the first award) with dependent children that meet enrollment requirements. Preference is given for those with primary custody of children under the age of 10. First-time students from community college or high school are eligible regardless of GPA. The award covers tuition, books, lab fees, and matriculation fees plus up to \$250 for miscellaneous expenses per semester. Recipients are eligible for a maximum of 10 semesters if requirements are met.

The Society of American Military Engineers, Pensacola Post Scholarship

These scholarships are for students residing in Escambia and Santa Rosa counties who are enrolled in Electrical Engineering Technology or pre-engineering programs and have financial need. Preference is given to veterans or active duty military personnel.

Solutia Pre-Engineering Scholarship

This pre-professional (pre-engineering) scholarship is for minority and/or female students with above average grades and with financial need.

Future Women Engineers Scholarship

This scholarship is for a full time female student in Electrical/Computer Engineering with a cumulative GPA of 3.0 or higher.

Dr. Cheryl L. Thomas Memorial Scholarship

These scholarships are for need-based students that meet UWF enrollment requirements. Preference is given to upper division female students with GPA of 2.5 or above. The maximum amount of awards is equal to tuition and matriculation fees.

Bruce R. Dunn Single-Mother Scholarship Fund

These scholarships are for single parents with dependent children (one or more living with the parent) who are full time students pursuing a graduate degree in Psychology. A cumulative GPA of 3.5 on a 4.0 scale is required along with a minimum of 9 coursework hours remaining in their program and financial need. Awards of \$500 to \$1,250 per semester for tuition and matriculation fees (excluding summer) are available.

Jeffrey Scott Henshall Scholarship

This scholarship awards a student with a disability or a student whose focus is disability related.

Linda O. Dye Award

This annual leadership award of \$500 is made to a female student for significant contributions, sustained leadership, and service to campus life at UWF. Considerations are time, energy, creativity, and work to enhance activities, intercollegiate athletics, and the development and maintenance of traditions.

University of West Florida's Strategies for Achieving Employment Diversity Goals:

- Utilizing an online recruitment and hiring process increases the visibility of openings at UWF to applicants for employment both internally and externally.
- Hiring managers are required to advertise job openings in discipline-specific journals and those frequented by females and minorities.
- Job application deadlines are extended and hiring officials are required to advertise in diverse publications when searches have not resulted in a culturally and gender diverse applicant pool.
- Additional outreach initiatives are utilized such as job fairs targeted to females, minorities, individuals with disabilities, and veterans.
- Bias in the employment process is controlled by requiring that search committees represent gender and racial diversity.
- The John C. Pace Symposium series is designed to bring distinguished scholars, artists and leaders to Pensacola for lectures, performances and a variety of interactions with faculty, students, staff and the public.
- Access, equal opportunity, and diversity are included in the University's strategic planning process.
- The President's Award for Leadership in Diversity is provided annually to recognize demonstrated leadership and/or evidence of participation in multiculturalism and diversity and the engagement in dissemination of information and implementation of events or activities to enhance cross-cultural understanding.

UWF will continue multicultural/diversity training opportunities. Funding is available for full-time faculty and staff to travel to obtain training on multiculturalism/diversity issues. Applicants demonstrate how the training will benefit the diversity of the campus community and how attendance will contribute to the applicant's discipline, and how learning may be incorporated into diversity initiatives in the individual's department. Attendees share their knowledge by presenting what they have learned to the campus community.

UWF will continue its commitment to advertising career opportunities in female and minority publications; providing the annual President's Diversity Leadership Awards to faculty, staff, and students; making professional development leave available to faculty; and making tuition fee waivers and textbook scholarships available to faculty and staff. These strategies will ensure that the University remains visible to female and minority applicants, maintains budgetary incentive plans to recruit a diverse workforce, and provides educational scholarship assistance to further the University's goal of a culturally diverse campus.

PART VII: PROTECTED-CLASS REPRESENTATION IN THE TENURE PROCESS, 2015-2016

Sex, Race/Ethnicity	Applied	Withdrawn	Denied	Deferred	Nominated
MALES					
American Indian or Alaskan Native					
Asian					
Black or African American	1				1
Hispanic					
Native Hawaiian/Other Pacific					
Two or More Races					
White	5	0	0	0	5
Other, Not Reported					
Total Male (Include Other, Not Reported)	6	0	0	0	6
FEMALES					
American Indian or Alaskan Native					
Asian					
Black or African American	1				0
Hispanic					
Native Hawaiian/Other Pacific					
Two or More Races					
White	3	0	0	0	3
Other, Not Reported					
Total Female (Number and Percent) (Include Other, Not Reported)	4	0	0	0	3
GRAND TOTAL					
LEGEND:					
APPLIED: Faculty whose names have been submitted for tenure review. Sum of Withdrawn, Denied, and Nominated (or provide explanation).					
WITHDRAWN: Faculty who withdrew from tenure consideration after applying for review.					
DENIED: Faculty for whom tenure was denied during the review process.					
NOMINATED: Faculty for whom tenure is being recommended by the University					

PART VIII: PROMOTION AND TENURE COMMITTEE COMPOSITION, AY 2014-2015

Type of Committee	Black or African American		American Indian/Alaskan Native		Asian		Native Hawaiian or Other Pacific Islander		Hispanic		Two or More Races		White		Other, Not Reported		Total including Other, Not Reported	
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F
University Faculty Personnel Committee					1	1							5	5			6	6
College Personnel Committee – College of Arts, Social Sciences and Humanities													2	2			2	2
College Personnel Committee - College of Business					1	1							5				6	1
College Personnel Committee - College of Education and Professional Studies			1		1								4	1			6	1
College Personnel Committee - College of Science, Engineering and Health						1							1	3			1	4

PART IX: OTHER REQUIREMENTS

A. Budget Plan

UWF requires hiring managers to advertise in diverse publications. These publications included: *Diverse Issues in Higher Education*, *IMDiversity.com*, *Hispanic Outlook*, *Minorityjobs*, *Society of Women Engineers*, *Urban & Regional Information Systems Association*, *Academic Diversity Search*, *Diversity.com*, *Insight Into Diversity*, and *Women in Higher Education*.

The University has been successful in increasing exposure of its position openings to females and minorities in the hiring market, and this will continue to be a priority.

B. President's Evaluation

Each year, the Board of Trustees evaluates the University President. The evaluation includes reviewing equity goals and objectives. The President ensures that diversity and equity goals are a priority at the University.

C. Top Administrators' Evaluations

The University President continually evaluates the activities of the vice presidents to ensure that diversity remains a priority at the University. The University of West Florida's commitment to diversity is campus wide. All University employees are evaluated annually on diversity regarding their support of equal opportunity and the University's goals of displaying empathy and acceptance of diverse viewpoints; treating others with respect, dignity, and consideration; promoting an environment free of harassment and discrimination; building a diverse workforce; including diversity in committees so that expectations of all are considered; making efforts to ensure that all employees feel included; and assuring that campus diversity is reflected in the membership of search committees.

UNIVERSITY *of* WEST FLORIDA



2017 Florida Equity Report

Karen Rentz

Executive Director, Equity & Diversity

- Florida Equity Report is submitted annually to the BOG, as required by Regulation 2.003 Equity and Access.
 - The Student Enrollment and Employment sections focus on females and members of specified racial/ethnic groups.
 - The Athletics section focuses on gender equity on the basis of Accommodation of Interests and Abilities.
 - The 2017 Florida Education Equity Report is based on 2015-2016 data.
-

Bachelor	2,142
➤ females	(62%)
➤ minorities	(26%)
Master & Specialist	742
➤ females	(67%)
➤ minorities	(20%)
Doctoral	19
➤ females	(37%)
➤ minorities	(21%)

Sport Offerings: Men - 6 Female - 8

Participation Rates:

F-T Undergraduate Student Enrollment

Male 3,097 (44%) Female 3,928 (56%)

Student Athletes

Male 120 (48%) Female 131 (52%)

Scholarship offerings for athletes

- Male \$1,226,774 (50%)
- Female \$1,228,400 (50%)

Questions?



UWF Board of Trustees Meeting
Audit & Compliance Committee
November 16, 2017

Issue: UWF Internal Auditing Reports Issued

Proposed action: Acceptance

Background information:

Internal Auditing & Compliance (IAC) completed three audits during the period August 1, 2017, through October 31, 2017: Faculty/Staff-Led Student Travel, Market Rate Tuition, and Petty Cash and Change Funds.

Faculty/Staff-Led Student Travel 16-17 006

Our audit period was January 1, 2015 through December 31, 2016 and was part of the work plan for 2016/17. We issued the audit report on August 22, 2017. The audit's objectives were to evaluate controls over roles and responsibilities, safety and security, minimization of University exposure to liability, approval of travel events, qualification and/or training of faculty or staff who supervise student travel, monitoring of financial activity related to travel, and the additional requirements of international travel events for students.

Results:

We identified a Notable Strength: Some improvements to the standard University form "Travel Authorization Request" were noted during the audit entrance conference; we commend the Controller's Office for promptly following through to make the needed changes to this form. This audit included three recommendations:

1. General Counsel and Environmental Health & Safety should collaborate to develop consistent, thorough, written policies and procedures, specifically designed to ensure the safety and security of student-travelers.
2. The University should develop training for faculty, staff, alumni, and registered volunteers who travel with students, that informs them of the risks involved and appropriate methods for responding to risks.
3. The University should ensure that adequate training is provided to students about how to mitigate risks involved with University-related travel.

Management's Actions: Management has outlined various courses of action with the goal of everything being implemented by February 2018.

Market Rate Tuition 16-17 007

Our audit period was August 22, 2016 through April 28, 2017 and was part of the work plan for 2016/17. We issued the audit report on August 10, 2017. The audit's objectives were to ascertain compliance with BOG Regulations, to determine whether Continuing Education participated in the program and offerings, to determine if adequate procedures and/or policies were in place to ensure proper accountability, and to identify any metrics in place and/or monitored to measure the success of the program.

Results:

We identified a Notable Strength: The Director of Budgets in the Office of the Provost had established a comprehensive set of financial data that served to provide accurate and up-to-date information regarding the profitability of the program and enrollment statistics. We made one recommendation:

1. Departmental procedures related to market rate tuition should be enhanced and reviewed periodically for necessary revisions.

Management's Actions: Management has outlined a course of action to meet implementation by October 2017.

Petty Cash and Change Funds 17-18 002

This audit was part of the 2017/18 internal auditing work plan approved by the BOT at its June 2017 meeting. The audit period was July 1, 2016 to June 20, 2017. The report was issued on August 11, 2017. The audit's objectives were to evaluate controls over petty cash and change funds, including authorizations, training, documented policies and procedures, periodic reconciliations, and physical security.

Results:

We identified a Notable Strength: We conducted an unannounced cash count that was in the custody of the Accountant in Business & Auxiliary Services. Despite this unexpected challenge, the Accountant carried out a complex count involving numerous locations and computer systems, in a methodical, thorough, and conscientious manner, resulting in a count that agreed to the change fund issued. We found that internal controls were strong, yet made the following recommendations:

1. Recreation & Sports Services should ensure that responsibility for change funds is terminated when an employee leaves their position.
2. Business & Auxiliary Services should request a replenishment of the long-term shortage in the Postal Services change fund.
3. The Controller's Office should make corrections to the change fund general ledger account balance as needed, and conduct periodic reconciliations to ensure that accurate balances exist.

Management's Actions: Management has outlined various courses of action with the goal of implementing everything by December 2017.

Recommendation: Acceptance of the Internal Auditing reports

Implementation: Management will implement corrective actions. Internal Auditing & Compliance will follow-up to determine if adequate corrective actions occurred.

Fiscal Implications: Fiscal oversight by the UWF Board of Trustees

Supporting documents

UWF 16-17_006 Faculty/Staff-Led Student Travel audit report

UWF 16-17_007 Market Rate Tuition audit report

UWF 17-18_002 Petty Cash and Change Funds audit report

Prepared by: Cindy Talbert, Interim Internal Audit Director, 474-2636, ctalbert@uwf.edu

Presenter: Cindy Talbert, Interim Internal Audit Director

EXECUTIVE SUMMARY

We audited Faculty/Staff-Led Student Travel for the period of January 1, 2015 through December 31, 2016. This audit was included as part of our 2016/17 audit work plan, determined by our annual risk assessment. Our objectives focused on controls over:

- Clearly defined roles and responsibilities
- Safety and security of faculty, staff, and students
- Minimization of University exposure to liability
- Approval of travel events and appropriate objectives
- Qualifications and/or training of faculty or staff who supervise student travel
- Monitoring of financial activities related to travel
- The additional requirements of international travel events for students

Audit fieldwork began on March 21, 2017, and ended on July 20, 2017. Our audit was conducted in accordance with the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing and generally accepted auditing principles.

BACKGROUND

Students are engaged in a multitude of interactions with the University, many of which require that they attend activities outside the main campus. Activities range from running errands with local vendors to traveling abroad, each with its own unique risks and exposures. The University has a duty to ensure that some risks and exposures are mitigated, or at least to make the student aware of risks that they may unwittingly take on. The argument might be made that students must be responsible for their own health, safety, and security; however, when a student participates in University sponsored travel and/or when a University employee is a travel leader, University responsibility and accountability greatly increases.

Almost all University departments are to some extent responsible for requiring, coordinating, offering, or encouraging off-campus activities. During our audit work, we identified the primary areas engaged in such activities, which included Academic Affairs, International Student Services, Intercollegiate Athletics, Recreation and Sports Services, Dean of Students, and University Commons Student Involvement. The Office of General Counsel acts as a resource, providing guidance to departments about best practices for mitigating risks, while Environmental Health & Safety helps inform about and coordinate insurance coverages.

NOTABLE STRENGTH

A Travel Authorization Request (TAR) is a document used to indicate that travel is authorized, and must be signed by an appropriate authority. This form is used to document approval for employee travel, but also some instances of student travel. In our audit entrance conference, discussion by staff indicated a basic misconception that students traveling on behalf of the University are covered by state insurance. In response to this discussion, Financial Services immediately revised the TAR to include a statement in bold print, highlighting the fact that students indeed do not have insurance coverage. We commend them for acting on this promptly.

KEY OBSERVATIONS

We found that some good internal controls existed within faculty/staff-led student travel activities; however, the following observations were made:

1. We found that International Student Services had documented their critical processes with regard to international travel quite well. Other departments that had responsibilities for in-country travel that involved employees and students had their procedures documented to varying degrees, but none were fully documented, in our opinion. Furthermore, the practices followed in various areas that related to the safety and security of student-travelers were inconsistent. The lack of written policies and procedures increases the

potential for student-travelers to be exposed to unsafe circumstances.

The Office of the General Counsel and the Office of Environmental Health and Safety provide guidance about the minimization of risks and exposures to the University and to students. These include the use of insurance coverage, the use of waivers of liability, the practice of hiring students so that some types of insurance coverage become available, and the use of contractual agreements that transfer responsibility for some exposures to the contractor. From our interviews with staff and reviews of documentation and practices, we found that some of these methods of risk-minimization are not being utilized to their fullest extent. There are students who engage in activities for which relatively inexpensive accident insurance is available. In other situations, exposures could be minimized simply by contracting out for transportation services.

2. Persons who travel with students subject themselves to a variety of risks, at times unwittingly. For example, they may be unaware that as a representative of the University, they could be held responsible for the actions of an intoxicated student. Educating persons on the responsibilities that they assume, and informing them on how to respond to a variety of situations, serves to minimize risk to themselves, the students, and the University. Staff members interviewed in various departments seemed unaware of some of the risks and described little that is provided in the way of training (with the exception of International Student Services).
3. Students are engaged in a multitude of interactions with the University, many of which require that they leave the main campus. Examples include running errands at nearby businesses, engaging in community service activities because of their involvement in intercollegiate athletics, or attending an activity related to an academic course at the direction of the instructor. **At times they even offer transportation to other students, perhaps at the behest of a staff member or instructor, an action**

that according to the Office of General Counsel, creates substantial risk for UWF. These situations also create risk for the student, of which they may not have been adequately informed. Students are prohibited from driving University vehicles, but may believe that the University will provide coverage should an accident occur while they are on University business. Our discussions with staff who coordinate such activities indicate that sufficient information is not being provided to students who leave campus on University-related business, in order for them to make informed decisions about the risks involved.

SUGGESTED MANAGEMENT ACTIONS

1. The Offices of General Counsel and Environmental Health & Safety should collaborate with all divisions to develop consistent, thorough, written policies and procedures, specifically designed to ensure the safety and security of student-travelers, especially when accompanied by persons who could be considered representatives of the University. These written policies and procedures should incorporate the risk and exposure-mitigating tools available to their fullest extent, using them as an integral part of the way the University conducts business.
2. The University should develop training for faculty, staff, alumni, and registered volunteers who travel with students, that informs them of the risks involved and appropriate methods for responding to risks. This training should be based upon standards set forth in the written policies and procedures to be developed, as described in Key Observation 1 above.
3. The University should ensure that adequate training is provided to students about how to mitigate risks involved with travel. This training should be based upon standards set forth in the written policies and procedures to be developed, as described in Key Observation 1 above.

We appreciate the cooperation, professionalism, and responsiveness of the International Student Services, Intercollegiate Athletics, Dean of Students, Recreation and Sports Services, University Commons, General Counsel, and Environmental Health & Safety staff who were involved in the audit.

Respectfully submitted,

Betsy Bowers, Associate Vice President

REPORT PROVIDED TO THE FOLLOWING:

Dr. Martha Saunders, President
Mort O'Sullivan, Chair BOT
Bob Jones, Chair BOT Audit & Compliance Committee
Richard Baker, BOT Audit & Compliance Committee
Dr. George Ellenberg, Provost
Dr. Pam Northrup, Vice President
Dr. Steven Cunningham, Vice President
Dr. Joffery Gaymon, Vice President
Dr. Kim LeDuff, Vice President
Pam Langham, General Counsel
James Felder, Associate General Counsel
Peter Robinson, EH&S Director
Colleen Asmus, Associate Vice President/Controller
Jaime Hoelscher, Manager, FL Auditor General
Ken Danley, Supervisor, FL Auditor General
Joe Maleszewski, BOG Chief Inspector General
Lori Clark, BOG Compliance and Audit Specialist
Rebecca Luntsford, BOT Liaison



University of
West Florida

*Internal Auditing & Compliance
Audit: Faculty/Staff-Led Student Travel
Report #: UWF16-17_006
Date: August 22, 2017*

**OBSERVATIONS
WITH
MANAGEMENT'S
RESPONSES**

**Faculty/Staff-Led
Student Travel
UWF 16-17_006**

OBSERVATION #1 WITH MANAGEMENT RESPONSE

What We Found	Many University departments who had responsibilities for in-country student travel did not have their procedures documented fully. This resulted in the lack of risk-minimizing actions being used.
Why the Issue is Important	Student travel, especially when accompanied by an employee or registered volunteer, creates risks and exposures for the University and for the student.
What is Causing the Issue	A lack of written policies and procedures related to student travel, developed by persons with a strong understanding of the risks involved.
What is Expected or Required	The development of written policies and procedures related to student travel, that can be applied University -wide.
What We Suggest	 The Offices of General Counsel and Environmental Health & Safety should collaborate with all divisions to develop consistent, thorough, written policies and procedures, specifically designed to ensure the safety and security of student-travelers, especially when accompanied by persons who could be considered representatives of the University. These written policies and procedures should incorporate the risk and exposure-mitigating tools available to their fullest extent, using them as an integral part of the way the University conducts business.
Responsible Auditees	Associate General Counsel James Felder Director Peter Robinson, EH&S
What Action Management Commits To Do	The Office of General Counsel and Environmental Health & Safety will collaborate to draft and publish a travel manual advising the campus community of relevant policies and procedures regarding University student and employee travel.
Implementation Date	February 28, 2018

OBSERVATION #2 WITH MANAGEMENT RESPONSE

What We Found	Persons who travel with students, including faculty, staff, and registered volunteers, were not fully aware of the related risks to the University and to students.
Why the Issue is Important	The University and students are exposed to risk that can be mitigated in some instances.
What is Causing the Issue	Lack of consistent, high-quality training for employees and others who travel with students on behalf of the University.
What is Expected or Required	Development of training programs for employees and others who travel with students on behalf of the University.
What We Suggest	<p> The University should develop training for faculty, staff, alumni, and registered volunteers who travel with students, that informs them of the risks involved and appropriate methods for responding to risks. This training should be based upon standards set forth in the written policies and procedures to be developed, as described in Key Observation 1 of this audit report.</p>
Responsible Auditees	Associate General Counsel James Felder Director Peter Robinson, EH&S
What Action Management Commits To Do	The Office of General Counsel and Environmental Health and Safety will collaborate to design and provide specialized training with regard to domestic and international travel by University representatives, with a specific focus on mitigating risk.
Implementation Date	February 28, 2018

OBSERVATION #3 WITH MANAGEMENT RESPONSE

What We Found	Students are engaged in various types of travel on behalf of the University, without being fully informed of the risks involved.
Why the Issue is Important	Students are taking on risks that could seriously affect their well-being and future.
What is Causing the Issue	Lack of training specifically for students who travel on behalf of the University.
What is Expected or Required	Development of training by qualified persons, specifically for students.
What We Suggest	■ The University should ensure that adequate training is provided to students about how to mitigate risks involved with travel. This training should be based upon standards set forth in the written policies and procedures to be developed, as described in Key Observation 1 in this audit report.
Responsible Auditees	Associate General Counsel James Felder Director Peter Robinson, EH&S
What Action Management Commits To Do	The Department of Environmental Health & Safety will develop specialized training for student employees. This training will be based upon the standards set forth in the written policies and procedures (travel manual) to be developed by EH&S and the Office of General Counsel. An announcement will be made to campus upon its completion. All new hires will be required to complete the specialized training upon hire. The training will provide information about how to mitigate risks involved with travel for university related business. Student employees will be able to access the training through myuwf/SCOOP.
Implementation Date	February 28, 2018

EXECUTIVE SUMMARY

We audited market rate tuition for the period of August 22, 2016, through April 28, 2017. This audit was included as part of our 2016/17 audit work plan, determined by our annual risk assessment. Our objectives were to:

- Ascertain if the market rate tuition programs offered by the University comply with provisions of the Board of Governors Regulation 7.001 Tuition and Associated Fees; BOG Regulation 7.002 Tuition and Fee Assessment, Collection, Accounting and Remittance and BOG Regulation 8.011 Authorization of New Academic Degree Programs and Other Curricular Offerings,
- Determine if Continuing Education participates in the market rate tuition program and offerings,
- Determine if adequate procedures and/or policies are in place to ensure proper accountability for tuition revenue; and
- Identify any metrics in place and/or monitored to measure the success of the program.

Audit fieldwork began on March 16, 2017, and ended on June 26, 2017. We audited in accordance with the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing and generally accepted auditing principles.

BACKGROUND

The University began offering market rate tuition programs effective Fall 2013, after the UWF BOT approved it on September 30, 2103. The Florida Board of Governors (BOG) approved market rate tuition programs on November 21, 2013. BOG Regulation 7.001(15) states:

"A university board of trustees may submit a proposal for market tuition rates for graduate-level courses offered online or through the university's continuing education unit when such courses constitute an approved degree program or college credit certificate program."

The market rate programs offered by the University of West Florida are administered by the office of Distance and Continuing Education, a unit of Academic Affairs.

Graduate-level courses offered during the 2016/17 academic year were part of the following approved market rate tuition programs, shown in the tables below with associated financial activity:

Doctorate in Curriculum and Instruction		
	Revenue	Expense
2013/14	\$54,256	\$34,046
2014/15	\$335,131	\$241,923
2015/16	\$918,822	\$717,666

Master in Education and Leadership		
	Revenue	Expense
2013/14	\$2,529,831	\$1,773,682
2014/15	\$2,757,860	\$2,256,143
2015/16	\$3,565,712	\$2,658,624

Expenses for these programs include Administrative Services, Technology Infrastructure, and Staffing.

NOTABLE STRENGTH

Overall, the internal controls related to the market rate tuition procedures were found to be strong. The Director of Budgets in the Office of the Provost carries out financial and reporting oversight of the market rate tuition program. The Director maintains comprehensive spreadsheets of financial data that provide accurate and up-to-date information regarding profitability of the program and enrollment statistics.

KEY OBSERVATION

Overall, internal controls over the administration of market rate tuition courses appear sound. The audit revealed one opportunity for improvement:

The Office of Distance and Continuing Education had not fully developed written procedures for their duties related to market rate programs.

Documenting such procedures serves as a tool for training, consistency and a method of minimizing misunderstandings between department head and staff.

SUGGESTED MANAGEMENT ACTION

- Departmental procedures related to market rate tuition should be enhanced and reviewed periodically for necessary revisions.

CONCLUSION

We appreciate the cooperation, professionalism, and responsiveness of the Academic Affairs, Distance and Continuing Education, and College of Education and Professional Studies staff who were involved in the audit.

Respectfully submitted,

Betsy Bowers, CIA, CFE, CGFM, CRMA, CICA
Associate Vice President
Internal Auditing and Compliance

Audit performed by: Dan Bevil, CIA, CICA

REPORT PROVIDED TO THE FOLLOWING:

Dr. Martha Saunders, President
Dr. George Ellenberg, Provost
Dr. Joffery Gaymon, Vice President, Enrollment/Student Affairs
Dr. Steven Cunningham, Vice President Finance and Administration
Mort O'Sullivan, Chair BOT
Bob Jones, Chair BOT Audit & Compliance Committee
Richard Baker, BOT Audit & Compliance Committee
Pam Langham, General Counsel
Shelly Blake, Director of Budgets, Academic Affairs
Dr. Rodger Krull, Director, Distance and Continuing Education
Kelly Brundage, Registrar
Ken Danley, Supervisor, FL Auditor General
Jaime Hoelscher, Manager, FL Auditor General
Joe Maleszewski, BOG Chief Inspector General
Lori Clark, BOG Compliance and Audit Specialist
Rebecca Luntsford, BOT Liaison



**OBSERVATION
WITH
MANAGEMENT'S
RESPONSE**

**Market Rate Tuition
UWF 16-17_007**

OBSERVATION WITH MANAGEMENT’S RESPONSE

What We Found	The Office of Distance and Continuing Education procedures regarding market rate tuition are not fully developed.
Why the Issue is Important	Written policies and procedures create greater efficiency and productivity, provide clear understanding of job duties, and help ensure a smoother transition during staff turnover. Failure to have detailed procedures increases the risk of noncompliance with the contract and federal and state laws.
What is Causing the Issue	Long-term employees have experience and knowledge of the processes and had not recognized the need to document procedures regarding the issue.
What is Expected or Required	■ Formal written policies should be maintained to ensure proper maintenance of the program.
What We Suggest	Departmental procedures related to market rate tuition should be enhanced and reviewed periodically for necessary revisions.
Responsible Auditee	Dr. George Ellenberg, Provost
What Action Management Commits to Do	Distance and Continuing Education will coordinate documenting in Confluence ¹ the University’s internal procedures, incorporate any appropriate enhancements based on past experience, maintain alignment with Florida Board of Governors requirements, and include a final review by the Provost’s Office. Once documented in Confluence, the procedures will be reviewed periodically for necessary revisions.
Implementation Date	October 13, 2017

¹ Confluence is UWF’s central place for documentation and team collaboration.

EXECUTIVE SUMMARY

We audited Petty Cash and Change Funds for the period of July 1, 2016, through June 30, 2017. This audit was included as part of our 2017/18 audit work plan, determined by our annual risk assessment. Our objectives were to evaluate internal controls over petty cash and change funds, including authorizations, training, documented policies and procedures, periodic reconciliations, and physical security.

Audit fieldwork began on June 14, 2017, and ended on July 12, 2017. We conducted the audit in accordance with the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing and generally accepted auditing standards.

BACKGROUND

The Controller's Office issues petty cash and change funds to University departments that request them and demonstrate a need. Written procedures and advance training exist, and the Senior Associate Controller provides additional instruction through a personal visit. An employee of the department accepts responsibility for the fund, signing an initial acknowledgement of receipt as well as an annual statement that the fund is intact.

Petty cash funds are used to make frequent cash purchases of small amounts. Periodic replenishment of the fund occurs by submission of a Direct Pay Request, along with receipts for purchases made, to the Controller's Office. The volume of financial activity at the collection point determines the amount of change funds.

The dollar amount outstanding as of June 14, 2017, was petty cash funds of \$1,210, distributed to three custodians, and change funds of \$33,555, distributed to eleven custodians.

Notable Strength

The Accountant in Business & Auxiliary Services is responsible for periodic counts of the \$950 change fund

assigned to the department. The auditors approached her for an unannounced cash count. The change fund is distributed to an array of locations where the counts had to be conducted, which was further complicated by various technology, security, and volume elements (for example, much coinage). We observed her carrying out this task in a methodical, thorough, and conscientious manner, resulting in a cash count that agreed to the change fund issued.

KEY OBSERVATIONS

We found that internal controls were strong, yet we make the following observations:

1. Recreation and Sports Services has a \$200 change fund for use in the registration area at the HLS Service Desk. The custodian of record for the fund was a Business Manager. We found during the audit that this employee left the department about sixteen months earlier, without a transfer of responsibility for the fund to a current employee. Our count revealed the fund was intact.
2. Postal Services has a change fund of \$27,100. A detailed review of the various components of this fund (including pre-paid amounts with vendors, purchases of postage for equipment, et al) indicated that a shortage of about \$608 existed. Further discussion with staff and review of reports showed that this shortage was identified many years ago when a team was charged with creating a process to reconcile this complex system. We found no indication of impropriety; however, good accounting practices dictate that a shortage be replenished and cleared within a reasonable amount of time.
3. The Controller's Office enters transactions on the general ledger to record outstanding petty cash and change funds. Established procedures require an annual confirmation from each custodian on the

balance of their fund. We compared the amounts of outstanding funds to account balances on the general ledger and found two discrepancies, later explained by Controller's Office staff. A \$200 change fund had been incorrectly booked in 2005, while an error of \$10,952 in the booking of a change fund occurred at least as far back as 2007. A periodic reconciliation of known custodian funds to the general ledger account balances would disclose such errors.

Suggested Management Actions

1. Recreation and Sports Services management should ensure that responsibility for change funds is terminated when an employee leaves their position and can no longer provide oversight for the funds.
2. Business and Auxiliary Services should request a replenishment of the long-term shortage in their Postal Services change fund.
3. The Controller's Office should make corrections to the change fund general ledger account balance as needed, and conduct periodic reconciliations to ensure that accurate balances exist.

We appreciate the cooperation, professionalism, and responsiveness of the Controller's, Business & Auxiliary Services, Postal Services, University Commons, Intercollegiate Athletics, Recreation & Sports Services, and ERCCD staff who were involved in the audit.

Respectfully submitted,

Betsy Bowers, Associate Vice President

REPORT PROVIDED TO THE FOLLOWING:

Dr. Martha Saunders, President
Mort O'Sullivan, Chair BOT
Bob Jones, Chair BOT Audit & Compliance Committee
Richard Baker, BOT Audit & Compliance Committee
Dr. Steven Cunningham, Vice President
Dr. Joffery Gaymon, Vice President
Dr. Jim Hurd, Student Affairs
Dr. Rebecca Kennedy, Counseling and Psychological Services
Colleen Asmus, Controller
Ellen Till, Business & Auxiliary Services
William Healey, Recreation & Sports Services
Jaime Hoelscher, Manager, FL Auditor General
Ken Danley, Supervisor, FL Auditor General
Joe Maleszewski, BOG Chief Inspector General
Lori Clark, BOG Compliance and Audit Specialist
Rebecca Luntsford, BOT Liaison



**OBSERVATIONS
WITH
MANAGEMENT'S
RESPONSES**

**Petty Cash and
Change Funds
UWF 17-18_002**

OBSERVATION #1 WITH MANAGEMENT RESPONSE

What We Found	Recreation and Sports Service had a \$200 change fund. The custodian of record had left the department sixteen months earlier.
Why the Issue is Important	A department employee should be responsible for cash issued to them.
What is Causing the Issue	Management neglected to have responsibility for the change fund re-assigned to a current employee.
What is Expected or Required	Compliance with University requirements related to change funds.
What We Suggest	● Recreation and Sports Services management should ensure that responsibility for change funds is terminated when an employee leaves their position and can no longer provide oversight for the funds.
Responsible Auditee	Mr. William Healey, Recreation & Sports Services
What Action Management Commits To Do	Recreation and Sports Services worked with the Controller's Office in June 2017 to re-assign custody of the change fund to a current employee. We will insure that with any future changes in staff this transfer will occur on a timely basis.
Implementation Date	August 2, 2017

OBSERVATION #2 WITH MANAGEMENT RESPONSE

What We Found	Postal Services has a change fund of \$27,100. The periodic reconciliations of this change fund have reflected a shortage of approximately \$608 for numerous years.
Why the Issue is Important	Reconciliations should normally balance to the amount of the change fund, with discrepancies researched and resolved.
What is Causing the Issue	Management preferred to simply carry forward the shortage.
What is Expected or Required	Good accounting practices indicate that once a shortage has been resolved, the change fund be replenished to its full, approved amount.
What We Suggest	 Postal Services should request a replenishment of the long-term shortage in their change fund, after consultation with the Controller's Office about an appropriate source.
Responsible Auditee	Director Ellen Till, Business & Auxiliary Services
What Action Management Commits To Do	The \$607.98 shortage has been replenished from the Postal Services auxiliary account.
Implementation Date	August 7, 2017

OBSERVATION #3 WITH MANAGEMENT RESPONSE

What We Found	Errors were made in the posting of change funds, in the amounts of \$200 and \$10,952, from numerous years ago.
Why the Issue is Important	The general ledger accounts should accurately reflect the balances of change funds.
What is Causing the Issue	Lack of correcting journal entries.
What is Expected or Required	Prepare journal entries to correct the balances of the change fund on the general ledger.
What We Suggest	■ The Controller's Office should make corrections to the change fund general ledger account balance as needed, and conduct periodic reconciliations to ensure that an accurate balance exists.
Responsible Auditee	Controller Colleen Asmus
What Action Management Commits To Do	A journal entry was processed on August 2, 2017 to accurately record the change funds in the ledger. Periodic verifications of the general ledger balances will be performed to ensure accurate balances are recorded and the balances match the petty cash and change fund amounts issued to custodians.
Implementation Date	December 31, 2017

UWF Board of Trustees Meeting
Audit and Operations Committee
November 16, 2017

Issue: External Audit of Financial Statements of Direct Support Organization – UWF Business Enterprises, Inc.

Proposed action: Acceptance

Background information:

Pursuant to Florida Statute 1004.28¹ and BOG Regulation BOG-9.011(4)², organizations affiliated with or through the University of West Florida (aka Direct Support Organizations) must be audited annually and presented to the University of West Florida Board of Trustees. As required in the Bylaws of UWF Business Enterprises Inc. (BEI), the financial statements of BEI have been audited by independent certified public accountants for the fiscal year ending June 30, 2017.

Article 9.2 of the Bylaws states “After the close of each fiscal year, the Corporation shall cause a financial audit of its accounts and records to be conducted by an Independent certified public accountant if required by Section 1004.28, Florida Statutes, as amended or supplemented, or other applicable provisions of law, and in accordance with any applicable rules promulgated by the Auditor General of the State of Florida pursuant to Section 11.45, Florida Statutes, as amended or supplemented, or other applicable provisions of law. The Corporation shall provide any copies of its audit reports, together with its federal Application for Recognition of Exception (form 1023) and its Form 990, Return of Organization Exempt from Federal Income Tax, to such persons as may be required by applicable laws of the State of Florida.”

Master Management Agreement provision between UWF and BEI: Section 5 of the agreement between the University of West Florida and the UWF Business Enterprises, Inc. (BEI) dated December 9, 2011, states “Financial and Other Reports. The Corporation shall provide the University such reports and audits as are required by the Act or which the University shall request from the Corporation.”

Results

BEI received a clean unqualified opinion. The audit was performed in accordance with auditing standards generally accepted in the United States and in accordance to *Government Auditing Standards*. The audit report did not identify any material weaknesses in the internal control system. Additionally, no instances of non-compliance were reported.

¹ 1004.28(5)(a) “Each direct support organization shall provide for an annual financial audit of its accounts and records to be conducted by an independent certified public accountant in accordance with the rules adopted by the Auditor General pursuant to s. 11.45(8) and by the university board of trustees. The annual audit report shall be submitted, within 9 months after the end of the fiscal year to the Auditor General and Board of Governors for review.”

² 9.011(4) “Support organizations shall provide for an annual audit conducted pursuant to university regulations or policies. The annual audit report shall be submitted to the university board of trustees or designee, the Board of Governors, and the Auditor General for review.”

Financial Highlights:

- a. BEI reported a donation to the University in the amount of \$84,637 in FY17 and \$670,798 in FY16 for the Nautilus Market renovation.
- b. Of the \$1 million advance commission paid to BEI from the dining services vendor in June 2012, \$352,707 remained unearned as of June 30, 2017.
- c. As of June 30, 2017, Unearned Service and Management Arrangement Income was approximately \$6 million and primarily related to the unamortized investment from the dining services contract.
- d. The assignment of Parking and Transportation Services to BEI as an Assigned Function ended June 30, 2017.
- e. Subsequent to year end on August 31, 2017, BEI sold the Scenic Hills Country Club and Golf Course at an approximate loss of \$1 million.

Recommendation: Acceptance

Implementation Plan: None

Fiscal Implications: Fiscal oversight by the UWF Board of Trustees of organizations affiliated with or through the University of West Florida.

Supporting documents:

- Audit Communication Letter UWF BEI June 30, 2017
- Audited Financial Statements for UWF Business Enterprises, Inc. for fiscal year ending June 30, 2017

Prepared by: Elizabeth Mrachek, Internal Auditor, 474-2639, emrachek@uwf.edu

Presenter: Cindy Talbert, Interim Internal Audit Director, 474-2636, ctalbert@uwf.edu

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

We have audited 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, 2017, and have issued our report thereon dated October 30, 2017. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by UWF Business Enterprises, Inc. are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during 2017.

We noted no transactions entered into by BEI during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimates for doubtful accounts, which are based on an analysis of certain customers, taking into consideration the age of the past due accounts and an assessment of the customer's ability to pay. Accounts are considered past due when the payments due are not made within certain designated timeframes.
- Management's estimate of the allowance for doubtful accounts is based on historical sales, historical loss levels, and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of depreciation is based on the estimated useful lives of the buildings, leasehold improvements, equipment, and furniture. We evaluated the key factors and assumptions used to develop depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosures of the Master Management Agreement in Note 6 and various Assigned Functions under that Master Management Agreement in Notes 7 to 10.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated October 30, 2017.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. We were informed by management that there were no consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as BEI's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other information in documents containing audited financial statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the Schedules I to IX (collectively, the supplementary information) accompanying the financial statements, on which we were engagements to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated October 30, 2017.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

* * *

This communication is intended solely for the information and use of the board of directors and management of UWF Business Enterprises, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Orlando, Florida
October 30, 2017

UWF BUSINESS ENTERPRISES, INC.

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2017 AND 2016

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
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INDEPENDENT AUDITORS' REPORT

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 years ended June 30, 2017 and 2016, and the related notes to the financial statements, which comprise 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.

Auditors' 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 of America. 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 auditors' 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 financial position of the business-type activities of BEI as of June 30, 2017 and 2016, and the respective changes in net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 11 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 audits 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Schedules I to IX are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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 October 30, 2017, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Orlando, Florida
October 30, 2017

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017, 2016, AND 2015

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, 2017, 2016, and 2015. 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 found on pages 12 through 27.

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. UWF Business Enterprises Inc. received tax-exempt status under code section 170(b)(1)(A)(v) as a governmental unit political subdivision.

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.

The University appointed Dr. James Barnett to serve as interim CEO of BEI from December 6, 2012 through August 31, 2015. On September 1, 2015, Dr. Steven D. Cunningham, Vice President for Finance and Administration became the CEO of BEI.

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, from inception on October 18, 2011 through period end June 30, 2017.

The statement of net position presents information on all of BEI's assets and liabilities. Assets less liabilities 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.

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2017, 2016, AND 2015

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 from July 1, 2015 through June 30, 2016 and July 1, 2016 through June 30, 2017. 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 IX 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.

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 STATEMENTS OF NET POSITION

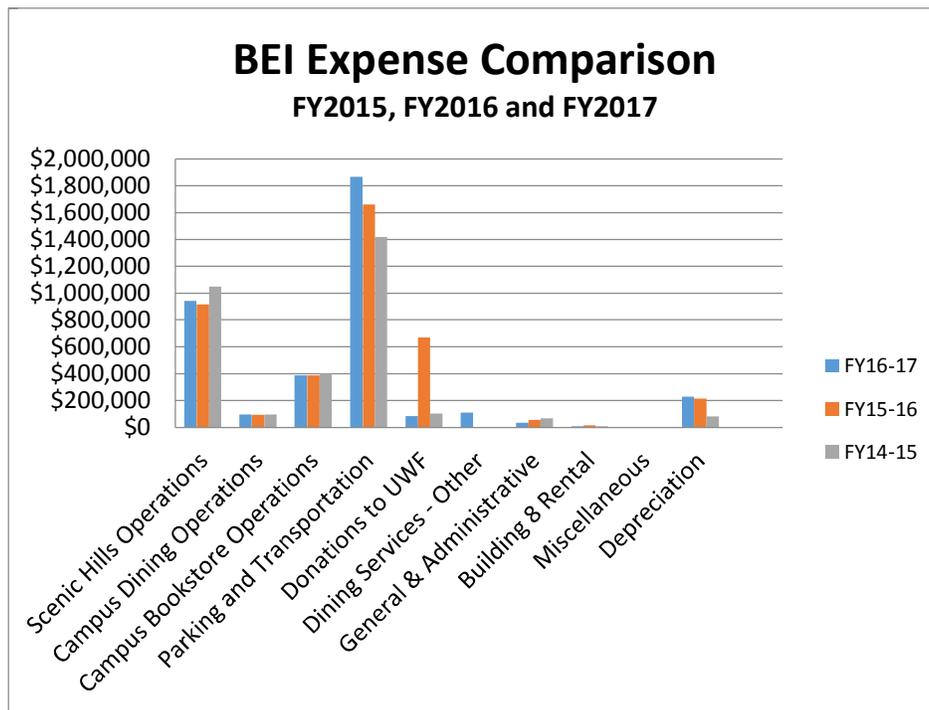
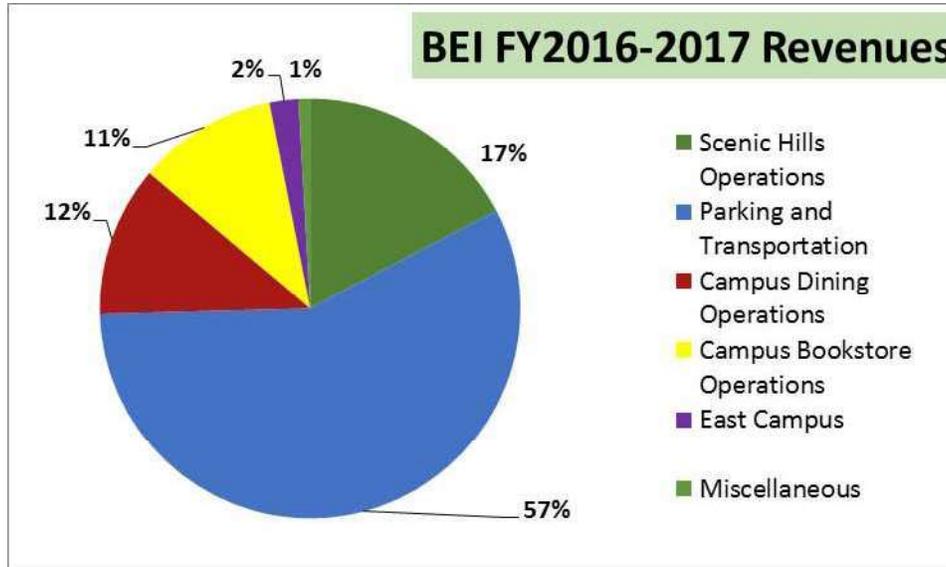
	2017	2016	2015
ASSETS			
Total Assets, Excluding Capital Assets	\$ 2,967,024	\$ 2,755,061	\$ 2,695,266
Capital Assets, Net	6,469,647	6,630,409	7,600,712
Total Assets	\$ 9,436,671	\$ 9,385,470	\$ 10,295,978
LIABILITIES			
Current Liabilities	\$ 586,484	\$ 614,345	\$ 1,293,989
Long-Term Liabilities	6,833,579	7,115,867	7,596,831
Total Liabilities	7,420,063	7,730,212	8,890,820
NET POSITION			
Net Investment in Capital Assets	2,033,129	1,981,807	2,069,558
Unrestricted Deficit	(16,521)	(326,549)	(664,400)
Total Net Position	2,016,608	1,655,258	1,405,158
Total Liabilities and Net Position	\$ 9,436,671	\$ 9,385,470	\$ 10,295,978

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2017, 2016, AND 2015

**BEI'S CONDENSED STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
REVENUES			
Golf Course Sales	\$ 723,473	\$ 870,606	\$ 984,057
Food Service Commissions	119,288	117,044	117,833
Bookstore Commissions	388,563	397,899	409,197
Revenues from Service and Management			
Arrangement Income	425,719	413,350	221,182
Parking and Transportation	2,393,448	2,535,181	2,567,007
Building Eight Rent	20,513	20,310	20,310
Argonaut Village Rent	93,053	28,071	-
Digital Sign	6,324	4,635	892
Contributions In-Kind	4,077	5,756	6,794
Miscellaneous	6,056	6,709	6,013
Total Revenues	<u>4,180,514</u>	<u>4,399,561</u>	<u>4,333,285</u>
EXPENSES			
Golf Course Operations	926,703	875,787	997,174
Golf Course Pro Shop Cost of Sales	16,788	38,309	51,676
Food Service Management	97,244	95,000	95,789
Food Service - Other	110,316	-	-
Bookstore Management	388,563	388,833	402,449
Parking and Transportation Service			
(Inclusive of Bad Debt)	1,866,746	1,658,365	1,418,908
General and Administrative	34,428	56,661	68,028
Donations to the University of West Florida	84,637	670,798	104,202
Building Eight	8,581	15,064	8,651
Digital Sign	2,356	3,002	-
Depreciation	229,730	215,087	82,949
Total Expenses	<u>3,766,092</u>	<u>4,016,906</u>	<u>3,229,826</u>
NONOPERATING EXPENSES	<u>(53,072)</u>	<u>(132,555)</u>	<u>(156,710)</u>
Change in Net Position	361,350	250,100	946,749
Net Position - July 1	<u>1,655,258</u>	<u>1,405,158</u>	<u>458,409</u>
NET POSITION - JUNE 30	<u>\$ 2,016,608</u>	<u>\$ 1,655,258</u>	<u>\$ 1,405,158</u>

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2017, 2016, AND 2015



UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2017, 2016, AND 2015

Financial Highlights

BEI earned the first full year of rental income from the East Campus/Argonaut Village facility in FY16-17. Rental income in FY15-16 was pro-rated based on the subtenant leases executed during the first year of operations. The gross revenues from the Starbucks located at the new facility are factored into the commissions BEI receives from its dining services vendor. BEI continued to earn a small amount of income in FY16-17 from mobile laundry and dry cleaning services and digital signs, including the monument sign at the East Campus/Argonaut Village. The Building 8 lease agreement was renewed effective July 1, 2016, for an additional three (3) years. Scenic Hills Country Club (SHCC) revenues continued to decline, and operating expenses increased in FY16-17 primarily from the costs associated with the management arrangement with the dining services vendor to provide food and beverage and event services for SHCC. The Bookstore commissions continued to decline in FY16-17 compared to FY15-16 and FY14-15, which resulted in a commensurate reduction in the amounts paid for Bookstore management, while the amount BEI pays for management of Parking and Transportation Services payments continued to increase in FY16-17 compared to FY15-16 and FY14-15 due to increased administrative and operating costs. BEI recorded an adjustment to fixed assets for the capital investment made by the dining services vendor for the East Campus/Argonaut Village facility which included reclassifying a portion of the investment to expense in FY16-17. The capital investment made by the dining services vendor for the Nautilus Market renovation was donated by BEI to the University in FY16-17 and FY15-16.

Scenic Hills Country Club

SHCC was purchased by BEI 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 June 2015. The bank loan was renegotiated June 30, 2015, and is now a five year \$997,206 bank loan at 4.75% interest, amortized over 17 years with a balloon payment due June 30, 2020, the current balance of this loan is \$917,681. The 2015 appraised value of SHCC was \$2.2 million. The \$1.1 million cash spent to purchase SHCC was from a signing incentive paid to BEI from a vendor as part of the dining and event services agreement. In June 2016 and 2015, Scenic Hills Country Club was awarded *Pensacola News Journal's* Best of the Bay readers' choice award for best golf club.

Scenic Hills Country Club Key Facts	FY 2016-17	FY 2015-16	FY 2014-15
UWF Events/Meetings held	5	13	15
UWF Fundraisers held	2	2	5
Capital Investments	\$51,925	\$-0-	\$-0-
Memberships – Golf	167	160	108
Memberships - Social	12	17	24
Member Events/Meetings Held	18	23	25
Rain (Inclement Weather) Days	94	104	85

During FY15-16 SHCC simplified the membership structure and lowered membership rates. The membership base increased from 132 members as of June 30, 2015, to 177 as of June 30, 2016, and subsequently to 179 members as of the years ended June 30, 2017.

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2017, 2016, AND 2015

SHCC installed two (2) new pumps for the irrigation system and completed several repairs and maintenance projects for the facility in FY16-17. In the spring of 2017, SHCC entered into a short-term contract for the services of a greens consultant to develop an improved agronomic plan. The Florida State Golf Association completed the updated USGA course rating for Scenic Hills Country Club in the spring of 2017.

In May 2017, BEI received a formal offer to purchase SHCC for \$1.0 million. The purchase and sale agreement between BEI and the buyer was fully executed in July 2017 and closing on the sale of SHCC is scheduled to occur August 31, 2017.

Campus Bookstore and Dining

The dining and event services agreement between BEI and the dining services vendor, originally executed in July 2013, was amended for the second time in FY14-15. Both amendments to the original agreement have provided clarification on capital investments to be made at the East Campus/Argonaut Village restaurant parcel and on the manner in which BEI will be compensated with regard to restaurants housed in the East Campus/Argonaut Village. The signing incentive received and all capital improvements made under the prior agreement along with all capital investment to be made under the amended agreement are recorded as unearned income and amortized to revenue over the remaining life of the amended agreement.

In June 2015, a Development Agreement and a Lease Agreement were executed between BEI and the dining services vendor in connection with the East Campus/Argonaut Village. The Development Agreement outlined the scope of work to be performed at the East Campus under the agreement and distinguished between work accomplished for the University and work accomplished for BEI. The Lease Agreement identified BEI as landlord and the dining services vendor as the tenant. The term of the Lease Agreement coincides with the term of the Main Campus Dining Agreement between the dining services vendor and BEI, currently extended until 2035. Under the Lease Agreement, BEI is to receive a \$100,000 lease payment in July of each year, with a pro rata calculation for the first year of operation. East Campus/Argonaut Village construction of the building shell has been completed. Three (3) retail units are in operation, one (1) retail unit opened but subsequently closed, and one (1) retail unit is currently under construction and scheduled to open for business in early September 2017. A retail property broker, under contract with the dining services vendor, is seeking a tenant for the Building 1 anchor space and a replacement tenant for the vacated retail unit in Building 2.

Certain capital investments made by the dining services and bookstore services vendors under the respective agreements with BEI ultimately become the property of the University. In recognition of this transfer of capital investments completed and placed into service, BEI's Statement of Revenues, Expenses, and Changes in Net Position reported a donation from BEI to the University of \$84,637, \$670,798 and \$104,202 for the years ended June 30, 2017, 2016, and 2015, respectively. Capital investments made by the dining services vendor in FY14-15 included \$50,000 for furniture renewal at SHCC.

BEI receives commissions based on sales from both the dining services and bookstore services vendors for campus operations. Of the \$1 million advance commission paid to BEI in June 2012 under the original dining and event services agreement, \$352,707, \$374,752, \$396,796 remained unearned as of June 30, 2017, 2016, and 2015, respectively.

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2017, 2016, AND 2015

In FY16-17, BEI and the bookstore operations vendor entered into Amendment Number Three to the Bookstore Operating Agreement with an effective date of November 15, 2016. Amendment Number Three provides the following terms: extends the contract for an additional two (2) year period through September 30, 2024; confirms the remaining unamortized balance of the initial contribution made in October 2012 will continue to be amortized through September 30, 2022; increases the commission rate for the period from July 1, 2022, through the end of the contract term; and provides for an investment of \$300,000 to be allocated to the build out of the Argonaut Village Argo Fan Shop and renovations to the main campus bookstore.

The UWF bookstore vendor fully supports the efforts of the Textbook Affordability legislation and works collaboratively with the Provost, the library, college deans, and department chairs with the goal of reducing cost variance among similar courses, improving and expanding cost-reducing initiatives, and improving compliance for textbook and instructional materials posting deadline.

The Bookstore continues its partnership with UWF Intercollegiate Athletics and will again be the official provider of UWF emblematic merchandise at the 2017 home football games held at the Blue Wahoos stadium.

Parking and Transportation

On June 21, 2013, the University President granted approval for BEI to “accept and administer Parking and Transportation Services” for the University. BEI contracts with the University for continued seamless daily operations. Long-term planning, capital investment, and construction of new parking and transportation facilities are handled by BEI.

A crosswalk improvement project to add rumble strips and speed bumps to all cross walks on campus was implemented in FY14-15. The second phase of the project, which includes new signage, improved lighting, and curb cuts, was implemented in FY15-16. Phase 3, which includes adding a new crosswalk location at the Village East residence hall, will occur in FY17-18.

Plans began in FY15-16 for a new 75 space parking lot to be designated as Lot N, located adjacent to the Center for Fine and Performing Arts. Plans for Lot N were placed on hold so that an analysis/consultation could be performed to determine the need for a parking garage versus additional surface parking lots.

An 85 space parking lot was added at the East Campus/Argonaut Village. The parking lot was completed in early FY15-16. BEI contributed \$600,000 to the construction costs in FY15-16.

As a result of a parking rate stabilization initiative, parking rates will not increase in FY16-17, providing a cost savings to the University Community.

Following an evaluation of BEI finances, there appeared to be no clear basis to maintain Parking and Transportation Services (PATS) as an Assigned Function with BEI. PATS revenues are restricted funds that cannot be utilized to support other BEI functions and the assignment of PATS to BEI creates a burden of accounting and record keeping procedures between BEI and the University that would not otherwise be necessary. BEI's request for the termination of PATS as an Assigned Function was approved by the University President on April 3, 2017, with the effective date of the termination established as July 1, 2017.

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2017, 2016, AND 2015

Investments

The East Campus/Argonaut Village facility construction of the building shell level has been completed. The expected build-out for the Argo Fan Shop will be completed in early fall of 2017. The build-out for the Building 1 anchor space will be completed when a tenant for the space is identified. As part of the capital improvements required under the two (2) amendments to the dining and event services agreement executed in July 2013, the dining services vendor has invested approximately \$4 million to date to develop and construct over 13,100 gross square feet of mixed use commercial and restaurant buildings at the east entrance of campus. The Lease Agreement has been executed between BEI and the dining services vendor to sub-lease the space to various businesses for operation. The vendor shall act as Property Manager on behalf of BEI, the Landlord, and will be responsible for sub-leasing and managing both the property and the commercial tenants. The first tenant began operations in June 2015 and two (2) other tenants have opened since. Another tenant began operations but subsequently closed. One (1) tenant is currently in the final stages of build-out construction. The anchor location and the recently vacated unit are currently unassigned.

Other Items

BEI has continued to focus strategically on the East Campus/Argonaut Village development. The hotel and conference center, townhouse and zero-lot line leased residences, electric vehicle pilot program, and west campus retirement village projects continue to remain on hold.

In the Spring of 2017, BEI requested formal presentations/proposals from alternative dining services providers for operation of the University's resident dining facility, operation of the campus retail dining establishments including new competitive franchises, catering services, concession services for UWF Intercollegiate Athletics and other events, and operation of the Starbucks located at the East Campus/Argonaut Village facility. During early summer 2017, the financial proposals were reviewed, leading to concurrence to proceed with the initial steps for the transition to a new dining services provider. As part of the transition, it is expected the management of the East Campus/Argonaut Village facility will become the responsibility of BEI.

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)
STATEMENTS OF NET POSITION
JUNE 30, 2017 AND 2016

ASSETS	2017	2016
CURRENT ASSETS		
Cash	\$ 320,236	\$ 220,192
Accounts Receivable, Net	234,241	158,921
Due from the University of West Florida, Net	2,397,790	2,348,494
Inventory	5,568	14,914
Prepaid Expenses	9,189	12,540
Total Current Assets	2,967,024	2,755,061
CAPITAL ASSETS		
Total Assets	6,469,647	6,630,409
Total Assets	\$ 9,436,671	\$ 9,385,470
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	\$ 43,947	\$ 83,101
Accrued Liabilities	47,542	50,281
Note Payable - Current Portion	42,789	40,781
Capital Lease Obligation - Current Portion	4,444	4,790
Unearned Commission Income - Current Portion	22,044	22,044
Unearned Service and Management Arrangement Income - Current Portion	425,718	413,348
Total Current Liabilities	586,484	614,345
LONG-TERM LIABILITIES		
Note Payable - Less Current Portion	874,892	917,682
Capital Lease Obligation - Less Current Portion	-	4,445
Unearned Commission Income - Less Current Portion	330,663	352,708
Unearned Service and Management Arrangement Income - Less Current Portion	5,628,024	5,841,032
Total Long-Term Liabilities	6,833,579	7,115,867
Total Liabilities	7,420,063	7,730,212
NET POSITION		
Net Investment in Capital Assets	2,033,129	1,981,807
Unrestricted Deficit	(16,521)	(326,549)
Total Net Position	2,016,608	1,655,258
Total Liabilities and Net Position	\$ 9,436,671	\$ 9,385,470

See accompanying Notes to Financial Statements.

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
REVENUES		
Golf Course Sales	\$ 723,473	\$ 870,606
Food Service Commissions	119,288	117,044
Bookstore Commissions	388,563	397,899
Revenues from Service and Management Arrangements	425,719	413,350
Parking and Transportation	2,393,448	2,535,181
Building Eight Rent	20,513	20,310
Argonaut Village Rent	93,053	28,071
Digital Sign	6,324	4,635
Contributions and In-Kind	4,077	5,756
Miscellaneous Income	6,056	6,709
Total Revenues	<u>4,180,514</u>	<u>4,399,561</u>
EXPENSES		
Golf Course Operations	926,703	875,787
Golf Course Pro Shop Cost of Sales	16,788	38,309
Food Service Management	97,244	95,000
Food Service - Other	110,316	-
Bookstore Management	388,563	388,833
Parking and Transportation Service	1,866,746	1,658,365
General and Administrative	34,428	56,661
Donations to the University of West Florida	84,637	670,798
Building Eight	8,581	15,064
Digital Sign	2,356	3,002
Depreciation	229,730	215,087
Total Expenses	<u>3,766,092</u>	<u>4,016,906</u>
NET OPERATING INCOME	414,422	382,655
NONOPERATING REVENUES (EXPENSES)		
Write Off of Construction in Progress	-	(84,418)
Gain (Loss) on Disposal of Capital Assets	(13,085)	465
Other Income	6,837	-
Interest Expense	(46,824)	(48,602)
Total Nonoperating Revenues (Expenses), Net	<u>(53,072)</u>	<u>(132,555)</u>
CHANGE IN NET POSITION	361,350	250,100
Net Position - Beginning of Year	<u>1,655,258</u>	<u>1,405,158</u>
NET POSITION - END OF YEAR	<u>\$ 2,016,608</u>	<u>\$ 1,655,258</u>

See accompanying Notes to Financial Statements.

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers and Others	\$ 3,694,801	\$ 3,148,469
Cash Paid to Leased Employees for Services	(438,516)	(440,074)
Cash Paid to Suppliers and Others	(3,011,919)	(3,137,803)
Net Cash Provided (Used) by Operating Activities	244,366	(429,408)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal Paid on Capital Debt	(40,782)	(38,743)
Interest Paid on Capital Debt	(46,824)	(48,602)
Repayments of Obligations Under Capital Leases	(4,791)	(4,790)
Purchase of Capital Assets	(51,925)	-
Proceeds from Sale of Capital Assets	-	465
Net Cash Used by Capital and Related Financing Activities	(144,322)	(91,670)
NET CHANGE IN CASH AND CASH EQUIVALENTS	100,044	(521,078)
Cash and Cash Equivalents - Beginning of Year	220,192	741,270
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 320,236	\$ 220,192
RECONCILIATION OF CHANGE IN NET OPERATING INCOME PROVIDED BY OPERATIONS		
Net Operating Income	\$ 414,422	\$ 382,655
Adjustments to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	229,730	215,087
Contract Overage Loss	110,316	-
Bad Debt Provision	48,709	134,463
Donation of Assets	84,637	670,798
Changes in:		
Accounts Receivable	(124,029)	(74,246)
Due to/from the University of West Florida	(49,296)	(672,105)
Inventory	9,346	36,207
Prepaid Expenses	3,351	(5,192)
Accounts Payable	(32,317)	(15,071)
Accrued Liabilities	(2,739)	(574,970)
Unearned Commission Income	(22,045)	(22,044)
Deferred Membership Dues	-	(48,874)
Unearned Service and Management Arrangement Income	(425,719)	(456,116)
Net Cash Provided (Used) by Operating Activities	\$ 244,366	\$ (429,408)
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Construction in Process Acquired from Service and Management Arrangements	\$ 114,765	\$ -

See accompanying Notes to Financial Statements.

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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's campus and owns and operates Scenic Hills Country Club (SHCC) effective July 1, 2012. Both are used to support the University's educational activities. BEI has also entered into contracts which will provide dining, bookstore, parking and transportation, and laundry/dry-cleaning services, and any other assigned functions 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 the business-type activities of BEI have been prepared in conformity with accounting principles generally accepted in the United States of America 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.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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.

BEI maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits; however, BEI has not experienced any losses in these accounts.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated net of an allowance for doubtful accounts. BEI estimates for doubtful accounts based on an analysis of certain customers taking into consideration the age of the past due accounts and an assessment of the customer's ability to pay. Accounts are considered past due when the payments due are not made within certain designated timeframes.

A summary of the changes in the allowance for doubtful accounts follows:

	2017	2016
Beginning Balance	\$ 192,744	\$ 80,574
Current Year Provision	48,709	134,463
Write Offs of Accounts	(128,539)	(22,293)
Ending Balance	<u>\$ 112,914</u>	<u>\$ 192,744</u>

Due from the University of West Florida, Net

Due from the University of West Florida, Net includes BEI cash held in a University account (Agency or Auxiliary) which may be withdrawn by BEI at any time (no funds access restrictions).

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. The first-in, first-out (FIFO) and average cost cost-flow assumption methods are utilized.

Capital Assets

Capital assets consist of land, buildings, golf course improvements, parking lot, 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:

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NOTES TO FINANCIAL STATEMENTS
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Buildings	40 Years
Golf Course Improvements	20 Years
Parking Lot	20 Years
Maintenance Equipment	7 – 10 Years
Furniture and Fixtures	7 Years
Office Equipment	5 Years
Software	5 Years
Exterior Sign	7 Years

Unearned Commission Income

BEI received \$1,000,000 in fiscal year 2012 in unearned advance commissions in connection with a contract with a food service provider as discussed in Note 7. The unearned balance is being amortized on a straight line basis from July 2013 through June 2033.

Unearned Service and Management Arrangement Income

BEI received \$1.1 million as a signing incentive in fiscal year 2012 in connection with a dining services contract with the same food service vendor, which is being amortized on a straight line basis through June 2033. 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, which is being amortized on a straight line basis through June 2023. 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 2035.

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.

Net Position

Equity is classified as net position and is further classified into 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 and liabilities not included in the above category.

UWF BUSINESS ENTERPRISES, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

BEI evaluates its tax positions for uncertainties on a regular basis and has determined it has no material uncertain tax positions as of June 30, 2017 and 2016. BEI recognizes accrued interest and penalties, if any, associated with uncertain tax positions in "expenses" in the accompanying financial statements.

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.

Operating Revenues and Expenses

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

Subsequent Events

On August 31, 2017, BEI entered into a Sale Agreement with an unrelated party to sell Scenic Hills Country Club and Golf Course. UWF BEI will sell substantially all the related assets and will be relieved of the related mortgage for an agreed purchase price of \$1,000,000. BEI expects to incur a loss of approximately \$1,080,000 on the sale of this property.

In preparing these financial statements, BEI has evaluated events and transactions for potential recognition or disclosure through October 30, 2017, the date the financial statements were available to be issued.

UWF BUSINESS ENTERPRISES, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 2 CAPITAL ASSETS

Capital assets consisted of the following at June 30, 2017:

	Beginning Balance	Additions	Disposals	Reclassify	Ending Balance
Land	\$ 393,162	\$ -	\$ -	\$ -	\$ 393,162
Parking Lot	600,000	-	-	-	600,000
Buildings	5,551,870	-	-	(97,336)	5,454,534
Golf Course Improvements	344,808	46,725	(16,974)	-	374,559
Maintenance Equipment	23,014	-	-	-	23,014
Furniture and Fixtures	131,316	5,200	-	127,464	263,980
Office Equipment	6,606	-	-	-	6,606
Exterior Sign	11,392	-	-	-	11,392
Software, under Capital Lease	20,753	-	-	-	20,753
Construction in Progress	-	114,765	(84,637)	(30,128)	-
	<u>7,082,921</u>	<u>166,690</u>	<u>(101,611)</u>	<u>-</u>	<u>7,148,000</u>
Less: Accumulated Depreciation	<u>(452,512)</u>	<u>(229,730)</u>	<u>3,889</u>	<u>-</u>	<u>(678,353)</u>
Total	<u>\$ 6,630,409</u>	<u>\$ (63,040)</u>	<u>\$ (97,722)</u>	<u>\$ -</u>	<u>\$ 6,469,647</u>

Capital assets consisted of the following at June 30, 2016:

	Beginning Balance	Additions	Disposals	Reclassify	Ending Balance
Land	\$ 393,162	\$ -	\$ -	\$ -	\$ 393,162
Parking Lot	-	-	-	600,000	600,000
Buildings	1,701,870	-	-	3,850,000	5,551,870
Golf Course Improvements	344,808	-	-	-	344,808
Maintenance Equipment	23,014	-	-	-	23,014
Furniture and Fixtures	131,316	-	-	-	131,316
Office Equipment	6,606	-	-	-	6,606
Exterior Sign	11,392	-	-	-	11,392
Software, under Capital Lease	20,753	-	-	-	20,753
Construction in Progress	5,205,216	-	(755,216)	(4,450,000)	-
	<u>7,838,137</u>	<u>-</u>	<u>(755,216)</u>	<u>-</u>	<u>7,082,921</u>
Less: Accumulated Depreciation	<u>(237,425)</u>	<u>(215,087)</u>	<u>-</u>	<u>-</u>	<u>(452,512)</u>
Total	<u>\$ 7,600,712</u>	<u>\$ (215,087)</u>	<u>\$ (755,216)</u>	<u>\$ -</u>	<u>\$ 6,630,409</u>

Depreciation expense amounted to \$229,730 and \$215,087 for the years ended June 30, 2017 and 2016, respectively, and includes amortization expense of \$4,151 for each year for the above equipment under capital leases.

During the years ended June 30, 2017 and 2016, BEI donated Capital Investments in the amount of \$84,637 and \$670,798, respectively, to the University of West Florida.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 3 LONG-TERM LIABILITIES

Changes in long-term liabilities were as follows at June 30, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Note Payable	\$ 958,463	\$ -	\$ (40,782)	\$ 917,681	\$ 42,789
Capital Lease Obligation	9,235	-	(4,791)	4,444	4,444
Unearned Commission Income	374,752	-	(22,045)	352,707	22,044
Unearned Service and Management Arrangement Income	6,254,380	225,081	(425,719)	6,053,742	425,718
Total	<u>\$ 7,596,830</u>	<u>\$ 225,081</u>	<u>\$ (493,337)</u>	<u>\$ 7,328,574</u>	<u>\$ 494,995</u>

Changes in long-term liabilities were as follows at June 30, 2016:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Note Payable	\$ 997,206	\$ -	\$ (38,743)	\$ 958,463	\$ 40,781
Capital Lease Obligation	14,025	-	(4,790)	9,235	4,790
Deferred Membership Dues	48,874	-	(48,874)	-	-
Unearned Commission Income	396,796	-	(22,044)	374,752	22,044
Unearned Service and Management Arrangement Income	6,667,730	-	(413,350)	6,254,380	413,348
Total	<u>\$ 8,124,631</u>	<u>\$ -</u>	<u>\$ (527,801)</u>	<u>\$ 7,596,830</u>	<u>\$ 480,963</u>

The note payable consisted 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 was \$6,670 and was secured by the real property of SHCC. This note was refinanced on June 30, 2015, with a new principal balance of \$997,206 at 4.75% interest, amortized over 17 years with a five year balloon payment. The note payable requires monthly payments of \$7,171 and is secured by the real property of SHCC. Aggregate future principal and interest payments under the note payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 42,789	\$ 43,261	\$ 86,050
2019	44,896	41,154	86,050
2020	829,996	39,050	869,046
Total	<u>\$ 917,681</u>	<u>\$ 123,465</u>	<u>\$ 1,041,146</u>

UWF BUSINESS ENTERPRISES, INC.
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NOTE 3 LONG-TERM LIABILITIES (CONTINUED)

BEI is party to a capital lease agreement for software which expires in 2018. As of June 30, 2017 and 2016, the cost of the equipment under capital lease was \$20,753 and related accumulated amortization was \$14,873 and \$10,722, respectively.

The following is a schedule of future minimum lease payments pursuant to the capital lease together with the present value of the net minimum lease payments.

<u>Year Ending June 30,</u>	Amount
2018	\$ 5,640
Less: Amount Representing Interest	<u>(1,196)</u>
Present Value of Minimum Lease Payments	4,444
Less: Current Maturity	<u>(4,444)</u>
Net Noncurrent Portion	<u><u>\$ -</u></u>

NOTE 4 OPERATING LEASES

BEI is party to noncancellable operating lease agreements for certain restaurant equipment, turf equipment and golf course carts. Future minimum lease payments under these agreements are as follows:

<u>Year Ending June 30,</u>	Amount
2018	\$ 24,466
2019	24,466
2020	22,428
Total	<u><u>\$ 71,360</u></u>

Total rent expense of \$104,202 for the years ended June 30, 2017 and 2016 includes amounts related to the above lease agreements and additional amounts for short-term equipment rentals.

NOTE 5 UNEARNED SERVICE AND MANAGEMENT ARRANGEMENT INCOME

As discussed in Note 7, BEI received \$1.1 million as a signing incentive during fiscal year 2012 in connection with a dining services contract with a food service provider. 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. During fiscal year 2014, an additional \$300,000 was due for certain capital investments as stipulated in the contract signed with the food service provider. During fiscal year 2015, an additional \$4,375,000 was invested by the vendor as stipulated in the contract signed with the food service provider. During fiscal year 2017, an additional \$225,081 was invested by the vendor related to various food service projects.

UWF BUSINESS ENTERPRISES, INC.
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NOTE 5 UNEARNED SERVICE AND MANAGEMENT ARRANGEMENT INCOME (CONTINUED)

The payments received and capital improvements made and to be made by the food service provider 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 2033.

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 consisted of the following June 30:

	2017	2016
Unamortized Unearned Income from Dining Services Agreement - Note 7	\$ 5,738,742	\$ 5,879,380
Unamortized Unearned Income from Bookstore Services Agreement - Note 8	315,000	375,000
Total Unearned Income from Service and Management Arrangements	\$ 6,053,742	\$ 6,254,380

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.

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, SHCC and concession services at athletic, recreational, and special events at the University's main campus.

UWF BUSINESS ENTERPRISES, INC.
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NOTE 7 ASSIGNMENT OF DINING SERVICES (CONTINUED)

The contract with the food service provider became effective July 1, 2013, and extends through June 30, 2033. The contract can be extended for one year periods upon mutual agreement. Either party may terminate the amended agreement during the contract period due to financial hardship and with proper notice. The amount of unamortized unearned income would become due to the food service provider within 180 days of the terminated agreement, unless this is renegotiated in a new agreement. The contract was amended in December 2014 to extend the original contract length through June 30, 2035.

In fiscal year 2012, the food service provider paid a signing incentive of \$1.1 million to BEI under the original agreement. Under the agreement, as amended, the food service provider has also agreed to purchase \$7,964,850 of capital improvements on behalf of BEI in exchange for contract terms including the exclusive right to provide services. 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 2033. Capital improvements made under the prior and amended contract are recorded as completed, and corresponding unearned income is recognized and amortized over the remaining life of the contract. The amortization period for capital improvements was changed from June 2032 to June 2035 in accordance with the extended term of the amended agreement. Under the terms of the amended contract the University holds title to certain assets funded through the capital investment; therefore the transfer of those assets to the University by BEI will be recognized as donations to the University.

Included in the food service provider total capital investment is the unamortized balance of the food service provider's investment under the contract between the University and the food service provider in existence immediately prior to the effective date of the initial agreement with BEI. BEI reported this amount as donations to the University during fiscal year 2013 and unearned income to be amortized on a straight line basis over the period October 2012 to June 2023 per the amended agreement.

During the years ended June 30, 2017 and 2016, \$84,637 and \$670,798, respectively, of the food service provider investments were donated to the University in accordance with the agreement. The unearned income related to those investments will be amortized on a straight line basis over the period December 2013 through June 2033 per the amended agreement.

The food service provider constructed the East Campus Restaurant Development Project (Argonaut Village) to provide various retail establishments. Effective July 1, 2015, BEI entered into a lease agreement with the food service provider whereby the food service provider subleases Argonaut Village for base rent of \$100,000 paid annually, inclusive of sales tax, with certain reductions permitted in the initial year as described in the agreement. Rental income for the years ended June 30, 2017 and 2016, was \$93,053 and \$28,071, respectively.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 7 ASSIGNMENT OF DINING SERVICES (CONTINUED)

As of June 30, 2017 and 2016, BEI has recognized \$365,719 and \$353,350, respectively in earned revenue from the vendor investments. During the years ended June 30, 2017 and 2016, BEI recognized \$84,637 and \$670,798, respectively, in donations to the University related to dining services. The following is a roll forward of the Unearned Service and Management Arrangement Income for the years ended June 30:

	<u>2017</u>	<u>2016</u>
Unearned Service and Management Arrangement Income - Beginning of Year	\$ 5,879,380	\$ 6,232,730
Add: Capital Improvements under Service and Management Arrangements	225,081	-
Amortization of Unearned Income	<u>(365,719)</u>	<u>(353,350)</u>
Unearned Service and Management Arrangement Income - End of Year	<u>\$ 5,738,742</u>	<u>\$ 5,879,380</u>

The amended contract also calls for commissions to be paid to BEI based upon sales by the food service provider on a sliding scale from 2.25% on the first \$7.5 million of sales to 4.25% for sales in excess of \$11 million. Under the original contract, an advance commission payment of \$1 million was paid upon the signing of the contract during fiscal year 2012. The balance of unearned commission is \$352,707 and \$374,752 at June 30, 2017 and 2016, respectively.

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 bookstore operations vendor through September 2022.

Under the contract, a \$600,000 initial contribution was provided to BEI by the bookstore operations vendor. This initial contribution was recorded as unearned income and is being amortized on a straight line basis over the 10 year contract period. The bookstore operations vendor has also agreed to invest up to an additional \$300,000 for store upgrades throughout various campus locations. The vendor has spent approximately \$20,166 during the year ended June 30, 2017 related to these upgrades.

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NOTE 8 ASSIGNMENT OF BOOKSTORE OPERATIONS (CONTINUED)

All equipment, fixtures and furniture included as store upgrades from the capital investments of the bookstore operations vendor or from future capital investments will remain the property of the bookstore operations 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, 2017 and 2016, 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 income by BEI.

During each of the years ended June 30, 2017 and 2016, BEI has recognized \$60,000 in bookstore contract revenue. The following is a roll forward of the Unearned Service and Management Arrangement Income for the years ended June 30:

	<u>2017</u>	<u>2016</u>
Unearned Service and Management Arrangement		
Income - Beginning of Fiscal Year	\$ 375,000	\$ 435,000
Less: Amortization of Unearned Income	<u>(60,000)</u>	<u>(60,000)</u>
Unearned Service and Management Arrangement		
Income - End of Year	<u>\$ 315,000</u>	<u>\$ 375,000</u>

The contract amendment also calls for commissions to be paid to BEI based upon sales by the bookstore operations 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 ended 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 year's calculated commission amount. During the years ended June 30, 2017 and 2016, total commissions amounted to \$388,563 and \$397,899, respectively. These commissions are presented in the accompanying statements of revenues, expenses, and changes in net position.

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. The assignment was effective July 1, 2013.

The revenues and expenses for the PATS assigned function are the responsibility of BEI. BEI contracts with the University to collect revenues and to perform the day-to-day operations of the parking function on behalf of BEI.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 9 ASSIGNMENT OF PARKING OPERATIONS (CONTINUED)

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. BEI is responsible for the long-term planning, capital investment, and construction of new parking and transportation facilities.

Subsequent to the year-end, on July 1, 2017, the University elected to terminate the PATS assigned function. In connection with this termination, management of the university and BEI have elected to donate the related assets of UWF BEI in the amount of \$3,813,079 to the University, effective July 1, 2017.

NOTE 10 MOBILE LAUNDRY AND DRY CLEANING SERVICES

A license agreement was entered into by BEI and a vendor on August 1, 2014, to provide mobile laundry and dry cleaning services for UWF students, faculty, and staff. The vendor installed a prefabricated structure on the main campus of the University for customers to drop off and pick up laundry. The vendor pays a monthly license fee to BEI equal to 10% of gross revenues of the vendor in connection with the license agreement. The vendor is responsible for all costs associated with the terms of the license agreement other than the costs related to establishing the utilities connection.

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 Building Eight which was transferred to BEI in 2012. The annual rent shall be \$20,310 and the rental period began on July 1, 2013, and continues through June 30, 2016.

On June 17, 2016, BEI entered into a lease agreement with the University of West Florida, acting for and on behalf of the University of West Florida board of trustees, a public body corporate, to rent Building Eight for an additional three years commencing on July 1, 2016 through June 30, 2019. The annual rent is \$20,513, \$20,718, and \$20,925, respectively, for the three fiscal years.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 12 RISK MANAGEMENT

BEI is exposed to various levels of loss including, but not limited to, losses 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 years ended June 30, 2017 and 2016. BEI is not aware of any liabilities related to these risks as of June 30, 2017.

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. No low value assets have been identified as missing as of June 30, 2017 and 2016.

NOTE 13 IN-KIND CONTRIBUTIONS

Rent for space utilized by BEI and owned by the University was recorded for \$4,075 and \$2,654, respectively, for each of the years ended June 30, 2017 and 2016. In addition, \$3,102 was recorded for food and beverage services donated to BEI for the year ended June 30, 2016; there was no food and beverages services donated to BEI for the year ended June 30, 2017.

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 statements of revenues, expenses, and changes in net position, since there is no objective basis for determining the value.

NOTE 14 RELATED PARTIES

The University provides administrative, managerial and facilities support for BEI. BEI reimbursed the University \$3,910 and \$13,726 for services and costs during the year ended June 30, 2017 and 2016. For the years ended June 30, 2017 and 2016, BEI disbursed \$97,244 and \$95,000, respectively, to the University for food service management pursuant to the Agreement discussed in Note 7. For the years ended June 30, 2017 and 2016, BEI disbursed \$388,563 and \$388,833, respectively, to the University for bookstore management pursuant to the Agreement discussed in Note 8. For the years ended June 30, 2017 and 2016, BEI incurred expenses totaling \$1,819,712 and \$1,526,020, respectively, to the University for parking and transportation management pursuant to the Agreement discussed in Note 9.



**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***

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

We have audited, 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, 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 June 30, 2017, and the related notes to the financial statements, which collectively comprise BEI's basic financial statements, and have issued our report thereon dated October 30, 2017.

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 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 been 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.

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*.

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 BEI's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering BEI's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Orlando, Florida
October 30, 2017

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
SCHEDULE I – SCENIC HILLS COUNTRY CLUB EXPENSES
YEARS ENDED JUNE 30, 2017 AND 2016
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>2017</u>	<u>2016</u>
Administrative Expenses	\$ 6,632	\$ 7,057
Advertising and Promotion	-	5,320
Armored Truck Charges	-	1,119
Bad Debt Provision	1,675	2,118
Bank Service Charges	12,178	13,529
Carts Expense	92,322	95,377
Computer	7,713	7,491
Course Maintenance	116,343	109,639
Dues and Subscriptions	1,932	1,827
Equipment Expense	2,475	330
Insurance	33,703	23,922
Marketing Expense	9,754	12,797
Miscellaneous	575	320
Office Supplies	164	427
Postage	872	1,357
Pro Shop Expenses	2,437	784
Professional Fees	8,888	-
Repairs and Maintenance	21,644	19,171
Restaurant Expense	51,443	-
Staff Leasing	438,516	440,074
Taxes and Licenses	5,508	6,807
Utilities	111,929	126,321
Total	<u>\$ 926,703</u>	<u>\$ 875,787</u>

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
SCHEDULE II – FOOD SERVICE MANAGEMENT EXPENSES
YEARS ENDED JUNE 30, 2017 AND 2016
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>2017</u>	<u>2016</u>
Contractual Services - UWF	\$ 97,244	\$ 95,000
Total	<u>\$ 97,244</u>	<u>\$ 95,000</u>

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
SCHEDULE III – DONATIONS TO THE UNIVERSITY OF WEST FLORIDA
YEARS ENDED JUNE 30, 2017 AND 2016
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>2017</u>	<u>2016</u>
Dining Services Capital Improvements	\$ 84,637	\$ 670,798
Total	<u>\$ 84,637</u>	<u>\$ 670,798</u>

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
SCHEDULE IV – GENERAL AND ADMINISTRATIVE EXPENSES
YEARS ENDED JUNE 30, 2017 AND 2016
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>2017</u>	<u>2016</u>
Administrative Expenses	\$ 2,320	\$ 4,144
Advertising and Promotion	344	463
Computer	748	5,750
Office Supplies	4,241	2,918
Other University Support	76	16,481
Postage	261	271
Professional Fees	24,627	25,207
Taxes and Licenses	61	101
Travel and Entertainment	1,697	1,205
Utilities	53	121
Total	<u>\$ 34,428</u>	<u>\$ 56,661</u>

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
SCHEDULE V – PARKING AND TRANSPORTATION MANAGEMENT EXPENSES
YEARS ENDED JUNE 30, 2017 AND 2016
(SEE INDEPENDENT AUDITORS' REPORT)

	2017	2016
Bad Debt Expense	\$ 47,034	\$ 132,345
Contractual Services-UWF	1,819,712	1,526,020
Total	\$ 1,866,746	\$ 1,658,365

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
SCHEDULE VI – BOOKSTORE MANAGEMENT EXPENSES
YEARS ENDED JUNE 30, 2017 AND 2016
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>2017</u>	<u>2016</u>
Contractual Services-UWF	\$ 388,563	\$ 388,833
Total	<u>\$ 388,563</u>	<u>\$ 388,833</u>

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
SCHEDULE VII – BUILDING EIGHT EXPENSES
YEARS ENDED JUNE 30, 2017 AND 2016
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>2017</u>	<u>2016</u>
Insurance	\$ 2,595	\$ 2,752
Repairs and Maintenance	32	1,171
Utilities	<u>5,954</u>	<u>11,141</u>
Total	<u>\$ 8,581</u>	<u>\$ 15,064</u>

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
SCHEDULE VIII – DIGITAL SIGN EXPENSES
YEARS ENDED JUNE 30, 2017 AND 2016
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>2017</u>	<u>2016</u>
Utilities	\$ 2,356	\$ 3,002
Total	<u>\$ 2,356</u>	<u>\$ 3,002</u>

UWF BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
SCHEDULE IX – DEPRECIATION EXPENSES
YEARS ENDED JUNE 30, 2017 AND 2016
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>2017</u>	<u>2016</u>
Building Eight	\$ 3,593	\$ 3,593
Scenic Hills Country Club	86,545	85,244
Argonaut Village	139,592	126,250
Total	<u>\$ 229,730</u>	<u>\$ 215,087</u>

UWF Board of Trustees Meeting
Audit & Compliance Committee
November 16, 2017

Issue: External Audit of Financial Statements of Direct Support Organization—
University of West Florida Foundation, Inc.

Proposed action: Acceptance

Background information:

Pursuant to Florida Statute 1004.28¹ and BOG Regulation BOG-9.011(4)², organizations affiliated with or through the University of West Florida (aka Direct Support Organizations) must be audited annually and presented to the University of West Florida. The UWF Foundation, Inc. audit report was issued October 20, 2017.

To ensure compliance with the Florida Statute and BOG Regulation the Interim Director for Internal Auditing & Compliance performed a cursory review and determined compliance regarding the annual financial audit exists.

UWF Foundation received a clean unqualified opinion. The audit was performed in accordance with auditing standards generally accepted in the United States and in accordance to Generally Accepted *Government Auditing Standards (GAGAS)*. The audit report did not identify any material weaknesses in the internal control system. Additionally, no instances of non-compliance were reported.

In its financial statement audit report, several significant financial activities as of 6/30/17 for the UWF Foundation were noted:

- The fair value of long-term investments was \$88,223,825.
- Net Contributions Receivable increased \$5,364,789 compared to the prior year.
- Net property and equipment was \$49,071,972.
- Bonds payable, net of unamortized discount was \$48,211,464. For the year ended June 30, 2017 the Foundation issued advanced refunding 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 loss on extinguishment of debt of \$3,693,269 was reported in unrestricted student housing system expenses on the statement of activities.

Recommendation: Acceptance

¹ 1004.28(5)(a) "Each direct support organization shall provide for an annual financial audit of its accounts and records to be conducted by an independent certified public accountant in accordance with the rules adopted by the Auditor General pursuant to s. 11.45(8) and by the university board of trustees. The annual audit report shall be submitted, within 9 months after the end of the fiscal year to the Auditor General and Board of Governors for review."

² 9.011(4) "Support organizations shall provide for an annual audit conducted pursuant to university regulations or policies. The annual audit report shall be submitted to the university board of trustees or designee, the Board of Governors, and the Auditor General for review."

Implementation Plan: None

Fiscal Implications: Fiscal oversight by the UWF Board of Trustees of organizations affiliated with or through the University of West Florida.

Supporting documents:

- Financial Statement Audit Report for the University of West Florida Foundation, Inc., for fiscal year ending June 30, 2017
- Audit Communication Letter UWF Foundation, Inc. June 30, 2017

Prepared by: Elizabeth Mrachek, Internal Auditor, 474-2639, emrachek@uwf.edu

Presenter: Cindy Talbert, Interim Internal Audit Director, 474-2638, ctalbert@uwf.edu

To Management and the Board of Trustees
University of West Florida Foundation, Inc.
Pensacola, Florida

We have audited the financial statements of the University of West Florida Foundation, Inc. (the “Foundation”) for the year ended June 30, 2017, and have issued our report thereon dated October 20, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 17, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices:

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Foundation are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by the Foundation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were as follows:

Management’s estimate of the fair value and collectability of promises to give is based on signed pledge cards, historical collection rates and an analysis of the collectability of individual promises. Management’s periodic evaluation of this estimate and the underlying assumptions used are based on the Foundation’s experience, various known and inherent risks, and current economic conditions.

Management’s estimate of the fair value of investments is based on various methods, which include unadjusted quoted market prices, observable inputs based on both active and inactive markets, and unobservable inputs that are supported by little market activity. Management’s periodic evaluation of this estimate is based on the Foundation’s experience, various known and inherent risks, and current economic conditions.

Since 1944

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of long-term investments and related net return on investments in Note 5 to the financial statements.
- The disclosure of endowment fund investment and spending policies under Florida UPMIFA in Note 10 to the financial statements.
- The disclosure of fair value measurements in Note 16 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit:

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements:

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Appendix A summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, we proposed certain reclassification entries for proper financial statement presentation. Management agreed with our proposed adjustments and requested we record them as part of our audit.

Disagreements with Management:

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations:

We have requested certain representations from management that are included in the management representation letter dated October 20, 2017.

Management Consultations with Other Independent Accountants:

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Foundation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues:

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Foundation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the following supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. This supplementary information includes:

- a. Schedules of Student Housing System Revenues and Expenses
- b. Schedules of Financial Position (Excluding the Student Housing System)
- c. Schedules of Other Program Services and General and Administrative Expenses

The following supplementary information was not subjected to auditing procedures applied in the audit of financial statements:

- d. Chairs Under Eminent Scholars Program - Schedule of Receipts, Expenses and Endowment Balances
- e. Major Gifts Program - Schedule of Receipts, Expenses and Endowment Balances

This information is intended solely for the use of the Foundation's audit committee, Board of Directors, and management, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Pensacola, Florida
October 20, 2017

Appendix A
University of West Florida Foundation, Inc.
Schedule of Uncorrected Misstatements

Proposed JE #				
301		To record the current year effect of prior year passed audit adjustment.		
28-34000	NET ASSETS - TEMP RESTRICTED OTHER	171,301.00		
28-42300	REALIZED GAIN/LOSS			171,301.00
Total		171,301.00		171,301.00

Proposed JE #				
302		To adjust accounts payable and liability to UWF		
10-20100	ACCOUNTS PAYABLE	191,074.00		
10-12601	DUE FROM UWF - VARIOUS			104,000.00
10-20199	DUE TO UNIVERSITY			87,074.00
Total		191,074.00		191,074.00

Proposed JE #				
303		To true-up MV to 6/30/17 statements - Real Estate		
10-14600	HARBERT REAL ESTATE IV	17,702.00		
10-14601	HARBERT REAL ESTATE V	74,619.00		
29-42400	UNREALIZED GAIN/LOSS			92,321.00
Total		92,321.00		92,321.00

Proposed JE #				
304		To true-up MV to 6/30/17 statements - Private Equity		
10-14720	PORTFOLIO ADV V PRIV EQUITY	17,555.00		
10-14720	PORTFOLIO ADV V PRIV EQUITY	25,143.00		
26-42400	UNREALIZED GAIN/LOSS	106,561.00		
10-14700	STEPSTONE PIONNER CAPITAL III, LP			7,551.00
10-14730	PA DIRECT CREDIT OPPORTUNITIES FUND II			141,708.00
Total		149,259.00		149,259.00

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
PENSACOLA, FLORIDA
FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
PENSACOLA, FLORIDA
FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the University of West Florida Foundation, Inc. (the "Foundation") (a component unit of the University of West Florida), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Board of Directors
University of West Florida Foundation, Inc.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2017, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Foundation's internal control over financial reporting and compliance.



Pensacola, Florida
October 20, 2017

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the University of West Florida Foundation, Inc. (the "Foundation") (a component unit of the University of West Florida), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 20, 2017.

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
October 20, 2017

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

ASSETS

	2017	2016
Cash and cash equivalents	\$ 2,080,462	\$ 1,844,712
Restricted cash equivalents	10,474,477	12,009,423
Contributions receivable, net	8,167,001	2,802,212
Other receivables, net	231,166	206,595
Due from University	441,488	278,696
Prepaid expenses	190,912	194,195
Long-term investments	88,223,825	75,868,753
Property and equipment, net	49,071,972	50,694,794
Assets held under split interest agreements	3,144,979	3,121,850
Other assets	326,276	353,073
	\$ 162,352,558	\$ 147,374,303

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 889,892	\$ 650,797
Liabilities held under split interest agreements	1,642,526	1,795,555
Due to West Florida Historic Trust	1,336,882	1,157,601
Bonds payable, net	48,211,464	47,956,174
Total liabilities	52,080,764	51,560,127
Commitments and Contingencies	--	--
Net Assets:		
Unrestricted -		
Undesignated	1,904,438	1,802,410
Board designated	2,415,572	2,035,286
Student Housing System	9,078,934	12,329,976
Total unrestricted	13,398,944	16,167,672
Temporarily restricted	34,908,494	24,550,946
Permanently restricted	61,964,356	55,095,558
Total net assets	110,271,794	95,814,176
Total Liabilities and Net Assets	\$ 162,352,558	\$ 147,374,303

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

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UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2017 AND 2016

	Unrestricted		Temporarily Restricted	Permanently Restricted	2017 Total
	Foundation	Student Housing			
Revenue, Support and Reclassifications:					
Contributions	\$ 877,438	\$ -	\$ 10,114,292	\$ 6,895,569	\$ 17,887,299
Interest and dividends	2,975	-	1,024,234	-	1,027,209
Net unrealized and realized gain (loss) on long-term investments	1,082,960	-	8,707,733	-	9,790,693
Student housing system	-	10,410,583	-	-	10,410,583
Other income	415,075	-	-	-	415,075
Reclassification of net assets	-	-	24,482	(24,482)	-
Net assets released from restrictions	9,513,193	-	(9,513,193)	-	-
Total revenue, support and reclassifications	11,891,641	10,410,583	10,357,548	6,871,087	39,530,859
Expenses:					
Direct program services -					
Scholarships	1,240,964	-	-	-	1,240,964
Other program services	7,968,014	-	-	-	7,968,014
Student housing system	-	13,661,625	-	-	13,661,625
Total direct program services	9,208,978	13,661,625	-	-	22,870,603
Supporting services -					
Fundraising	344,789	-	-	-	344,789
General and administrative	1,855,560	-	-	-	1,855,560
Total supporting services	2,200,349	-	-	-	2,200,349
Total expenses	11,409,327	13,661,625	-	-	25,070,952
Loss from cancelled restricted contributions	-	-	-	2,289	2,289
Total expenses and losses	11,409,327	13,661,625	-	2,289	25,073,241
Change in Net Assets	482,314	(3,251,042)	10,357,548	6,868,798	14,457,618
Net Assets, Beginning of Year	3,837,696	12,329,976	24,550,946	55,095,558	95,814,176
Net Assets, End of Year	\$ 4,320,010	\$ 9,078,934	\$ 34,908,494	\$ 61,964,356	\$ 110,271,794

Unrestricted		Temporarily Restricted	Permanently Restricted	2016 Total
Foundation	Student Housing			
\$ 934,358	\$ -	\$ 6,640,128	\$ 4,846,621	\$ 12,421,107
4,126	-	1,087,761	-	1,091,887
872,837	-	(3,656,364)	-	(2,783,527)
-	12,004,897	-	-	12,004,897
218,712	-	-	-	218,712
-	-	(303,215)	303,215	-
5,241,706	-	(5,241,706)	-	-
<u>7,271,739</u>	<u>12,004,897</u>	<u>(1,473,396)</u>	<u>5,149,836</u>	<u>22,953,076</u>
1,025,649	-	-	-	1,025,649
3,986,413	-	-	-	3,986,413
-	10,660,878	-	-	10,660,878
<u>5,012,062</u>	<u>10,660,878</u>	<u>-</u>	<u>-</u>	<u>15,672,940</u>
376,122	-	-	-	376,122
1,885,933	-	-	-	1,885,933
<u>2,262,055</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,262,055</u>
<u>7,274,117</u>	<u>10,660,878</u>	<u>-</u>	<u>-</u>	<u>17,934,995</u>
-	-	-	1,500	1,500
<u>7,274,117</u>	<u>10,660,878</u>	<u>-</u>	<u>1,500</u>	<u>17,936,495</u>
(2,378)	1,344,019	(1,473,396)	5,148,336	5,016,581
<u>3,840,074</u>	<u>10,985,957</u>	<u>26,024,342</u>	<u>49,947,222</u>	<u>90,797,595</u>
<u>\$ 3,837,696</u>	<u>\$ 12,329,976</u>	<u>\$ 24,550,946</u>	<u>\$ 55,095,558</u>	<u>\$ 95,814,176</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, 2017 AND 2016

	2017	2016
Cash Flows From Operating Activities:		
Change in net assets	\$ 14,457,618	\$ 5,016,581
Adjustments to reconcile change in net assets to cash flows (used in) provided by operating activities -		
Net unrealized and realized (gain) loss on long-term investments	(9,790,693)	2,783,527
Contributions restricted for long-term purposes	(6,895,569)	(4,846,621)
Contributions of investments	(689,216)	-
Bad debt expense	34,702	49,687
Loss from cancelled restricted contributions	2,289	1,500
Loss from property abandonment	-	140,380
Loss on extinguishment of debt	3,693,269	-
Change in fair value of -		
Contributions receivable	1,298,512	(180,417)
Split interest agreements	(176,158)	(1,229,072)
Cash surrender value of insurance policies	26,797	(98,007)
Depreciation and amortization	2,829,877	2,824,715
Change in operating assets and liabilities -		
Contributions receivable	(6,687,204)	(454,878)
Other receivables	(37,659)	(105,622)
Due from University	(162,792)	100,920
Prepaid expenses	3,283	(67,246)
Accounts payable and accrued expenses	239,095	(85,318)
Net cash (used in) provided by operating activities	(1,853,849)	3,850,129
Cash Flows From Investing Activities:		
Purchases of investments	(30,699,047)	(11,984,144)
Proceeds from sales, maturities, and distributions of investments	28,823,884	6,889,689
Acquisition of property and equipment	(1,177,799)	(1,342,550)
Due to West Florida Historic Trust	179,281	(80,498)
Net cash used in investing activities	(2,873,681)	(6,517,503)
Cash Flows From Financing Activities:		
Proceeds from bond issuance	51,312,905	-
Defeasance of bonds	(29,702,310)	-
Reissuance of bonds	(22,318,344)	-
Bond principal payments	(2,440,046)	(2,254,934)
Bond issuance costs	(319,440)	(117,362)
Contributions to permanent endowments	6,895,569	4,846,621
Net cash provided by financing activities	3,428,334	2,474,325
Net Decrease in Cash and Cash Equivalents	(1,299,196)	(193,049)
Cash and Cash Equivalents at Beginning of Year	13,854,135	14,047,184
Cash and Cash Equivalents at End of Year	\$ 12,554,939	\$ 13,854,135

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, 2017 AND 2016
(Continued)

	2017	2016
Analysis of Cash and Cash Equivalents:		
Cash and cash equivalents	\$ 2,080,462	\$ 1,844,712
Restricted cash equivalents	10,474,477	12,009,423
	\$ 12,554,939	\$ 13,854,135
 Supplemental Disclosure of Cash Flow Information:		
Interest paid	\$ 1,952,277	\$ 2,200,604
 Supplemental Disclosure of Noncash Investing Activities:		
Abandonment of construction in progress	\$ -	\$ 140,380
Investments received as contributions	\$ 689,216	\$ -

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, 2017 AND 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose:

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

The Foundation owns the Student Housing System and is responsible for the management thereof, along with the associated revenues, expenses and debt related to the operation of these projects as further described in Note 12 to the financial statements.

Basis of Accounting:

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

Basis of Presentation:

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

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

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

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

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued):

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

Contributions:

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

The Foundation has elected to record unconditional promises to give at fair value. Management believes the use of fair value reduces the cost of measuring unconditional promises to give in periods subsequent to their receipt and provides equal or better information to users of its financial statements than if those promises were measured using present value techniques at historical discount rates. An allowance for uncollectible pledges is provided based on management's evaluation of potential uncollectible pledges receivable at year-end. Conditional promises to give are not recorded in the financial statements.

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

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

Each state university board of trustees is authorized to permit the use of property, facilities, and personal services at any state university by any university direct support organization per Section 1004.28, Florida Statutes. Administrative and fiscal services, office space, and other miscellaneous support services are provided to University direct support organizations by the University. As discussed in Note 7, Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958, *Not-for-Profit Entities*, requires the recognition and measurement for services received from affiliated not-for-profit organizations when not charged.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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.

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.

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

Property and Equipment:

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

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued):

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 a gain or loss. These assets and liabilities are adjusted to reflect changes in their fair market value and present value. The determination of the present value of liabilities under split-interest agreements is based on discount rates and mortality tables established by the Internal Revenue Code and Regulations.

Bond Discounts 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, 2017 and 2016, accrued compensated absences totaling \$292,984 and \$258,247 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, 2017 AND 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Program Services:

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

Income Taxes:

The Foundation is a nonprofit organization exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code. However, income from certain investment activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income.

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

Estimates:

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

Retirement Plan:

As discussed in more detail in Note 11, 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.

Reclassifications:

Certain amounts in the 2016 financial statements have been reclassified to conform to the 2017 presentation.

**UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events:

Management has evaluated subsequent events through October 20, 2017, the date which the financial statements were available for issue.

NOTE 2 - RESTRICTED CASH EQUIVALENTS

Restricted cash equivalents at June 30 consist of the following:

	2017	2016
Housing operating reserves	\$ 1,201,786	\$ 1,192,064
Housing replacement reserves	839,992	1,028,595
Housing contingency and improvement reserve	7,092,627	7,287,042
Courtelis reserve	733,415	772,444
SPIA operating reserves	601,553	728,135
2009 bond issuance -		
Special interest checking	-	1,001,134
2010 bond interest	-	6
2011 bond issuance -		
Principal	-	1
2015 bond issuance -		
Principal	-	2
2016A bond interest	5,104	-
	\$ 10,474,477	\$ 12,009,423

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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 35%, based on the prevailing five-year Treasury constant maturities. The cumulative fair value adjustment to contributions revenue for temporarily and permanently restricted was \$483,438 and \$1,108,103 respectively. For the year ending June 30, 2016, the fair value adjustment to contributions revenue for temporarily and permanently restricted was \$42,183 and \$160,846, 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 2017 and 2016, there were no transfers of contributions receivable into or out of Level 3.

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

	2017	2016
In one year or less	\$ 612,211	\$ 568,066
Between one and five years	3,143,898	1,026,014
Greater than five years	5,921,619	1,416,250
Total contributions receivable, gross	9,677,728	3,010,330
Less discounts to net fair value	1,501,541	203,029
Less allowance for doubtful accounts	9,186	5,089
	\$ 8,167,001	\$ 2,802,212

The table below presents information about unconditional promises to give measured at fair value at June 30, 2017:

	Temporarily Restricted	Permanently Restricted
Promises measured at Fair Value		
Promised cash flows	\$ 4,099,856	\$ 5,577,872
Fair value estimate	\$ 3,616,418	\$ 4,559,769
Measurement basis	Level 3	Level 3
Contribution revenue	\$ 483,438	\$ 1,018,103
Total changes included in the statement of activities	\$ 483,438	\$ 1,018,103

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 3 - CONTRIBUTIONS RECEIVABLE (Continued)

The table below presents information about unconditional promises to give measured at fair value at June 30, 2016:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Promises measured at Fair Value		
Promised cash flows	\$ 1,131,733	\$ 1,878,597
Fair value estimate	\$ 1,089,549	\$ 1,717,752
Measurement basis	Level 3	Level 3
Contribution revenue	\$ 42,184	\$ 160,845
Total changes included in the statement of activities	\$ 42,184	\$ 160,845

Changes in unconditional promises to give for the year ended June 30, 2017 are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Beginning Balance, July 1, 2016	\$ 1,089,549	\$ 1,717,752
New promises received	3,662,655	3,927,500
Collections	(624,532)	(278,225)
Change in fair value	(441,254)	(857,258)
Management and general (write-offs)	(20,000)	-
Change in pledge terms	(50,000)	50,000
	<u>3,616,418</u>	<u>4,559,769</u>
Less allowance for doubtful accounts	4,263	4,923
	<u>3,612,155</u>	<u>4,554,846</u>
Ending Balance, June 30, 2017	<u>\$ 3,612,155</u>	<u>\$ 4,554,846</u>

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 3 - CONTRIBUTIONS RECEIVABLE (Continued)

Changes in unconditional promises to give for the year ended June 30, 2016 are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Beginning Balance, July 1, 2015	\$ 550,878	\$ 1,621,128
New promises received	788,450	368,102
Collections	(263,093)	(438,581)
Change in fair value	13,314	167,103
	<u>1,089,549</u>	<u>1,717,752</u>
Less allowance for doubtful accounts	<u>2,456</u>	<u>2,633</u>
Ending Balance, June 30, 2016	<u>\$ 1,087,093</u>	<u>\$ 1,715,119</u>

Conditional promises to give amounted to \$2,438,052 at June 30, 2017 for state matching funds from the State of Florida Major Gifts Trust Fund. The funds will be forwarded to the Foundation in the event that future appropriations are made by the state legislature.

NOTE 4 - OTHER RECEIVABLES

Other receivables at June 30 consist of the following:

	<u>2017</u>	<u>2016</u>
Student loan fund	\$ 63,564	\$ 62,879
Rent, less allowance of \$218,460 in 2017 and \$205,565 in 2016	106,495	126,070
Other	<u>61,107</u>	<u>17,646</u>
Net other receivables	<u>\$ 231,166</u>	<u>\$ 206,595</u>

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 4 - OTHER RECEIVABLES (Continued)

The Student Loan Fund, established through contributions, provides low-interest, short-term loans to students. All transactions are conducted through the University's cashiers' office. The Student Loan Program is made up of accounts receivable for loans to students, funds held at the University available for loans to students, and funds invested in a quasi-endowment at the Foundation. The Foundation holds \$211,189 that is invested in a quasi-endowment. Earnings in the quasi-endowment are transferred to the University, as needed, to support the Student Loan Program.

NOTE 5 - LONG-TERM INVESTMENTS

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

	Cost	Fair Value	Unrealized Gain
June 30, 2017:			
Certificates of deposit	\$ 601,800	\$ 601,800	\$ -
Equity securities -			
Common stock and mutual funds	43,445,800	53,422,205	9,976,405
Debt securities	14,236,787	14,399,904	163,117
Alternative investments -			
Fund of fund hedge funds	11,218,108	15,900,120	4,682,012
Private equity investments	2,104,629	2,314,903	210,274
Real estate investment trust	1,600,899	1,584,893	(16,006)
	<u>\$ 73,208,023</u>	<u>\$ 88,223,825</u>	<u>\$ 15,015,802</u>
June 30, 2016:			
Equity securities -			
Common stock and mutual funds	\$ 43,910,566	\$ 46,386,579	\$ 2,476,013
Debt securities	10,131,886	10,686,444	554,558
Alternative investments -			
Fund of fund hedge funds	11,005,742	14,746,138	3,740,396
Private equity investments	1,705,378	2,137,079	431,701
Real estate investment trust	1,778,429	1,912,513	134,084
	<u>\$ 68,532,001</u>	<u>\$ 75,868,753</u>	<u>\$ 7,336,752</u>

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 5 - LONG-TERM INVESTMENTS (Continued)

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

As further discussed in Note 7, 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, \$601,800 and \$102,113, respectively, which are included in the Foundation's investment balance. These investments are kept separate from the Foundation's investment pool.

As further discussed in Note 10, the fair market value of all endowed investments was at a level above the minimum required by donor stipulations, totaling \$10,405,920. However, individual donor-restricted endowment funds were deficient, totaling \$78,576, where the fair value of the investments at June 30, 2017 was less than the level required by the donor stipulations.

The net return on investments was as follows:

	<u>Total Unrestricted</u>	<u>Temporarily Restricted</u>
Year Ended June 30, 2017 -		
Dividends and interest	\$ 2,975	\$ 1,024,234
Net realized gain on investments	1,292	1,801,488
Unrealized gain on investments	<u>1,081,668</u>	<u>6,906,245</u>
Total return on investments	<u>\$ 1,085,935</u>	<u>\$ 9,731,967</u>
Year Ended June 30, 2016 -		
Dividends and interest	\$ 4,126	\$ 1,087,761
Net realized gain on investments	3,040	778,101
Unrealized gain (loss) on investments	<u>869,797</u>	<u>(4,434,465)</u>
Total return on investments	<u>\$ 876,963</u>	<u>\$ (2,568,603)</u>

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 6 - PROPERTY AND EQUIPMENT

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

	2017	2016
Land	\$ 1,454,483	\$ 1,454,483
Property held under capital lease	75,847,246	74,278,716
Office equipment and software	501,957	486,017
	77,803,686	76,219,216
Less accumulated depreciation	30,371,889	27,571,267
	47,431,797	48,647,949
Construction in progress	793,784	1,123,712
Idle property, net	846,391	923,133
	\$ 49,071,972	\$ 50,694,794

Depreciation expense for the years ended June 30, 2017 and 2016 was \$2,800,621 and \$2,752,766, respectively.

Property held under capital lease represents the University's Student Housing System, which consists of the following: the South Side facilities constructed in 1966 and 1972; the Villages Phase I (West) and II (East), completed in 1997 and 1999, respectively; the first (Martin Hall), the second (Pace Hall), and the third (Argo Hall) portions of Phase III completed in 2000, 2001, and 2004, respectively; and the first (Heritage Hall) and the second (President's Hall) portions of Phase IV completed in 2010 and 2012, respectively. The buildings under capital lease are depreciated over the lease term, which is effectively 30 years, and the furniture, fixtures, and equipment are depreciated over their useful life of 5 - 10 years. Amortization of property under capital lease is included in depreciation expense. At June 30, 2017 and 2016, amortization of the property under capital lease totaled \$2,800,621 and \$2,716,340, respectively. See Note 12 for further capital lease disclosure.

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. As of June 30, 2017, none of the Foundation's long-lived assets were considered to be materially impaired.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
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NOTE 7 - RELATED PARTY TRANSACTIONS

At June 30, 2017 and 2016, 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, 2017 and 2016, the cash balances held by the University were \$441,488 and \$278,696 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 \$1,336,882 and \$1,157,601 at June 30, 2017 and 2016, 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 5. 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. FASB ASC 958, *Not-for-Profit Entities*, requires recognition and measurement for services received from affiliated not-for-profit organizations when not charged. Salaries and benefits of University employees providing such support total approximately \$776,000 and \$773,000 in 2017 and 2016, 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.

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NOTE 8 - BONDS PAYABLE

Revenue Bonds consist of the following at June 30:

	<u>2017</u>	<u>2016</u>
<p>\$15,000,000 Dormitory Revenue Bonds, Series 2009, due in annual installments of \$487,000 to \$1,190,000, from June 1, 2011 through June 1, 2029 with an interest rate of 5.09% due semiannually, June 1 and December 1</p>	\$ -	\$ 11,680,000
<p>\$9,226,000 Dormitory Refunding Revenue Bonds, Series 2010, due in annual installments of \$591,000 to \$830,500, from June 1, 2016 through June 1, 2028 with an interest rate of 2.75% due semiannually, June 1 and December 1</p>	-	8,635,000
<p>\$16,525,000 Dormitory Revenue Bonds, Series 2011, due in annual installments of \$300,000 to \$1,120,000, from June 1, 2013 through June 1, 2040 with interest ranging from 3.00% to 5.875% due semiannually, June 1 and December 1</p>	-	15,265,000
<p>\$14,393,280 Dormitory Refunding Revenue Bonds, Series 2015, due in annual installments of \$709,936 to \$1,120,171, from June 1, 2016 through June 1, 2031 with an interest rate of 3.10% due semiannually, June 1 and December 1</p>	-	13,683,344

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NOTE 8 - BONDS PAYABLE (Continued)

	2017	2016
\$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	-
\$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	-
\$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	-
Bonds payable	47,878,300	49,263,344
Less unamortized (premiums) discounts and issue costs	(333,164)	1,307,170
Bonds payable, net of unamortized (premiums) discounts and issue costs	\$ 48,211,464	\$ 47,956,174

Interest of \$149,662 and \$173,269 was accrued on the bonds as of June 30, 2017 and 2016, respectively.

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NOTE 8 - BONDS PAYABLE (Continued)

Maturities of the revenue bonds are as follows:

<u>For the year ending</u>	
2018	\$ 2,485,497
2019	2,578,196
2020	2,680,371
2021	2,780,073
2022	2,878,587
Thereafter	<u>34,475,576</u>
	<u><u>\$ 47,878,300</u></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 has placed the proceeds from the refunding in irrevocable escrow accounts with a trust agent to ensure payment of debt service on the refunded bonds. As a result, at June 30, 2017, the trust account assets of \$28,177,867 and liabilities of \$25,949,000 for the defeased bonds were not included in the financial statements. Although defeased, the refunded debt from the earlier issue will not be retired until the call date June 1, 2019. For the year ended June 30, 2017, the difference between the reacquisition price and net carrying amount resulted in a loss on extinguishment of debt of \$3,693,269, which is reported in unrestricted student housing system expenses on the statement of activities.

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, 2017 was 129%. The Foundation is not aware of any violations of the covenants at June 30, 2017.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
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NOTE 9 - NET ASSETS

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

	2017	2016
Scholarships, student awards and loan funds	\$ 9,577,420	\$ 5,724,917
Faculty support, professorships and chairs	4,454,069	3,657,002
Foundation reserve fund	6,164,630	2,665,802
Programs and other	14,712,375	12,503,225
Total temporarily restricted net assets	\$ 34,908,494	\$ 24,550,946

Permanently restricted net assets consist of endowment fund assets to be held in perpetuity, with only the income to be expended. The following is a summary of permanently restricted net assets at June 30, 2017 and 2016, categorized by the purpose for which the income is expendable:

	2017	2016
Scholarships, student awards and loan funds	\$ 26,653,768	\$ 25,049,854
Faculty support, professorships and chairs	11,763,613	11,763,613
Programs and other	23,546,975	18,282,091
Total permanently restricted net assets	\$ 61,964,356	\$ 55,095,558

NOTE 10 - ENDOWMENTS

The Foundation's endowments consist of 267 individual funds established for a variety of purposes. The endowments include both donor-restricted endowment funds and funds designated by the governing board to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the governing board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

As discussed in Note 7, the Foundation acts as a steward of PMA's cultural endowment program. The endowment of \$703,913 do not follow the Foundation's spending policy. All income from the endowment will provide support to PMA's mission.

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NOTE 10 - ENDOWMENTS (Continued)

Interpretation of Relevant Law -

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

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

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

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Florida UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported as a loan from unrestricted net assets. For the period ending June 30, 2017 and 2016, the amount of the loan was \$26,241 and \$156,283, respectively. The loan is offset against the net assets released from restrictions on the statement of activities. These deficiencies resulted from unfavorable market fluctuations and continued appropriation for certain programs that was deemed prudent by the governing board.

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JUNE 30, 2017 AND 2016

NOTE 10 - ENDOWMENTS (Continued)

Return Objectives and Risk Parameters -

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

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

Strategies Employed for Achieving Objectives -

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

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

The Foundation's spending rate is calculated on a three-year average of the market value of the endowments as of June 30. Spending is awarded for endowments greater than \$25,000 after a one year waiting period. The approved spending rate was 4.00% for fiscal years ended June 30, 2017 and 2016.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
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NOTE 10 - ENDOWMENTS (Continued)

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

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

The Foundation's operating budget has generally been two percent (2%) of the three-year average of the market value of the investment portfolio. Pursuant to the proposal adopted by the governing board, the goal is to reduce the operating budget to one and one-half percent (1.5%) of the total investment assets. As such, for each \$1,000,000 increase in market value of the investment portfolio above \$50,000,000, the percentage for the operating budget will decrease by one basis point (0.01%), reaching the objective of 1.5% with assets of \$100,000,000. Using this formula, the budget rate for fiscal year 2018 is 1.74%.

Changes in balances for donor and board restricted endowments by net asset class as of June 30, 2017 are as follows:

	Expendable		Nonexpendable	Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment Balance, July 1, 2016	\$ 1,587,798	\$ 5,075,167	\$ 55,095,558	\$ 61,758,523
Restricted contributions	-	129,029	6,895,569	7,024,598
Loss from cancelled restricted contributions	-	-	(2,289)	(2,289)
Investment income	67,009	2,790,294	-	2,857,303
Net appreciation	204,763	6,876,889	-	7,081,652
Other changes	-	(1,352,886)	(24,482)	(1,377,368)
Amounts appropriated for expenditures	(34,004)	(2,611,674)	-	(2,645,678)
Endowment Balance, June 30, 2017	<u>\$ 1,825,566</u>	<u>\$ 10,906,819</u>	<u>\$ 61,964,356</u>	<u>\$ 74,696,741</u>

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NOTE 10 - ENDOWMENTS (Continued)

Changes in balances for donor and board restricted endowments by net asset class as of June 30, 2016 are as follows:

	Expendable		Nonexpendable	Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment Balance, July 1, 2015	\$ 1,794,978	\$ 11,070,338	\$ 49,947,222	\$ 62,812,538
Restricted contributions	-	30,233	4,846,621	4,876,854
Loss from cancelled restricted contributions	-	-	(1,500)	(1,500)
Investment income	17,425	558,393	-	575,818
Net depreciation	(127,994)	(4,417,629)	-	(4,545,623)
Other changes	(96,611)	58,668	303,215	265,272
Amounts appropriated for expenditures	-	(2,224,836)	-	(2,224,836)
Endowment Balance, June 30, 2016	<u>\$ 1,587,798</u>	<u>\$ 5,075,167</u>	<u>\$ 55,095,558</u>	<u>\$ 61,758,523</u>

The earnings from investments, and expenditures from those earnings, related to the permanently restricted nonexpendable balances for the years ended June 30, 2017 and 2016 are classified as temporarily restricted.

Endowment composition by net asset class as of June 30, 2017 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment
Donor-restricted permanent endowments	\$ -	\$ -	\$ 57,413,712	\$ 57,413,712
Donor-restricted expendable balance from permanent endowments	-	10,405,920	-	10,405,920
Donor-restricted unconditional promises to give, at fair value	-	-	4,550,644	4,550,644
Donor-restricted quasi endowments	-	500,899	-	500,899
Board-designated quasi endowments	1,825,566	-	-	1,825,566
Total endowment balance	<u>\$ 1,825,566</u>	<u>\$ 10,906,819</u>	<u>\$ 61,964,356</u>	<u>\$ 74,696,741</u>

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NOTE 10 - ENDOWMENTS (Continued)

Endowment composition by type of fund as of June 30, 2016 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment
Donor-restricted permanent endowments	\$ -	\$ -	\$ 53,379,642	\$ 53,379,642
Donor-restricted expendable balance from permanent endowments	-	4,731,745	-	4,731,745
Donor-restricted unconditional promises to give, at fair value	-	-	1,715,916	1,715,916
Donor-restricted quasi endowments	-	343,422	-	343,422
Board-designated quasi endowments	1,587,798	-	-	1,587,798
 Total endowment balance	 <u>\$ 1,587,798</u>	 <u>\$ 5,075,167</u>	 <u>\$ 55,095,558</u>	 <u>\$ 61,758,523</u>

As of June 30, 2017 and 2016, \$2,326,465 and \$1,931,220, respectively, of net assets have been designated as quasi-endowment funds to support the missions of the University. The quasi-endowments resulting from internal designations are classified as unrestricted net assets. The quasi-endowments resulting from donor designations are classified as temporarily restricted net assets.

NOTE 11 - RETIREMENT PLAN

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

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

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NOTE 11 - RETIREMENT PLAN (Continued)

The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. The University, as an employer participating in the Plan, paid an amount between 7.52% to 21.77% and 7.26% to 21.43% for 2017 and 2016, 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 2017 and 2016, employees paid an amount of 3.00% into the Plan. Retirement expense for employees participating in this plan was \$81,216 and \$79,185 for the years ended June 30, 2017 and 2016, 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. Retirement expense for employees participating in this plan was \$652 for the year ended June 30, 2017. No employees participated in DROP during the year ended June 30, 2016.

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 \$22,957 and \$19,511 for the years ended June 30, 2017 and 2016, 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, 2017 and 2016 totaled \$76,066 and \$65,345, respectively.

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NOTE 11 - 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 2017 and 2016 for the University President participating in the plan totaled \$48,651 and \$38,616, respectively.

NOTE 12 - 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 eight projects, which are the following: the South Side facilities constructed in 1966 and 1972; the Villages Phase I (West) and II (East), completed in 1997 and 1999, respectively; the first (Martin Hall), the second (Pace Hall), and the third (Argo Hall) portions of Phase III completed in 2000, 2001, and 2004, respectively; and the first (Heritage Hall) and the second (President’s Hall) portions of Phase IV completed in 2010 and 2012, respectively.

The terms of the 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 2017 or 2016. The sublease agreement was signed in 1998 and ends August 31, 2038.

The Foundation and the University have a management operating agreement outlining the responsibilities of both parties for the operations of the Student Housing System. The current agreement was signed on December 1, 2016 and is effective until all bonds outstanding are paid in full.

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NOTE 13 - CONCENTRATIONS

Uninsured Cash Balances:

The Foundation's cash balances held at financial institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to certain limits. At June 30, 2017, the Foundation's uninsured cash balance at financial institutions totaled approximately \$875,000.

At June 30, 2017, the Foundation maintained approximately \$8,831,000 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, 2017, the Pool was rated at A+f by Standard and Poor's and had an effective duration of 2.80 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, 2017, the unaudited Factor was 0.9923. 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 concentrations of credit risk consist of cash deposits at brokerage firms. These accounts are not insured by the FDIC. At June 30, 2017, the Foundation maintained cash and cash equivalent balances at these institutions totaling approximately \$2,645,000.

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

Contributions Receivable:

For the year ended June 30, 2017, 51% of the Foundation's contributions receivable was due from one donor.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
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JUNE 30, 2017 AND 2016

NOTE 14 - CONDITIONAL ASSET RETIREMENT OBLIGATIONS

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

NOTE 15 - FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

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

	2017	2016
Carrying amount	\$ 48,211,464	\$ 47,956,174
Fair value	\$ 48,011,184	\$ 48,838,346

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

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 16 - 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. All information related to the fair value disclosure of these assets is described in Note 3.

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 16 - FAIR VALUE MEASUREMENTS (Continued)

The fair value of the Foundation's assets and liabilities at June 30, 2017 is as follows:

Description	Total	(Level 1)	(Level 2)	(Level 3)
Equity securities-Domestic & International:				
Consumer	\$ 2,702,535	\$ 2,702,535	\$ -	\$ -
Energy	3,567,331	3,567,331	-	-
Financials	3,023,193	3,023,193	-	-
Health care	694,402	694,402	-	-
Industrials	504,279	504,279	-	-
Technology	2,330,240	2,330,240	-	-
International	14,645,682	14,645,682	-	-
Other	25,954,543	25,954,543	-	-
Total equity securities	<u>53,422,205</u>	<u>53,422,205</u>	<u>-</u>	<u>-</u>
Debt securities:				
Corporate bonds and mutual funds	9,102,445	9,102,445	-	-
High yield fixed income	5,297,459	-	5,297,459	-
Total debt securities	<u>14,399,904</u>	<u>9,102,445</u>	<u>5,297,459</u>	<u>-</u>
Alternative investments:				
Fund of fund hedge funds -				
Directional, hedged equity	4,757,973	-	-	4,757,973
Non-Directional absolute return	3,041,983	-	-	3,041,983
Equity market neutral	8,100,164	-	-	8,100,164
Total fund of fund hedge funds	<u>15,900,120</u>	<u>-</u>	<u>-</u>	<u>15,900,120</u>
Private equity investments	2,314,903	-	-	2,314,903
Real estate investment trust	1,584,893	-	-	1,584,893
Total alternative investments	<u>19,799,916</u>	<u>-</u>	<u>-</u>	<u>19,799,916</u>
Funds held in trust by others	<u>3,144,979</u>	<u>-</u>	<u>-</u>	<u>3,144,979</u>
Total assets	<u>90,767,004</u>	<u>62,524,650</u>	<u>5,297,459</u>	<u>22,944,895</u>
Liabilities:				
Funds held in trust	1,642,526	-	-	1,642,526
Due to WFHT	1,336,882	-	1,336,882	-
Total liabilities	<u>2,979,408</u>	<u>-</u>	<u>1,336,882</u>	<u>1,642,526</u>
Total	<u>\$ 87,787,596</u>	<u>\$ 62,524,650</u>	<u>\$ 3,960,577</u>	<u>\$ 21,302,369</u>

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 16 - FAIR VALUE MEASUREMENTS (Continued)

The fair value of the Foundation's assets and liabilities at June 30, 2016 is as follows:

Description	Total	(Level 1)	(Level 2)	(Level 3)
Equity securities-Domestic & International:				
Consumer	\$ 2,025,683	\$ 2,025,683	\$ -	\$ -
Energy	3,365,459	3,365,459	-	-
Financials	1,962,639	1,962,639	-	-
Health care	540,059	540,059	-	-
Industrials	339,364	339,364	-	-
Technology	1,768,211	1,768,211	-	-
International	12,358,362	12,358,362	-	-
Other	24,026,802	24,026,802	-	-
Total equity securities	<u>46,386,579</u>	<u>46,386,579</u>	<u>-</u>	<u>-</u>
Debt securities:				
Corporate bonds and mutual funds	3,872,024	3,872,024	-	-
High yield fixed income	1,010,121	-	1,010,121	-
U.S. government agencies	1,670,178	1,670,178	-	-
U.S. government mortgage pool	3,650,769	3,650,769	-	-
Corporate mortgage pool	483,352	483,352	-	-
Total debt securities	<u>10,686,444</u>	<u>9,676,323</u>	<u>1,010,121</u>	<u>-</u>
Alternative investments:				
Fund of fund hedge funds -				
Directional, hedged equity	4,388,364	-	-	4,388,364
Non-Directional absolute return	2,805,675	-	-	2,805,675
Equity market neutral	7,552,099	-	-	7,552,099
Total fund of fund hedge funds	<u>14,746,138</u>	<u>-</u>	<u>-</u>	<u>14,746,138</u>
Private equity investments	2,148,431	-	-	2,148,431
Real estate investment trust	1,912,513	-	-	1,912,513
Total alternative investments	<u>18,807,082</u>	<u>-</u>	<u>-</u>	<u>18,807,082</u>
Funds held in trust by others	<u>3,121,850</u>	<u>-</u>	<u>-</u>	<u>3,121,850</u>
Total assets	<u>79,001,955</u>	<u>56,062,902</u>	<u>1,010,121</u>	<u>21,928,932</u>
Liabilities:				
Funds held in trust	1,795,555	-	-	1,795,555
Due to WFHT	1,157,601	-	1,157,601	-
Total liabilities	<u>2,953,156</u>	<u>-</u>	<u>1,157,601</u>	<u>1,795,555</u>
Total	<u>\$ 76,048,799</u>	<u>\$ 56,062,902</u>	<u>\$ (147,480)</u>	<u>\$ 20,133,377</u>

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 16 - FAIR VALUE MEASUREMENTS (Continued)

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

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

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

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

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

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

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

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JUNE 30, 2017 AND 2016

NOTE 16 - FAIR VALUE MEASUREMENTS (Continued)

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

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

Due to 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, 2017 AND 2016

NOTE 16 - FAIR VALUE MEASUREMENTS (Continued)

The following table presents a reconciliation of the statement of financial position amounts for financial instruments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2017:

	Fund of Fund Hedge Funds	Private Equity	Real Estate	Funds Held in Trust by Others	Total
Assets:					
Beginning balance	\$ 14,746,138	\$ 2,148,431	\$ 1,912,513	\$ 3,121,850	\$ 21,928,932
Total gains or losses:					
Included in change					
in net assets	1,153,982	123,754	231,463	211,684	1,720,883
Purchases, issuances, sales, and settlements:					
Purchases	-	793,914	-	-	793,914
Settlements	-	(751,196)	(559,083)	(188,555)	(1,498,834)
Total assets	15,900,120	2,314,903	1,584,893	3,144,979	22,944,895
Liabilities:					
Beginning balance	-	-	-	1,795,555	1,795,555
Transfers into Level 3	-	-	-	99,768	99,768
Transfers out of Level 3	-	-	-	(275,927)	(275,927)
Total gains or losses:					
Included in change					
in net assets	-	-	-	211,684	211,684
Purchases, issuances, sales, and settlements:					
Settlements	-	-	-	(188,554)	(188,554)
Total liabilities	-	-	-	1,642,526	1,642,526
Total	\$ 15,900,120	\$ 2,314,903	\$ 1,584,893	\$ 1,502,453	\$ 21,302,369

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 16 - FAIR VALUE MEASUREMENTS (Continued)

The following table presents a reconciliation of the statement of financial position amounts for financial instruments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2016:

	Fund of Fund Hedge Funds	Private Equity	Real Estate	Funds Held in Trust by Others	Total
Assets:					
Beginning balance	\$ 15,815,353	\$ 2,032,648	\$ 1,498,690	\$ 295,598	\$ 19,642,289
Total gains or losses:					
Included in change in net assets	(1,069,215)	220,499	349,049	(105,457)	(605,124)
Purchases, issuances, sales, and settlements:					
Purchases	-	106,049	481,784	3,000,000	3,587,833
Settlements	-	(210,765)	(417,010)	(68,291)	(696,066)
Total assets	14,746,138	2,148,431	1,912,513	3,121,850	21,928,932
Liabilities:					
Beginning balance	-	-	-	198,375	198,375
Transfers into Level 3	-	-	-	52,974	52,974
Transfers out of Level 3	-	-	-	(13,646)	(13,646)
Total gains or losses:					
Included in change in net assets	-	-	-	(104,777)	(104,777)
Purchases, issuances, sales, and settlements:					
Purchases	-	-	-	1,731,600	1,731,600
Settlements	-	-	-	(68,971)	(68,971)
Total liabilities	-	-	-	1,795,555	1,795,555
Total	\$ 14,746,138	\$ 2,148,431	\$ 1,912,513	\$ 1,326,295	\$ 20,133,377

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 16 - FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth a summary of valuation techniques and quantitative information utilized in determining the fair value of the Level 3 investments as of June 30, 2017, excluding investments valued using the practical expedient or the net asset value (“NAV”).

Investment Type	Fair Value	Valuation Technique(s)	Unobservable Input	Range (weighted average)
Real Estate Investment Trust - Harbert IV:				
Real Estate Partnership Interest	\$ 40,476	Direct Capitalization	Capitalization Rate	7.99%
Real Estate Partnership Interest	\$ 23,308	Market Transactions (a)	N/A	N/A
Real Estate Investment Trust - Harbert V:				
Real Estate Partnership Interest	\$ 160,218	Independent Appraisal	Capitalization Rate	6.79%
Real Estate Partnership Interest	\$ 479,160	Direct Capitalization	Capitalization Rate	7.23%
Real Estate Partnership Interest	\$ 881,731	Market Transactions (a)	N/A	N/A
Private Equity Investments:				
Preferred Partnership Interest	\$ 533,217	Market Approach	LTM EBITDA Multiple (8.3X)	
Member or Partnership Interest	\$ 426,678	Market Approach; Recent Transaction Price (b)	LTM EBITDA Multiple (9.8X); Discount for lack of marketability	15%

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

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

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 16 - FAIR VALUE MEASUREMENTS (Continued)

The following table lists investments in hedge funds and investment limited partnerships by strategy as of June 30, 2017:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
Fund of Fund Hedge Funds:				
Directional, hedged equity	\$ 4,757,973	\$ -	Quarterly	90 Days
Non-Directional absolute return	3,041,983	-	Quarterly	90 Days
Equity market neutral	8,100,164	-	Quarterly to Semi-annual	95 Days
Private equity investments	2,314,903	1,508,944	N/A*	N/A*
Real estate investment trust	1,584,893	329,068	N/A*	N/A*
Funds held in trust by others	<u>3,144,979</u>	<u>-</u>	N/A**	N/A**
	<u>\$ 22,944,895</u>	<u>\$ 1,838,012</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 17 - CONTINGENCY

During the year ended June 30, 2016, management decided to take the Southside units, which are part of the University's student housing system, off line. 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 off line 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. Management continues to explore alternative uses of the Southside units, including Greek housing, that are in line with the University's master plan. Conversion costs and the highest and best use alternatives for these assets are uncertain at this time.

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, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Revenues:		
Rent	\$ 9,949,539	\$ 11,592,258
Interest	146,617	150,627
Other	314,427	262,012
Total revenues	<u>10,410,583</u>	<u>12,004,897</u>
Operating Expenses:		
Salaries and wages	2,181,272	2,305,733
Administrative and general	520,241	775,969
Loss on extinguishment of debt	3,693,269	-
Maintenance and repairs	1,175,478	1,280,695
Insurance	178,801	141,528
Utilities	1,154,017	1,185,940
Interest	1,928,670	2,182,724
Depreciation and amortization	<u>2,829,877</u>	<u>2,788,289</u>
Total operating expenses	<u>13,661,625</u>	<u>10,660,878</u>
Excess (Deficiency) of Revenues Over (Under) Expenses	<u>\$ (3,251,042)</u>	<u>\$ 1,344,019</u>

UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.
A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA
SCHEDULES OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017
(With Comparative Totals for 2016)

	Scholarships	Other Program Services	Student Housing System	Fundraising	General & Administrative	2017 Total	2016 Total
Bad debt expense	\$ -	\$ 21,614	\$ 12,895	\$ -	\$ 193	\$ 34,702	\$ 49,687
Bond expense	-	-	38,728	-	-	38,728	66,778
Depreciation and amortization	-	-	2,829,877	-	-	2,829,877	2,824,715
Equipment	-	87,093	14,601	-	-	101,694	53,487
Housing administrative and general	-	-	72,410	-	-	72,410	87,255
Insurance	-	1,478	178,801	-	20,153	200,432	230,878
Interest	-	-	1,928,670	-	-	1,928,670	2,182,724
Investment and consultant fees	-	63,673	-	-	195,992	259,665	263,864
Lobbying	-	27,500	-	-	67,500	95,000	65,000
Maintenance and repairs	-	-	1,175,478	-	-	1,175,478	1,281,129
Miscellaneous	-	189,101	-	6,569	12,416	208,086	134,142
Office	-	219,729	119,478	57,398	60,632	457,237	380,990
Professional development	-	76,110	16,616	6,105	909	99,740	86,045
Professional services	-	493,688	20,500	47,908	80,305	642,401	793,949
Public radio program	-	267,786	-	-	-	267,786	303,961
Public relations	-	123,252	-	15,689	17,359	156,300	147,124
Recruitment	-	49,331	1,309	2,218	1,621	54,479	26,304
Rental	-	46,961	-	5,598	8,439	60,998	40,119
Salaries and wages	-	1,316,110	2,181,272	157,853	1,463,207	5,118,442	5,144,793
Scholarships	1,240,964	-	-	-	-	1,240,964	1,025,649
Service charges and other fees	-	220,024	148,765	2,933	(116,593)	255,129	63,527
Loss on extinguishment of debt	-	-	3,693,269	-	-	3,693,269	-
Student and staff support	-	646	-	-	592	1,238	5,032
Travel and entertainment	-	362,100	74,939	42,518	44,418	523,975	440,640
University support	-	4,401,818	-	-	(1,583)	4,400,235	1,051,263
Utilities	-	-	1,154,017	-	-	1,154,017	1,185,940
	<u>\$ 1,240,964</u>	<u>\$ 7,968,014</u>	<u>\$ 13,661,625</u>	<u>\$ 344,789</u>	<u>\$ 1,855,560</u>	<u>\$ 25,070,952</u>	<u>\$ 17,934,995</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 20, 2017
(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	\$ 1,387,724	\$ -	\$ 225,656	\$ 10,411	\$ 84,306	\$ 1,518,663	\$ 1,210,852	\$ 1,518,663
John C. Pace, Sr., Business Chair	1,000,000	1,141,973	-	185,695	8,567	69,377	1,249,724	1,000,000	1,249,724
John C. Pace, Sr., Memorial Eminent Scholar	2,644,500	3,087,641	-	502,077	23,163	187,579	3,378,976	2,644,500	3,378,976
John C. Pace, Jr., Distinguished University Professorship	3,966,750	4,631,461	-	753,115	34,745	281,369	5,068,462	3,966,750	5,068,462
Mary Ball Washington Chair	1,320,155	1,420,338	-	230,959	10,655	86,288	1,554,354	1,320,155	1,554,354
Total - Eminent Scholars Program	<u>\$ 10,142,257</u>	<u>\$ 11,669,137</u>	<u>\$ -</u>	<u>\$ 1,897,502</u>	<u>\$ 87,541</u>	<u>\$ 708,919</u>	<u>\$ 12,770,179</u>	<u>\$ 10,142,257</u>	<u>\$ 12,770,179</u>

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



Daniel Lucas, Chief Financial Officer

October 20, 2017

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, 2017
(UNAUDITED)

Name of Gift	Beginning		Corpus		Investments		Fund Balance		Reclass for Spending	Loan from Unrestricted Transfers	Ending Corpus Balance	Ending Total Balance
	Corpus Balance	Net Balance	Contributed During the Year	Investment Earnings	& Other Expenses	Spending Transfers	Net of Earnings, Expenses & Transfers					
Alexander Memorial Scholarship	\$ 282,852	\$ 278,414	\$ -	\$ 45,273	\$ 2,089	\$ 16,914	\$ 304,684	\$ -	\$ -	\$ 282,852	\$ 304,684	
Alfred duPont Foundation Scholarship	315,000	302,944	40,000	52,760	2,475	17,432	375,797	-	-	355,000	375,797	
Bank of America	150,000	152,432	-	24,787	1,144	9,261	166,814	-	-	150,000	166,814	
Baptist Hospital Fund	170,539	207,923	-	33,032	1,524	12,341	227,090	-	-	170,539	227,090	
Barnett Bank Endowment	166,692	202,628	-	33,728	1,556	12,601	222,199	-	-	166,692	222,199	
Blue Cross & Blue Shield Nursing Scholarship	155,673	147,866	-	24,045	1,110	8,934	161,867	-	-	155,673	161,867	
C. L. Fountain Family Business Ethics	100,000	97,841	-	15,910	734	5,944	107,073	-	-	100,000	107,073	
Cacilda Prado Pace Library Fund	150,046	141,536	300	23,058	1,064	8,556	155,274	-	-	150,346	155,274	
Chadbourne Foundation - PIC/UWF	176,434	199,710	10,000	33,368	1,551	11,990	229,537	-	-	186,434	229,537	
Chadbourne Foundation Business Ethics	300,000	288,617	-	46,932	2,166	17,411	315,972	-	-	300,000	315,972	
Charles & Fran Switzer Business Ethics	198,774	192,234	-	31,259	1,443	11,679	210,371	-	-	198,774	210,371	
CHARLOTTE	150,000	167,858	-	27,296	1,260	10,198	183,696	-	-	150,000	183,696	
Dorothy Martin Endowment	150,005	168,185	-	27,349	1,262	10,218	184,054	-	-	150,005	184,054	
E. W. Hopkins Jr., Professorship	175,343	211,675	-	34,420	1,588	12,860	231,647	-	-	175,343	231,647	
Elizabeth R. Woolf	275,412	310,956	-	50,565	2,333	18,891	340,297	-	-	275,412	340,297	
Gulf Power Electrical Engineering	152,700	144,931	-	23,567	1,088	8,757	158,653	-	-	152,700	158,653	
Harold E. & Pat Marcus History/Archaeology	150,000	160,606	-	26,116	1,205	9,758	175,759	-	-	150,000	175,759	
Jane & Fred Seligman Endowment	207,251	196,870	-	32,013	1,477	11,895	215,511	-	-	207,251	215,511	
John C. Pace, Jr., Memorial Endowment	8,592,090	9,905,422	-	1,610,706	74,310	601,771	10,840,047	-	-	8,592,090	10,840,047	
John C. Pace, Jr., Memorial Scholarship Fund	7,740,835	8,989,127	-	1,461,710	67,436	546,105	9,837,296	-	-	7,740,835	9,837,296	
John L. Switzer Business Ethics	195,688	189,001	-	30,734	1,418	11,482	206,835	-	-	195,688	206,835	
Katherine C. Pace Memorial Endowment	1,700,000	1,565,386	-	254,545	11,744	94,573	1,713,614	-	-	1,700,000	1,713,614	
Kerrigan Daughters' Endowment	340,204	322,696	-	52,474	2,421	19,496	353,253	-	-	340,204	353,253	
Levin Fund	251,906	279,049	-	45,376	2,094	16,953	305,378	-	-	251,906	305,378	
Mabie Fund	324,014	351,846	-	57,214	2,640	21,376	385,044	-	-	324,014	385,044	
Mattie M. Kelly Music Education Fund	163,443	196,540	-	31,959	1,475	11,941	215,083	-	-	163,443	215,083	
Maygarden Lecture Series	162,810	159,844	-	25,993	1,200	9,711	174,926	-	-	162,810	174,926	
Medical Center Clinic Endowment	164,306	189,331	-	30,787	1,421	11,502	207,195	-	-	164,306	207,195	

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, 2017
(UNAUDITED)
(Continued)

Name of Gift	Beginning	Beginning	Corpus	Investments	Investments	Spending	Fund Balance	Reclass	Loan from	Ending	Ending
	Corpus	Net	Contributed				Net of			for	Corpus
	Balance	Balance	During the	Investment	& Other	Transfers	Earnings, Expenses	Spending	Unrestricted	Balance	Balance
			Year	Earnings	Expenses		& Transfers		Transfers		
National Defense Industrial Assoc Sch End	150,000	141,107	-	22,946	1,059	8,526	154,468	-	-	150,000	154,468
Orville Beckford Scholarship Endowment	150,050	163,140	-	26,529	1,224	9,912	178,533	-	-	150,050	178,533
Pickens Foundation For Education	161,965	184,880	384	30,092	1,389	11,219	202,748	-	-	162,349	202,748
Pre Professional Endowment	165,338	212,463	-	34,549	1,594	12,908	232,510	-	-	165,338	232,510
Raymond C. Dyson Fund I	177,422	207,970	-	33,818	1,561	12,635	227,592	-	-	177,422	227,592
Raymond C. Dyson Fund II	162,282	186,917	-	30,395	1,403	11,356	204,553	-	-	162,282	204,553
Rotary Business Ethics	105,000	100,832	-	16,397	757	6,126	110,346	-	-	105,000	110,346
Sacred Heart Allied Health Endowment	163,947	199,542	-	32,447	1,497	12,122	218,370	-	-	163,947	218,370
Seymour Gitenstein Scholarship Endowment	200,000	161,630	-	26,283	1,213	9,878	176,822	-	-	200,000	176,822
Switzer Brothers Professorship Endowment	581,859	559,926	-	91,049	4,201	33,831	612,943	-	-	581,859	612,943
T. T. Wentworth, Jr. Historical Center	151,240	132,010	-	21,467	991	6,547	145,939	-	-	151,240	145,939
William D. Smart Seminar Series in Chem. End.	161,579	146,998	-	23,904	1,103	7,290	162,509	-	-	161,579	162,509
Women's Athletic Trust Fund	167,734	189,193	717	30,840	1,425	11,480	207,845	-	-	168,451	207,845
Total	\$ 25,560,433	\$ 28,308,076	\$ 51,401	\$ 4,607,692	\$ 212,645	\$ 1,714,380	\$ 31,040,144	\$ -	\$ -	\$ 25,611,834	\$ 31,040,144

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


Daniel Lucas, Chief Financial Officer

October 20, 2017

Date

UWF Board of Trustees Meeting

Audit & Compliance Committee

November 16, 2017

Issue: Certification of External Audit of Financial Statements of Direct Support Organization—West Florida Historic Trust, Inc.

Proposed action: Acceptance

Background information:

Pursuant to Florida Statute 1004.28¹, BOG Regulation BOG-9.011(4)² and the agreement between UWF and West Florida Historic Trust, Inc. affiliated entities (aka Direct Support Organizations) must be certified annually by the University of West Florida. West Florida Historic Preservation, Inc. (dba UWF Historic Trust) is such an entity and has been audited for the fiscal year ending June 30, 2017.

Agreement provision between UWF and WFHPI: Section 13 of the agreement between the University of West Florida and the West Florida Historic Preservation, Inc., (WFHPI), dated July 1, 2001, requires UWF shall certify on an annual basis, after consideration of the information provided by the Corporation (WFHPI) that the corporation is complying with the terms of this agreement and in a manner consistent with the goals and purposes of UWF and in the best interest of the State. Such certification shall be made annually and reported in the minutes of the meeting of the Board of Trustees of UWF.

Results:

To ensure compliance with the agreement, the Interim Director of Internal Auditing & Compliance performed a cursory review of the documents and determined the West Florida Historic Trust met the requirements.

The West Florida Historic Trust received a clean unqualified opinion. The audit was performed in accordance with auditing standards generally accepted in the United States and in accordance to *Government Auditing Standards*. The audit report did not identify any material weaknesses in the internal control system. Additionally, no instances of non-compliance were reported.

Financial Highlights:

Significant financial highlights for the year ended 6/30/2017 included:

¹ 1004.28(5)(a) "Each direct support organization shall provide for an annual financial audit of its accounts and records to be conducted by an independent certified public accountant in accordance with the rules adopted by the Auditor General pursuant to s. 11.45(8) and by the university board of trustees. The annual audit report shall be submitted, within 9 months after the end of the fiscal year to the Auditor General and Board of Governors for review."

² 9.011(4) "Support organizations shall provide for an annual audit conducted pursuant to university regulations or policies. The annual audit report shall be submitted to the university board of trustees or designee, the Board of Governors, and the Auditor General for review."

- The UWF Foundation transferred ownership of the Pensacola Museum of Art collection appraised at \$642,465 to the West Florida Historic Trust.
- Investment in capital assets as of 6/30/2017 was \$5,071,904.
- A litigation settlement of \$226,136 related to the Deepwater Horizon Oil Spill was received during the year.

Recommendation: Acceptance

Implementation Plan: None

Fiscal Implications: Fiscal oversight by the UWF Board of Trustees of organizations affiliated with or through the University of West Florida.

Supporting documents:

- Audit Communication Letter for the West Florida Historic Trust, Inc. June 30, 2017
- Financial Statement Audit Report for the West Florida Historic Trust, Inc., for fiscal year ending June 30, 2017

Prepared by: Elizabeth Mrachek, Internal Auditor, 474-2639, emrachek@uwf.edu

Presenter: Cindy Talbert, Interim Internal Audit Director, 474-2636, ctalbert@uwf.edu

To the Board of Directors
West Florida Historic Preservation, Inc.
d/b/a University of West Florida Historic Trust
120 Church Street
Pensacola, FL 32501

We have audited the financial statements of the governmental activities and the entity-wide activities of West Florida Historic Preservation, Inc., d/b/a University of West Florida Historic Trust (“the Trust”) for the year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Governmental Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 10, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Trust are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2017. We noted no transactions entered into by the Trust during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Trust’s financial statements was:

Management’s estimate of depreciation expense which is based on estimated useful lives of underlying capital assets. We evaluated the key factors and assumptions used to develop the estimate for depreciation expense in determining that it is reasonable in relation to the consolidated financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Since 1944

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 24, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principal to the governmental unit's consolidated financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants other than Mrs. Stevens.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of the Trust and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Pensacola, Florida
August 24, 2017

**WEST FLORIDA HISTORIC PRESERVATION, INC.
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST**

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

PENSACOLA, FLORIDA

FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

**WEST FLORIDA HISTORIC PRESERVATION, INC.
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST**

(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)

PENSACOLA, FLORIDA

FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
West Florida Historic Preservation, Inc.
d/b/a University of West Florida Historic Trust
Pensacola, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the entity-wide activities of West Florida Historic Preservation, Inc. d/b/a University of West Florida Historic Trust ("the Trust"), (a component unit of the University of West Florida), which collectively comprise the statements of net position and governmental fund balance sheets as of June 30, 2017 and 2016, and the related statements of activities and governmental fund revenues, expenditures, and changes in fund balance/net position for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 audit to obtain reasonable assurance about whether the financial statements are free of 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 risk 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 estimates made by management, as well as evaluating the overall presentation of the financial statements.

Board of Directors
West Florida Historic Preservation, Inc.
d/b/a University of West Florida Historic Trust
Pensacola, Florida

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 financial positions of the governmental activities and the entity-wide activities of the Trust as of June 30, 2017 and 2016, and the changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-5 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2017, on our consideration of the Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust's internal control over financial reporting and compliance.



Pensacola, Florida
August 24, 2017

**WEST FLORIDA HISTORIC PRESERVATION, INC.
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017 AND 2016**

The following is a narrative overview and analysis of the West Florida Historic Preservation, Inc. d/b/a University of West Florida Historic Trust's ("the Trust") significant financial activities for the fiscal year ended June 30, 2017.

Operational Highlights

- Extended operating hours to include some evenings as well as Sunday afternoons.
- In July 2016, we merged the Pensacola Museum of Art into our operations. This brought in three additional full time employees, another museum building, the art collection, and bank accounts. The merger allows us to reach new audiences and donors.
- Entered into a new agreement with Great Southern Management Group for them to assist us with promoting, booking, and staffing events at the Barkley House, the Old Christ Church and Fountain Park. This agreement freed up staff to focus on rentals at the Museum of Commerce, Voices of Pensacola, the Bowden Building, the new Trader Jon Exhibit space in the T.T. Wentworth and the newly acquired Museum of Art. The agreement also improved our response time to venue inquiries thereby improving customer service.
- The lighting improvements to the T.T Wentworth Museum project was completed mid-March 2017. Fiesta of Five Flags donated \$125,000 to the UWF Foundation for this project. The pledge is for \$25,000 per year for the next five years. We held a "Thank You – Turning on of the Lights" event at the Museum on the evening of March 16, 2017. We have received positive feedback from the community regarding the project.
- The Phase 1 design for Museum Plaza received approval from the Pensacola Architectural Review Board in December 2016 and we held a groundbreaking event on January 31st. Rain delays have affected the project but we anticipate Phase 1 to be complete by September 1st. During the groundbreaking ceremony, we also announced two gifts for Phase 2 of the project. Dave and Emily Walby donated \$100,000 for the education pavilion and Quint and Rishy Studer pledged \$150,000 for the early learning playground.
- The Pensacola Museum of Art received a \$226,136 settlement from their prior BP Claim. The PMA Board earmarked \$175,000 of this settlement for the purchase of collection pieces.
- We completed a number of grants this fiscal year, including the Village-wide Improvement Grant, the Maritime Heritage Trail Grant, the Colonial Archaeological Trail Grant, and we are nearing completion on PMA's IMPACT Grant for Collections Storage and Preservation.

**WEST FLORIDA HISTORIC PRESERVATION, INC.
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017 AND 2016**

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Trust's basic financial statements. They are: 1) entity-wide and governmental fund financial statements and 2) notes to the financial statements.

Entity-wide financial statements are designed to provide readers with a broad overview of the Trust finances in a manner similar to a private-sector business. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found starting on page 8 of this report.

Summary of Financial Condition

**West Florida Historic Preservation, Inc.'s
d/b/a University of West Florida Historic Trust
Net Position**

	<u>2017</u>	<u>2016</u>
Total assets, excluding capital assets	\$ 2,205,473	\$ 2,199,316
Capital assets	<u>5,071,904</u>	<u>4,647,070</u>
Total assets	<u>\$ 7,277,377</u>	<u>\$ 6,846,386</u>
Current liabilities	<u>\$ 164,522</u>	<u>\$ 88,889</u>
Invested in capital assets	5,071,904	4,647,070
Reserved	144,071	144,010
Designated	38,465	38,389
Undesignated	<u>1,858,415</u>	<u>1,928,028</u>
Total fund balance/net position	<u>7,112,855</u>	<u>6,757,497</u>
Total liabilities and net position	<u>\$ 7,277,377</u>	<u>\$ 6,846,386</u>

**WEST FLORIDA HISTORIC PRESERVATION, INC.
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017 AND 2016**

Summary of Financial Condition (Continued)

**West Florida Historic Preservation, Inc.'s
d/b/a University of West Florida Historic Trust
Revenues, Expenses, and Changes in Net Position**

	2017	2016
Program revenues	\$ 1,092,764	\$ 877,525
Donated collection	642,465	-
General revenues	457,146	(46,190)
Total revenues	2,192,375	831,335
Historic Pensacola Village and museum activities	61,384	78,089
Historic preservation and education programs	165,132	99,823
Pensacola Museum of Art	389,834	-
Donated collection	642,465	-
Management and general	336,903	348,354
Depreciation	241,299	143,508
Total expenditures/expenses	1,837,017	669,774
Change in net position	\$ 355,358	\$ 161,561

Capital Assets

The Trust's investment in capital assets totaled \$5,071,904 (net of accumulated depreciation of \$1,110,386). Capital assets include land, buildings and improvements, and furniture, and fixtures and equipment.

Economic Factors

Budgetary constraints of state and local governments can affect the Trust's funding.

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:

West Florida Historic Preservation, Inc.
d/b/a University of West Florida Historic Trust
Attn: Executive Director
P.O. Box 12866
Pensacola, FL 32591-2866

**WEST FLORIDA HISTORIC PRESERVATION, INC.
DBA UNIVERSITY OF WEST FLORIDA HISTORIC TRUST
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
STATEMENTS OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEETS
JUNE 30, 2017 AND 2016**

	2017			2016		
	General Fund	Adjustments (Note 1)	Statement of Net Position	General Fund	Adjustments (Note 1)	Statement of Net Position
Assets:						
Cash	\$ 354,042	\$ -	\$ 354,042	\$ 346,679	\$ -	\$ 346,679
Certificates of deposit	178,635	-	178,635	178,419	-	178,419
Due from UWF Foundation	1,336,882	-	1,336,882	1,157,601	-	1,157,601
Grants and local support receivable	81,889	-	81,889	278,918	-	278,918
Accrued interest receivable	130	-	130	130	-	130
Inventory	118,126	-	118,126	107,480	-	107,480
Prepaid assets	9,687	-	9,687	4,157	-	4,157
Historical properties, antiques and collections	125,248	-	125,248	125,248	-	125,248
Deposits	834	-	834	684	-	684
Capital assets -						
Non-depreciable	-	1,299,799	1,299,799	-	1,150,923	1,150,923
Depreciable, net of accumulated depreciation	-	3,772,105	3,772,105	-	3,496,147	3,496,147
Total Assets	\$ 2,205,473	\$ 5,071,904	\$ 7,277,377	\$ 2,199,316	\$ 4,647,070	\$ 6,846,386
Liabilities:						
Accounts payable	\$ 132,145	\$ -	\$ 132,145	\$ 39,863	\$ -	\$ 39,863
Due to UWF	-	-	-	118	-	118
Deferred revenue	32,377	-	32,377	48,908	-	48,908
Total liabilities	164,522	-	164,522	88,889	-	88,889
Fund Balance/Net Position:						
Invested in capital assets	-	5,071,904	5,071,904	-	4,647,070	4,647,070
Nonspendable	253,895	(253,895)	-	237,569	(237,569)	-
Restricted/reserved	144,071	-	144,071	144,010	-	144,010
Assigned/designated	38,465	-	38,465	38,389	-	38,389
Unassigned/undesignated	1,604,520	253,895	1,858,415	1,690,459	237,569	1,928,028
Total fund balance/net position	2,040,951	5,071,904	7,112,855	2,110,427	4,647,070	6,757,497
Total Liabilities and Fund Balance/Net Position	\$ 2,205,473	\$ 5,071,904	\$ 7,277,377	\$ 2,199,316	\$ 4,647,070	\$ 6,846,386

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

**WEST FLORIDA HISTORIC PRESERVATION, INC.
DBA UNIVERSITY OF WEST FLORIDA HISTORIC TRUST
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
STATEMENTS OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE/NET POSITION
YEARS ENDED JUNE 30, 2017 AND 2016**

	2017			2016		
	General Fund	Adjustments (Note 1)	Statement of Activities	General Fund	Adjustments (Note 1)	Statement of Activities
Program Revenues:						
Grants and local support	\$ 505,414	\$ -	\$ 505,414	\$ 393,287	\$ -	\$ 393,287
Donated collection	-	642,465	642,465	-	-	-
Admissions, including tours, Pensacola Museum of Art and school programs	332,393	-	332,393	200,508	-	200,508
Rents and leases	255,974	-	255,974	263,457	-	263,457
Museum store income (expense), net	(1,017)	-	(1,017)	20,273	-	20,273
Total program revenues	<u>1,092,764</u>	<u>642,465</u>	<u>1,735,229</u>	<u>877,525</u>	<u>-</u>	<u>877,525</u>
General Revenues:						
Interest and dividends	17,373	-	17,373	28,533	-	28,533
Miscellaneous	28,932	-	28,932	26,812	-	26,812
Pensacola Museum of Art BP revenue	226,136	-	226,136	-	-	-
Realized/unrealized gains (losses)	184,705	-	184,705	(101,535)	-	(101,535)
Total general revenues (losses)	<u>457,146</u>	<u>-</u>	<u>457,146</u>	<u>(46,190)</u>	<u>-</u>	<u>(46,190)</u>
Total revenues	<u>1,549,910</u>	<u>642,465</u>	<u>2,192,375</u>	<u>831,335</u>	<u>-</u>	<u>831,335</u>
Expenditures/Expenses:						
Historic Pensacola Village and museum activities	61,384	-	61,384	78,089	-	78,089
Historic preservation and education programs	165,132	-	165,132	99,823	-	99,823
Pensacola Museum of Art	389,834	-	389,834	-	-	-
Donated collection	-	642,465	642,465	-	-	-
Management and general	336,903	-	336,903	348,354	-	348,354
Depreciation	-	241,299	241,299	-	143,508	143,508
Capital outlay	666,133	(666,133)	-	320,351	(320,351)	-
Total expenditures/expenses	<u>1,619,386</u>	<u>217,631</u>	<u>1,837,017</u>	<u>846,617</u>	<u>(176,843)</u>	<u>669,774</u>
Change in fund balance/net position	(69,476)	424,834	355,358	(15,282)	176,843	161,561
Fund Balance/Net Position, Beginning of Year	<u>2,110,427</u>	<u>4,647,070</u>	<u>6,757,497</u>	<u>2,125,709</u>	<u>4,470,227</u>	<u>6,595,936</u>
Fund Balance/Net Position, End of Year	<u>\$ 2,040,951</u>	<u>\$ 5,071,904</u>	<u>\$ 7,112,855</u>	<u>\$ 2,110,427</u>	<u>\$ 4,647,070</u>	<u>\$ 6,757,497</u>

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

**WEST FLORIDA HISTORIC PRESERVATION, INC.
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose:

West Florida Historic Preservation, Inc. (“WFHPI”), formerly Historic Pensacola, Inc., was organized as a not-for-profit corporation under Section 266.0018, Florida Statutes, to engage in the restoration and exhibition of historical landmarks in the vicinity of Pensacola, Florida. In 2001, Section 266.0018, Florida Statutes was repealed, at which time the legislature transferred the historic preservation responsibilities to the University of West Florida (“UWF”). On July 1, 2001, WFHPI was designated as a direct support organization of UWF under Section 267.1732, Florida Statutes, in order to assist UWF in carrying out its dual historic preservation and historic preservation education purposes and responsibilities. In November 2013, West Florida Historic Preservation, Inc. changed its name to West Florida Historic Preservation, Inc., d/b/a University of West Florida Historic Trust (“the Trust”).

The general operating authority of the Trust is contained in Section 267.1732, Florida Statutes (Chapter 2001-199, Laws of Florida). The Trust operates under an operating agreement with UWF and is considered a component unit of UWF.

Expenses paid by the Trust to renovate or modify property controlled by UWF and leased by the Trust are capitalized and reflected in buildings and improvements in these financial statements. The Trust assists UWF in operating, preserving and maintaining various historical properties owned by the State of Florida and controlled by UWF. Certain expenses related to these activities are directly paid by UWF and are not included in these financial statements. Those expenses, which are not reflected in these financial statements, are as follows:

	2017	2016
Telephone	\$ 8,084	\$ 8,586
Operating supplies	29,553	16,529
Office equipment rental	12,399	9,897
Electricity	164,428	162,443
Natural gas	25,308	31,703
Other utilities	61,823	55,113
Repairs and maintenance	114,569	69,854
Equipment	42,599	18,744
Contractual services	23,847	31,355
Professional services	74,162	48,792
Security	16,994	39,262
Insurance	10,088	8,081
Other	7,209	13,154
	\$ 591,063	\$ 513,513
Totals		

**WEST FLORIDA HISTORIC PRESERVATION, INC.
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Organization and Purpose (Continued):

Salaries of UWF employees who staff the Trust are paid directly by UWF. These in-kind salaries amounted to \$1,364,941 and \$1,259,684 for the years ended June 30, 2017 and 2016, respectively, and are not reflected in the books of the Trust. Additionally, UWF donates office space in the Bowden Building located at 120 Church Street in downtown Pensacola, Florida to the Trust. Management estimates the fair value of this donated office space to be \$178,304 and \$152,832 for the years ended June 30, 2017 and 2016, respectively.

In November 2013, the Trust entered into a Memorandum of Understanding (“MOU”) with the University of West Florida Foundation (“UWFF”), a direct service organization of UWF, where all membership income is handled and recorded by UWFF. Membership income held by UWFF amounted to \$47,573 and \$25,684 as of June 30, 2017 and 2016, respectively.

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 UWF direct support organizations by UWF at no cost. Estimated fair values are recorded if determinable. No value is assigned to administrative and fiscal services in the accompanying statements of activities and governmental fund revenues, expenditures, and changes in fund balance/net position, since there is no objective basis for determining the value.

Pensacola Museum of Art:

On July 1, 2016, the assets of the Pensacola Museum of Art (“PMA”), an independent not-for-profit corporation, became part of UWF. On that date, UWFF 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. UWFF transferred the historic building and land to UWF and the fine arts collection, furniture and equipment, and all other assets were transferred to the Trust, with the exception of the permanent endowment. The Trust maintains a management agreement with UWF covering the preservation of historic properties for UWF. UWFF will continue to steward the endowment for purposes of the PMA, now a division of the Trust. The new PMA division has a non-governing advisory board that reports to the Trust’s board of directors.

**WEST FLORIDA HISTORIC PRESERVATION, INC.
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation:

These financial statements have been prepared in conformity with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (“GASB”). The Trust utilizes the following fund type:

- General Fund, a governmental fund, is used to account for all revenues and expenditures applicable to the general operations of the Trust that are not required either legally or by accounting principles generally accepted in the United States of America (“GAAP”) to be accounted for in another fund.

Government-Wide Financial Statements:

The government-wide financial statements (i.e., the statements of net position and governmental fund balance sheets and the statements of activities and governmental fund revenues, expenditures, and changes in fund balance/net position) report information on all of the activities of the Trust. Governments typically report activities as either governmental activities, which are supported by grants and other intergovernmental revenues, or business-type activities, which rely to a significant extent on fees and charges for support. The Trust reports its activities as governmental activities.

Because the Trust reports only governmental activities and only one program, it is considered to be a special-purpose government for financial reporting purposes under GAAP. As such, the government-wide financial statements are presented together with the governmental fund financial statements with an adjustment column presented to reconcile the two sets of statements.

The Trust has one governmental fund type, which is the General Fund. The General Fund is used to account for all resources and operations. Governmental funds are accounted for on a “spending” or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

**WEST FLORIDA HISTORIC PRESERVATION, INC.
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(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds:

The General Fund is accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; that is, when they are measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Trust considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when the related liability is incurred. Primary revenues consist of charges for services, licenses, and permits. All of these revenues are susceptible to accrual.

Use of Estimates:

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

Inventory:

Inventory consists of merchandise held for resale in the museum gift shops. Inventory is stated at lower of cost or market and is accounted for under the first-in, first-out method.

Capital Assets:

Property and equipment are recorded at cost. Donated capital assets are recorded at their estimated fair market value on the date of contribution. Expenditures which equal or exceed \$5,000 that materially increase values, change capacities, or extend useful lives are capitalized. Repairs and maintenance costs are charged to operations when incurred.

Depreciation is computed using the straight-line method. Estimated useful lives of property and equipment range as follows:

Buildings and improvements	10 - 40 years
Furniture, fixtures and equipment	5 - 10 years

**WEST FLORIDA HISTORIC PRESERVATION, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Historical Properties, Antiques, and Collections:

Purchased historical properties, antiques, and collections that are held for educational and curatorial purposes are recorded at cost. Donated items are not capitalized but are recorded both as revenue and expense in the government-wide statement of activities. Whether purchased or donated, each item is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously.

Historical properties, antiques, and collections are acquired for purposes of preservation and display. Management considers these items to be historically significant and should be preserved perpetually. Accordingly, depreciation is not recorded for these items.

Program Revenue:

Program revenue from local governments and government grants is recorded based upon the terms of the grantor allotment which generally provides that revenue is earned when the allowable costs of the specific grant provisions have been incurred or the performance of the services has been rendered. Such revenue is subject to audit by the grantor. If the examination results in a deficiency of allowable expenses, the Trust will be required to refund any deficiencies.

Income Taxes:

The Trust is exempt from federal income taxes under Internal Revenue Service Code Section 501(c)(3). As a result, there is no provision for taxes in the accompanying financial statements.

Donated Services, Materials, and Facilities:

The Trust receives donated services from a variety of unpaid volunteers assisting in the museum and education programs. No amounts have been recognized in the accompanying statements of activities for these donated services.

As discussed previously, UWF pays certain expenses and donates office space to the Trust.

**WEST FLORIDA HISTORIC PRESERVATION, INC.
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adjustments Between Governmental Fund Balance Sheets and Statements of Net Position:

Capital assets are not financial resources and therefore are not reported in the governmental fund. Adjustment is made to include capital assets in the entity-wide statements of net position.

Designations of net position are considered to be an internal constraint on resources and, therefore, are not reported in the entity-wide statements of net position. Adjustment is made to remove designations of net position from the entity-wide statements of net position.

Adjustments Between Governmental Fund Statements of Revenue, Expenditures, and Changes in Fund Balances and Statements of Activities:

Because capital assets are not reported in the governmental fund, no depreciation is recognized in the governmental fund statements of revenues, expenditures, and changes in fund balances. Instead, capital outlays are reported as expenditures. Adjustment is made to include depreciation expense and remove capital outlays in the entity-wide statements of activities.

Donations of capital assets increase net position in the statements of activities, but do not appear in the governmental fund because they are not financial resources. Adjustment is made to include donations of capital assets in the entity-wide statements of activities.

Donated collections do not increase net position in the statements of activities and accordingly, do not appear in the governmental fund because they are not financial resources. Adjustment is made to include donated collections as both revenue and expense in the entity-wide statements of activities.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Trust's deposits and investments consist of demand deposits and certificates of deposit. The carrying amount of the Trust's deposits and investments at June 30, 2017 and 2016 was \$531,042 and \$523,863, respectively, and the bank balance was \$529,710 and \$529,326, respectively. The Trust's cash balances held by financial institutions are insured by the Federal Deposit Insurance Corporation up to certain limits.

**WEST FLORIDA HISTORIC PRESERVATION, INC.
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(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 3 - DUE FROM UWF FOUNDATION

In March 2013, the Trust entered into a Memorandum of Understanding (“MOU”) with the University of West Florida Foundation (“UWFF”), a direct service organization of UWF, where the Trust may transfer current cash assets to UWFF to invest on the Trust’s behalf. These funds are invested as a Quasi-Endowment with UWFF and will be part of the overall investment pool subject to spending and investment policies of UWFF as agreed to in the MOU. The Trust’s investment with UWFF amounted to \$1,336,882 and \$1,157,601 at June 30, 2017 and 2016, respectively.

NOTE 4 - CAPITAL ASSETS

Capital assets consist of the following:

June 30, 2017:	Beginning Balance	Increases	Decreases	Ending Balance
<u>Historic Pensacola Village</u>				
Land	\$ 1,010,660	\$ -	\$ -	\$ 1,010,660
Buildings and improvements	3,866,007	492,256	-	4,358,263
Furniture, fixtures and equipment	23,959	-	-	23,959
Construction in process	140,263	289,139	(140,263)	289,139
<u>Barkley House</u>				
Furniture, fixtures and equipment	14,003	-	-	14,003
<u>Pensacola Museum of Art</u>				
Furniture, fixtures and equipment	-	25,001	-	25,001
<u>General and Administrative</u>				
Furniture, fixtures and equipment	461,265	-	-	461,265
	<u>5,516,157</u>	<u>806,396</u>	<u>(140,263)</u>	<u>6,182,290</u>
Less accumulated depreciation	<u>869,087</u>	<u>241,299</u>	<u>-</u>	<u>1,110,386</u>
	<u>\$ 4,647,070</u>	<u>\$ 565,097</u>	<u>\$ (140,263)</u>	<u>\$ 5,071,904</u>

**WEST FLORIDA HISTORIC PRESERVATION, INC.
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 4 - CAPITAL ASSETS (Continued)

June 30, 2016:	Beginning Balance	Increases	Decreases	Ending Balance
<u>Historic Pensacola Village</u>				
Land	\$ 1,010,660	\$ -	\$ -	\$ 1,010,660
Buildings and improvements	3,702,199	163,808	-	3,866,007
Furniture, fixtures and equipment	55,570	-	(31,611)	23,959
Construction in process	-	140,263	-	140,263
<u>Barkley House</u>				
Furniture, fixtures and equipment	14,003	-	-	14,003
<u>General and Administrative</u>				
Furniture, fixtures and equipment	512,269	16,280	(67,284)	461,265
	<u>5,294,701</u>	<u>320,351</u>	<u>(98,895)</u>	<u>5,516,157</u>
Less accumulated depreciation	824,474	143,508	(98,895)	869,087
	<u>\$ 4,470,227</u>	<u>\$ 176,843</u>	<u>\$ -</u>	<u>\$ 4,647,070</u>

Depreciation expense was \$241,299 and \$143,508 for the years ended June 30, 2017 and 2016, respectively.

NOTE 5 - DEFERRED REVENUE

Rental revenue is considered earned when the event has occurred or the performance of the services has been rendered. Amounts received by the Trust in advance of the date of the event or performance of services are recorded as deferred revenue until the event has occurred or services are rendered.

Total deferred revenue amounted to \$32,377 and \$48,908 at June 30, 2017 and 2016, respectively.

**WEST FLORIDA HISTORIC PRESERVATION, INC.
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 6 - FUND BALANCE/NET POSITION

In the financial statements, fund balances/net position are classified as follows:

Nonspendable Fund Balance:

Nonspendable fund balance represents amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. Nonspendable fund balances as of June 30, 2017 and 2016 are presented as follows:

	<u>2017</u>	<u>2016</u>
Nonspendable -		
Inventory	\$ 118,126	\$ 107,480
Prepaid assets and deposits	10,521	4,841
Historical properties, antiques and collections	<u>125,248</u>	<u>125,248</u>
	<u>\$ 253,895</u>	<u>\$ 237,569</u>

Restricted Fund Balance / Reserved Net Position:

Restricted fund balance or reserved net position represent amounts that can be spent only for specific purposes required by law or other externally imposed conditions by grantors or creditors. Restricted fund balances/reserved net position as of June 30, 2017 and 2016 are presented as follows:

	<u>2017</u>	<u>2016</u>
Restricted -		
Old Christ Church fund	\$ 140,171	\$ 140,031
Donations and memorials	<u>3,900</u>	<u>3,979</u>
	<u>\$ 144,071</u>	<u>\$ 144,010</u>

**WEST FLORIDA HISTORIC PRESERVATION, INC.
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 6 - FUND BALANCE/NET POSITION (Continued)

Assigned Fund Balance / Designated Net Position:

Assigned fund balance or designated net position represent amounts that are designated by the Board of Directors, under authorization governed in the Trust's By-Laws, for a particular purpose but not spendable until a majority vote of approval by the Board of Directors. The assigned fund balance/designated net position of \$38,465 and \$38,389 as of June 30, 2017 and 2016, respectively, represents the remaining cash balance in the Veal Education Fund.

Use of Restricted Resources:

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Trust's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Trust's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications, committed and then assigned fund balances, if any, before using unassigned fund balances.

NOTE 7 - DONATED COLLECTION

During the year ended June 30, 2017, the UWFF transferred ownership of the Pensacola Museum of Art collection to the Trust. The collection's value was appraised at \$642,465 at the time of the donation. In accordance with the Trust's policy for donated collections, this collection was not capitalized but recorded as revenue and expense in the government-wide statement of activities.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Dependency on Government Support:

The Trust receives a substantial amount of support from UWF, and state and local government agencies. A reduction in the level of future support from these entities could have a substantial effect on the Trust's programs and activities.

UWF Agreement:

As discussed in Note 1, the Trust is committed to assist UWF under an operating agreement which extends for an indefinite term.

**WEST FLORIDA HISTORIC PRESERVATION, INC.
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 9 - RISK MANAGEMENT

The Trust is exposed to various levels of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Trust is insured for these risks. There were no insurance losses related to these risks in excess of insurance coverage in any of the three prior fiscal years. The Trust is not aware of any liabilities related to these risks as of June 30, 2017.

OTHER REPORTS

**REPORT ON THE SCHEDULES OF RECEIPTS AND EXPENDITURES
OF FUNDS RELATED TO THE DEEPWATER HORIZON OIL SPILL**

Board of Directors
West Florida Historic Preservation, Inc.
d/b/a University of West Florida Historic Trust
Pensacola, Florida

We have audited the accompanying financial statements of West Florida Historic Preservation, Inc. d/b/a University of West Florida Historic Trust (“the Trust”), (a component unit of the University of West Florida), as of and for the years ending June 30, 2017 and 2016, and have issued our report dated August 24, 2017 which contained an unmodified opinion on the financial statements as a whole.

The Schedules of Receipts and Expenditures of Funds related to the Deepwater Horizon Oil Spill on page 20 is presented for the purpose of additional analysis as required by Florida Statute 288.8018 and the Rules of the Auditor General Chapter 10.557(3)(f), and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Pensacola, Florida
August 24, 2017

**WEST FLORIDA HISTORIC PRESERVATION, INC.
 OTHER SUPPLEMENTARY INFORMATION
 SCHEDULE OF RECEIPTS AND EXPENDITURES OF FUNDS
 RELATED TO DEEPWATER HORIZON OIL SPILL
 YEAR ENDED JUNE 30, 2017**

<u>Source</u>	<u>Amounts Received in the 2016-2017 Fiscal Year</u>	<u>Amounts Expended in the 2016-2017 Fiscal Year</u>
British Petroleum:		
Litigation Settlement	\$ 226,136	\$ 13,000

**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**

Board of Directors
West Florida Historic Preservation, Inc.
d/b/a University of West Florida Historic Trust
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 *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of West Florida Historic Preservation, Inc., d/b/a University of West Florida Historic Trust (“the Trust”), (a component unit of the University of West Florida), which comprise the statement of net position and governmental fund balance sheet as of June 30, 2017, and the related statement of activities and governmental fund revenues, expenditures, and changes in fund balance/net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 24, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Trust’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 Trust’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust’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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Trust’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
West Florida Historic Preservation, Inc.
d/b/a University of West Florida Historic Trust
Pensacola, Florida

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 Trust's financial statements are free of 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 *Governmental 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 Trust'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 Trust's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Pensacola, Florida
August 24, 2017

UWF Board of Trustees Meeting
 Audit & Compliance Committee
 November 16, 2017

Issue: Internal Auditing PCard Audit Reports
 Quarter 1 Update (July 2017 – September 2017)
Proposed action: Acceptance

Purpose

To provide UWF Senior leadership a short, clear overview of the PCard audits completed during the quarter and highlight results. Our main objective is to report the status of PCard audits and any issues or findings requiring action.

Background

Internal Auditing has been charged with auditing PCard holder and approver activity as well as departmental activities and internal controls. The objectives of these audits were to determine if departments complied with UWF PCard policies and procedures, as well as to evaluate the level of understanding of PCard policies among PCard holders and approvers. UWF presently has 427 PCard holders distributed across 154 departments.

Notable Strengths

Files were well organized. Staff was well trained in PCard procedures. There was strong separation of duties.

Results for Quarter 1 (July 2017 – September 2017)

Eight (8) departments¹ encompassing 55 cardholders were examined on a sample basis. Individual reports were distributed to department heads and Procurement & Contracts upon completion of the audits. The totals below show the volume of activity occurring for these eight departments and the amount tested. All reports are available from Internal Auditing.

Number of Departments Reviewed	Number of Cardholders	Number of Transactions Occurring	Number of Transactions Tested	Total PCard Expenditures of Depts.	Total PCard Transactions Tested
8	55	1,552	426	\$535,799	\$327,584
Audit Opinion for the PCard Audit¹					
EXCELLENT	GOOD	FAIR	POOR	Total	
5	2	0	1	8	

¹ Departments audited (listed by audit opinion): **Excellent**– UWF SBDC, Facilities, Procurement, ERCCD, Nursing; **Good** –President’s Office, IAC; **Fair** –none; **Poor** – FPAN.

Most Common Findings for Quarter 1 (July – September 2017)

1. The purpose of the transaction was not clear.
2. The Department Head did not review and sign the monthly reconciliation reports.
3. The monthly reconciliation report was not prepared.

Recommendation:

Acceptance of the Internal Auditing PCard Reports for the First Quarter of Fiscal Year 2017-2018.

Implementation: For PCard audit reports issued during the first quarter (July – September 2017), management will implement corrective actions to be completed in fiscal year 2017/18. Internal Auditing will follow up to determine if adequate corrective actions occurred.

Fiscal Implications: Fiscal oversight by the UWF Board of Trustees

Prepared by: Elizabeth Mrachek, Internal Auditor, 474-2639, emrachek@uwf.edu

Presenter: Cindy Talbert, Interim Internal Audit Director, 474-2638, ctalbert@uwf.edu

UWF Board of Trustees Meeting
Audit & Compliance Committee
November 16, 2017

Issue: Internal Auditing - Update on Activities
Proposed action: Informational

To provide the Committee with an overview of activities within Internal Auditing & Compliance.

1. Status of audits in process
2. Status of advisory/consulting activities
3. Miscellaneous items

Recommendation: Information only
Implementation: None
Fiscal Implications: Fiscal oversight by the UWF Board of Trustees

Prepared by: Cindy Talbert, Interim Internal Audit Director, 474-2638, ctalbert@uwf.edu
Presenter: Cindy Talbert, Interim Internal Audit Director



OCT 05 2017

The Honorable Rick Scott
Governor of Florida
Office of the Governor
The Capitol
400 S. Monroe Street
Tallahassee, FL 32399-0001

UPS Tracking Number:
1ZA87964NY98406681

RE: Final Audit Determination
Audit Control Number (ACN): 04-2015-61574
FAC ACN: 04-2015-69579
OPE ID Number: 00148500

Dear Governor Scott:

The U.S. Department of Education (Department) has reviewed a single audit report of State of Florida Universities and Colleges. This audit report, prepared by Office of the Auditor General, State of Florida, in accordance with the Office of Management and Budget Circular A-133, covers the period July 1, 2014 through June 30, 2015. This letter advises the State of Florida Universities and Colleges of the Department's final audit determination concerning the portions of the audit report that relate to the programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 *et seq.* (Title IV, HEA programs).

The Department has reviewed the corrective action plan and/or management's response provided with the audit report. Enclosed is the Department's final audit determination. Institutional responses **are not attached**; however, they will be retained and are available for inspection by each institution upon request. Copies of the final audit determination, any institution's response, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this final audit determination is issued.

Although the enclosure to this letter may not address each of the auditor's findings, each applicable university or college must take the necessary actions to correct all of the deficiencies noted in the audit report. Sections .315(b) and .320 (c) of OMB Circular A-133 require institutions to prepare and submit as part of the reporting package a *Summary Schedule of Prior Audit Findings* that reports the status of prior audit findings. In preparing that Schedule, institutions must comment on all actions taken to correct each finding noted in this audit report, including any action required in the enclosure to this letter.

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

61 Forsyth Street S.W., Room 18T40, Atlanta, GA 30303-8930

Repayment instructions for any liability owed to the Department are provided with the final determination.

The following institutions have no deficiencies, or it has been determined that the findings cited in the audit have been satisfactorily resolved based on information provided by these institutions:

Institutions With No Deficiencies	
1	Chipola College
2	College of Central Florida
3	Eastern Florida State College
4	Florida Agricultural & Mechanical University
5	Florida Atlantic University
6	Florida Gateway College
7	Florida Gulf Coast University
8	Florida State University
9	Gulf Coast State College
10	Indian River State College
11	Lake Sumter State College
12	Miami Dade College
13	New College of Florida
14	North Florida Community College
15	Northwest Florida State College
16	Polk State College
17	Santa Fe College
18	St. Petersburg College
19	State College of Florida, Manatee-Sarasota
20	University of Central Florida
21	University of Florida
22	Valencia College

Findings for the (17) remaining institutions are addressed in the enclosure. Required actions outlined in the enclosures must be completed as specified under each final audit determination. Repayment instructions for any liabilities owed are provided within this letter at the end of each institution's section. Appendices will be forwarded to applicable institutions under separate cover.

All universities and colleges are advised that repeat findings in future audits or failure to satisfactorily resolve the findings of this audit may lead to an adverse administrative action. An adverse action may include the imposition of a fine, or the limitation, suspension, or termination of the eligibility of the Institution pursuant to 34 C.F.R. Part 668, Subpart G.

If any State of Florida institution elects to appeal to the Secretary of Education for a review of the financial liabilities established by this final audit determination, the Institution must file a written request for a hearing. Please note that Institutions may appeal financial liabilities only. The Department must receive the institution's request no later than 45 days from the date institution receives this final audit determination letter.

An original and four copies of the information must be attached to the institution's request. The request must be sent to:

Susan Crim, Director
Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/PC
830 First Street, NE UCP3, Room 84F2
Washington, DC 20002-8019

The institution's appeal request must:

- (1) indicate the findings, issues, and facts being disputed;
- (2) state the Institution's position, together with pertinent facts and reasons supporting its position;
- (3) include all documentation it believes the Department should consider in support of the appeal. An institution may provide detailed liability information from a complete file review to appeal a projected liability amount. Any documents relative to the appeal that include personally identifiable information (PII) must be redacted except the student's name and last four digits of his/her social security number (please see the enclosed document, "Protection of Personally Identifiable Information," for instructions on how to mail records containing PII); and
- (4) include a copy of the final audit determination letter.

If the appeal request is complete and timely, the Department will schedule an administrative hearing in accordance with § 487(b)(2) of the HEA, 20 U.S.C. §1094(b)(2). The procedures followed with respect to institution's appeal are those provided at 34 C.F.R. Part 668, Subpart H. Interest on the appealed liabilities shall continue to accrue at the applicable value of funds rate, as established by the United

States Department of Treasury, or if the liabilities are for refunds, at the interest rate set forth in the loan promissory note(s).

Protection of Personally Identifiable Information (PII):

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date, and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. To protect PII, the findings in this determination letter **do not** contain any student PII. Instead, the findings references students by the appendices attached to this report.

Program records relating to the period covered by this audit must be retained until the later of: resolution of any loans, claims, or expenditures questioned in the audit, 34 C.F.R. § 668.24(e)(3)(i), or the end of the retention period applicable to the record under 34 C.F.R. §§ 668.24(e)(1) and (e)(2).

The State of Florida University and College official's continued cooperation throughout the audit resolution process is appreciated. If there are any questions about the Department's review, please call Lonnie Seal at (404)974-9240.

Sincerely,



Christopher Miller
Compliance Manager

Enclosure: Final Audit Determination
cc:

NAME	TITLE	Institution
Mr. Armstrong, David	President	Broward College
Ms. Cowan, Theresa L	Vice President Student Affairs	Broward College
Dr. LoBasso, Thomas	President	Daytona State College
Ms. Morrissey, Aileen	Director, Financial Aid Services	Daytona State College
Dr. Rosenberg, Mark B	President	Florida International University
Mr. Valnes, Francisco	Director of Financial Aid	Florida International University
Dr. Gueverra, Jonathan N	President	Florida Keys Community College
Mrs. Lubeck-Sonenberg, Joyce M	Director of Financial Aid	Florida Keys Community College
Dr. Allbritton, Jeffery	District President	Florida SouthWestern State College
Mr. Sanchez, Matthew T	Director of Student Financial Aid	Florida SouthWestern State College
Dr. Bioteau, Cynthia	College President	Florida State College at Jacksonville
Dr. Baker-Tate, Ixchel	Interim Director of Financial Aid	Florida State College at Jacksonville
Dr. Atwater, Ken	College President	Hillsborough Community College
Mrs. Smith, Tierra	Director of Financial Aid	Hillsborough Community College
Ms. Parker, Ava L	President	Palm Beach State College
Mr. Viera, Eddie	College, Financial Aid Director	Palm Beach State College
Dr. Beard, Timothy L	President	Pasco - Hernando State College
Mrs. Shanafelt, Rebecca	Dean of Financial Aid	Pasco - Hernando State College
Dr. Meadows, Charles E	President	Pensacola State College
Mrs. Rozborski, Joanne D	Director Financial Aid / Veteran Services/ Scholarships	Pensacola State College
Dr. Pickens, Joe H	President	Saint Johns River State College
Mr. Barkowitz, Daniel T	Director of Financial Aid / Veterans' Affairs	Saint Johns River State College
Dr. McGee, E. Ann	President	Seminole State College of Florida
Mrs. Amato, Roseann	Director of Financial Aid and Scholarships	Seminole State College of Florida
Dr. Leitzel, Thomas C	President	South Florida State College
Mr. Donna, Jerry A	Financial Aid Director	South Florida State College
Dr. Murdaugh, James T	President	Tallahassee Community College
Mr. Spiers, William K Jr	Director of Financial Aid	Tallahassee Community College
Mr. Delaney, John A	President	University of North Florida
Ms. Agne, Anissa J	Director of Student Financial Aid	University of North Florida
Dr. Genshaft, Judy L	President	University of South Florida
Ms. Hamilton, Billie Jo	Financial Aid Director	University of South Florida
Dr. Bense, Judith A	President	University of West Florida (The)
Mrs. Gore, Shana R	Director of Financial Aid	University of West Florida (The)

Department of Defense
Department of Veterans Affairs
Consumer Financial Protection Bureau

INSTITUTION: University of West Florida (The)
OPE ID: 00395500
FINDING: 2015-078 Return To Title IV Made Late, Pages 151-152

The auditors stated that University of West Florida (UWF) did not always timely return unearned Title IV HEA funds to the applicable Federal program for students who officially or unofficially withdrew during the 2014-15 fiscal year.

Final Audit Determination:

34 C.F.R. § 668.22 (j) states that an institution must return the amount of Title IV funds for which it is responsible under paragraph (g) of this section as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew as defined in paragraph (1)(3) of this section. The timeframe for returning funds is further described in § 668.173 (b).

According to the institution's CAP, the institution went live with the Banner Student System for the Fall 2014 Semester. Banner Student purported to provide an automatic calculation of amounts to be returned to Title IV aid programs, but Student Accounts staff ultimately found that the calculations were incorrect due to the University's desired use of multiple parts of term within a term. The Return to Title IV process was slowed by the need for UWF staff to develop alternative reports and methodologies for capturing information necessary to properly calculate amounts to be returned. These alternative reports and methodologies have been successfully identified, implemented, and documented. This success is evidenced by the fact that there were no timing issues with the 2015 Spring Semester transactions included in the 40 transaction audit sample. Management has requested the maintenance of a log of Return to Title IV transactions in order to facilitate monitoring of the timeliness of these returns going forward.

This finding is closed

INSTITUTION: University of West Florida (The)
OPE ID: 00395500
FINDING: 2015-091 Federal Work Study (FWS) Off-Campus Employment Agreements Not Available/Inadequate, Pages 173

The auditors stated that based on their discussions with UWF personnel and review of UWF records supporting all 16 UWF students employed by 13 private nonprofit organizations during the 2014-15 fiscal year, UWF did not enter into written agreements with these organizations.

The referenced 16 UWF students earned from \$155 to \$1,824 or a total of \$23,025 during the 2014-15 award year.

Final Audit Determination:

34 C.F.R. § 675.20 (b) states that:

(1) If an institution wishes to have its students employed under this part by a Federal, State or local public agency, or a private nonprofit or for-profit organization, it shall enter into a written agreement with that agency or organization. The agreement must set forth the FWS work conditions. The agreement must indicate whether the institution or the agency or organization shall pay the students employed, except that the agreement between an institution and a for-profit organization must require the employer to pay the non-Federal share of the student earnings.

(2) The institution may enter into an agreement with an agency or organization that has professional direction and staff.

(3) The institution is responsible for ensuring that—

- (i) Payment for work performed under each agreement is properly documented; and
- (ii) Each student's work is properly supervised.

(4) The agreement between the institution and the employing agency or nonprofit organization may require the employer to pay—

- (i) The non-Federal share of the student earnings; and
- (ii) Required employer costs such as the employer's share of social security or workers' compensation.

34 C.F.R. § 675.20 (c), FWS general employment conditions and limitation, states that:

(1) Regardless of the student's employer, the student's work must be governed by employment conditions, including pay, that are appropriate and reasonable in terms of—

- (i) Type of work;
- (ii) Geographical region;
- (iii) Employee proficiency; and
- (iv) Any applicable Federal, State, or local law.

(2) FWS employment may not—

- (i) Impair existing service contracts;
- (ii) Displace employees;
- (iii) Fill jobs that are vacant because the employer's regular employees are on strike;

- (iv) Involve the construction, operation, or maintenance of any part of a facility used or to be used for religious worship or sectarian instruction; or
- (v) Include employment for the U.S. Department of Education.

Off-Campus Agreements

According to the 2014-2015 Federal Student Aid Handbook at page 6-67, if your school would like an off-campus organization to employ FWS students, your school must enter into a written agreement—a contract—with the off-campus organization. A written agreement is required with the off-campus organization even if your school is considered the employer of the FWS student. The school must make sure the off-campus organization is a reliable agency with professional direction and staff and that the work to be performed is consistent with the purpose of the FWS Program. Note that there is a model off-campus agreement at page 6-77 of the 2014-2015 Federal Student Aid Handbook. The model need not be followed exactly but serves as a guide. The agreement should specify what share of student compensation and other costs will be paid by the off-campus organization. For-profit organizations must pay the nonfederal share of student earnings. Any off-campus organization may pay: the nonfederal share of student earnings; required employer costs, such as the employer's share of Social Security or workers' compensation; and the school's administrative costs not already paid from its Administrative Cost Allowance (ACA). The agreement sets forth the FWS work conditions and establishes whether the school or the off-campus organization will be the employer for such purposes as hiring, firing, and paying the student. The employer is generally considered to be the entity that will control and direct the work of the FWS students—supervising them at the work site, regulating their hours of work, and generally ensuring that they perform their duties properly. However, the school is ultimately responsible for making sure that payment for work performed is properly documented and that each student's work is properly supervised. The agreement should define whether the off-campus organization will assume payroll responsibility and bill the school for the federal share of the students' wages, or whether the school will pay the students and bill the off-campus organization for its contribution. The school must make up any payments the off-campus organization does not make. It is the school's responsibility to ensure that FWS payments are properly documented, even if the off-campus organization does the payroll. To fulfill that responsibility, the school must keep copies of time sheets and payroll vouchers and keep evidence that the students were actually paid (usually copies of the canceled checks or receipts signed by the students). The school is also responsible for ensuring that each student's work is properly supervised. School officials should periodically visit each off-campus organization with which they have an off-campus agreement to determine whether students are doing appropriate work and whether the terms of the agreement are being fulfilled.

Because UWF failed to meet the contractual requirement for off-campus FWS employment, the institution is out of compliance and thereby liable for all FWS funds disbursed to the 16 students referenced in this finding concerning the 2014-2015 award year.

As a result, the institution will have to return \$23,509 in Federal Work Study program funds.

UWF is also required to reimburse the Department \$484 for the Interest/Cost of Funds (COF). The COF is the expense the Department incurred as a result of the institution retaining ineligible Title IV funds. The rate of interest is based on when the funds should have been returned to the Department.

Established Liabilities		
Term	FWS	CoF's
Fall 2014	\$ 11,147	\$ 257
Spring 2015	\$ 11,878	\$ 228
Total	\$ 23,025	\$ 484
Grand Total	\$ 23,509	

Principal Amount Plus CoF's

Please refer to the Payment Instructions below for steps UWF must follow to pay the \$23,509.08 liability for this finding.

PAYMENT INSTRUCTIONS

UWF owes to the Department \$23,509. Payment must be made by forwarding a check made payable to the "U.S. Department of Education" to the following address within 45 days of the date of this letter:

U.S. Department of Education
P.O. Box 979026
St. Louis, MO 63197-9000

Remit checks only. Do not send correspondence to this address.

If the check is sent special delivery (signature/receipt required), the check must be sent to the following address:

U.S. Bank
1005 Convention Plaza
St. Louis, MO 63101
Attn: Govt. Lockbox Tram MO-SL-C2GL
Re: For Dept. of Ed. 979026

Payment must be made via check:

Payment must be made via check and sent to the above Post Office Box. Payment and/or adjustments made via G5 will not be accepted as payment of this liability. Instead, the school must first make any required adjustments in COD as required by the applicable

finding(s) and Section II – Instructions by Title IV, HEA Program (below), remit payment, and upon receipt of payment the Department will apply the funds to the appropriate G5 award (if necessary).

The following identification data must be provided with the payment:

Amount: \$23,509
DUNS: 053000709
TIN: 592976783
ACN: 04-2015-61574

Terms of PaymentAs a result of this final determination, the Department has created a receivable for this liability and payment must be received by the Department within **45 days of the date of this letter**. If payment is not received within the **45-day** period, interest will accrue in monthly increments from the date of this determination, on the amounts owed to the Department, at the current value of funds rate in effect as established by the Treasury Department, until the date of receipt of the payment. UWF is also responsible for repaying any interest that accrues. If you have any questions regarding interest accruals or payment credits, contact the Department's Accounts Receivable and Bank Management Group (ARBMG) at (202) 245-8080 and ask to speak to USF's account representative.

If full payment cannot be made within **45 days** of the date of this letter, contact the ARBMG to apply for a payment plan. Interest charges and other conditions apply. Written request may be sent to:

U.S. Department of Education
OCFO Financial Management Operations
Accounts Receivable and Bank Management Group
550 12th Street, S.W., Room 6134
Washington, DC 20202-4461

If within **45 days** of the date of this letter, UWF has neither made payment in accordance with these instructions nor entered into an arrangement to repay the liability under terms satisfactory to the Department, the Department intends to collect the amount due and payable by administrative offset against payments due UWF from the Federal Government. **UWF may object to the collection by offset only by challenging the existence or amount of the debt.** To challenge the debt, UWF must **timely appeal** this determination under the procedures described in the "Appeal Procedures" section of the cover letter. The Department will use those procedures to consider any objection to offset. **No separate appeal opportunity will be provided.** If a timely appeal is filed, the Department will defer offset until completion of the appeal, unless the Department determines that offset is necessary as provided at 34 C.F.R. § 30.28. This debt may also be referred to the Department of the Treasury for further action as authorized by the Debt Collection Improvement Act of 1996.



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, DC 20416

August 18, 2017

Mr. Mike Myhre, State Director
Florida SBDC
11000 University Pkwy, Bldg 38
Pensacola, FL 32514

RE: Programmatic Review

Dear Mr. Myhre:

In compliance with 15 USC 648 § 21(k) (1) of the Small Business Act and the Code of Federal Regulations (CFR) 13, Part 130.180(a), enclosed please find the biennial Programmatic Review Report for the Florida Small Business Development Center (SBDC).

The review was conducted by the OSBDC Program Manager as an on-site visit, and incorporates the monitoring reviews conducted by the Project Officer during the assessment period and provided previously to the Lead Center.

The issuance of this report concludes SBA's Programmatic Review of your network for FY 2017. We appreciate the cooperation you and your staff have shown SBA during the review process.

Sincerely,

Victoria Mundt
Deputy Associate Administrator
Office of Small Business Development Centers

Enclosure

Cc: Richard Harper, UWF
ASBDC Accreditation Committee
Mark Hayward, (A) Regional Administrator
Francisco Marrero, South Florida District Director
Wilfredo Gonzalez, North Florida District Director
Lonnie Koyama, Project Officer
Brian McDonald, Program Manager
GRANT FILE

U.S. Small Business Administration

Office of Small Business Development Centers
409 Third Street, SW, 6th Floor
Washington DC 20416

Biennial Programmatic Review of the Florida Small Business Development Center Network



Report prepared by:
Brian McDonald, Program Manager

On-site monitoring reviews performed by:
Lonnie Koyama, Project Officer

Date: August 29, 2017

PROGRAMMATIC REVIEW REPORT

Florida Small Business Development Center (SBDC)

Hosted by: the University of West Florida (UWF)

This report constitutes the completion of the programmatic review of the Florida Small Business Development Center (the "SBDC") network for 2017. The Office of Small Business Development Centers (OSBDC) appreciates the time and attention the SBDC staff contributed to this collaborative assessment process.

The purpose of this review is to fulfill the programmatic management oversight function of the Small Business Administration (SBA) in accordance with 15 USC 648 § 21(k) (1) of the Small Business Act and the Code of Federal Regulations (CFR) 13, Part 130.180(a). This review examines whether the SBDC network is operating and performing effectively in its delivery of services to the small business community and whether it is in compliance with program policies, operating procedures, and applicable laws and regulations.

Named users of this report are the SBA, America's Small Business Development Center's Accreditation Committee, the University of West Florida, and the SBDC. This report is not intended as a basis for reliance or action by any other users.

For the current program year (CY 2017), the SBDC network received an award providing \$7,196,561 in federal funding from SBA (this includes \$153,000 in supplemental funds). The SBDC project budget includes \$10,490,371 in nonfederal matching funds, for a total current year budget of \$17,686,932.

This biennial programmatic review is based on official reports and background materials provided to SBA by the SBDC, as well as information from the Project Officer's (PO's) thirteen (13) on-site monitoring reports submitted during the assessment period.¹ In addition, this report incorporates observations from the OSBDC Program Manager's (PM's) onsite visit to the SBDC's statewide conference June 13-16, 2017 in St. Augustine, which included meetings with the North Florida District Office, SBDC leadership, and the SBDC Project Officer.

The SBDC is strongly encouraged to implement the recommendations included in this report. See detailed report below.

Previous Reports

Accreditation: The Accreditation Committee voted during its March 30, 2017 meeting to fully accredit the SBDC with no conditions following a review February 20-25, 2017. "The Florida SBDC Network is commended for both its dedication

¹ The Project Officer's (PO's) On-Site Monitoring reports for this assessment period included: 1) Palm Beach (3/22/16); 2) Fort Myers (3/23/16); 3) Fort Pierce (3/31/16); 4) Orlando (4/28/16); 5) Pensacola (5/25/16); 6) Lead Center (5/25/16); 7) Jacksonville (5/26/16); 8) Tallahassee (3/17/17); 9) Miami (4/24/17); 10) Fort Lauderdale (4/25/17); 11) Lead Center (5/16/17); 12) Tampa (6/28/17); and 13) Florida Keys (7/27/17).

and commitment to the pursuit of continuous improvement.”² The next scheduled review will be in 2022.

SBA Financial Examinations: There were no findings from the most recent Financial Examination report dated November 2, 2015 for Program Year 2014. Two findings were resolved from the previous report dealing with disallowed in-kind contributions. The next exam for Program Year 2016 is currently being scheduled to occur in 2017 at the time of this report.

OSBDC Programmatic Review: OSBDC issued a memo on September 29, 2015 confirming that the 2015 biennial report for the SBDC was not completed due to “significant personnel issues” that occurred following an on-site programmatic visit. Based on the on-site monitoring reports provide by the SBA District Office, the SBDC was found to be in full compliance for the prior biennial cycle.

Program Compliance and Controls

On the basis of the information and reports analyzed by the PM in the course of this biennial programmatic review, including the PO monitoring reports, semi- and annual progress reports, and economic impact data uploaded to EDMIS, we have determined that the Florida SBDC is fully compliant with the program policies, operating procedures, applicable laws and regulations governing this program.

Specifically the SBDC:

1. Is adequately monitoring the programmatic aspects of its network;
2. Has developed policies and procedures, which are implemented across the network;
3. Submits reports in a timely manner (including EDMIS) and reports are accurate and well documented;
4. Has obtained necessary preapproval for significant changes to program activities set forth in the approved Cooperative Agreement;
5. Is in compliance with statewide delivery of service requirements;
6. Fills key personnel positions in a timely manner and is appropriately staffed for program administration and client services;
7. Is in compliance with counseling client requirements (reporting, maintenance and documentation of files);
8. Is in compliance with training requirements (fees, maintenance and documentation of files, training calendar);
9. Is in compliance with the acknowledgement of SBA/SBDC partnership requirements;
10. Is maintaining a cooperative relationship with the SBA District Office and Project Officer which includes regular meetings, recurring communications, monitoring, coordinating of training, and referral of clients.

² Florida SBDC Accreditation Review; Cover page; April 14, 2017.

Program Performance

The SBDC overall has reported increasingly positive economic impact in recent years. However, for the most recently completed fiscal years (FYs 2015 & 2016) the SBDC did not entirely meet SBA's performance expectations for the Network falling short on goals for New Business Starts (NBS) and Capital Infusion (CI).

Florida SBDC's Goal Achievement 2013-2016

	FY2013	FY2014	FY2015	FY2016
Goal - Long-Term Clients (LTC)	3,221	2,136	2,200	3,306
*Actual Achievement (LTC)	1,851	2,939	3,754	3,845
% of goal achieved	57%	138%	171%	116%
Goal - New Business Starts (NBS)	725	751	751	781
*Actual Achievement (NBS)	954	766	556	603
% of goal achieved	132%	102%	74%	77%
Goal - Capital Infusion (CI)	\$150,000,000	\$204,340,000	\$205,000,000	\$234,391,690
*Actual Achievement (CI)	\$183,179,572	\$207,758,057	\$149,280,448	\$229,557,583
% of goal achieved	122%	102%	73%	98%

* Actual data is based on SBA EDMIS (Core Award) results for Fiscal-Year (FY) ending September 30

As indicated by data reported in EDMIS and shown in the table above, the SBDC improved significantly (by nearly 108%) in Long Term Clients (LTCs) from FY 2013 to FY 2016. But the SBDC's NBS achievements fell by nearly 37% during this similar period. CI performance has trended up, with FY 2015 being the only exception when CI declined.

Capital Infusion - In 2016, the SBDC Project Officer (PO) reported that "the [SBDC's] Capital Infusion is the strongest it has been in at least five years. Some of the reason for this is the addition of team members with a background in capital access and finance. In addition, there are now 25 consultants that are Certified Economic Development Professionals."³

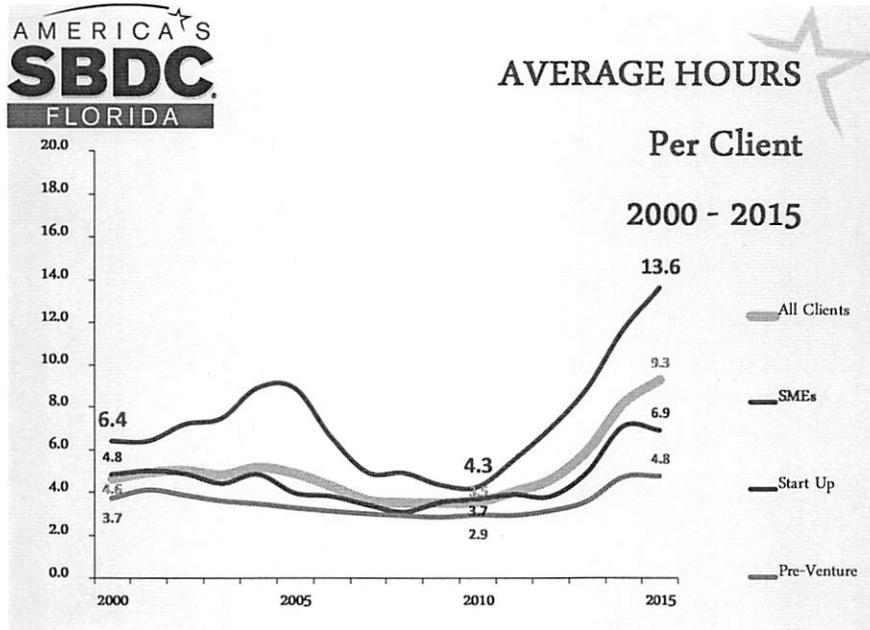
New Business Starts - Despite successes with CI, the SBDC has seen a consistent decline in NBS achievement. This is likely due to the network's strategic goal to reduce the actual percentage of counseling hours to pre-venture and start-up clients.⁴

Long Term Clients - The SBDC's increase in its overall counseling hours has contributed to its strong LTC achievement. There has been a 25% increase in total annual hours of counseling from FY 2014 to FY2016 (EDMIS), which is excellent. The total hours of counseling to the small and medium sized business (SME) client segment has almost doubled in the last four years (and the SBDC targets it to be 65% of activity). Also, the SBDC's average-hours-of-counseling-

³ 2016 SBDC Lead Center Monitoring Review; May 25, 2016; page 7.

⁴ 10% is the SBDC's client segmentation goal for pre-venture clients – actual percentage of pre-venture clients has decreased from 36% of clients in 2010 to 14% of clients by 2015.

per-client to all client segments has been improved (see graph below⁵) – all commendable improvements that correlate to increased impacts for clients.



Florida SBDC's Current Year Progress 2017

FY 2017	Goal	Actual YTD*	% Achieved
Long Term Clients	3306	3109	94%
New Business Starts	781	331	42%
Capital Infusion	\$240,400,000	\$260,166,610	108%

* Actual results are based on interim data as reported in EDMIS through Q3 of FY2017

Based on fiscal year to date progress reported in EDMIS, the SBDC has already met its CI goal, and it is likely on track to meet its LTC goal for FY 2017. The SBDC asserts that much of its impact is collected during the annual impact assessment at the close of the year. It expects that given its positive interim 2017 achievements (especially in total counseling hours) it will achieve or exceed its SBA goals for the current budget period.⁶

Effectiveness and Efficiency of Services

The SBDC has been hosted by the University of West Florida (UWF) since 1977, and it was one of the early SBDC pilot programs. Mr. Mike Myhre is the State Director, and his headquarters team (at the Lead Center) manages eleven (11) regional centers who provide direct client services to meet the state-wide needs of Florida small businesses. Mr. Myhre is also the board chair of the America's SBDC Association (the ASBDC) and actively contributes to and supports national SBDC efforts.

⁵ Chart was provided in the 2016 SBDC Lead Center Monitoring Review; May 25, 2016; page 7.

⁶ Florida SBDC Semi-Annual Performance Report; July 17, 2017; page 3.

The headquarters team assures compliance and monitors performance and quality of service in its regions through quarterly desk reviews and annual Regional Office Quality Improvement Reviews (QIPs). The strategic plan is clearly developed and presented through a one-page “bubble chart” model and reinforced during the QIPs. The “bubble chart” received a commendation during the recent accreditation review, and SBDC staff is given an opportunity through “knowledge teams” to identify areas of improvement and offer input into strategic planning. Such a system for engagement and continual improvement was created through the SBDC’s Network Innovation Creation Engagement (“NICE”) process.

Overall, the SBA District Office and the SBDC report that counseling and training services meet the needs of the local small business community. The SBDC provides all statutorily required core advising and training services. Additional specialties include cyber security, procurement (the SBDC runs the Florida PTAC), growth acceleration, and international trade. Databases such as IBIS World, Reference USA, Profit Cents, and BizMiner are available for use. In addition to a formal needs assessment that surveys the quality of its services, a “feedback button” on the SBDC’s website allows clients to receive a timely response from staff and/or leadership.

The SBDC requires twenty (20) hours of professional development training each year for its staff. The PM observed the 2017 Florida SBDC conference in June 2017, in St. Augustine, which featured high quality training and motivating events for staff broken into subjects and interest sections on business model canvas, co-consulting, cyber security, frontline soft skills, leadership, and goal alignment. Staff engagement and moral appeared very positive.

Florida has the 2nd largest concentration of exporters in the country and the SBDC is active in this sector.⁷ While the SBDC does not operate an official “International Trade Center” as defined by SBA, it receives support from Enterprise Florida to produce highly detailed Export Marketing Plans (EMP) for clients. Such “strategic plans for exporting” for Florida small business clients accounted for 7.5% of the SBDC’s total consulting hours in 2016.⁸

Efficiencies - the PM computed, using EDMIS data, that the cost-per-counseling hour decreased by 21% from 2014 to 2016, which is excellent. In 2016, the SBDC outperformed the median results of other Region 4 SBDCs and also large SBDC programs (New York and Illinois) with regard to better cost-per-counseling hour, dollar-per-job-created/retained, and average-hours-of-counseling-per-client. However, the SBDC’s achievement with capital-raised-per-counseling-hour lagged behind the median levels of other Region 4 SBDCs and NY & IL SBDCs.⁹

Collaboration and Resources

The SBDC maintains a strong overall cash match position. It has a positive relationship with its State of Florida stakeholders and receives \$4 million in state funds annually. The SBDC continues to pursue a full cash match from the Florida Legislature through the

⁷ 2017 Florida SBDC Technical Proposal; Section 300 – International Trade; page 14.

⁸ 2016 Florida SBDC Annual Report; March 27, 2017; Section 300 – International Trade; page 7.

⁹ Based on SBDC results as reported in EDMIS and using FY 2016 SBA Federal Core award funding.

State University System. In the Florida statute, the SBDC is designated as the "Principle Resource" for small business assistance.

The SBDC is taking an active role in being a leading cybersecurity technical assistance provider for small businesses. It is pursuing funding (approximately \$100,000) for a Florida Cyber Center at USF. Additionally, the SBDC is involved with an upcoming Cyber Conference in Miami at the end of the year.

The State Director discussed with the PM during the on-site visit that the SBDC is pursuing a new host for the Ft. Lauderdale service area. Finalizing a stable host in this region will contribute significantly to network impact achievements.

On June 13th, 2017, the PM met with the leadership team of the SBA North Florida District Office in Jacksonville. District Director Mr. Wilfredo Gonzalez, and Deputy Director Mr. Gilbert Colon conveyed that the SBDC is a "very effective" partner. In particular, Director Gonzalez mentioned the success of SBDC mobile units and recommended these could be replicated nationally based on positive accessibility and outreach impacts for clients. The SBA team mentioned they are interested in learning from the SBDC if it would be possible to: 1) attract a Historically Black College or University (HBCU) to host a service center; 2) learn about existing programs or work to develop programs specific to millennial entrepreneurs; and 3) increase services to Hispanic small businesses¹⁰.

Recommendations

- The PM recommends the SBDC engage with the SBA as appropriate during discussion of current and future strategic planning initiatives.
- The SBDC should work to reverse the declining trend for new business start (NBS) activity. NBS achievement remains a requirement for the SBDC program going into 2018 and thus segmentation strategies and/or any outside partnerships to address this market should be assessed with SBA going forward.
- The SBDC should discuss the three (3) recommended items, mentioned in the Collaboration and Resources section, with the North Florida SBA management team on a regular and on-going basis as appropriate.

Required Actions

No further action is required as a result of this programmatic review.

¹⁰ According to EDMIS for FY 2016, 19.6% of clients counseled were Hispanic compared to 24.9% of the population that is Hispanic according to the U.S. Census Bureau (V2016).



Office of Inspector General
Retirement Compliance Review
4030 Esplanade Way, Suite 235.11
Tallahassee, Florida 32399
Tel: 850.488.5540 | Fax: 850.921.0371

Rick Scott, Governor

Erin Rock, Secretary

August 30, 2017

Dr. Martha D. Saunders, President
University of West Florida
11000 University Parkway
Building 20-E
Pensacola, Florida 32514

Dear Dr. Saunders:

As authorized under section 121.193, Florida Statutes, the Retirement Compliance Audit Unit has completed a review of the information provided by University of West Florida to determine if the operations related to retirement coverage comply with the Florida Statutes and associated rules. The review was a limited review based on the results of our annual risk assessment which noted your agency as low risk or very low risk. The results of this review are based on the information provided by your agency during this process. We appreciate the assistance provided by Jeffrey Comeau, William Pollard, and Betsy Bowers during the review.

The objectives of this review are to determine the accuracy of reports submitted to the Division of Retirement and to assess the degree of compliance with applicable statutes, rules, and coverage agreements by the University of West Florida.

To determine the objectives above, the scope of this review consisted of reviewing and analyzing retirement transactions reported by the University of West Florida from July 2010 to February 2017.

The methodology included analyzing your agency's February 2017 payroll records.

This review was conducted in accordance with Chapter 121.193, Florida Statutes and using as a guide *the International Standards for the Professional Practice of Internal Reviewing*, issued by the Institute of Internal Auditors.

Results

The results of this review are based on the information provided by your agency during this process. Based on the documentation reviewed and the test results from the samples selected, compliance with applicable statutes, rules and coverage agreements are indicated in the following areas:

- Employees are paid biweekly and wages are reported when paid.
- Lump sum annual leave payments are reported according to Division instructions.
- Accumulated sick leave payments are correctly excluded from Florida Retirement System (FRS) coverage.
- Employees receiving workers' compensation indemnity payments are reported according to Division instructions.

Findings and Recommendations

Finding 1:

Your agency employs individuals in regularly established positions. A review of the payroll reconciliation for February 2017 identified **George B. Ellenberg (XXX-XX-8776)**. Mr. Ellenberg filled a regularly established position effective 3/20/16, but was not correctly reported to retirement. No wages were reported. During the course of this audit, your agency has reported retroactive adjustments from 4/2016 through present under plan code HA.

To comply with the Florida Statutes and associated rules, we recommend your agency:

- a) Review employee records and identify any other employees who work(ed) in regularly established positions who have not been correctly reported to retirement and make retroactive adjustments by month for all wages incorrectly excluded from retirement.
- b) Implement procedures or system changes to ensure continued compliance with reporting employees who are filling regularly established positions.

Summary

The conclusions in the audit are based on results from a limited scope. Your agency may be contacted by our office in the future regarding a broader scoped audit.

Please make all retirement adjustments for the finding listed above as soon as possible. Also, please review your records for similar circumstances as noted for the finding and make all necessary retirement adjustments. Retirement adjustments should be made on your monthly payroll report using adjustment code A in the prior period adjustment code column (ADJ Code).

Pursuant to Section 121.78, Florida Statutes, retirement contributions paid for a prior period shall be charged a delinquent fee of 1 percent for each calendar month or part thereof that the contributions should have been paid. This includes prior period contributions due to incorrect wages and contributions from an earlier report or wages and contributions that should have been reported but were not. The delinquent assessments may not be waived.

If you have questions concerning retirement eligibility and retirement payroll reporting, please call the Division of Retirement, at 850-907-6500 or toll free at 844-377-1888. The *Florida Retirement System Employer Handbook* is available online at the Division of Retirement's website: <http://frs.myflorida.com>.

Sincerely,

Cara Waldrip

Cara Waldrip
Management Review Specialist

cc: Mr. Jeffrey Comeau
Mr. William Pollard
Ms. Betsy Bowers
Ms. Kathy Gould
Ms. Joyce Morgan

Dr. Saunders, President
August 30, 2017
Page 3

Ms. Kelly Recio
Ms. Lindy Still



STATE
UNIVERSITY
SYSTEM
of FLORIDA
Board of Governors

Enterprise Risk Management

2017 SUS ERM Practices Survey

Results Summary (Project No. 18-007)

The purpose of this document is to summarize the results of the Board of Governors' ERM survey. The summary is included on the following pages and presents the discrete responses in tabular form followed by free-response information. We identify any attachments provided, but did not include all of the attachments in this summary.

Following the summary, we have included select university ERM best practice items in hopes that you will find them useful.

Q1. ERM Program: Select the statement best describing the current state of your university's ERM program.

		FAMU	FAU	FGCU	FIU	FL Poly	FSU	NCF	UCF	UF	UNF	USF	UWF
A.	No university-wide process in place.												
B.	Currently considering university-wide risk management program, but have made no decisions yet.	X				X			X				
C.	No formal university-wide risk management process in place, but have plans to implement one.		X					X			X		
D.	Partial university-wide risk management process in place (i.e., some, but not all, risk areas addressed).		X					X		X			X
E.	Complete formal university-wide risk management process in place.			X	X							X	

FAMU: A presentation of the state of the University's risk management was made to the audit committee in June 2017.

FGCU: Areas of risk are evaluated from a bottom up and top down approach at FGCU. Committees comprised of faculty, staff and students review areas of risk throughout the academic year within the academic, administrative, athletic and student affairs divisions. Identified risks are noted by the respective committees. Designated vice presidents and operational departments work to eliminate or reduce the level of risk to the university.

Changes to policy, procedures or regulations are developed by designated departments and forwarded to the senior administration for review and approved by the Board of Trustees, if required.

Areas of risk identified by the senior administration are forwarded to the appropriate operational departments for review. The departments will work to eliminate or reduce the level of risk to the university.

Changes to policy, procedures or regulations are developed by designated departments and forwarded to the senior administration for review and approved by the Board of Trustees, if required.

FIU: Florida International University, hereinafter referred to as "FIU" or "University" implemented a formal Enterprise Risk Management ("ERM") in May 2017.

FSU: Risks are continually assessed and communicated at all levels within the University. To date, a formal qualitative and quantitative risk assessment has not been performed and rolled up into one documented high-level University-wide risk assessment.

UF: ERM at the University of Florida is a combined leadership effort with specific subject matter committees in important risk areas.

UNF: Currently starting the discussion/process.

USF: USF performs a System-Wide Enterprise Risk Assessment every 3 years and updates the risk inventory annually.

UWF: UWF's informal ERM program is spearheaded by the Risk & Compliance Council, which meets quarterly. The council's composition has wide representation across campus communities, with the VP/ Chief Financial Officer serving as Committee Chair and the Chief Audit Executive serving as Committee vice Chair.

Further details on the Council's membership is defined in the Council's Charter¹ [[Attachment 1](#)].

Annually, a University-wide risk assessment is conducted by a subcommittee of the Council (template located in [[Attachment 2](#)]). The results of the risk assessment are compiled into a risk heat matrix and offered to the Council for review and discussion.

The final draft is presented to the Board of Trustees as a cabinet item [[Attachment 3](#)].

¹ Due to recent changes in the organizational structure Council roles are being updated (UWF)

Q2. Barriers to ERM: What perceived or actual barriers exist in implementing ERM at your university? Select all that apply.

		FAMU	FAU	FGCU	FIU	FL Poly	FSU	NCF	UCF	UF	UNF	USF	UWF
A.	Competing priorities.	X	X	X		X	X	X	X	X	X		
B.	Insufficient resources	X	X	X		X	X	X	X				X
C.	Lack of perceived value							X					
D.	Perception ERM adds bureaucracy												
E.	Lack of board or senior executive ERM leadership												
F.	Legal or regulatory barriers			X									
G.	Others: _____				See below					See below		See below	

FGCU: There is often conflict among the Federal, State and regulatory agencies laws, regulations and interpretations of the risk management system that coordinating non-conflicting responses to the issues is time consuming and entails the time of university personnel that are charged with other duties. There are many grey areas within the laws and regulations rules that lead to conflicting answers.

FIU: Not applicable.

FL Poly: As a relatively new institution, independence and accreditation was our primary objective. As the university itself enters the maturation stage, developing more risk-mature practices will be one of our higher priorities.

FSU: Currently, implementation of BOG Regulation 4.03 has priority. This new regulation requires appointment of a university-wide Chief Compliance Officer (CCO) and implementation of the program by November 2018. Time will be needed to implement and assess that program to see if risk management can be combined with the CCO position or whether a separate Chief Risk Officer (CRO) position and separate staff are warranted.

UF: As noted above, UF carries out its ERM function through a combined leadership effort. Given the many different areas of risk, which require analysis from several areas of expertise, we believe we benefit from a combined communication and management effort versus a single officer.

USF: Risk Assessments often contain sensitive information and are public records.

UWF: In order to ensure resources are properly disseminated, risks determined to have both (1) a high likelihood of occurrence and (2) a high impact on UWF's operability, receive the greatest time and effort.

These "top risks" are highlighted in the risk heat matrix and presented for discussion at BOT meetings. All other risks identified in the exercise are compiled on subsequent workbook pages.²

² Methodology for determining risk is defined in Attachment 2

Q3. Chief Risk Officer (CRO): Does your university have an individual designated to serve as CRO or equivalent? If so, identify the individual by name and title.

		FAMU	FAU	FGCU	FIU	FL Poly	FSU	NCF	UCF	UF	UNF	USF	UWF
A.	Yes		X	X				X	X				X
B.	No	X			X	X	X			X	X	X	

FAMU: See the comments section of survey.

FAU: FAU does have a dedicated Risk Manager, who reports directly to the Vice President Administrative Affairs/Chief Administrative Officer, who in turn reports to the University President.

FGCU: The University has hired a **Chief Compliance Officer & Ethics Officer** and reports to the President. This office is charged with establishing standards of conduct behavior and conducts training, outreach, monitoring and investigative activities to prevent, detect and resolve issues of noncompliance.

The University does not employ a **Chief Risk Officer**. The overall risk management responsibilities are delegated to the designated Vice President where the risk may lie. These risk areas are also reviewed by committees where the areas of risk lie. i.e. Worker's Compensation/Safety review; Facility/Personal Safety committees; Internal business operation audits; campus wide inventory control; and academic reviews.

Identified areas of risk are forwarded to the appropriate operational departments for review. The departments will work to eliminate or reduce the level of risk to the university.

Any changes to policy, procedures or regulations are developed by designated departments and forwarded to the senior administration for review and approved by the Board of Trustees, if required.

FIU: FIU does not have an individual designated to serve as a Chief Risk Officer ("CRO"); however, FIU does have a Director of Facilities, Assessment and Analyst for Risk Management that has some risk management responsibilities.

FSU: No CRO position currently exists. As noted above, the CRO position will require additional allocation of limited resources.

NCF: Michael Pierce, General Counsel, currently serves an equivalent function until a more formal process is in place.

UCF: Rhonda Bishop, Chief Compliance and Ethics Officer

USF: No formal designation but Chief Compliance Officer and Executive Director/Chief Internal Auditor perform similar functions.

UWF: Peter Robinson, Director, Environmental Health and Safety

Q4. CRO Reporting Relationship: To whom does the CRO formally report?

		FAMU	FAU	FGCU	FIU	FL Poly	FSU	NCF	UCF	UF	UNF	USF	UWF
A.	Board of trustees or committee of the board							X	X				
B.	President			X				X	X				
C.	Chief Financial Officer												X
D.	Other: Specify _____		See below	See below									
E.	Not Applicable (we do not have a CRO or equivalent)	X			X	X	X			X	X	X	

FAMU: We do not have a CRO or equivalent. See comments section of survey.

FAU: Inspector General/General Auditor who reports to the President and BOT, Chief Compliance Officer who reports to the President and BOT, General Counsel who reports to the President, Chief Information Officer who reports to the Provost.

FGCU: The University has hired a Chief Compliance Officer & Ethics Officer and reports to the President. This office is charged with establishing standards of conduct behavior and conducts training, outreach, monitoring and investigative activities to prevent, detect and resolve issues of noncompliance.

The University does not employ a Chief Risk Officer. The overall risk management responsibilities are delegated to the designated Vice President where the risk may lie. These risk areas are also reviewed by committees where the areas of risk lie. i.e. Worker’s Compensation/Safety review; Facility/Personal Safety committees; Internal business operation audits; campus wide inventory control; and academic reviews.

Identified areas of risk are forwarded to the appropriate operational departments for review. The departments will work to eliminate or reduce the level of risk to the university.

Any changes to policy, procedures or regulations are developed by designated departments and forwarded to the senior administration for review and approved by the Board of Trustees, if required.

FSU: While the BOT is ultimately responsible for University operations, risk management is most often assigned to management. In June 2017, the BOT established a separate Audit and Compliance Committee. The Committee will provide oversight to ensure risk management responsibilities assigned to management are implemented.

UF: It is important to note that the enterprise risk function has immediate access to the President and the trustees and communicates meaningfully on risks impacting the institution.

UWF: The CRO reports to the Chief Financial Officer (VP of Finance & Administration/ Chair, Risk & Compliance Council).

Q5. CRO Resourcing: Please identify how many full time equivalent (FTE) staff and the amount of budget dedicated to the CRO and associated ERM program.

		FAMU	FAU	FGCU	FIU	FL Poly	FSU	NCF	UCF	UF	UNF	USF	UWF
A.	Staff:	0	See below	See below	See below	N/A	0	.3 FTE	0	50-100	No response	N/A	0
B.	Budget (annual amount):	\$0	See below	See below	\$24,000	N/A	N/A	\$0	\$0	No response		N/A	See below

FAMU: No full-time staff devoted to ERM. However, staff are assigned to perform risk management duties. See comments of survey.

FAU: FAU does not have a specific or a centralized CRO function; however, the Staff and Budgets below represent aspects of a CRO function. Staff: Office of Inspector General (4 FTEs), Office of Compliance (1 FTE), Risk Management (1 FTE), OIT (3 FTEs), Office of Financial Affairs (3 FTEs), Operating Budget (annual amount): \$370K.

FGCU: Not Applicable

FIU: Not applicable. FIU does not have any full time equivalent staff or budget dedicated to the CRO. FIU did budget recurring funds to support ERM: 2016-2017, \$20,000.00; 2017-2018, \$24,000.00; 2019-2020, \$24,000.00

FL Poly: Not applicable.

FSU: The CRO function has not reached a level or maturity to be established as a distinct unit within the University. We find this often to be true in other public and private organizations.

NCF: General Counsel currently directs the development of the ERM program, but this function does not make up one full FTE. The College plans to assign 1 FTE to the CRO function upon completion of the program's development.

UF: 50-100 (staff). Considering our many diverse units and responsibilities at UF, combined with our highly regulated environment, we believe at least 50-100 of our employees are spending the significant portion of their times assessing, managing and mitigating institutional risk.

USF: Not Applicable

UWF: There are no resources designated for CRO-specific duties. Instead, responsibilities are incorporated as part of the duties of the Risk & Compliance Council.

Q6. Risk Committee: Does your university have a management-level risk committee? If so, please provide the following information: Risk committee composition (Chair and members); Meeting frequency; and Governing documents (e.g., Charter, Policy, etc. – please provide a copy).

		FAMU	FAU	FGCU	FIU	FL Poly	FSU	NCF	UCF	UF	UNF	USF	UWF
A.	Yes		X	X	X				X	X	X		X
B.	No	X				X	X	X				X	

FAMU: Committees address specific risk areas, such as emergency management and environmental health and safety and prepare reports of results.

FAU: FAU has a University Safety Committee that meets at least quarterly. Please see the attached policy and charter that includes the chair and member composition of this committee. FAU also has an Audit & Compliance Committee. The charter is also attached.

FGCU: Under its shared governance approach, Risk Committees are operated within the areas of concern. Academic, Administrative, Athletic and Student Affairs have operating committees that address the issues facing each area. Those findings are reported to each respective Vice President for review by the full Cabinet.

As outlined in Question 1; changes to policy, procedures or regulations are developed by designated departments and forwarded to the senior administration for review and approved by the Board of Trustees, if required.

These Risk Committees meet throughout the academic year and meetings are determined by the committee membership. Most committees average 4-6 meetings per academic year.

There are no Charters for the committees. Each committee will receive a general charge from the University but will address specific areas of concern for the current year.

FIU: FIU does not have a management-level risk committee; however, the following committees address risk issues: 1. Compliance Liaison/ERM Advisory Committee; 2. Operations/ERM Committee; and 3. University Safety Counsel.

FSU: *Risk committee composition* – While there is no committee at mid-level management, at the senior-management level the President and his Cabinet continuously discuss University risk. *Meeting frequency* – Weekly President and Cabinet meetings. *Governing documents* – No Charter at this time. Risk is discussed within the context of the University Strategic Plan; risk identified in audits issued by the Office of Inspector General Services and other state, federal, and private auditors; and internal and external events that affect campus security, operations and programs.

NCF: The President’s Cabinet currently assists the ERM function by managing specific risks with their divisions. This structure will exist until the formal program is complete and a new structure is considered.

UCF: The committee has three chairs appointed by the president and is made up of representatives from across the institution. Meeting frequency is 3 times per year (once a semester). Governing documents: Membership List and Charge Letter attached.

UF: UF has numerous committees whose role it is to assess risks. Some examples are the university-wide threat assessment committee, design, planning and construction committee, IRB, animal research committee, and several others. Additionally, the cabinet and executive council meets regularly to assess institutional risk.

UNF: *Risk committee composition* – See bylaws attached; *Meeting frequency* – Monthly; *Governing documents* – no response.

USF: No Risk Committee per se, but the USF System Executive Compliance & Ethics Council is designed to perform similar functions. (See Element 1D of Program Plan at link in 9. Below) NOTE: Following excerpt added to USF response by Lori Clark, Board of Governors Compliance and Audit Specialist, 10/20/2017.

D. USF System Executive Compliance & Ethics Council

The USF System Executive Compliance & Ethics Council (ECEC) serves as the oversight committee for operational issues concerning the USF system Compliance & Ethics Program. The Council’s primary role is advising the USF System President on appropriate system responses to major cross-jurisdictional compliance gaps, including determination of “risk ownership”, mitigation strategies, and resource implications.

The ECEC is co-chaired by the USF System Chief Operating Officer and a Regional Chancellor. The Council is comprised of the following individuals: Senior Vice Provost; Vice President, Student Affairs & Student Success; Chief Operating Officer,

USF Health; Chief Operating Officer, USF Foundation; Chief Information Officer; Chief Compliance Officer; Executive Director/Chief Internal Auditor; Senior Associate Vice President, Research & Innovation; General Counsel.

UWF: *Risk committee composition: Risk & Compliance Council Charter [Attachment 1]. Committee Composition: Chair (VP Finance & Administration, AVP Internal Auditing & Compliance); AVP/Controller; AVP, Enrollment Affairs; Chief Technology Officer; Chief Mental Health Officer; Chief of Police; Compliance Officer; Director, Communications; Director, EHS; Director, Institutional Effectiveness: Director, Research; HR Representative; Sr. AVP, Student Affairs; and representatives from Faculty Senate, Staff Senate, and Camps/Youth Programs Risk Management Committee; ex-officio General Counsel. Meeting Frequency: Quarterly. Governing Documents: Risk and Compliance Council Charter [Attachment 4]*

Q7. Board Committee: Has the board of trustees delegated risk oversight to a board-level committee (Audit and Compliance, Risk, Executive, other)? If so, which one? How often does this committee meet and take up risk oversight? Governing documents? (e.g., Charter, Policy, etc. – please provide a copy)		FAMU	FAU	FGCU	FIU	FL Poly	FSU	NCF	UCF	UF	UNF	USF	UWF
A.	Yes	X		X	X	X	X	X	X	X	X	X	X
B.	No		X										
<p>FAMU: See audit committee charter, section 5.C. and 5.D. (Excerpt inserted by Lori Clark, Board of Governors Compliance and Audit Specialist, 10/20/2017):</p> <p><i>C. Compliance with Laws, Regulations and Policies</i></p> <ol style="list-style-type: none"> 1. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management’s investigation and follow-up of any non-compliance or fraudulent activities. 2. Obtain regular updates from management and legal counsel regarding compliance matters that may have a material impact on the University’s operations, financial statements, programs or compliance policies. 3. Review and approve procedures for the receipt, retention, and treatment of complaints regarding financial or operational matters. 4. Review the findings of any examinations by state and federal regulatory agencies. 5. Review the programs and policies of the University designed by management to assure compliance with applicable laws and regulations and monitor the results of compliance efforts. 6. Review results of the University’s monitoring and enforcement of compliance with University standards of ethical conduct and conflict of interest policies. <p><i>D. Internal Controls and Risk Assessments</i></p> <p>Review with senior management, the Division of Audit and Compliance, and other relevant offices and committees:</p> <ol style="list-style-type: none"> 1. The effectiveness of the University’s process for identifying significant financial, operational, reputational, strategic and regulatory risks or exposures and management’s plans and efforts to monitor and control such risks. 2. The effectiveness of the University’s internal controls, including the status and adequacy of information systems and security and other relevant matters. 3. Major risks identified and other significant risk management issues that may require action. 4. The University’s insurance coverage and the process used to manage any uninsured risks. <p><i>Which Committee?</i> Audit Committee. <i>Meeting frequency?</i> Quarterly meetings are held. Risk oversight is discussed as needed, but at least annually when the risk assessment is approved. <i>Governing documents?</i> Audit Committee charter.</p> <p>FAU: <i>Which Committee?</i> Partially allocated to the University’s Safety Committee and the BOT Budget & Finance and BOT Audit & Compliance. <i>Meeting frequency?</i> These committees meet at various times but at least quarterly throughout the year. <i>Governing documents?</i> Yes, relevant charters are attached to this document.</p> <p>FGCU: The Audit and Compliance Committee is delegated to review risk oversight at the university. <i>Which Committee?</i> FGCU Audit and Compliance Committee. <i>Meeting frequency?</i> Committee will meet at least three (3) times a year, with discretion to convene additional meetings. <i>Governing documents?</i> See attached.</p> <p>FIU: The Board of Trustees delegated risk oversight to the Audit and Compliance Committee. The status of ERM initiatives will be presented to the Board of Trustees once every quarter. (A copy of the Audit and Compliance Committee Charter is attached.)</p> <p>FL Poly: Oversight of risk has been delegated to the Audit & Compliance Committee (AACC) and such oversight responsibilities are specified in the AACC charter. (See charter). <i>Which Committee?</i> Audit & Compliance Committee (AACC). <i>Meeting frequency?</i> Annually. <i>Governing documents?</i> See AACC Charter.</p> <p>FSU: In June 2017, the BOT established a separate Audit and Compliance Committee. Prior to that time the BOT had a combined Finance, Business and Audit Committee with a combined Committee charter. The new Audit and Compliance Committee will hold its first meeting September 22, 2017, at which time there will be discussion and expected approval to establish a charter specifically for the BOT’s Audit and Compliance Committee. The draft Audit and Compliance Committee charter will be presented to the Committee and the BOT for approval at their</p>													

<p>subsequent meeting to be held in early 2018. <i>Which Committee?</i> All BOT Committees are concerned with risk. The ones most affected are Audit and Compliance, Governance, and Finance and Business. <i>Meeting frequency?</i> BOT Committees meet in Tallahassee three times per year and by phone as often as needed. <i>Governing documents?</i> See attached Finance, Business and Audit Committee charter which makes numerous references to risk assessments.</p>
<p>NCF: Each Committee of the Board has an interest in managing the risk, even if this function is not formally expressed in the committee's charter. The two committees listed have the most articulate charge, but are not the only source of oversight. <i>Which Committee?</i> Audit and Compliance; Finance and Administration. <i>Meeting frequency?</i> At least annually. <i>Governing documents?</i> No response.</p>
<p>UCF: <i>Which Committee?</i> Audit and Compliance Committee. <i>Meeting frequency?</i> A minimum of three times per year per committee charter. <i>Governing documents?</i> Please see attached: BOT Audit and Compliance Committee Charter</p>
<p>UF: The audit and compliance committee reviews and oversees the audit and investigatory function at UF which formulates its work plan around a university-wide risk assessment.</p>
<p>UNF: *The Committee's charter speaks to their responsibilities for risk assessment and risk management but we have not yet engaged them in a true ERM process or discussion yet. <i>Which Committee?</i> Audit and Compliance. <i>Meeting frequency?</i> Quarterly. <i>Governing documents?</i> See attached Charter.</p>
<p>USF: <i>Which Committee?</i> Audit & Compliance Committee. <i>Meeting frequency?</i> Committee meets approx. five times annually and risk-related issues are taken up as appropriate. <i>Governing documents?</i> BOT Audit & Compliance Committee Charter.</p>
<p>UWF: <i>Which Committee?</i> Board Committee: (Yes) Audit & Compliance Committee. <i>Meeting frequency:</i> Risks are presented to the committee annually, after the risk heat matrix exercise has been completed, and periodically visited during Board of Trustees meetings. <i>Governing Documents:</i> Audit & Compliance Council Charter [Attachment 1]</p>

Q8. Risk Exposure Reports: Does the board of trustees receive formal reports of the university's top risk exposures? If so, what is the frequency and format?

		FAMU	FAU	FGCU	FIU	FL Poly	FSU	NCF	UCF	UF	UNF	USF	UWF
A.	Yes	X	X	X		X				X		X	X
B.	No				X		X	X	X		X		

FAMU: Risk assessment is approved annually. It includes risk definitions, definitions of likelihood of occurrence and likely impact, heat map, and risk themes. The risk assessment is done for the purpose of identifying risk areas to be considered in developing the audit plan; however, it includes an assessment of significant risks which is presented to the BOT and senior management.

FAU: Reports are received from the Florida Department of Risk Management on a monthly, quarterly and bi-annual basis. Those reports are analyzed with other university risk management data and a synopsis is provided to university administration along with the university safety committee. The BOT receives audit reports that include risk evaluations (these audit reports are distributed and discussed) but are supplemental to the ERM concept. Additionally, the BOT and Vice Presidents (e.g., senior leadership team) participate in the annual risk assessment process. OIT also provides 2 Internal IT Risk Assessment Reports Annually and 1 External Risk Assessment each year (rotating though different areas of the university).

FGCU: The Audit and Compliance Committee is a subcommittee of the FGCU Board of Trustees and makes recommendations as appropriate. The Committee ensures the FGCU Board of Trustees is briefed on matters that could cause significant financial, legal, reputational, or operational risk to the University or its direct support organizations. Attached: Florida Gulf Coast University Board of Trustees Audit and Compliance Charter. 06.2017

FIU: The Board of Trustees will begin receiving formal reports of the University's top risk exposures upon completion of the ERM risk assessment. The risk assessment is expected to be completed before the end of 2017.

FL Poly: In June 2017, the AACC was presented a report on risks generally present in university environments. Each risk identified efforts by management to mitigate or manage the various risks. *Frequency and format?* A report (Excel worksheet) of risks was presented to the Audit & Compliance Committee (AACC) in June 2017. Prior to this, the contracted internal auditor presented risks to the AACC.

FSU: As stated earlier, ERM has not reached a level of maturity to be firmly recognized as a separate function in the University. The Audit and Compliance Committee addresses audit and compliance findings as well as risk identified in those audits. The University recognizes that risk management is broader than a review of internal controls and compliance. It is expected that both BOT members and members of management will need additional education about ERM based on the recently released COSO Updated ERM Framework, its purpose, and how one measures risk assessment design, implementation, and success.

NCF: No formal reports are currently submitted to the Board, but the College will develop updated models for risk assessment and reporting to the Board.

UF: "Yes" response, but no frequency or format information provided.

USF: *Frequency and format?* To Audit & Compliance Committee. Annually, in the form of System Risk Footprints and mitigation efforts.

UWF: Reports are presented verbally to the BOT Chair and Audit & Compliance Committee Charter during regular BOT meetings.

Q9. Governing Documents: Does your university have a formal policy statement regarding university-wide approach to risk management? If so, please provide.

		FAMU	FAU	FGCU	FIU	FL Poly	FSU	NCF	UCF	UF	UNF	USF	UWF
A.	Yes				X							X	
B.	No		X	X		X	X	X		X			X
C.	Not Applicable (No ERM program)	X							X		X		

FAMU: Although the university does not have a formal policy statement, the approach to risk management and identification of risks is captured and presented to the BOT through the annual risk assessment conducted to prepare the work plan for the Division of Audit & Compliance.

FAU: Please see response to #6 for the university-wide environmental health and safety policy. The university has an Inspector General, who conducts regular operational and management audits. FAU also has a Chief Compliance Officer, who works with various areas of the university in establishing and implementing policies and procedures designed to promote compliance with law, regulations and policies as well as to minimize risk. See item #15 for applicable policies and procedures. FAU utilizes a data classification system in conjunction with the loss prevention standards developed by the State Bureau of Risk Financing and Loss Prevention to reduce exposure to the university. FAU also utilizes a data classification system that allows for the application of access and security measures related to the sensitivity of secured data. OIT has 3 policies that address risk (12.1 University Administrative Data Systems, 12.5 Privacy of Electronic Communications, 12.6 Security Awareness Training). The university has also established numerous privacy policies and security standards with respect to securing, handling and using health or other sensitive information. The process of identifying and management risk with respect to this area has been delegated to the HIPAA Task Force.

FGCU: The Chief of Compliance and Ethics has completed the Audit and Compliance Charter and is in the process of finalizing the Compliance Plan for review by senior management and the Board of Trustees.

Given the complexities of risk management, there is no one document that encompasses a university-wide approach to risk management. Each area has operational policies, procedures, government regulations, industry standards and best practices that they adhere to in meeting and addressing any issues of risk in their respective areas.

FIU: FIU does have a formal policy statement that is outlined in the ERM framework. (Attached is a copy of the ERM framework.)

FSU: The University has policies on internal control (which include risk assessment) as well as policies on fraud, abuse, and unethical behavior. As noted by the Committee of Sponsoring Organizations, there has been a shift over the last several years to now focus first on risk and then to identify the controls needed to manage those risks. Risk assessment has now been further defined to include risk identification, assessment and prioritization, response, and monitoring. That shift in thinking will occur as the COSO ERM framework matures.

NCF: The College has not adopted a formal policy addressing Risk or the ERM program; however, the General Counsel maintains an internal policy and workplan that contain a mission, vision, and goals.

UF: Many policies and protocols exist to manage and guide risk assessment in the various committees at UF.

UNF: As we are just beginning with ERM and our university risk committee, this hasn't been developed yet.

USF: See Element 7 on page 11 of Program Plan, *USF System Compliance & Ethics Program Plan*.

UWF: UWF's ERM approach is decentralized. The risk management strategy is not guided by a formal statement, but rather incorporated into a handful of charters, job roles, and committee responsibilities.

Q10. Risk Appetite: The university board of trustees has articulated its appetite for or tolerance of risks in the context of strategic planning. Describe or provide relevant documents.														
		FAMU	FAU	FGCU	FIU	FL Poly	FSU	NCF	UCF	UF	UNF	USF	UWF	
A.	Not at all				No response; see below.									
B.	Minimally												X	
C.	Somewhat							X				X		X
D.	Mostly		X							X				
E.	Extensively			X			X							
F.	Not Applicable (No ERM program)	X					X			X				
FAMU: Not applicable														
FAU: The University’s Executive Leadership Team (ELT), comprised of the President and all Vice Presidents, have discussed on numerous occasions the need to conduct a university-wide assessment with the assistance of an outside firm. At the September 15, 2017 ELT Meeting, the team decided to form a sub-group of ELT to put together a risk assessment plan (i.e., scope, budget, timeline, etc.).														
FGCU: The Board of Trustees from its discussions and decisions has articulated a position of protecting the best interests of the University.														
FIU: The University Board of Trustees is expected to articulate its appetite for or tolerance for risks in the context of strategic planning pursuant to the ERM framework.														
FL Poly: Not applicable														
FSU: The BOT’s 2017-2022 Strategic Plan is attached. This plan addresses priority programs and goals for the next five years and is considered by the BOT as a “rolling” five-year plan. The plan is integral to BOT Committee responsibilities and was reviewed extensively in developing the Office of Inspector General Services’ audit plan.														
NCF: Risk oversight is currently managed within the Finance and Administration and Audit and Compliance committees of the BOT. In general, the Board has a low tolerance for risk, which will be reflected in this year’s updated strategic plan.														
UCF: Not applicable														
UF: The BOT is frequently engaged in risk communication.														
UNF: [Note: No description or relevant documents provided. ~ LC 10/3/2017]														
USF: [Note: No description or relevant documents provided. ~ LC 10/3/2017]														
UWF: Risk appetite/ tolerance is described verbally to the BOT Chair and Audit & Compliance Committee Chair as part of the annual risk exercise.														

Q11. Enterprise-level Risk Inventory: Does your university maintain a risk inventory at the enterprise level? If so, please describe or provide an example (it does not need to reveal the actual identified risks).													
		FAMU	FAU	FGCU	FIU	FL Poly	FSU	NCF	UCF	UF	UNF	USF	UWF
A.	Yes			X	X	X		X	X			X	X
B.	No						X			X			
C.	Not Applicable (No ERM program)	X	X								X		
<p>FAU: Florida's Auditor General conducts audits of FAU and management contracts with independent auditors for audits of FAU, FAU Financial Corp, Clinical Practice Organization, Research Corporation, FAU Foundation, and HBOI Foundation.</p> <p>Annually, the Office of Inspector General sends out a survey relating to risk perception for the many functions and activities of FAU.</p> <p>The Office of Information Technology keeps a list of systems identified by each area for purposes of the annual risk assessments. These lists are updated as part of the first phase of each risk assessment.</p> <p>The General Counsel and Chief Compliance Officer maintain university-wide policies and regulations and participate in regular committee meetings where new and revised policies and regulations are discussed and reviewed and contemplate the minimization of applicable risk.</p>													
<p>FGCU: Each area develops areas of potential risk. Risks are always evaluated on high, medium or low level of occurrence and the impact that risk may have on the university. Options in addressing each level of risk is reviewed before a decision is made by the management team and respective Vice President.</p> <p>As always additional funding and resources could reduce the levels of risk we sometimes face.</p>													
<p>FIU: The University is in the process of developing a risk inventory at the enterprise level. As indicated above, the risk assessment is expected to be completed by the end of 2017.</p> <p>FIU's risk register will include several risks that will be rated based on impact, likelihood, opportunity, and velocity. An example is the risk implications based on constraints and requirements placed on the University (e.g., parking permits, construction of new buildings and facilities, public safety measures, traffic patterns).</p>													
<p>FL Poly: As noted in question 8, an Excel worksheet of risks is maintained. This list was obtained from a peer institution and used as the starting point for risk identification and management.</p>													
<p>FSU: The Office of Inspector General Services prepares a comprehensive risk assessment when developing the annual and long range audit plan. Management provides input into areas that should be audited and such input is considered in audit plan risk assessment ratings. There is no separate management inventory.</p>													
<p>NCF: Staff reporting directly to the President have completed a survey highlighting institutional and reputational risks. The identified risks are collected and maintained in the Office of the General Counsel. These risks are prioritized and will be implemented into the strategic plan that is developed in the coming year.</p>													
<p>UCF: Risks identified through the enterprise risk assessment conducted every three years by University Compliance, Ethics, and Risk define the program's work plan and are communicated verbally to senior leadership and the BOT Audit and Compliance Committee. Through the Emerging Issues Group, risks discussed are ranked and the top three to five risks are communicated to senior leadership at the President's Advisory Staff meeting. Additionally, risks are further discussed at the Vice President's meeting and action plans are developed as deemed appropriate. Attached: D. Work Plan</p>													
<p>UF: Currently maintained at the program level.</p>													
<p>UNF: We are currently in the process of compiling this.</p>													
<p>USF: Institutional Risk Footprint (blank) Attached.</p>													

UWF: UWF maintains a risk inventory. A subcommittee of UWF's Risk & Compliance Council annually develops a risk heat matrix [Attachment 2]. The process involves identifying the specific risks associated with each campus risk area. Risks are then scored by determining their likelihood and potential impact. Also included in the matrix are suggestions for the management and mitigation of each risk and the rationale behind each risk's inclusion. Only the top risks (those receiving both a high likelihood and a high impact score) are presented at the Audit & Compliance committee meeting. However, the risk heat matrix is made available to the BOT Audit & Compliance Committee in its entirety.

Q12. Enterprise-level Risk Inventory: How frequently does your institution go through the process to update key risk inventories – both likelihood and impact of risk exposures?													
		FAMU	FAU	FGCU	FIU	FL Poly	FSU	NCF	UCF	UF	UNF	USF	UWF
A.	Not at all												
B.	Annually	X	X	X	X	X		X	X		X	X	X
C.	Semi-Annually		X										
D.	Quarterly		X										
E.	Monthly, Weekly, or Daily (Ongoing/Continuous)		X				X			X			
FAMU: The update to risk inventories is done as part of the annual risk assessment for the purpose of identifying risk areas to be considered in developing the audit plan; however, it includes updates of significant new risks.													
FAU: FAU is routinely examining its current risk reduction activities to determine their effectiveness versus its documented incident and claims portfolio.													
FGCU: Risk Inventory is based on the level of risk. More controls will be in place for higher risk areas but all areas will be reviewed annually.													
FIU: FIU's ERM frameworks outline the requirement of the University to update key risk inventories annually.													
FL Poly: Expectation is that this will be performed annually.													
FSU: Discussion is continuous. Such discussions have not been formally documented and rolled up into one University-wide key risk inventory.													
NCF: This is the first year of a formal ERM approach, but it is intended that risk assessment and prioritization will continue on an annual basis, unless more frequent action is required.													
UF: Currently maintained at the program level.													
UWF: A risk heat matrix is developed each spring to inventory risks. The methodology for the risk heat matrix can be found in [Attachment 2].													

Q13. Communication of Risks: How are risks communicated from business unit leaders to senior executives?

		FAMU	FAU	FGCU	FIU	FL Poly	FSU	NCF	UCF	UF	UNF	USF	UWF
A.	Ad hoc discussions at management meetings	X		X		X	X	X	X	X	X	X	
B.	Scheduled agenda discussion at management meetings	X	X	X	X		X			X	X	X	X
C.	Written reports prepared either monthly, quarterly, or annually		X		X					X			
D.	Unknown												

FAU: Risks are primarily communicated at Executive Leadership Team (ELT) meetings as well as other referenced committee meetings. Additionally, senior executives (i.e., Vice Presidents) are working to develop a program on institutional-wide risk assessment (external group) with all members of the ELT serving on a committee designed to address enterprise-risk management.

Auditors conduct audits and risk assessments and communicate these issues to the applicable areas for remediation or follow up.

The university has established an annual process for employees with administrative or supervisory responsibilities to affirm/certify adherence to a basic set of operating principles as outlined in a 15-page Statement of Management Stewardship. The purpose of the statement is to ensure that managers are aware of their duties to fulfill responsibilities in six critical areas and adhere to university-wide policies and procedures. Specific expectations are delineated in the document along with positive affirmations and guidance to assist management in mitigating various administrative and operational risks.

FAU's Risk Manager participates in the weekly Administrative Affairs meeting chaired by the university's Vice President Administrative Affairs/Chief Administrative Officer. Risk Management issues are routinely presented and risk reduction actions identified. The University Risk Manager also chairs the quarterly university safety committee, which provides an in-depth analysis on topics such as workers' compensation, legal claims, building and grounds safety, and other topics relating to environmental health and safety.

FGCU: Areas of risk are evaluated from a bottom up and top down approach at FGCU. Committees comprised of faculty, staff and students review areas of risk throughout the academic year within the academic, administrative, athletic and student affairs divisions. Identified risks are noted by the respective committees. Designated vice presidents and operational departments work to eliminate or reduce the level of risk to the university.

Changes to policy, procedures or regulations are developed by designated departments and forwarded to the senior administration for review and approved by the Board of Trustees, if required.

Areas of risk identified by the senior administration are forwarded to the appropriate operational departments for review. The departments will work to eliminate or reduce the level of risk to the university.

Changes to policy, procedures or regulations are developed by designated departments and forwarded to the senior administration for review and approved by the Board of Trustees, if required.

FIU: FIU's ERM framework outlines the plan to add ERM as an agenda item during regularly scheduled Operations/ERM Committee meetings. In addition, quarterly written updates will be submitted to the Board of Trustees.

FSU: Discussion of risk by the BOT, President, and his Cabinet are communicated to faculty and staff in management meetings.

NCF: The College's updated strategic plan will formalize the communication of risk as a demonstrated intention.

UNF: Both in ad-hoc meetings and more formal scheduled discussions at CEROC meetings.

UWF: The results from the risk heat matrix exercise are shared with the Risk & Compliance Council for review and discussion. The results are then verbally discussed with the Cabinet. In addition, the Cabinet is provided with a (written) report on the top risk items [[Attachment 2 or 3](#)].

Q14. To what extent has the volume and complexity of risks increased over the past five years? Please Describe.													
		FAMU	FAU	FGCU	FIU	FL Poly	FSU	NCF	UCF	UF	UNF	USF	UWF
A.	Not at all												
B.	Minimally		X										
C.	Somewhat	X	X	X				X		X	X	X	X
D.	Mostly								X				
E.	Extensively				X	X	X						
<p>FAMU: [Note: No description provided. ~ LC 10/3/2017]</p>													
<p>FAU: As society makes technological advances and as more information is stored and communicated electronically, there is an increase risk in the IT area (e.g., hacking, unauthorized access, breaches, etc.). In addition, as FAU grows in size and as society becomes more litigious, FAU has experienced minimal – somewhat increase in volume and complexity of risks.</p>													
<p>FGCU: Compliance for State, federal agencies and Boards has often caused regulations to create confusion in the purpose of the regulations. Need more manpower and systems to concentrate on the number of reports needing to be generated.</p>													
<p>FIU: Increased legislation and regulations have increased the complexity of risks significantly for FIU. The volume of federal laws (over 200) and state laws that FIU must comply with has prompted an increase in resources commitments, and has contributed towards FIU’s decision to implement ERM. The following are a few risk areas that continue to evolve, creating risk uncertainties that will impact our risk treatment, risk governance and risk management strategy.</p> <ol style="list-style-type: none"> 1. Sliding enrollments: Our international student population is concerned with the Federal regulations on immigration and how it may impact their ability to complete their education. The University will need to balance the risks related to supporting undocumented students, monitor the impact to enrollment and graduation rates while complying with the law. 2. Cost and access: Bipartisan pressure at the federal and state level will force FIU and other universities to continue to manage the cost of attendance and justify endowment spending. The risk portfolio for FIU will change due to the need to aggressively pursue alternative funding sources, community alliances, business models and cost cutting measures in order to remain financially viable. 3. Delivering value: Risk related to increased emphasis on research, innovation, new business development and increased commercialization of faculty and student discoveries will impact FIU’s risk portfolios. In addition, the implementation of business intelligence functions, and the move towards predictive analytics will change the way that decisions are made and how risk is managed. <p>Campus climate: The direction of immigration at the federal level is uncertain, as is the position of the Education Department’s Office for Civil Rights, and details regarding enforcement priorities. Although the enforcement climate is uncertain, FIU and other Universities continue to remain under pressure to provide resources and staffing levels to comply with existing regulations. From a risk perspective, the priorities of the federal government become compliance and regulatory priorities for universities. Those priorities impact decisions related to tolerance and treatment.</p>													

5. Academic Freedom: Since the last Presidential election, there has been an increase in activities on college campuses by white nationalist organizations. FIU and other universities have been under increasing pressure to create safe spaces for vulnerable groups. Universities will continue to balance the rights of free-speech while protecting vulnerable populations; increasing the risk of violence and negative media exposure.

6. Cyber and information security: FIU and other universities have been balancing the risks of data breach with accessibility.

While IT security has been an area of concern, the broader risks around information and cyber security have become a priority, particularly in light of high profile cyber-attacks on universities.

FL Poly: Given the relatively short existence of our institution, and our rapid growth, the volume and complexity of risks have increased significantly since the inception of Florida Poly.

FSU: The primary area of concern relates to risk that could affect the safety of students, faculty, staff and others on campus. A second and important risk relates to information technology such as cyberterrorism. Risks are expected to increase as a result of actions that occur from outside the University (which we have little control over to include natural disasters such as hurricanes and changes in the economy) as well as from risks within the University that can be prevented, detected, and corrected.

NCF: While the volume of risks has remained fairly consistent, the complexity of risk has increased recently. As new guidance and case-law is issued that interprets existing regulations, the College's operations must continually evolve to address the risk of noncompliance in an increasingly complex environment.

UCF: The increase in regulatory requirements and compliance risks, uncertainty and variability in funding for SUS institutions, decreasing state support and the inability to increase tuition rates, increasing deferred building maintenance costs for institutions, increased competition and costs associated with recruiting talented faculty and staff, and external pressures and risks associated with the perceived value and debt associated with a college education are some of the risks facing SUS institutions.

UF: [Note: No description provided. ~ LC 10/3/2017]

UNF: [Note: No description provided. ~ LC 10/3/2017]

USF: Risks tend to fluctuate based on Federal and State mandates and policy changes.

UWF: "Somewhat" increase. Over the past five years there has been increased focus on information/cybersecurity, threats (such as terrorism, bioterrorism, active shooter, etc.), as well as other environmental aspects arising in higher education.

Q15. Please provide any additional documents or information you feel would be beneficial for the Board of Governors to understand the current state of ERM practice at your university.

FAMU: The University has a decentralized approach to risk management in which all major risk areas are addressed by employees in various university organizational units. For example, property/liability risks are managed through a university department, a Comprehensive Safety and Risk Management Plan was developed by the safety committee; strategic risks are managed by the Division of Strategic Planning, Analysis and Institutional Effectiveness; and environmental health & safety risks are managed through a department. Each entity responsible for risk management reports concerns to the vice president over that area. Internal audit provides assurance services for risk management. However, the risk management efforts are decentralized and not coordinated and routinely monitored.

FAU: Additional information including links to relevant policies and procedures are contained in the websites below:

- <http://www.fau.edu/policies/files/1.18%20HIPAA%20Compliance.pdf>
- www.fau.edu/hipaa
- www.fau.edu/eic
- <http://www.fau.edu/facilities/ehs/policies-and-procedures/policies.php>
- <http://www.fau.edu/facilities/ehs/safety/safety-manuals.php>
- <https://www.fau.edu/admin/oig/>
- <http://www.fau.edu/generalcounsel/>
- <http://www.fau.edu/policies/>
- <http://www.fau.edu/regulations/>
- <http://www.fau.edu/controller/index.php>
- <http://www.fau.edu/security/policies.php>

- 12.1 University Administrative Data Systems: Charges central Information Technology (OIT) to maintain the integrity of all administrative systems at FAU
- 12.5 Privacy of Electronic Communications : Establishes that OIT will monitor electronic communications to mitigate risk.
- 12.6 Security Awareness Training: Establishes user education to mitigate risk.

FGCU: [Note: No Response. ~ LC 10/3/2017]

FIU: If the Board of Governors would like any information regarding the ERM consultant or the software used by FIU to manage ERM, please advise.

FL Poly: N/A

FSU: Florida State University is supportive of BOG efforts to improve risk management, control, and governance processes at all Universities. We believe we are making good progress in this area. In June 2017, the BOT established a Governance Committee and separated the Finance, Business and Audit Committee into a separate Audit and Compliance Committee and into a Finance and Business Committee. At the same time, the University has focused and had success in improving the University's national rankings and academic programs. Competing with these efforts is the BOG requirement to establish a University-wide chief Compliance Officer position (and staff). Through this survey, which we support, there is the possibility that a Chief Risk Officer position (and staff) may subsequently be required.

We respectfully request the BOG to consider the number of high level positions (and accompanying staff) needed and warranted within the University. Those include University wide positions of Chief Compliance Office, Chief Risk Officer, and Chief Audit Executive.

We are aware that COSO, the Committee of Sponsoring Organizations, issued an update to the COSO ERM Framework on September 6, 2017. The University is reviewing the revised framework to assess where we are and where we need to be to have acceptable risk management, control, and governance processes.

NCF: At New College, developing and implementing a more robust ERM program was identified as an institutional priority for the 2017-18 academic year. Senior leadership, including the President and those at the VP level, are engaged in ongoing conversations and planning. The ERM program will be developed in three phases.

In Phase 1, the College has evaluated its risk exposure. The College has defined the universe of risks unique to the institution and its community. Each member of the senior staff has contributed to the risk inventory, highlighting those risks that present the highest threat potential. This phase is complete.

In Phase 2, the College will prioritize the risks that have been identified in Phase 1. Risks will be classified based on their likelihood of occurrence, the potential impact of a risk event, and the College's appetite for the particular risk. This phase is ongoing, and will likely be completed by the end of the calendar year.

In Phase 3, the College will develop mitigation plans to address the highest priority areas. High priority risks are likely to affect each division of the College, and each division has a part to play in preventing risk events. The General Counsel will work with the divisions to create a mitigation plan that is unique to each division, and that addresses some aspect of the prioritized risk.

Phase 3 processes will be most effective if implemented in concert with the College's strategic plan. The College is currently engaged in strategic planning for this year; thus, Phase 3 plans will develop alongside the strategic plan. The College is focused on completing Phase 3, with its strategic plan, by the end of the academic year.

UCF: University Compliance, Ethics, and Risk has developed an Enterprise Risk Management plan. In response to budget reductions and the need to focus on compliance risks facing the university, the university has delayed a full roll out of the program. However, through the Issues Management Group and the risk assessments performed by University Compliance, Ethics, and Risk, compliance, legal, financial, operational, and reputational risks are identified, discussed, and addressed as appropriate.

UF: Senior leadership has the responsibility to remain aware of risks within their respective departments and the need to share the high institutional risks with the BOT. This responsibility is integral to each leader's role in UF management.

UNF: No response.

USF: A comprehensive, detailed Enterprise Risk Program is an extremely labor-intensive endeavor that requires significant staffing resources. USF has utilized comprehensive enterprise risk assessments at the process (i.e. tuition collection) and unit (based on risk) levels, but utilizes a modified enterprise risk assessment model for system-wide risk inventories. Executive management is currently evaluating current ERM practices with the goal of insuring that current assessment strategies add value to USF's overall risk management strategy.

UWF: Last summer UWF contracted EthicsPoint by NAVEX Global to help manage our helpline infrastructure. In July of 2017, the UWF Integrity Helpline was deployed. Helpline analytics and reporter feedback are expected to help identify emerging risks and trends on campus.

Surveys Completed by:

FAMU: Richard Givens, Vice President Audit & Compliance

FAU: John Kelly, President

FGCU: Steve L. Magiera, Vice President of Administrative Services and Finance

FIU: Karyn Boston, Assistant Vice President, Chief Compliance and Privacy Officer

FL Poly: David A. Blanton, Chief Audit Executive/Chief Compliance Officer

FSU: Sam McCall, Chief Audit Officer

NCF: Michael Pierce, General Counsel

UCF: Rhonda L. Bishop, Chief Compliance and Ethics Officer

UF: Amy Hass, Interim Vice President and General Counsel

UNF: Scott Bennett, Associate Vice President

USF: Jeff Muir, Chief Compliance Officer

UWF: Betsy Bowers, Interim VP Finance & Admin/CAE ; Matthew Packard, Compliance Officer



Enterprise Risk Management Framework
FLORIDA INTERNATIONAL UNIVERSITY

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1. ERM Framework Objective

This Enterprise Risk Management Framework (“ERM Framework”) sets out the general mandate and commitment, overview and guiding principles, roles and accountabilities, for managing, monitoring and improving risk management practice within Florida International University (“University”).

This ERM Framework aligns with ISO 31000:2009 Risk Management Principles and Guidelines.

2. Mandate and Commitment

The University’s President, Provost, Board of Trustees, and senior leadership are committed to fostering an environment of support that will encourage risk-informed decision-making. This will be balanced with innovation as we explore and develop opportunities, resolve issues, and improve the way we work to achieve our institutional objectives.

All University faculty, staff and administrators (“employees”) should incorporate risk management into governance, decision making, and key business and operational processes as set out in this ERM Framework. All existing and new risk management activities at the University should align to this ERM Framework.

3. Overview, Risk Appetite, and Guiding Principles

Overview

The University’s ERM Framework requires that we understand uncertainties that may impact our objectives. Doing so ensures that we are continuously focused on the most important risks and opportunities as we allocate our resources and adjust work priorities.

Navigating uncertainty effectively will help to strengthen our institutional performance, creating and preserving value for our stakeholders by ensuring that the way we facilitate program and service delivery is innovative, effective and responsible. Managing risk well ensures that we are both proactive and resilient as we sense and respond to uncertainty internally and externally as well as reduce unwanted or unexpected outcomes and engender the trust and confidence of our many stakeholders as captured in the University’s Statement of Risk Appetite below and detailed in the supporting Risk Rating Guide:

Statement of Risk Appetite

The University will continuously seek out innovation in the way we deliver upon our mission:

Vision and Mission Statement

Vision

Florida International University will be a leading urban public research university focused on student learning, innovation, and collaboration.

Mission

Florida International University is an urban, multi-campus, public research university serving its students and the diverse population of South Florida. We are committed to high-quality teaching, state-of-the-art research and creative activity, and collaborative engagement with our local and global communities.

We will ensure that all decisions we take are informed by an understanding of the uncertainties we face as a University and all applicable laws, regulations, industry codes, and institutional standards. We will not tolerate any risks that may impact our ability to be regarded by our community as trustworthy and credible. We will continuously seek out those opportunities that can best strengthen our core values.

Guiding Principles

Employees are expected to apply the following principles in their work:

- Risk management is part of key decision-making. Risk-informed decisions help us to distinguish among alternative courses of action, applying values and ethics while using the University's common risk process to help us identify, assess, treat and communicate risk. This includes documenting our rationale in support of accountability as we consider the interests of our students, faculty, staff, donors, alumni, community, business and research partners, creditors, rating agencies, accrediting bodies, and other stakeholders.
- Understanding that risk management adds value to our work by helping us be dynamic and responsive to change. Risk management also adds value by facilitating continuous learning and improving the way we work with each other and our partners as we serve our "students" and safeguard stakeholder interests in the continuous application of the common risk process.
- Risk is managed using the University's common risk process that is focused on our objectives to help us sense and respond proactively, appropriately and effectively to the negative and positive aspects of risk and uncertainty.
- Risk management is tailored and responsive to the University's external and internal context (including interests, priorities, public service ethics and values, our risk culture, stakeholders, and risk management capacity).

4. Roles and Accountabilities

Board of Trustees

- Providing oversight to ensure that management has implemented an effective system to identify, assess, manage, respond to, and monitor risks to the University and its strategic objectives.
- Understanding and assessing the risks inherent in the University's strategy, and encouraging management to pursue prudent risk to generate sustainable performance and value.
- Understanding the key drivers of success for the University, and be knowledgeable about business management, governance, and emerging risks that may affect the University.
- Working with management to establish and annually review the University's risk philosophy.
- Reviewing risk information provided by management and the Audit and Compliance Committee, including the ERM annual report, and reports on the status of risk response.
- Collaborating and actively engaging with management in discussions of risk, especially regarding philosophy, interaction and aggregation of risks, and underlying assumptions.
- Defining the role of the full Board vs. the Audit and Compliance Committee with regard to risk oversight.
- Understanding and assess risks associated with Board of Trustees decisions and key strategies identified by the Board.
- Providing for an appropriate culture of risk awareness across the University; monitoring critical alignment of people, strategy, risk, controls, compliance, and incentives.

Audit and Compliance Committee of the Board of Trustees

- Representing the Board of Trustees in providing oversight of the University's ERM practices.
- Working with management to understand and agree on the types, frequency, and format of risk information that the Board will review.
- Reviewing risk information prior to its presentation to the full Board, including the ERM annual report, and ERM status updates.
- Receiving quarterly reports on enterprise risks and the status of risk response.

- On behalf of the full Board, periodically assessing the Board of Trustees' risk oversight process.

The President and the Executive Vice President- Chief Operating Officer/Provost

- Ensuring that risks associated with achieving the University's strategic goals and performance based funding metrics are considered.
- Advising on risk and opportunities related to the University's administrative goals and academic mission.
- Leading the effort for setting the strategic objectives for the University.
- Inspiring and fostering a cultural change in support of ERM as a value and best practice for the University.
- Leading management discussions with the Board of Trustees regarding institutional strategy and risk philosophy.
- Facilitating discussions with the University's Operations Committee ("OPS Committee") regarding the development and implementation of the ERM program; ERM policy; institutional risk philosophy; institutional risks or opportunities with sufficient impact on the University's strategic objectives to warrant development of risk response plans; and proposed response plans for these risks.
- Reviewing and approving risk information and the ERM quarterly and annual progress reports prior to their submittal to the Audit and Compliance Committee and the full Board of Trustees.
- Periodically reviewing the University's institutional risk portfolio with the academic affairs staff, Deans Advisory Counsel ("DAC"), and other senior officials (when needed).

ERM Sponsor (Javier Marques)

- Supporting and advising the ERM Advisory Committee by publically supporting ERM and advocating for resources.
- Reviewing the techniques and methodologies used for the ERM program.
- Reviewing and providing input on the selected risks and the selection of Risk Owners.
- Reviewing the University's risk register and help facilitate a discussion regarding the risks' and opportunities' impact and likelihood with the Operations Committee.
- Reviewing and providing feedback on the ERM annual report prior to finalizing.
- Reviewing the University's ERM procedures and protocols ("ERM Program Guide") prior to finalizing.

- Supporting the process for continuous improvement of risk management.
- Assisting with addressing functional, cultural, and departmental barriers to managing risks.

The Operations Committee

Providing broad management perspective on institutional risk and opportunity and ensuring engagement in the ERM across the University.

- Recommending institutional risk philosophy to the President and the Provost for discussion with the Board of Trustees.
- Reviewing, validating, and/or revising the institutional risk inventory and portfolio prepared by the ERM Advisory Committee.
- Referring newly identified risk issues or new initiatives that may pose risk to (“Risk Owners”) for further assessment and development of recommendations as necessary.
- Developing an ERM Framework for filtering risks, and making recommendations to the President and the Provost regarding which risks or opportunities sufficiently impact the University’s strategic objectives to warrant development of enterprise-level response plans to manage those risks or opportunities and/or reporting to the Board of Trustees.
- Assigning key institutional risks to Risk Owners for development of a written plan for risk response and execution of the risk strategy.
- Reviewing proposed risk response plans for highest-level risks and aligning such plans with the University’s risk philosophy, strategic objectives, and budgetary resources.
- Reviewing quarterly and annual draft ERM progress reports to the Audit and Compliance Committee and/or full Board of Trustees before final approval.
- Supporting the removal of cultural and departmental barriers to managing risks.

Risk

- The Risk Owners are appointed by the OPS Committee. Appointments will be made as necessary.
- Developing the risk mitigation process and strategy for the assigned risk.
- Tracking and monitoring changes to the assigned risk and provide quarterly updates to the OPS Committee.

ERM Advisory Committee

- The Compliance Liaison Committee serves as the ERM Advisory Committee.

- Providing support and advice to the OPS Committee.
- Identifying risks and opportunities, using a variety of appropriate techniques (e.g., interviews of senior management, SWOT analysis, brainstorming, etc.).
- Reviewing and validating or revising selected risk assessments prepared by Risk Owners.
- Preparing the University risk register and facilitating discussions regarding the risks' and opportunities' impact and likelihood with the OPS Committee.
- Preparing and submitting to the OPS Committee a draft of the ERM annual report.
- Facilitating discussions to assess and develop recommendations for newly identified risks, opportunities, or initiatives as requested by the OPS Comm.
- Assisting Risk Owners with tracking and monitoring risk responses.
- Acting as a resource of subject matter experts, participating in education, training, communication, and awareness building of ERM.
- Assisting in the development and maintenance of the University's ERM procedures and protocols ("ERM Program Guide").
- Supporting the process for continuous improvement of risk management
- Assisting in addressing functional, cultural, and departmental barriers to managing risks.
- Developing draft ERM policy for review and approval by the President and the Provost.

Department Chairs and Administrative Unit Managers

- Ensuring that all risks in their areas of operations are identified and managed appropriately.
- Conducting local-level assessment of risks or opportunities at least annually (concurrent with the annual strategic risk assessment) and incidentally as issues arise.
- Developing and implementing risk response plans.
- Ensuring that faculty and staff understand how they will be accountable for particular risks, and providing guidance on how they can manage them.

Faculty, Staff and Administrators

Understanding the following:

- How certain risks relate to their roles and their activities.
- How the management of risk relates to the success of the University.

- How the management of risk helps them to achieve their own goals and objectives.
- Their accountability for particular risks and how they can manage them.
- How to contribute to continuous improvement of risk management
- How to report in a systematic and timely way to senior management any perceived new or emerging risks and any near misses or failures of existing control measures within the parameters agreed.

Vice Presidents, Deans, and Specified Directors

- Demonstrating full commitment to ERM as a value and best practice.
- Supporting the creation of the appropriate internal environment and institutional culture for ERM.
- Through the risk identification process, annually identify risks and opportunities that may affect the achievement of University objectives.
- Assessing and managing institutional risks under the oversight of the President, Provost and the Board of Trustees.
- Assessing and managing unit-level risks within unit-level plans, budgets, and resources.
- Include a discussion of risks and opportunities relevant to the mission of their unit or the University, as well as the status of any response to such risks or opportunities, in their annual work plan and budget submission.

Senior Vice President for Finance & Administration

- Ensuring that risks associated with achieving the University's strategic goals are captured in the annual budget planning process.

General Counsel

- Providing the Board of Trustees, President, Provost and OPS Comm with independent legal assessments of ERM reports/recommendations from the legal perspective.
- Advising on risks and opportunities related to governance, legal, and compliance risk.

Chief Compliance & Privacy Officer

- Providing the Board of Trustees, President, Provost and OPS Comm with assessments of reports/recommendations from the compliance and privacy perspectives, as needed.
- Evaluating and participating in the risk identification process.

- Serving as a member of the ERM advisory committee.

Chief Internal Auditor

- Providing assurance to the Board of Trustees, President, Provost and OPS Comm on the effectiveness of the risk management process, including the evaluation, reporting, and management of key risks.
- Consulting and advise on identifying and responding to risks and on the effectiveness of the risk assessment process.
- Serving as a member of the ERM advisory committee for the first cycle.

5. Applying the Enterprise Risk Management Framework

The University applies the ERM Framework to key decisions and business processes as we think, plan, execute, measure, monitor, and report on our work as shown below.

Strategic risks will be explicitly identified through planning systems, through periodic strategic assessment studies, and/or as new initiatives and issues arise and are appropriately managed. Operational and project risks are managed as an ongoing and integral part at all levels of the University including program management, service delivery levels, review and reporting activities.

What We Do	Our Key Business Processes	Risk Management Expectations	Guidance and Tools to Help
Thinking about our work	Program and University strategy/ design	<ul style="list-style-type: none"> • Consider how our key institutional and departmental risks obligations could be impacted • Identify new or changed risks obligations in relation to our key risks using internal and external consultation 	ERM Framework Common risk process & risk criteria Institutional Risk Profile Risk management training
Planning our work	Strategic, business, operational and project plans	<ul style="list-style-type: none"> • Consider how our key institutional and departmental risks could be impacted as part of option analysis • Identify new or changed risks in relation to our key risks 	ERM Framework Common risk process & risk criteria Legal and compliance risk management

		<ul style="list-style-type: none"> • Identify legal and compliance risks 	
Executing our work	Key decisions that affect resource allocation and work priorities at any level	<ul style="list-style-type: none"> • Consider how our key institutional and departmental risks could be impacted by the decision • Apply the common risk and management process 	ERM Framework Common risk process, risk criteria and IRP
Measuring, monitoring and reporting on our work	Measuring and tracking performance	<ul style="list-style-type: none"> • Track, measure and report on progress made in addressing institutional and department-level risks and compliance obligations • Communicate our key risks and to our internal and external partners 	ERM Framework Common risk process, risk criteria and IRP Risk Report
Improving the way we work	Independent assessments, guidance and training	<ul style="list-style-type: none"> • Capture, share and apply better practices and lessons learned in managing risk • Identify new or changed risks and in relation to our key risks 	ERM Framework

6. Performance Monitoring and Reporting on Risk

The intent of the University’s enterprise risk management approach is to closely align to the University’s performance management approach in an effort to:

- Establish and track performance expectations for this ERM Framework.
- Track improved performance in the University’s risk management practices.
- Monitor and track performance in key risk obligations being managed by the University.

The University will report on each area above within existing reporting processes and structures.

At a minimum, the specific measures that will be used to track the effectiveness of implementing this ERM Framework are:

- Institutional Risk Profile (IRP) identified, analyzed, evaluated, communicated, and updated at least annually and as new risks emerge.

- Development of actionable treatment plans on each risk assurance plans on each obligation identified in the IRP.
- Downward movement on the risk rating scale, as established by the OPS Comm, based on the ongoing implementation of risk treatment assurance plans.
- Documentation of the review of risk considerations in a Common Risk Management Process within the management functions of the University.
- Risk management training established and conducted for all levels of the University.
- Formal Risk Report presented to the Audit and Compliance Committee of the Board of Trustees on an annual basis with interim updates at each quarterly meeting.

7. Quality Assurance and Continuous Improvement

Quality Assurance & Control

Quality risk information helps to build confidence in the ERM Framework and stakeholder interactions. Quality assurance occurs at two levels in the University:

- All faculty, staff and administrators making decisions are responsible for ensuring quality control in generating risk information results from the application of this ERM Framework.
- The ERM Advisory Committee and the OPS Committee supports the President and the Provost by serving as the University's quality assurance function on risk information that results from the application of this ERM Framework.

Continuous Improvement

The ERM Framework, risk governance structure, tools and training, and guidance will be continuously improved through feedback from external and internal sources in an effort to ensure the University's risk management approach is helpful, valuable, and effective.

Continuous learning and improvement is a key means of attaining service excellence and renewal as our mandate, University, and workforce continue to change and as risk management capacity advances along a risk management maturity continuum.

Both formal and informal mechanisms will be used to identify, capture, and share better practices in managing risk across our departments, from our partners as well as other external sources.

Appendix A: Key Terms

The following key terms apply to this ERM Framework:

Enterprise Risk Management (ERM) is a continuous, proactive and systematic process to understand, manage and communicate risk from a University-wide perspective. It is about making strategic decisions that contribute to the achievement of an institution's overall institutional objectives.

Innovation is the creative generation and application of new ideas that achieve a significant improvement in a product, program, process, service, structure, or ERM Framework.

Opportunity is a time, condition, or set of circumstances permitting or favorable to a particular action or purpose.

Institutional Risk Profile is a summary of the top level priority risks of the institution that could challenge the achievement of objectives developed through use of an explicit, documented, and rigorous process.

Risk refers to the effect of uncertainty on objectives. It is the expression of the likelihood and impact of an event with the potential to affect the achievement of an institution's objectives.

Risk appetite is the amount of risk, on a broad level, that the University is willing to take on in pursuit of its strategic objectives.

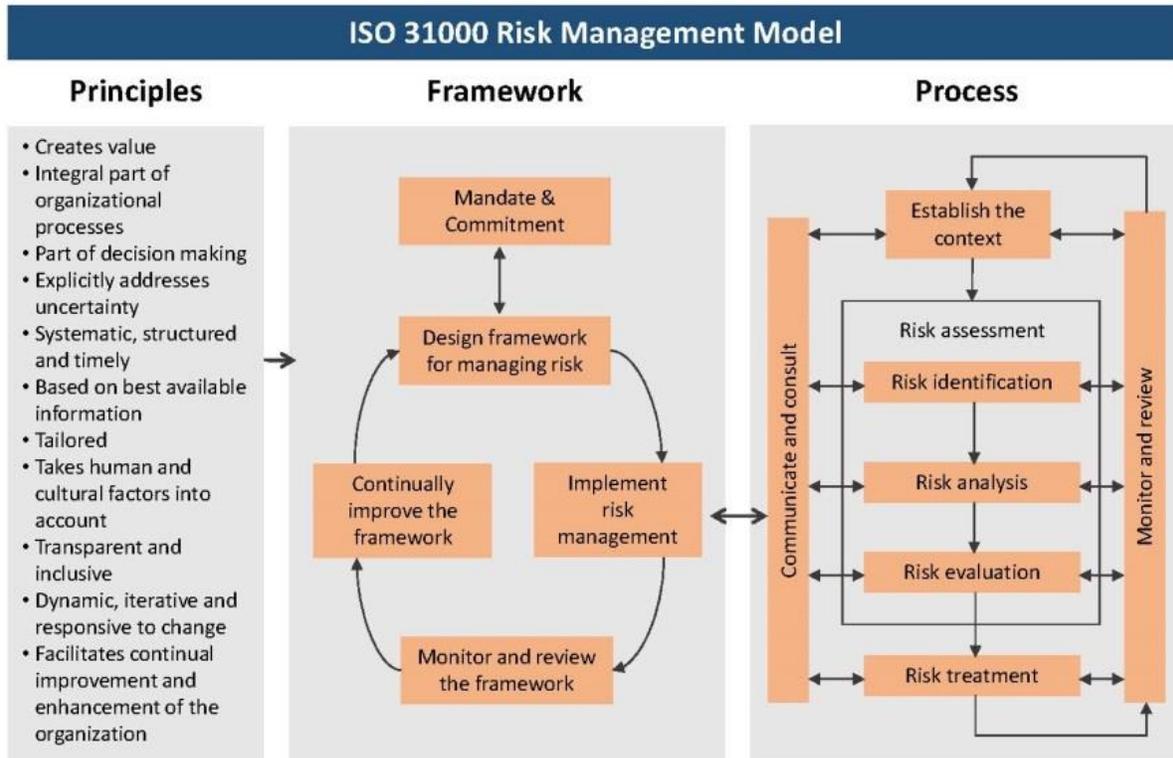
Risk management process is a systematic approach to setting the best course of action under uncertainty by identifying, assessing, understanding, acting on, and communicating risk issues.

Risk tolerance is the willingness of an institution to accept or reject a given level of residual risk after risk treatments are deployed. Risk tolerance may differ across the institution, but should be clearly understood by the individuals making risk-related decisions on a given issue. Clarity on risk tolerance at all levels of the institution is necessary to support informed risk taking and foster risk-smart approaches.

Risk treatment refers to the risk mitigation measures or controls that are developed and implemented to address an identified risk.

Appendix B: Risk Management Process

From ISO 31000:2009
Risk Management Principles and Guidelines



Appendix C:

Operations Committee on ERM

Governance

The Operations Committee (“OPS Comm”) supports the President and the Provost with executing ERM at the University.

Mandate

The function of the OPS Comm is to assist the President and the Provost with execution of an effective enterprise risk management program at the University. More specifically, the OPS Comm helps guide the design and implementation of risk management activity and the risk management action plan as follows:

President/Provost Mandate	The OPS Comm’s Role
<ul style="list-style-type: none"> • Provides oversight, leadership and direction on the University’s legal, strategic, program, and operational risks by monitoring risk and compliance activities and evaluating risk treatment strategies and compliance assurance plans to support decision making 	<ul style="list-style-type: none"> • Monitors risk and compliance activities and the effectiveness of mitigation strategies for key risks within business areas including participation in the University’s Risk Profile within their business area • Champions the application of the University’s ERM Framework within business areas
<ul style="list-style-type: none"> • Develop and implements an ERM Framework including the development of a training and communications strategy 	<ul style="list-style-type: none"> • Provides input into the University’s ERM Framework including policy, training, and communication needs
<ul style="list-style-type: none"> • Integrates risk management into existing decision- making structures 	<ul style="list-style-type: none"> • Provides input to guidance and tools for risk in decision-making, reporting, and planning
<ul style="list-style-type: none"> • Communicates the University’s direction for risk management 	<ul style="list-style-type: none"> • Communicates key messages regarding risk within their business areas
<ul style="list-style-type: none"> • Establishes a University-wide focus for risk management 	<ul style="list-style-type: none"> • Promotes the application of the University’s ERM Framework within business areas
<ul style="list-style-type: none"> • Expects and provides accountability for departmental leadership on integrated risk management 	<ul style="list-style-type: none"> • Promotes the application of the University’s ERM Framework within business areas

Appendix D: The University's Risk Rating Guide

Risks obligations identified as part of the University's Risk Profile (IRP) will be ranked on several dimensions. The risk likelihood, impact, opportunity, assurance and velocity are considered. This rating scale is included as an example. The rating criteria used by the University may differ.

Implementation Road Map:

Discuss key strategic objectives with the Provost, CFO, General Counsel, Internal Audit, University Compliance and the Project Sponsor

- Provide high level overview of ERM Framework
- Discuss challenges and potential barriers
- Discuss timelines and expectations

Interview subject matter experts

- Conduct subject matter expert interviews with each Vice President/Dean and designated team members to identify key risks
- Challenge key assumptions

Consolidate interview results and draft scenarios

- Consolidate information from subject matter expert interviews
- Work with OPS to select top risks for assessment
- Draft risk Scenarios
- Distribute pre-read materials

Conduct Risk Assessment

- Conduct facilitated sessions with high risk teams using voting software if helpful
- Use Logicmanager to assess and rank risk based on impact, likelihood and velocity
- Present results to OPS
- Prioritize risks with OPS by evaluating capabilities/urgency to address risks
- Develop Risk Appetite Statement for each Risk
- Assign Risk Owners
- Create risk map

- Confirm the risk assessment results
- Report key risks to the BoT
- Develop risk filter for use with emerging and risks
- Develop ERM templates
- Determine opportunities to integrate ERM with existing management tools and processes
- Begin managing risks, reporting progress updates and preparing for next cycle

Risk Impact Scale

Risk Impact

Risk Impact Score	Category	Human Capital Indicators	Hazard/safety/legal Liability Indicators	Financial Indicators	Operational Indicators	Compliance/ Privacy Indicators	Strategic Indicators	Reputational Indicators
1	Minor	<ul style="list-style-type: none"> Affects < 5% of employees No impact on recruitment/retention 	<ul style="list-style-type: none"> Minor injury Minor legal liability exposure Minor, reparable environmental damage 	<ul style="list-style-type: none"> Fiscal Year loss of \$50K 5-Yr Cumulative Liability / Obligation \$125K 	<ul style="list-style-type: none"> No disruption of critical operations and services 1-2 day disruption of a department Minor impact on efficiency, student programs, services, environmental sustainability or infrastructure No effect on leadership effectiveness 	<ul style="list-style-type: none"> Minor audit findings Minor fines 	Slows progress on one FIU performance based funding indicator goal	<ul style="list-style-type: none"> Limited negative publicity No effect on FIU reputation/image
2	Moderate	<ul style="list-style-type: none"> Affects 5 - 25% of employees <1-9% employee turnover 	<ul style="list-style-type: none"> Moderate injury Self-insured workers' injury/exposure possible Moderate legal liability exposure Moderate, reparable environmental damage 	<ul style="list-style-type: none"> Fiscal Year loss of \$250K 5-Yr Cumulative Liability / Obligation \$625K 	<ul style="list-style-type: none"> 3-10 day disruption of several departments or one critical service Moderate impact on efficiency, student programs and services, environmental sustainability, or infrastructure Moderate effect on leadership effectiveness 	<ul style="list-style-type: none"> Audit findings requiring programmatic change Moderate fines Short-term agency scrutiny 	Slows progress on more than one performance based funding indicator goal	<ul style="list-style-type: none"> Local/regional negative publicity Pressure for FIU to control the message Moderate damage to FIU's reputation/image
4	Serious	<ul style="list-style-type: none"> Affects 26 - 50% of employees 10-15% employee turnover 	<ul style="list-style-type: none"> Serious injury Self-insured workers' injury/exposure possible Serious legal liability exposure Environmental damage eligible for EPA National Priorities List 	<ul style="list-style-type: none"> Fiscal Year loss of \$500K 5-Yr Cumulative Liability / Obligation \$1.25M 	<ul style="list-style-type: none"> 11-14 day disruption of 2 or more Colleges, Schools, or Divisions or three or more critical services Serious impact on efficiency, student programs and services, environmental sustainability, or infrastructure Serious effect on leadership effectiveness 	<ul style="list-style-type: none"> Principal investigator debarred Program funds rescinded Long-term agency scrutiny Enforcement action likely 	Stops progress on more than one performance based indicator goal	<ul style="list-style-type: none"> National negative publicity Intense pressure for FIU to control the message Significant damage to FIU's reputation/Image

5	Severe	<ul style="list-style-type: none"> Affects 51 - 75% of employees 16-24% employee turnover 	<ul style="list-style-type: none"> Severe injury or death Self-insured workers' compensation injury/exposure possible Severe legal liability exposure Severe environmental damage requiring mitigation 	<ul style="list-style-type: none"> Fiscal Year loss of \$2.5M 5-Yr Cumulative Liability / Obligation \$6.25M 	<ul style="list-style-type: none"> 15 day to 3-month disruption of 2 or more Colleges, Schools, or Divisions or most critical services Severe impact on efficiency, student programs and services, environmental sustainability, or infrastructure Severe effect on leadership effectiveness 	<ul style="list-style-type: none"> Imposed settlement or corporate integrity agreement Organizational criminal prosecution Record financial judgment 	Reverses progress on one or more performance based indicator goal	<ul style="list-style-type: none"> National negative publicity FIU cannot control the message Severe, long-term damage to FIU's reputation/Image
6	Business Critical	<ul style="list-style-type: none"> Affects >75% of employees >25% employee turnover 	<ul style="list-style-type: none"> Business critical injury or death Critical legal liability exposure Major, irreparable environmental damage 	<ul style="list-style-type: none"> Fiscal Year loss of \$10M 5-Yr Cumulative Liability / Obligation \$25M 	<ul style="list-style-type: none"> FIU shutdown >3 months Insolvency Leadership failure results in long-term damage to institution 	<ul style="list-style-type: none"> Threatens viability of FIU or its education mission Loss of all federal research or Title IV funds 	Threatens FIU's ability to stay out of the bottom 3	<ul style="list-style-type: none"> Negative publicity could permanently impair FIU's image/reputation Significant decrease in enrollment or research funding

Risk Likelihood Scale

Risk Likelihood Score	Category	Likelihood
1	Rarely, if ever	<p>Less than 10% probability</p> <p>Within the past 12 months, the following conditions or indicators have existed within the process:</p> <ul style="list-style-type: none"> Task errors within approved limits Appropriate staffing levels Highly experienced and skilled staff No change in volume and nature of transactions No change in key personnel or faculty/staff/administrators who perform or monitor controls
2	Unlikely	<p>At least 10% but less than 33% probability</p> <p>Within the past 12 months, the following conditions or indicators have existed within the process:</p> <ul style="list-style-type: none"> Task errors within approved limits Reasonable staffing levels Adequately experienced and skilled faculty/staff/administrators Minimal transactional changes (e.g., volume, nature) Minimal changes in key personnel or staff

3	About as likely as not	At least 33% but less than 66% probability Within the past 12 months, the following conditions or indicators have existed within the process: <ul style="list-style-type: none"> • Task errors occasionally in excess of approved limits • Shortages in staffing levels • Thinly experienced and skilled faculty/staff/administrators • Moderate transactional changes (e.g., volume, nature) • Some changes in key personnel or staff
4	Likely	At least 66% but less than 90% probability Within the past 12 months, the following conditions or indicators have existed within the process: <ul style="list-style-type: none"> • Task errors often in excess of approved limits • Activity bottlenecks, impact on upstream or downstream functions • Faculty/staff/administrators have insufficient skills, training, and certifications • Significant transactional changes (e.g., volume spikes, contractual changes) • Changes in personnel or staff
5	Highly likely	At least 90% probability Within the past 12 months, the following conditions have existed within the process: <ul style="list-style-type: none"> • Task errors not predictable, limits not established • Major Activity bottlenecks, impact on upstream or downstream functions • Faculty/staff/administrators have little or no experience, skills, training, and certifications • Major transactional changes (e.g., major volume spikes, contractual changes) • Changes in key personnel or staff

Opportunity Impact

Opportunity Impact Score	Category	Impact on Human Capital	Reputational	Financial	Operational
1	Minor	<ul style="list-style-type: none"> • Minor alignment with FIU's vision and mission • Minor contribution to one or more strategic goal objectives • Minor impact on achieving one or more performance based funding metric(s) 	<ul style="list-style-type: none"> • Limited, local positive publicity • No lasting effect on FIU's image/reputation 	Annual savings or new net revenue <\$1 million*	Minor improvements in efficiency, student programs and services, environmental sustainability, or infrastructure
2	Moderate	<ul style="list-style-type: none"> • Moderate alignment with FIU's vision and mission • Moderate contribution to one or more strategic goal objectives • Supports moderate progress on one or more performance based funding metric(s) 	<ul style="list-style-type: none"> • Positive publicity and external recognition • Moderate, short-term improvement to FIU's image/reputation • Positive effect on FIU's academic, environmental, or research reputation 	Annual savings or new net revenue \$1>\$10 million*	Moderate improvements in efficiency, student programs and services, environmental sustainability, or infrastructure

3	Substantial	<ul style="list-style-type: none"> • Overall alignment with FIU's vision and mission • Significant contribution to competitive advantage or long-term viability • Supports major progress on more than one performance based funding metrics (makes one or more of the 2018 goals achievable before the end of June, 2018) 	<ul style="list-style-type: none"> • Positive national publicity or external recognition • Significant, lasting improvement of FIU's image/reputation • Positive effect on FIU's academic, environmental, or research reputation 	Annual savings or new net revenue \$10>\$25 million*	Serious improvements in efficiency, student programs and services, environmental sustainability, or infrastructure
4	Major	<ul style="list-style-type: none"> • Complete alignment with FIU's vision and mission • Major contribution to competitive advantage or long-term viability • Accelerates progress on one performance based funding metrics (makes one or more 2019 goals achievable before the end of July, 2019) 	<ul style="list-style-type: none"> • Positive national publicity or external recognition • Long term enhancement of FIU's academic, environmental, or research reputation 	Annual savings or new net revenue \$25>\$100 million*	Major improvements in efficiency, student programs and services, environmental sustainability, or infrastructure
5	Transformative	<ul style="list-style-type: none"> • Complete alignment with FIU's vision and mission • Major contribution to competitive advantage or long-term viability • Accelerates progress on one or more performance based funding metrics (makes one or more 2020 goals achievable before January 1, 2020) 	<ul style="list-style-type: none"> • Positive national publicity or external recognition • Permanent enhancement of FIU's academic, environmental, or research reputation • Results in a significant increase in enrollment, student academic quality, and/or research funding 	Annual savings or new net revenue >\$100 million*	Transformative improvements in efficiency, student programs and services, environmental sustainability, or infrastructure

***Based on final-year projected savings or net revenue projections for multi-year initiatives**

Opportunity Likelihood Scale

Opportunity Likelihood Score	Category	Likelihood	Indicators
1	Highly Unlikely	Less than 10% chance of occurrence	Likelihood of success is minimal on the basis that the opportunity is clearly not an institutional priority and there is no that resources will be made available
2	Unlikely	At least 10% but less than 33% chance of occurrence	Likelihood of success is low on the basis that management does not view the opportunity as a priority and has not indicated a willingness to make resources available
3	About as likely as not	At least 33% but less than 66% chance of occurrence	Likelihood of success is moderate on the basis that management views the opportunity as a priority and has indicated a willingness to make resources available
4	Probable	At least 66% but less than 90% chance of occurrence	Likelihood of success is high on the basis that management is actively planning to execute the opportunity and has made a commitment to make resources available
5	Highly Probable	At least 90% probability of occurrence	Clear opportunity that can be relied upon with reasonable certainty to be achieved in the short-term based on current priorities and availability of resources

Assurance

Assurance score	Category	Indicators
1	Effective	<ul style="list-style-type: none"> • There is accountability at all levels • Continuous discipline and sound ethical decision-making skills at all levels • Effective, documented controls are in place • Technically competent and experienced staff with minimal turnover • Highly effective management review takes place • No deficiencies observed in control environment (e.g., procedure manual, controls well documented, clear standards and trending for control exceptions) • Self-assessment activity or controls have been reviewed by groups independent of management (e.g., internal audit) in the past two years • Internal audit has reviewed controls within the past year or two years with satisfactory results • Key controls that mitigate the risks are primarily automated and hybrid • Self-assessments are conducted on a regular basis
2	Good	<ul style="list-style-type: none"> • Formalized processes exist to ensure that FIU's values and policies remain the norm • Controls are effective, documented and followed on most occasions • Clear ownership of control responsibility and role accountability • Controls are responsive to operational changes • Technically competent and experienced staff with some turnover • No significant deficiencies observed in internal monitoring • Self-assessment activity or controls have been reviewed by groups independent of management (e.g., internal audit) in the past three years
3	Could be improved	<ul style="list-style-type: none"> • Expectations are clear and available to applicable stakeholders • Compliance with written policies and procedures at all levels is the norm • Controls documented and generally performed, but are not sufficiently responsive to operational changes • Internal monitoring exists but there are deficiencies in effectiveness • Some written procedures and standards exist, but may not be clear or comprehensive • Accountability is not enforced • Written guidance is available to auditors upon request • A risk assessment has been performed although additional controls were required • Key controls that mitigate the risks are a combination of automated, hybrid and manual • Assessments and monitoring is conducted, but not consistently
4	Poor	<ul style="list-style-type: none"> • Organizational values and behavior expectations are not well defined or consistently understood. • Controls are documented but not performed consistently • Controls are only partially effective, and employees implement as best they can • No accountability for failures

		<ul style="list-style-type: none"> • Clear evidence of ongoing internal conflicts in the area • Ineffective or no internal monitoring of controls • Some written task guidance in various forms (e.g., personal notes), but may not be immediately available • Key controls that mitigate the risks are mostly manual and hybrid • Limited self-assessments or gap analysis conducted
5	Ineffective	<ul style="list-style-type: none"> • Ineffective and fragmented controls • Undocumented procedures, mitigating strategies, entity-wide controls • Inappropriate or no guidance from "tone at the top" (control environment) • General inability of key personnel or staff to design and execute effective, cohesive mitigating activities • No written guidance for performing tasks • Key controls that mitigate the risks are mostly manual • No participation in a control self-assessment program

Velocity

Velocity Score	Category	Indicators
5	Highly Likely	Velocity of change is immediate, little or no warning, instantaneous
4	Likely	Velocity of change is measured in days
3	About as likely as not	Velocity of change is measured in weeks
2	Unlikely	Velocity of change is measured in months
1	Rarely, if ever	Velocity of change is measured in years

USF System Enterprise Risk Assessment:
Risk Footprint

Function/Process Risks →														
	1		2		3		4		5		6		7	
H/H		H/H		H/H		H/H		HM/H*		H/M		H/M		
H/M		H/M		H/M		H/M		HM/M*		HM/M*		HM/M*		
M/H		M/H		M/H		M/HM*		M/HM*		M/HM*		M/M		
M/M		M/M		M/M		M/M		M/M		M/M		M/M		
M/M		M/M		M/M		M/M		M/M		M/L		M/L		

H/H  H/M  M/H  M/M  M/L 

Ranking Risks - H/H, M/H, etc.

Two Scores... (high, medium, low)

1. **IMPACT [High (H) or Medium (M)]**— the effect of the risk (things going wrong) on the achievement of organization goals and objectives
2. **PROBABILITY Scores [H, M, or Low(L)]**—the likelihood of things going wrong

* split vote on one risk element

UNIVERSITY RISK AND COMPLIANCE COUNCIL CHARTER

PURPOSE

The University Risk and Compliance Council serves as a forum for assessing and monitoring UWF's total risk and compliance responsibilities. The Council provides a proactive program to ensure recognition of UWF's risks and strives to achieve compliance with all applicable policies, procedures, laws and regulations. The Council proactively seeks to train employees, provide for the active solicitation and discovery of concerns followed by an appropriate investigation into problem areas, and facilitate timely resolution of issues.

DEFINITIONS

RISK: The threat or probability that an action or event will beneficially or adversely affect public safety or UWF's ability to meet its current or future objectives.

RISK MANAGEMENT: A planned, systematic and disciplined approach to identify, assess and control those uncertainties which may impact public safety or the achievement of UWF's strategic goals, objectives and opportunities.

COMPLIANCE: A process to monitor the UWF's compliance efforts and by documenting the University's expectations for its faculty, staff, and other representatives in the performance of their responsibilities at UWF. Compliance remains the responsibility of operational and/or functional managers throughout the university.

SPECIFIC RESPONSIBILITIES

1. Monitor the risk management and compliance processes of the University as a whole.
2. Advise the University senior leadership on issues as they relate to overall risk and compliance.
3. Recommend an appropriate risk tolerance or level of exposure for the University.
4. Identify and quantify fundamental risks affecting the University and ensure that procedures and measures are in place to manage those risks.
5. At least annually, review fundamental potential risks and their controls and report to the President and the Vice Presidents. Throughout the year bring reports as necessary to the President, the Vice Presidents and other central committees.
6. Ensure that extreme risks are adequately mitigated following UWF's disaster recovery/business continuity plans. Ensure that these plans are up to date and regularly tested.
7. Help to develop a culture of risk awareness through risk education and help to embed risk management into major decisions through high level controls and procedures.

8. Identify and map current and emerging compliance requirements affecting the University and ensure that procedures and measures are in place to achieve and maintain satisfactory compliance with federal, state, and other requirements.
9. Perform biennial review compliance practices and report to the President and the Vice Presidents.
10. Receive quarterly reporting of activities from the UWF Compliance Office, which will include reporting of activities, emerging issues, and other relevant information.
11. Recommend to the President, where appropriate, new policies and procedures and changes to existing policies and procedures relating to risk management and compliance.
12. Endeavor to protect the safety and reputations of faculty, staff and students at UWF and the safety and reputation of the institution while mitigating risk and monitoring compliance to a myriad of topics.

MEMBERSHIP REPRESENTATION

The University Risk and Compliance Council is composed of nineteen (19) members. That membership is determined as follows:

Vice President Finance and Administration (or designee), who serves as chair

Associate Vice President for Internal Auditing, who serves as vice chair

Associate Vice President for Financial Services/Controller

Assistant Vice President, Enrollment Affairs

Chief Information Technology Officer (or designee)

Chief Mental Health Officer

Chief of Police

Compliance Officer, Internal Auditing and Compliance

Compliance Officer, Intercollegiate Athletics

Director, Communications

Director, Environmental Health and Safety

Director, Institutional Effectiveness (ASPIRE)

Director, Research

Human Resources Representative

Senior Associate Vice President, Student Affairs

A representative from the Camps and Youth Programs Risk Management Committee

A faculty representative, recommended and appointed by the Faculty Senate

A university workforce representative, recommended and appointed by the Staff Senate

General Counsel, who serves *ex officio*, non-voting

MEMBERSHIP AND MEETING POLICIES

Meetings will be conducted under the most current edition of Robert's Rules of Order, unless specified otherwise below.

The Vice President for Finance and Administration (or designee) serves as an *ex officio* chair. The AVP for Internal Auditing serves as an *ex officio* vice chair. The person serving as chair in any meeting shall not vote in that meeting except in the case of a tie.

MEETING SCHEDULING, AGENDAS, AND MINUTES

The Committee shall meet as often as needed to accomplish its goals and responsibilities, normally quarterly.

Agendas should be distributed in advance of meetings, and written minutes of meetings should be prepared. The Committee will forward to the Faculty Senate Office an electronic copy of meeting schedules and agendas. The Faculty Senate Office Secretary will be responsible for posting these documents to Nautical. Minutes and reports will be secure and maintained by the Vice President, Finance and Administration.

TERMS OF APPOINTMENT

All members:

Continuous

Faculty Senate and Staff Senate members:

- ◆ Three-year terms; can be reappointed to successive terms. Terms begin with the next academic year, unless otherwise noted.

REVIEW

The Charter shall be reviewed biannually by the Council and recommendations for changes submitted to the Faculty Senate.

LEGAL REFERENCES

None

RECOMMENDATIONS REPORTED TO

University President and Vice Presidents

Dates prepared/Modified by the Governance Committee

February 22, 2008

January 21, 2011

September 24, 2011

March 17, 2014

September 25, 2015

February 2, 2016

Dates Approved by the Faculty Senate

March 14, 2008
February 11, 2011
October 14, 2011
March 21, 2014
October 9, 2015
February 12, 2016

Approved by the Administration

/s/ Judith A. Bense
University President

March 18, 2016
Date

ATTACHMENT 2

UWF Risk & Compliance Council Risk Identification Exercise--FY2017/18 (May 2017)

Results (Summary)

Purpose The Risk & Compliance Council's charge is to take a strategic approach to managing risk. Risks include financial, operational, strategic, regulatory, environmental, reputational, political and many other types. Accordingly, the Council identified key risks UWF faces and identified mitigation procedures in place or needed. Our goal is to reduce the chance of loss, create financial stability, and protect UWF's resources. This process is to be an annual activity of the Council going forward.

Methodology The UWF Risk Council began to identify the risks using an established model from the University of California System's Model (See: <http://www.ucop.edu/enterprise-risk-management/>). Next, it was tailored to meet the situations at UWF. **For 2016/17, we evaluated 113 specific risks.** From there, the Council discussed in depth each item considering these factors: a) likelihood event would occur, b) the impact [severity] if it did occur (financial, strategic, physical, reputational, compliance), c) what procedures and policies does UWF have in place to mitigate each, and d) if improvements were needed to identify them. Each risk item was then given a rating (high [red], medium [yellow], low [green]) for Likelihood and Impact. The Council discussed in-depth those items that had both High Likelihood and High Impact, which are listed below.

Results for 2017 Exercise

Five items received both High Likelihood and High Impact. They are listed below.

1

2

3

4

5

UWF Board of Trustees Meeting
Audit & Compliance Committee
November 16, 2017

Issue: Compliance -Update on Activities
Proposed action: Informational

To provide the Committee with an update of the compliance function.

Recommendation: Information only

Implementation: None

Fiscal Implications: Fiscal oversight by the UWF Board of Trustees

Prepared by: Matthew Packard, Compliance Officer, 857-6070, mpackard@uwf.edu

Presenter: Matthew Packard, Compliance Officer