University of Florida Foundation, Inc.

Financial and Compliance Report
June 30, 2015

McGladrey

Assurance ▪ Tax ▪ Consulting

Contents

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Independent Auditor's Report

To the Board of Directors
University of Florida Foundation, Inc.
Gainesville, Florida

Report on the Financial Statements
We have audited the accompanying financial statements of the University of Florida Foundation, Inc. (the Foundation), (a component unit of the University of Florida), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University of Florida Foundation, Inc. as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the University of Florida Foundation, Inc.'s June 30, 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 18, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters – Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of state financial assistance, as required by the State of Florida Chapter 10.650, *Rules of the Auditor General*, is presented for purposes of additional analysis and is also 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2015, on our consideration of the University of Florida Foundation, Inc.'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 the University of Florida Foundation, Inc.'s internal control over financial reporting and compliance.

McGladrey LLP

Orlando, Florida
September 24, 2015

University of Florida Foundation, Inc.

Statement of Financial Position
June 30, 2015 (with summarized comparative information as of June 30, 2014)

	2015	2014
Assets		
Cash	$ 5,121,455	$ 12,501,703
Other receivables	48,017,886	15,449,387
Pledges receivable, net	86,923,916	83,120,382
Investments	1,615,176,856	1,771,919,258
Real estate held for sale	7,544,249	8,255,259
Other assets	7,129,433	5,009,469
Present value of amounts due from externally managed trusts	2,632,102	2,687,029
Property and equipment, net	32,921,456	19,444,592
Land preserve	15,719,467	15,719,467
Permanent collections	39,382,489	37,743,374
Total assets	$ 1,860,569,309	$ 1,971,849,920
Liabilities and Net Assets		
Liabilities		
Accounts payable, accrued expenses and other liabilities	$ 5,326,138	$ 3,258,660
Notes payable	20,493,258	15,902,168
Annuity liabilities	6,664,448	6,653,927
Trust liabilities	14,476,087	14,057,040
Pension liability	10,349,689	6,261,932
Deferred revenue	821,000	1,237,410
Amounts held on behalf of University of Florida related entities	38,834,077	21,405,116
Total liabilities	96,964,697	68,776,253
Net assets		
Unrestricted	8,266,506	15,545,661
Temporarily restricted	527,164,711	691,283,755
Permanently restricted	1,228,173,395	1,196,244,251
Total net assets	1,763,604,612	1,903,073,667
Total liabilities and net assets	$ 1,860,569,309	$ 1,971,849,920

See Notes to Financial Statements.

University of Florida Foundation, Inc.

Statement of Activities
Year Ended June 30, 2015 (with summarized comparative information for the year ended June 30, 2014)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2015	Total 2014
Operating revenue and other additions					
Contributions	$ 144,158	$ 60,633,694	$ 31,138,703	$ 91,916,555	$ 111,847,401
Support from the University of Florida	14,912,304	-	-	14,912,304	9,954,079
Investment return, net	18,932,770	52,093,407	(367,632)	70,658,545	188,348,335
Alumni program support	1,849,540	24,101	743,837	2,617,478	3,005,022
Other	1,504,363	6,907,092	1,227,289	9,638,744	8,577,316
Net assets released from restrictions	283,679,675	(283,679,675)	-	-	-
Total operating revenue and other additions	321,022,810	(164,021,381)	32,742,197	189,743,626	321,732,153
Operating expenses and other expenditures					
Program services					
General college support	82,483,434	-	-	82,483,434	63,379,628
Student financial aid	45,098,447	-	-	45,098,447	9,330,290
Faculty and staff support	57,213,749	-	-	57,213,749	10,261,821
Research	32,532,393	-	-	32,532,393	7,783,059
Facilities	33,498,896	-	-	33,498,896	17,223,190
Other	37,236,654	-	-	37,236,654	11,636,928
Total program services	288,063,573	-	-	288,063,573	119,614,916
Supporting services					
Communications and marketing	1,749,274	-	-	1,749,274	856,168
Alumni affairs	4,433,513	-	-	4,433,513	4,251,157
Development	20,451,979	-	-	20,451,979	18,995,156
Advancement services	7,485,472	-	-	7,485,472	5,405,591
Talent management	2,203,438	-	-	2,203,438	1,975,895
Total supporting services	36,323,676	-	-	36,323,676	31,483,967
Total operating expenses and other expenditures	324,387,249	-	-	324,387,249	151,098,883
Change in net assets from current operations	(3,364,439)	(164,021,381)	32,742,197	(134,643,623)	170,633,270
Other changes					
Change in value of split interest agreements	-	(187,176)	(477,678)	(664,854)	3,259,410
Pension changes other than net periodic pension costs	(3,914,609)	-	-	(3,914,609)	486,419
Provision for doubtful pledges	(107)	89,513	(335,375)	(245,969)	(3,596,514)
Change in net assets	(7,279,155)	(164,119,044)	31,929,144	(139,469,055)	170,782,585
Net assets, beginning of year	15,545,661	691,283,755	1,196,244,251	1,903,073,667	1,732,291,082
Net assets, end of year	$ 8,266,506	$ 527,164,711	$ 1,228,173,395	$ 1,763,604,612	$ 1,903,073,667

See Notes to Financial Statements.

University of Florida Foundation, Inc.

Statement of Cash Flows
Year Ended June 30, 2015 (with summarized comparative information for the year ended June 30, 2014)

	2015	2014
Reconciliation of change in net assets to net cash used in operating activities:		
Change in net assets	**$ (139,469,055)**	$ 170,782,585
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Contributions restricted for long-term investment	**(32,314,453)**	(29,001,013)
Increase (decrease) in trust and annuity liabilities	**429,568**	(271,874)
Increase (decrease) in pension liability	**4,087,757**	(315,199)
Provision for doubtful accounts and pledges	**289,644**	3,596,514
Amortization of deferred revenue	**(416,410)**	(404,590)
Depreciation expense	**493,457**	437,130
Gain on investments, changes in real estate held for sale, property and equipment and other assets	**(61,081,465)**	(194,567,465)
Noncash contributions	**(6,303,117)**	(9,238,409)
Changes in operating assets and liabilities:		
Pledges receivable	**(6,014,497)**	668,629
Due from externally managed trusts	**54,927**	(213,382)
Other receivables	**(32,711,887)**	302,470
Accounts payable, accrued expenses and other liabilities	**2,067,478**	383,582
Net cash used in operating activities	**(270,888,053)**	(57,841,022)
Cash flows from investing activities:		
Purchases of investments	**(12,858,057)**	(55,616,770)
Proceeds from sales of investments	**232,426,858**	91,510,573
Proceeds from sales of real estate held for sale	**2,345,367**	940,581
Purchases of property and equipment and other assets	**(8,686,018)**	(911,995)
Proceeds from sales of property and equipment and other assets	**1,594,480**	1,255,380
Origination of notes receivable	**-**	(70,000)
Collections of notes receivable	**99,713**	34,770
Net cash provided by investing activities	**214,922,343**	37,142,539
Cash flows from financing activities:		
Proceeds from contributions restricted for long-term investment	**32,314,453**	29,001,013
Payments on long-term debt	**(408,910)**	(394,344)
Proceeds from (payments to) University of Florida related entities	**19,424,299**	(6,157,222)
(Payments to) proceeds from accounts held on behalf of employees	**(8,877)**	499
Payments to beneficiaries and other split interest expenses	**(2,735,503)**	(2,764,398)
Net cash provided by financing activities	**48,585,462**	19,685,548
Net decrease in cash	**(7,380,248)**	(1,012,935)
Cash:		
Beginning of year	**12,501,703**	13,514,638
End of year	**$ 5,121,455**	$ 12,501,703

(Continued)

University of Florida Foundation, Inc.

Statement of Cash Flows (Continued)
Year Ended June 30, 2015 (with summarized comparative information for the year ended June 30, 2014)

		2015		2014
Supplemental disclosure of cash flow information				
Cash paid for interest	**$**	**443,824**	$	365,496
Cash received (paid) for income taxes		**41,135**		(1,934,730)
Supplemental data for noncash investing and financing activities				
Purchase of land with mortgage payable	**$**	**5,000,000**	$	-
Receipt of permanent collection gifts		**1,021,860**		2,218,904
Receipt of real estate held for sale		**1,588,040**		983,500
Receipt of real estate held for use		**1,141,001**		-
Receipt of life insurance		**1,976,919**		273,048
Receipt of non-liquid investments		**387,504**		5,448,556
Receipt of livestock		**187,793**		13,601

See Notes to Financial Statements.

Note 1. Nature of Organization and Significant Accounting Policies

Nature of Organization: University of Florida Foundation, Inc. (the Foundation) is a nonprofit entity established to solicit and manage funds for the benefit of the University of Florida (the University). The Foundation is governed by a self-perpetuating board of directors consisting of a majority of volunteer board appointed members, some of whom are significant donors to the Foundation. The Board also includes ex-officio University and Foundation officials. The Foundation functions as a direct support organization of the University and is reported as a component unit of the University in its financial statements.

A summary of the Foundation's significant accounting policies follows:

Comparative Financial Statements: The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

Basis of Accounting: The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Foundation follows the guidance of the provisions for accounting for nonprofit organizations. Under this guidance, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: permanently restricted, temporarily restricted and unrestricted. 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 they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes in the support of the University.

- Temporarily restricted net assets – net assets subject to donor-imposed stipulations that may or will be met, either by the passage of time or satisfaction of the restriction. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

- Unrestricted net assets – net assets which represent resources generated from operations or assets not subject to donor-imposed stipulations, but may be designated for specific purposes by action of the board of directors.

Revenues: Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases these net asset classes. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law.

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

In the normal course of business, the Foundation accepts financial assets from donors on behalf of specified beneficiaries to which it is financially interrelated and recognizes the fair value of assets received as contributions. Contributions, including unconditional promises to give, are recognized as revenues in the period received and are recorded at their estimated fair value on the date of contribution. For the years ended June 30, 2015 and 2014, the Foundation recognized $64,493,534 and $60,316,081, respectively, in in-kind operating revenue and other additions. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Liquidity: Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

Use of Estimates: Management uses estimates and assumptions in preparing financial statements in conformity with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those used in calculating the pledges receivable and related allowance for doubtful amounts, the annuity and trust liabilities under split interest agreements and the pension benefits obligation, and in determining the impairment of long-lived assets and the fair value of certain investments. Actual results could differ from these estimates, and the change may be material.

Cash: Cash consists of cash on hand and cash in operating accounts.

Other Receivables: Other receivables primarily consist of amounts due from the University (see Note 15).

Property and Equipment: All real property (buildings and land) is capitalized. Property and equipment purchased with an original cost of $5,000 or more are recorded at cost. Contributed property and equipment having a fair value of $5,000 or more are recorded at their estimated fair value on the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support for the term of the restricted period. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Property and equipment are depreciated using the straight-line method of depreciation over the estimated useful lives of the assets. The estimated useful life for vehicles and equipment is 3 years and ranges from 5 years to 30 years for buildings and improvements. If equipment is donated to the Foundation for the benefit of the University, the Foundation transfers title to the specified University recipient and no amounts are capitalized in the Foundation’s financial statements.

Permanent Collections: The Foundation capitalizes its permanent collections. Additions are capitalized at cost if purchased and at fair value at date of contribution, if received by donation. Gains and losses on disposals of donated collections are recorded based on the presence or absence of donor restrictions placed on items at the date of donation.

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

Real Estate Held For Sale: The Foundation receives contributions in the form of real estate with donor intentions that the properties are to be sold and proceeds from the sale are to benefit the Foundation or the University. Real estate held for sale is held at fair value less estimated costs to sell.

Fundraisers' Salaries and Expenses Paid by Various Colleges of the University: A portion of certain fundraisers' salaries and expenses is paid either directly to the fundraisers by the colleges which they represent or it is reimbursed to the Foundation by the colleges. These amounts, which totaled $10,760,403 and $8,126,326 for the years ended June 30, 2015 and 2014, respectively, are included in unrestricted operating revenues as support from the University and in expenses as fundraising costs. At June 30, 2015 and 2014, $801,927 and $316,123 of these amounts are included in other receivables.

Pledges Receivable: Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using a risk adjusted discount rate applicable to the month in which the promises are received. Amortization of the discounts is included in contributions revenue. The Foundation uses the allowance method to determine uncollectible receivables. The allowance is based upon management estimates of current economic factors and analysis of specific accounts.

Split Interest Agreements: The Foundation accepts gifts subject to split interest agreements. These gifts may be in the form of annuities, life estates or charitable remainder trusts. At the time of receipt, a gift is recorded based upon the fair value of assets donated less any applicable liabilities. Liabilities include the present value of projected future distributions to the annuity or trust beneficiaries and are determined using the Internal Revenue Service rate for computing charitable deductions for such gifts in effect at the time of the gift ranging from 2.0% to 8.2%. Funds subject to split interest agreements are classified as temporarily restricted or permanently restricted based upon donor designations.

Current Florida law requires charities to maintain certain minimum gift annuity reserves. As of June 30, 2015 and 2014, the Foundation held assets in excess of the minimum required by state law.

Accrued Compensated Absences: The Foundation accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee. Eligible employees are entitled to annual vacation and sick leave with pay. Accrued compensated absences totaled $1,700,511 and $1,516,206 at June 30, 2015 and 2014, respectively, and are included in accrued expenses in the accompanying statement of financial position.

Financial Instruments: The carrying amount reported in the statement of financial position for cash, other receivables, accounts payable, accrued expenses and other liabilities approximate fair value because of immediate or short-term maturities of these financial instruments. The carrying amount of pledges receivable and annuity and trust liabilities approximate fair value as they are presented on a discounted basis. The carrying amount of the Foundation's notes payable approximates their fair value based on the fact that the rates of such notes are similar to rates available for debt of the same terms.

See Note 6 for a description of the fair values and carrying amounts for investments and amounts due from externally managed trusts. Income and realized and unrealized gains and losses on investments of permanently restricted net assets are reported as increases or decreases in temporarily restricted net assets.

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

Fair Value Measurements: The Foundation's investments are stated at fair value (see Note 6). Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Foundation uses various methods including market and income approaches. Based on these approaches, the Foundation often uses certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Foundation uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

Functional Allocation of Expenses: The costs of providing various programs and support services have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated to the programs and supporting services receiving benefit from the expenditures.

Impairment of Long-Lived Assets: Long-lived assets, such as land, buildings and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset be tested for possible impairment, the Foundation first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models and third-party independent appraisals, as considered necessary.

Income Taxes: The Foundation is exempt from federal income taxes under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3). However, the Foundation is subject to income tax on unrelated business income. The Foundation's primary source of unrelated business income is from certain investments in private equity partnerships. For the years ended June 30, 2015 and 2014, the Foundation had current income tax (benefit) expense of $(1,913,387) and $1,934,730, respectively, which are included as an adjustment to investment return in the accompanying statement of activities.

The Foundation files income tax returns in the U.S. federal jurisdiction and in various state and local jurisdictions. Tax periods open to examination by major taxing jurisdictions to which the Foundation is subject include fiscal years ended June 30, 2012 through June 30, 2015.

The Foundation has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Foundation.

Amounts Held on Behalf of University of Florida Related Entities: Gator Boosters, Inc., the University of Florida Law Center Association, Inc., the University of Florida Health Proton Therapy Institute, and Shands Teaching Hospital and Clinics, Inc. have entered into agreements with the Foundation for administrative services. The liability included in the accompanying statement of financial position represents the amounts due to these entities, including any share of investment returns.

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

Deferred Revenue: Amounts received in advance under agreements with terms in excess of one year are recorded as deferred revenue and are amortized into revenues using the straight-line method over the life of the related agreements.

Recent Accounting Pronouncements: The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (ASU) No. 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. The amendment applies to reporting entities that elect to measure the fair value of an investment using the net asset value per share (or its equivalent) practical expedient. Currently, investments valued using the practical expedient are categorized within the fair value hierarchy on the basis of whether the investment is redeemable with the investee at net asset value on the measurement date, never redeemable with the investee at net asset value, or redeemable with the investee at net asset value at a future date. For investments that are redeemable with the investee at a future date, a reporting entity must consider the length of time until those investments become redeemable to determine the classification within the fair value hierarchy. The amendment removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. This ASU also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. This ASU is effective for the Foundation for their fiscal year beginning after December 15, 2016 and requires retrospective treatment to all periods presented. Management is reviewing the requirements of this ASU but believes the only impact on the financial statements will be on disclosure of certain investments recorded at the net asset value practical expedient.

The FASB and other entities have issued other certain new or modifications to, or interpretations of, existing accounting guidance. The Foundation has considered the new pronouncements that altered accounting principles generally accepted in the United States, and does not believe that any other new or modified guidance will have a material impact on the Foundation's reported financial position or activities in the near term.

Subsequent Events: The Foundation has evaluated subsequent events through September 24, 2015, which is the date the financial statements were available to be issued.

Note 2. State Match Receivable

In accordance with Florida Statute Chapter 1011.94, *University Major Gifts Program,* endowment contributions of $100,000 or more, made after July 1, 1985, with income to be used to support libraries and instruction and research programs, are eligible for state match. As of June 30, 2015 and 2014, the Foundation has approved state matching requests that have not yet been received or recognized in the financial statements totaling $130,958,616. The State of Florida has temporarily suspended funding for this program and did not appropriate any funds; therefore, no receivable has been recorded in the accompanying financial statements.

Note 3. Pledges Receivable

Pledges receivable and the related allowance for doubtful accounts at June 30, 2015 and 2014, are summarized as follows:

	2015	2014
Due in less than one year	**$ 23,964,943**	$ 26,725,904
Due in one to five years	**63,351,443**	55,472,078
Due after five years	**21,476,407**	22,112,324
	108,792,793	104,310,306
Allowance for doubtful amounts	**(13,270,096)**	(13,131,635)
Unamortized discounts	**(8,598,781)**	(8,058,289)
Pledges receivable, net	**$ 86,923,916**	$ 83,120,382

Pledges receivable are discounted using a risk adjusted discount rate for the month the pledge was initially recognized. The risk adjusted discount rate consists of the 5-year Treasury yield plus a 1% risk premium. Discount rates used ranged from 1.6% to 8.2%.

Note 4. Investment Management Agreement

The University of Florida Board of Trustees created the University of Florida Investment Corporation (UFICO), a direct support organization, to manage University investments. UFICO is governed by an independent volunteer board of directors. The Foundation has a management agreement with UFICO to manage a significant portion of its investments. Management fees are payable at the beginning of each quarter and are computed based on amounts budgeted by UFICO and the market value of the assets as reported by the custodians at the previous quarter-end. The asset valuations used in the fee calculations include all funds and assets under management, including cash and accrued income. Annualized fees charged were 0.15% and 0.10% of the related assets under management for the years ended June 30, 2015 and 2014, respectively. Management fees expensed during the years ended June 30, 2015 and 2014, under this agreement totaled $2,323,534 and $1,557,750, respectively, which are included in investment return in the accompanying statement of activities.

Note 5. Investments

Investments at June 30, 2015 and 2014, are summarized as follows:

	2015	2014
Government issues – domestic	**$ 770,227**	$ 260,382
Government issues – foreign	**176,776**	134,453
Corporate stocks	**574,023**	228,210
Short-term investments	**12,076,837**	40,137,634
Mutual funds – equities	**21,956,870**	23,626,739
Mutual funds – fixed income	**12,101,512**	12,444,443
Hedge strategies	**-**	1,947,645
Private equity investments	**5,598,048**	4,258,787
Private equity investments – UFICO limited partnerships	**1,561,922,563**	1,688,880,965
	$ 1,615,176,856	$ 1,771,919,258

Note 5. Investments (Continued)

Investments managed by UFICO on behalf of the Foundation are held in investment limited partnerships (shown as private equity investments – UFICO limited partnerships in the preceding table). The limited partnerships have entered into an agreement with BNY Mellon to provide custody and other services related to the investments. UFICO serves as the general partner and the investment manager for each of the limited partnerships. As of June 30, 2015 and 2014, the major investment categories of the limited partnerships are shown below. See Note 6 for breakdown of investments by limited partnership.

	2015	2014
Short-term investments	**$ 15,325,508**	$ 78,335,207
Global equities	**504,661,951**	538,248,271
Fixed income	**104,260,737**	201,423,880
Hedge strategies	**520,237,938**	418,805,537
Private equity investments	**417,436,429**	452,068,070
	$ 1,561,922,563	$ 1,688,880,965

As of June 30, 2015 and 2014, the Foundation's total capital commitments under its private equity investment agreements were $960,000,269 and $886,928,374, respectively. The total amounts requested for investment under these agreements were $743,383,318 and $695,098,540 as of June 30, 2015 and 2014, respectively, leaving unfunded commitments of $216,616,951 and $191,829,834.

The underlying investments of the limited partnerships managed by UFICO are generally pooled and managed under various asset diversification strategies, depending upon the specific pool's objectives, and to avoid significant concentrations of market risk. Short-term investments and global equity securities include investments in large-cap, mid-cap and small-cap companies primarily located in the United States, as well as international companies. Fixed income securities include corporate bonds of companies from diversified industries and U.S. Treasuries. Hedge strategies and private equity investments include real estate and international funds.

The following schedule summarizes the investment return in the accompanying statement of activities for the years ended June 30, 2015 and 2014.

	2015	2014
Investment gain (loss), net of UFICO management fees (Note 4)	**$ 7,725,814**	$ (340,234)
Net realized and unrealized gains on investments	**63,300,363**	188,582,052
Net real estate realized and unrealized (depreciation) appreciation	**(367,632)**	106,517
Total return on investments	**$ 70,658,545**	$ 188,348,335

Assets held under various split interest agreements at June 30, 2015 and 2014, are included in the accompanying financial statements as follows:

	2015	2014
Investments	**$ 35,976,236**	$ 35,318,670
Real estate held for sale	**110,000**	125,000
Total assets held under split interest agreements	**$ 36,086,236**	$ 35,443,670

Note 6. Fair Value Measurements

The fair value measurement accounting literature provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

- Level 2 – Inputs to the valuation methodology must be observable for substantially the full term of the specified (contractual) term, if applicable, and include:

  - Quoted market prices for similar assets or liabilities in active markets.

  - Quoted prices for identical or similar assets or liabilities in inactive markets.

  - Inputs other than quoted prices that are observable for the asset or liability.

  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Any transfer between fair value hierarchy levels is recognized by the Foundation at the end of each reporting period.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis. There have been no changes to the methodologies used at June 30, 2015 and 2014.

- Corporate stocks and mutual funds (equities and fixed income) – Valued at quoted market prices in active markets on which individual securities are traded, which for mutual funds represents the net asset value of shares held by the Foundation at year end.

- Short-term investments – Valued at the net asset value of shares held by the Foundation at year end, based on observable inputs that are derived principally from or corroborated by observable market data by correlation or other means.

- Corporate bonds and government issues (domestic and foreign) – Valued based upon quotes from independent pricing vendors based upon independent pricing models or other model-based valuation techniques such as the present value of the stream of expected cash flows adjusted for the security's credit rating and other factors such as credit loss assumptions.

- Hedge strategies – Valued as a practical expedient, at the net asset value of the units held by the Foundation at year end, as reported by the investment manager and within the valuation guidelines stipulated in respective investments agreements.

Note 6. Fair Value Measurements (Continued)

- Private equity investments – Valued as a practical expedient, at the net asset value of the units held by the Foundation at year end, as reported by the investment manager and within the valuation guidelines stipulated in respective investment agreements.

- Externally managed trusts – Valued at the present value of the stream of expected cash flows on charitable interests in trusts due to the Foundation at year end, using appropriate discount rates in accordance with the Internal Revenue Code.

Following is a description of the valuation methodologies used for assets measured at fair value on a nonrecurring basis. There have been no changes to the methodologies used at June 30, 2015 and 2014.

- Pledges receivable – Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using a risk adjusted discount rate applicable to the month in which the promises are received.

- Long-lived assets held for use – Valued principally from or corroborated by both observable and unobservable market data by correlation or other means.

- Long-lived assets held for sale – Valued principally from or corroborated by both observable and unobservable market data by correlation or other means.

- Permanent collections – Valued principally from or corroborated by both observable and unobservable market data by correlation or other means.

- Split interest agreements – trust assets – Valued at the present value of the stream of expected cash flows on charitable interests in trusts due to the Foundation, using appropriate discount rates in accordance with the Internal Revenue Code.

- Split interest agreements – annuity assets – Valued at the present value of the stream of expected cash flows on charitable interests in annuities due to the Foundation, using appropriate discount rates in accordance with the Internal Revenue Code.

- Livestock – Valued principally from or corroborated by both observable and unobservable market data by correlation or other means.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determining the fair value of certain financial instruments could result in a different fair value measurement at the reporting date, and any differences may be material.

Long-lived assets are measured each year at June 30 when there is evidence of impairment.

Note 6. Fair Value Measurements (Continued)

Assets measured at fair value on a nonrecurring basis as of June 30, 2015 and 2014, are as follows:

Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Impairment Losses
Impairment valuation					
June 30, 2015					
Long-lived assets held for use	**$ 106,001**	**$ -**	**$ -**	**$ 106,001**	**$ 290,699**
Long-lived assets held for sale	**1,421,000**	**-**	**-**	**1,421,000**	**443,000**
					$ 733,699
June 30, 2014					
Long-lived assets held for use	$ 262,000	$ -	$ -	$ 262,000	$ 66,000
Long-lived assets held for sale	3,088,400	-	-	3,088,400	907,500
					$ 973,500
Valuation of contributions					
Year ended June 30, 2015					
Pledges receivable	**$ 34,303,159**	**$ -**	**$ -**	**$ 34,303,159**	
Long-lived assets held for use	**1,141,001**	**-**	**-**	**1,141,001**	
Long-lived assets held for sale	**1,588,040**	**-**	**-**	**1,588,040**	
Permanent collections	**1,021,860**	**-**	**-**	**1,021,860**	
Split interest agreements – trust assets	**3,157,375**	**-**	**-**	**3,157,375**	
Split interest agreements – annuity assets	**845,952**	**-**	**-**	**845,952**	
Livestock	**187,793**	**-**	**-**	**187,793**	
Year ended June 30, 2014					
Pledges receivable	$ 32,197,740	$ -	$ -	$ 32,197,740	
Long-lived assets held for use	300,000	-	-	300,000	
Long-lived assets held for sale	983,500	-	-	983,500	
Permanent collections	2,218,904	-	-	2,218,904	
Split interest agreements – trust assets	464,827	-	-	464,827	
Split interest agreements – annuity assets	1,176,217	-	-	1,176,217	
Livestock	13,601	-	-	13,601	

Impairment losses shown above from assets held for use and assets held for sale are included in the accompanying statement of activities, respectively, in other and in investment return.

Note 6. Fair Value Measurements (Continued)

Assets measured at fair value on a recurring basis as of June 30, 2015 and 2014, are as follows:

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
June 30, 2015				
Investments:				
Government issues – domestic	**$ -**	**$ 770,227**	**$ -**	**$ 770,227**
Government issues – foreign	**-**	**176,776**	**-**	**176,776**
Corporate stocks	**574,023**	**-**	**-**	**574,023**
Short-term investments	**-**	**12,076,837**	**-**	**12,076,837**
Mutual funds – equities	**21,956,870**	**-**	**-**	**21,956,870**
Mutual funds – fixed income	**12,101,512**	**-**	**-**	**12,101,512**
Private equity investments	**-**	**1,144,486,134**	**423,034,477**	**1,567,520,611**
Total investments	**34,632,405**	**1,157,509,974**	**423,034,477**	**1,615,176,856**
Present value of amounts due from externally managed trusts	**-**	**-**	**2,632,102**	**2,632,102**
Total	**$ 34,632,405**	**$ 1,157,509,974**	**$ 425,666,579**	**$ 1,617,808,958**
June 30, 2014				
Investments:				
Government issues – domestic	$ -	$ 260,382	$ -	$ 260,382
Government issues – foreign	-	134,453	-	134,453
Corporate stocks	228,210	-	-	228,210
Short-term investments	-	40,137,634	-	40,137,634
Mutual funds – equities	23,626,739	-	-	23,626,739
Mutual funds – fixed income	12,444,443	-	-	12,444,443
Hedge strategies	-	-	1,947,645	1,947,645
Private equity investments	-	1,236,812,895	456,326,857	1,693,139,752
Total investments	36,299,392	1,277,345,364	458,274,502	1,771,919,258
Present value of amounts due from externally managed trusts	-	-	2,687,029	2,687,029
Total	$ 36,299,392	$ 1,277,345,364	$ 460,961,531	$ 1,774,606,287

Note 6. Fair Value Measurements (Continued)

Following is a description of the significant investment strategies of each major category of investments that is valued at net asset value per share and are not in an active market (Level 2 and Level 3 measurements):

- Short-term investments – To preserve capital, liquidity and current income through money market funds and other short-term instruments.

- Hedge strategies – To provide capital appreciation and generate high returns at reduced risk through aggressively managed portfolio of investments using advanced investment strategies.

- Private equity investments – To provide long-term capital appreciation and current income through investments in limited partnerships, which invest in diversified portfolios ranging from short-term to long-term instruments, as described in Note 5.

The following table discloses the fair value as of June 30, 2015 and 2014, related to the Foundation's private equity investments in limited partnerships managed by UFICO that are valued at net asset value, as described in Note 5.

Description	**2015**	2014
Florida Long Term Pool Fund, LP	**$ 1,557,598,616**	$ 1,511,933,346
Florida Enhanced Cash Fund, LP	**4,323,947**	176,947,619
	$ 1,561,922,563	$ 1,688,880,965

Redemptions under Florida Long Term Pool Fund, LP and Florida Enhanced Cash Fund, LP classified as level 2 within the fair value hierarchy can be made monthly with a 30 day notice period, and are subject to restrictions on the underlying investments. For investments in the Florida Long Term Pool Fund, LP that are allocated to the Florida Private Investments Fund, LP, redemptions are not permitted and therefore, are classified as level 3 within the fair value hierarchy.

The table below sets forth a summary of changes in the fair value of the Foundation's Level 3 assets for the years ended June 30, 2015 and 2014.

	Hedge Strategies	Private Equity Investments	Externally Managed Trusts
Balance, June 30, 2013	$ 3,155,437	$ 447,319,696	$ 2,473,647
Purchases, issuances and settlements (net)	(1,501,430)	(34,927,872)	(53,154)
Investment income (loss)	(2,231)	12,126,222	-
Net realized and unrealized gains	295,869	31,808,811	266,536
Balance, June 30, 2014	1,947,645	456,326,857	2,687,029
Purchases, issuances and settlements (net)	**(1,947,645)**	**(72,994,779)**	**-**
Investment income	**-**	**8,679,383**	**-**
Net realized and unrealized gains (losses)	**-**	**31,023,016**	**(54,927)**
Balance, June 30, 2015	**$ -**	**$ 423,034,477**	**$ 2,632,102**

Note 6. Fair Value Measurements (Continued)

The total Level 3 changes in net unrealized gains and losses for the years relating to those investments still held at June 30, 2015 and 2014 were $(17,162,059) and $(1,164,224), respectively, and are reflected as part of investment return in the accompanying statement of activities. The total Level 3 changes in value related to managed trusts at June 30, 2015 and 2014 were $(54,927) and $266,536, respectively, and are reflected as part of contributions in the accompanying statement of activities.

Note 7. Endowment

The Foundation's endowment consists of over 3,000 individual donor-restricted endowment funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law: The Board of Directors of the University of Florida Foundation, Inc. (the Board) has interpreted the State of Florida Statute (617.2104) cited as the *Florida Uniform Prudent Management of Institutional Funds Act* (FUPMIFA) as requiring the Board to use reasonable care and caution as would be exercised by a prudent investor, in considering the investment management and expenditures of endowment funds. In accordance with FUPMIFA, the Board may expend so much of an endowment fund as the Board determines to be prudent for the uses and purposes for which the endowment fund is established, consistent with the goal of conserving the long-term purchasing power of the endowment fund. The Board considers the following factors in making its determination:

- The purpose of the Foundation.
- The intent of the donor of the endowment fund.
- The terms of the applicable instrument.
- The long-term and short-term needs of the Foundation and the University in carrying out their purposes.
- General economic conditions.
- The possible effect of inflation or deflation.
- The other resources of the Foundation and the University.
- Perpetuation of the endowment.

Note 7. Endowment (Continued)

As a result of this interpretation, the Board classifies as permanently restricted net assets: (a) the original value of gifts donated to a permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) the original value of other corpus additions including state match provided to the permanent endowment. 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 in a manner consistent with the standard of prudence prescribed by FUPMIFA. However, by Board policy, any appreciation is considered an asset of each individual endowment and is not appropriated for general Foundation or University use.

Spending Policy: The Foundation's spending policy is designed to provide for positive growth in the market value of its endowment, net of distributions, over an extended period of time. In establishing this policy, the Board considered the long-term expected return of the endowment investment pool and the goal of maintaining the purchasing power of the endowment assets. Over the long-term, the current spending policy is designed to return a net positive gain in market value (growth) after spendable transfers and administrative fees.

The annual rate for spendable transfers, distributed quarterly, is 4% of the spending base of each endowment's principal fund. The principal fund's spending base is a percentage of the market value, and is adjusted quarterly, if necessary, to fall within a range of 85% to 95% of the market value of the endowment investments. In addition, the principal fund is assessed an annual 1.2% administrative fee, charged quarterly. This fee is a portion of the funding mechanism for the development and alumni programs of the University.

Investment Policy: The Foundation's investment objectives are to provide an annualized real rate of return, net of fees, of at least 5% in order to preserve, or increase, the purchasing power of endowment capital, while generating an income stream to support activities of the funds held for the colleges and units of the University. This policy is designed to tolerate volatility in short and intermediate-term performance.

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, through UFICO, targets a diversified asset allocation that places an emphasis on hedge strategies and private investments to achieve long-term objectives within prudent risk constraints.

Endowment net asset composition by type of fund at June 30, 2015 and 2014, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds:				
June 30, 2015	**$ (235,128)**	**$ 383,946,805**	**$ 1,171,991,421**	**$ 1,555,703,098**
June 30, 2014	$ (174,473)	$ 380,298,557	$ 1,139,398,335	$ 1,519,522,419

Note 7. Endowment (Continued)

Changes in endowment net assets for the years ended June 30, 2015 and 2014, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, June 30, 2013	$ (5,665,799)	$ 261,910,732	$ 1,103,397,677	$ 1,359,642,610
Investment return:				
Investment loss (net of investment expense)	-	(2,923,608)	-	(2,923,608)
Real estate net depreciation (realized and unrealized)	-	-	(852,480)	(852,480)
Net appreciation (realized and unrealized)	5,491,326	183,728,604	-	189,219,930
Total investment return	5,491,326	180,804,996	(852,480)	185,443,842
Contributions and other revenues	-	-	36,853,138	36,853,138
Appropriation of endowment assets for expenditure	-	(62,417,171)	-	(62,417,171)
Endowment net assets, June 30, 2014	(174,473)	380,298,557	1,139,398,335	1,519,522,419
Investment return:				
Investment income (net of investment expense)	**-**	**7,430,298**	**-**	**7,430,298**
Real estate net depreciation (realized and unrealized)	**-**	**-**	**(367,632)**	**(367,632)**
Net appreciation (depreciation) (realized and unrealized)	**(60,655)**	**63,269,532**	**-**	**63,208,877**
Total investment return	**(60,655)**	**70,699,830**	**(367,632)**	**70,271,543**
Contributions and other revenues	**-**	**-**	**32,960,718**	**32,960,718**
Appropriation of endowment assets for expenditure	**-**	**(67,051,582)**	**-**	**(67,051,582)**
Endowment net assets, June 30, 2015	**$ (235,128)**	**$ 383,946,805**	**$ 1,171,991,421**	**$ 1,555,703,098**

Underwater Endowments: As a result of market declines, the fair values of certain donor-restricted endowments were less than the historical cost values (original gift/book values), and therefore, are considered to be underwater. The fair value deficiencies of underwater endowments were $235,128 and $174,473 at June 30, 2015 and 2014, respectively (see Note 11). These losses have been recorded as reductions in unrestricted net assets in accordance with accounting principles generally accepted in the United States of America. Future gains will be used to restore these deficiencies in unrestricted net assets before any net appreciation above the historical cost value of such funds increases temporarily restricted net assets. Under current State of Florida law, there is no legal obligation to restore these deficiencies.

Note 8. Property and Equipment

Property and equipment and the related accumulated depreciation at June 30, 2015 and 2014, are summarized as follows:

	2015	2014
Land	$ 29,600,964	$ 16,667,989
Buildings and improvements	7,043,155	6,743,155
Vehicles	64,501	64,501
Equipment	2,237,284	1,790,698
	38,945,904	25,266,343
Accumulated depreciation	(6,024,448)	(5,821,751)
Property and equipment, net	$ 32,921,456	$ 19,444,592

Note 9. Real Estate Held for Sale, Land Preserve and Permanent Collections

Contributions of real estate held for sale, land preserve and permanent collections are generally recorded at their appraised value at the date of gift. Real estate held for sale is actively marketed with realtors and is expected to be sold at a reasonable price. Land preserve and permanent collections are considered by management to be non-revenue producing assets. These assets are not expected to provide revenue to the Foundation in the near future due to donor restrictions.

The table below sets forth a summary of changes in real estate held for sale, land preserve and permanent collections for the year ended June 30, 2015 and 2014.

	Real Estate Held for Sale	Land Preserve	Permanent Collections
Balance, June 30, 2013	$ 9,420,109	$ 15,719,467	$ 35,198,437
Donations	983,500	-	2,218,904
Purchases	-	-	326,033
Disposals	(1,240,850)	-	-
Impairments	(907,500)	-	-
Balance, June 30, 2014	8,255,259	15,719,467	37,743,374
Donations	**1,588,040**	**-**	**1,021,860**
Purchases	**-**	**-**	**617,255**
Disposals	**(1,856,050)**	**-**	**-**
Impairments	**(443,000)**	**-**	**-**
Balance, June 30, 2015	**$ 7,544,249**	**$ 15,719,467**	**$ 39,382,489**

Note 10. Notes Payable

Notes payable at June 30, 2015 and 2014, consist of the following:

	2015	2014
Note payable to Shands Teaching Hospital and Clinics, Inc., due in annual installments of $100,000 through 2024. Noninterest bearing (interest imputed at a rate of 3.25%), collateralized by an asset with a carrying value of $900,000 (see Note 15).	**$ 900,000**	$ 1,000,000
Unsecured note payable to a bank, with principal and interest due quarterly. The note bears interest at the greater of 3% or overnight LIBOR plus 0.55% (3% at June 30, 2015) and matures annually with automatic one year renewals through January 2019. Subject to bank approval and financial covenants, the Foundation can exercise two 10-year renewal periods with a maximum maturity date of January 2039. Proceeds were used for construction of a University administration building (see Note 15).	**14,021,581**	14,323,036
Note payable to an individual, due in monthly installments of $3,500 through 2016, $4,000 through 2021 and $4,500 through 2034. The note bears interest at a fixed rate of 6% and is collateralized by property with a carrying value of $548,333 (see Note 15).	**571,677**	579,132
Note payable to a limited partnership, due in annual installments of $1,000,000, plus accrued interest, through 2020. The interest rate is 2%, and the note is collateralized by property with a carrying value of $10,790,903.	**5,000,000**	-
	$ 20,493,258	$ 15,902,168

Aggregate future maturities of notes payable at June 30, 2015, are summarized as follows:

Years Ending June 30,	Amount
2016	$ 15,130,498
2017	1,114,632
2018	1,115,535
2019	1,116,493
2020	1,117,510
Thereafter	898,590
	$ 20,493,258

Interest expense charged to operations totaled $665,269 and $398,537 for the years ended June 30, 2015 and 2014, respectively, which is allocated between the program and supporting services in the accompanying statement of activities.

Certain debt agreements have associated financial covenants that require the Foundation to maintain its debt service coverage ratio at specific levels.

Note 11. Net Assets

Temporarily restricted and permanently restricted net assets by purpose at June 30, 2015 and 2014, are as follows:

	Net Assets	
	Temporarily Restricted	Permanently Restricted
June 30, 2015		
General college support	**$ 80,640,847**	**$ 242,440,451**
Student financial aid	**117,093,000**	**304,032,739**
Faculty and staff support	**174,669,563**	**415,347,305**
Research	**32,734,075**	**145,192,291**
Facilities	**89,728,211**	**12,188,414**
Other	**32,299,015**	**108,972,195**
Total	**$ 527,164,711**	**$ 1,228,173,395**
June 30, 2014		
General college support	$ 132,578,484	$ 232,750,979
Student financial aid	141,940,899	295,927,793
Faculty and staff support	211,069,617	408,920,075
Research	51,954,102	138,664,618
Facilities	99,748,636	11,864,227
Other	53,992,017	108,116,559
Total	$ 691,283,755	$ 1,196,244,251

Unrestricted net assets at June 30, 2015 and 2014, consist of the following:

	2015	2014
Undesignated	**$ (161,338)**	$ 4,108,701
Board designated:		
Reserve fund	**611,799**	3,262,876
Real estate fund	**3,061,335**	2,501,928
Strategic investment fund	**4,754,710**	5,672,156
Total board designated	**8,427,844**	11,436,960
Total unrestricted net assets	**$ 8,266,506**	$ 15,545,661

Undesignated net assets, as shown in the table above, is net of underwater endowments of $235,128 and $174,473 at June 30, 2015 and 2014, respectively (see Note 7, ***Underwater Endowments***).

Note 12. Retirement Plan

The Foundation has a noncontributory, defined benefit pension plan (the Plan) which covers approximately 25% of Foundation employees. The remaining personnel are State employees who participate in the University's retirement plan. The Plan provides for deferred benefits and covers Foundation employees, who are not State employees, with more than 5 years of service and a minimum age of 21 years. Benefits are based on years of service and the employee's final average compensation as defined under the Plan. Contributions for eligible employees covered by the Plan are made annually in compliance with legal funding requirements. Plan assets consist of investments in a variety of fixed income, equity and real estate securities and cash equivalents. Arthur J. Gallagher & Co. served as the Plan's actuary as of June 30, 2015 and 2014. The measurement dates used were June 30, 2015 and 2014.

The following table presents a reconciliation of the beginning and ending balances of the benefit obligation, fair value of plan assets and the funded status of the pension plan to the net amounts measured and recognized in the statement of financial position at June 30, 2015 and 2014.

	2015	2014
Accumulated benefit obligation at end of year	**$ 29,187,703**	$ 24,963,379
Change in projected benefit obligation:		
Projected benefit obligation, beginning of year	**$ 26,888,841**	$ 23,802,392
Service cost	**663,529**	637,761
Interest cost	**1,151,231**	1,107,099
Actuarial loss	**3,220,172**	1,808,321
Benefits paid	**(542,056)**	(466,732)
Projected benefit obligation, end of year	**31,381,717**	26,888,841
Change in fair value of plan assets:		
Fair value of plan assets, beginning of year	**20,626,909**	17,225,261
Actual return on plan assets	**247,175**	2,964,778
Employer contributions	**700,000**	903,602
Benefits paid	**(542,056)**	(466,732)
Fair value of plan assets, end of year	**21,032,028**	20,626,909
Unfunded status at end of year	**$ (10,349,689)**	$ (6,261,932)

The unfunded statuses at June 30, 2015 and 2014 of $10,349,689 and $6,261,932, respectively, are recorded in pension liability in the accompanying statement of financial position.

The following table presents the components of net periodic pension cost for the plan years ended June 30, 2015 and 2014.

	2015	2014
Service cost	**$ 663,529**	$ 637,761
Interest cost	**1,151,231**	1,107,099
Expected return on plan assets	**(1,451,838)**	(1,213,558)
Amortization of net loss	**510,226**	543,520
Net periodic pension cost	**$ 873,148**	$ 1,074,822

The net periodic pension cost has been allocated over communications and marketing, alumni affairs, development, advancement services and talent management expenses in the accompanying statement of activities.

Note 12. Retirement Plan (Continued)

The weighted-average discount rates used to measure the projected benefit obligations were 4.41% and 4.27% as of June 30, 2015 and 2014, respectively. The assumed rate of increase in future compensation levels was 3.5% as of June 30, 2015 and 2014. The discount rate is the estimated rate at which the obligation for pension benefits could be effectively settled. The average wage increase assumption reflects the Foundation's best estimate of the future compensation levels of the individual employees covered by the Plan.

Generally accepted accounting principles require the use of a mortality assumption that reflects the best estimate of the plan's future experience for purposes of estimating the plan's obligation. Professional associations of actuaries and actuarial companies occasionally develop and publish updated mortality tables to reflect changes in mortality conditions based on recent historical trends and other information. For the year ended June 30, 2014, the Foundation's best estimate of future events by plan participants were based on the RP-2000 male and female optional combined mortality tables with projections. During the year ended June 30, 2015, the Society of Actuaries released new RP-2014 mortality tables and MP-2014 mortality improvement scales. As such, for the year ended June 30, 2015, the Foundation's best estimate of future events were based on the RP-2014 mortality tables fully projected with scale MP-2014.

As of June 30, 2015, the amount of benefits expected to be paid, based on the assumptions used to measure the benefit obligation, are as follows:

Years Ending June 30,	Amount
2016	$ 807,889
2017	931,225
2018	1,070,383
2019	1,091,036
2020	1,133,739
2021 – 2025	6,982,721

As of June 30, 2015, the Foundation expects to contribute an amount, on an annual basis, that will satisfy the minimum funding requirement. The minimum funding requirements may be in part, or in full, satisfied with the funding standard carryover balance (credit balance) as calculated by the actuary.

The expected long-term rate of return on plan assets was 7.0% as of June 30, 2015 and 2014, which reflects the average rate of earnings that the Foundation estimates will be generated on the assets of the Plan.

The Foundation's investment policy for pension plan assets includes various guidelines and procedures designed to ensure assets are invested in a manner necessary to meet expected future benefits earned by participants. The investment guidelines consider a broad range of economic conditions. Central to the policy are target allocation ranges by major asset categories.

The investment policy for pension plan assets is periodically reviewed for investment matters by the Foundation, UFICO and Wilshire, the pension plan investment advisors. The policy is established and administered in a manner that is compliant at all times with applicable government regulations.

The objective of the Plan is to maximize the investment return at appropriate levels of risk, while preserving the value and ensuring the availability of funds to meet its obligations. The Plan has a long-term investment horizon. Therefore, it can tolerate variability in short and intermediate-term investment performance, provided that returns meet the actuarial rate of return objective. Investments of the Plan shall be diversified as to minimize the risk of large losses.

Note 12. Retirement Plan (Continued)

The Plan's weighted-average asset allocations at June 30, 2015 and 2014 by asset category are as follows:

	Target Allocation	Percentage of Plan Assets as of June 30	
	2015	**2015**	2014
Equity securities	**70%**	**63%**	64%
Debt securities	**29%**	**36%**	35%
Cash equivalents	**1%**	**1%**	1%
	100%	**100%**	100%

The following is a description of the valuation methodologies used for the Foundation's pension plan assets measured at fair value. There have been no changes in the methodologies used at June 30, 2015 and 2014:

- Mutual funds – Valued at quoted market prices which represent the net asset value of shares held by the Plan at year end.

- Money market funds – Valued at the net asset value of shares held by the Plan at year end.

Note 12. Retirement Plan (Continued)

The following tables summarize the Foundation's pension plan assets by level within the fair value hierarchy at June 30, 2015 and 2014.

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
June 30, 2015				
Equity securities:				
Mutual funds – domestic equities	**$ 8,473,710**	**$ -**	**$ -**	**$ 8,473,710**
Mutual funds – international equities	**4,755,434**	**-**	**-**	**4,755,434**
Debt securities:				
Mutual funds – fixed income	**7,535,603**	**-**	**-**	**7,535,603**
Cash equivalents:				
Money market funds	**127,494**	**139,787**	**-**	**267,281**
Total	**$ 20,892,241**	**$ 139,787**	**$ -**	**$ 21,032,028**
June 30, 2014				
Equity securities:				
Mutual funds – domestic equities	$ 7,859,448	$ -	$ -	$ 7,859,448
Mutual funds – international equities	5,360,274	-	-	5,360,274
Debt securities:				
Mutual funds – fixed income	7,180,869	-	-	7,180,869
Cash equivalents:				
Money market funds	75,056	151,262	-	226,318
Total	$ 20,475,647	$ 151,262	$ -	$ 20,626,909

Note 13. University of Florida Alumni Association, Inc.

The financial statements of the Foundation include the activity related to the University of Florida Alumni Association, Inc. (the Alumni Association). The Foundation funds any operating deficiency of the Alumni Association and the operating accounts relating to the Alumni Association have no assets or liabilities at the end of each fiscal year. The following schedule presents the operating activities of the Alumni Association accounts administered by the Foundation for the years ended June 30, 2015 and 2014.

	2015	2014
Revenues and other additions:		
Support from the Foundation	**$ 2,295,738**	$ 1,806,574
Alumni program support	**1,834,006**	2,161,568
Other	**448,755**	275,261
Total revenues and other additions	**4,578,499**	4,243,403
Expenses and other changes:		
Alumni relations supporting services	**4,433,513**	4,251,157
Alumni relations pension changes other than net periodic pension costs	**144,986**	(7,754)
Total expenses and other changes	**4,578,499**	4,243,403
Change in net assets	**$ -**	$ -

Note 14. Fee Assessment

The University funds its development and alumni programs primarily through a series of fees. The fees are part of the Foundation's operating budget. The Finance Committee of the Foundation's Board is responsible for reviewing and recommending a fee assessment policy. Changes to the policy are approved by the Foundation's Board. As of June 30, 2015, the fee schedule is as follows:

Fee Type	Fee Rate	Frequency	Basis
One-time gift and non-gift fees			
Endowment funds:			
Cash gift	2.5000%	Per transaction	Gross amount of gift received
Non-cash gift	2.5000%	Per transaction	Net proceeds from liquidation of asset
Non-gift	2.5000%	Per transaction	Gross amount of receipt
For endowment gifts, the gift fee is accrued as a payable in the spendable fund. One-half of each quarterly spendable transfer is used to reduce the gift fee payable until the gift fee is paid in full.			
Non-endowed funds:			
Cash gift	2.5000%	Per transaction	Gross amount of gift received
Non-cash gift	2.5000%	Per transaction	Net proceeds from liquidation of asset
Non-gift	5.0000%	Per transaction	Gross amount of receipt
Facilities funds:			
Cash facilities matching gift	1.0000%	Per transaction	Gross amount of gift received
Non-cash facilities matching gift	1.0000%	Per transaction	Net proceeds from liquidation of asset

Tigert and Horizon funds – No gift fee is assessed at the time of the original contribution to the fund. The gift fee is assessed when the purpose is determined and the gift is transferred from the fund.

Note 14. Fee Assessment (Continued)

Fee Type	Fee Rate	Frequency	Basis
Recurring administrative fees			
Endowment principal funds:			
Security investments pool	0.3000%	Quarterly	Spending base
Security investments non-pooled	0.3000%	Quarterly	Market value
Real estate held for resale, notes receivable and other income-producing assets	0.3000%	Quarterly	Market value
Non-endowed funds:			
Real estate held for resale, notes receivable and other income-producing assets	0.5000%	Quarterly	Market value
Tigert fund	0.2500%	Quarterly	Market value
Horizon fund	None	Not applicable	Not applicable
Annuities and irrevocable trusts:			
Security investments	0.1250%	Quarterly	Market value as of the previous January 1
Real estate held for resale, notes receivable and other income-producing assets	0.1250%	Quarterly	Market value
Revocable trusts:			
Security investments	0.1875%	Quarterly	Market value as of the previous January 1
Real estate held for resale	0.1875%	Quarterly	Market value

Note 14. Fee Assessment (Continued)

During the years ended June 30, 2015 and 2014, the Foundation assessed the following fees:

	2015	2014
Fees assessed on pooled investments	**$ 15,738,286**	$ 14,713,541
Gift fees associated with major gifts and eminent scholar program funds	**183,925**	219,338
Gift fees associated with all other funds	**2,326,429**	2,170,006
Real estate fees	**90,699**	106,623
Non-gift fees	**77,520**	66,299
Total fees	**$ 18,416,859**	$ 17,275,807

These fees are included in investment return in the accompanying statement of activities.

Effective July 1, 2015, annual administrative fees on endowment principal funds increased from 1.2% to 1.35%.

Note 15. Related Party Leases and Receivables

The Foundation assumed the financial obligation for a parking garage facility and the related $3,000,000 note payable, of which $900,000 is outstanding as of June 30, 2015, from Shands Teaching Hospital and Clinics, Inc. during 1994. Simultaneously, the Foundation executed a non-cancelable operating lease with the University as the tenant. The lease agreement requires the University to make annual lease payments of $100,000 to the Foundation through June 30, 2024 (see Note 10).

The Foundation executed a non-cancelable operating lease for real property with the University as the tenant. The lease agreement requires the University to make monthly lease payments of $3,500 through 2016, $4,000 through 2021 and $4,500 through 2025. The University has the right to renew the lease; whereby, the agreement requires monthly lease payments of $4,500 to be made through 2034 (see Note 10).

The Foundation has several long-term agreements relating to office facilities with the University expiring in 2044 to 2046. Lease payments for these facilities range from $1 per year to $10 per year, well below the current market rates for comparable space. The Foundation recognized an expense and in-kind revenue associated with these lease agreements of $1,651,905 and $1,596,842 for the years ended June 30, 2015 and 2014, respectively.

Included in other receivables at June 30, 2015 and 2014, is $14,021,581 and $14,323,036, respectively, due from the University related to advances on a note payable for the construction of a University building as indicated in Note 10.

Note 15. Related Party Leases and Receivables (Continued)

Effective July 1, 2014, the University created a Strategic Fund by consolidating investable cash from the colleges, units, and certain component units. As part of this consolidation, the Foundation transferred ownership of $168,619,985 of non-endowed funds, by purpose, to the University as follows:

Purpose		Amount
General college support	$	56,926,614
Student financial aid		28,224,877
Faculty and staff support		39,616,625
Research		19,388,687
Facilities		10,891,188
Other		13,571,994
Total transferred	$	168,619,985

The Foundation also transferred excess operating funds and certain funds held on behalf of University related entities and recorded a receivable due from the University. The receivable from the University was $30,405,113 as of June 30, 2015, and is included in other receivables on the accompanying statement of financial position.

McGladrey

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 Florida Foundation, Inc.
Gainesville, 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 Florida Foundation, Inc. (the Foundation), which comprise the statement of financial position as of June 30, 2015, 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 September 24, 2015.

Internal Control Over Financial Reporting

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

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

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

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 Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McGladrey LLP

Orlando, Florida
September 24, 2015

McGladrey

Independent Auditor's Report on Compliance for Each Major State Financial Assistance Project and Report on Internal Control Over Compliance Required by State of Florida Chapter 10.650, *Rules of the Auditor General*

To the Board of Directors
University of Florida Foundation, Inc.
Gainesville, Florida

Report on Compliance for Each Major State Financial Assistance Project
We have audited the University of Florida Foundation, Inc.'s (the Foundation) compliance with the types of compliance requirements described in the Department of Financial Services' State Projects Compliance Supplement that could have a direct and material effect on the Foundation's major state financial assistance project for the year ended June 30, 2015. The Foundation's major state financial assistance project is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state financial assistance projects.

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

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

Opinion on Each Major State Financial Assistance Project
In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state financial assistance project for the year ended June 30, 2015.

Report on Internal Control Over Compliance

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

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

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

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

McGladrey LLP

Orlando, Florida
September 24, 2015

University of Florida Foundation, Inc.

Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2015

State Grantor / Program Title	CSFA Number	Expenditures	Transfers to Subrecipients
Florida Department of Highway Safety and Motor Vehicles:			
University of Florida License Plate Project	76.034	$ 7,429,376	$ 6,629,376
Florida Department of Education and Commissioner of Education:			
University Major Gifts Program	48.074	106,710,001	(1)
Total Expenditures of State Financial Assistance		$ 114,139,377	

(1) The Foundation transfers a portion of the funds to the University as per the donors' wishes.

See Notes to Schedule of Expenditures of State Financial Assistance.

University of Florida Foundation, Inc.

Notes to Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2015

Note 1. Basis of Presentation

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state financial assistance project activity of the University of Florida Foundation, Inc. (the Foundation) under programs of the State of Florida for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of the State of Florida Chapter 10.650, *Rules of the Auditor General*. Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Foundation.

Note 2. Summary of Significant Accounting Policies

Expenditures: Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles established by the State of Florida Department of Financial Services, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

University of Florida License Plate Project: The expenditures under the state license plate project in the Schedule represent $6,629,376 in scholarship expenditures and $800,000 in fundraising expenditures. Receipts from the program during the year ended June 30, 2015, of $2,569,729 are allocated to be spent for scholarships and for fundraising, consistent with the allocation plan, as amended, submitted to the Florida Board of Education and the Florida Department of Highway Safety and Motor Vehicles.

In prior years, the Foundation has collected more in receipts for scholarships than it has expended. As a result, the Foundation has the ability to expend more in future years related to scholarships. Amounts are not expended until eligible scholarship recipients are identified. At June 30, 2015, the Foundation had $384,425 in collected, but unexpended funds related to scholarships. Receipts for fundraising are used in the year of receipt for the Foundation's fundraising programs.

University Major Gifts Program: The University Major Gifts Program has been temporarily suspended by the State of Florida, and no funding was received from the state in the form of matching funds during the year ended June 30, 2015. The expenditures under the University Major Gifts Program in the accompanying schedule of expenditures of state financial assistance represent expenditures of earnings on endowments that have received state matching funds or have been submitted for matching. These expenditures include amounts spent from earnings on both the state match portion and the private donor portions of the endowments.

University of Florida Foundation, Inc.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified?		Yes	X	None Reported
Noncompliance material to financial statements noted?		Yes	X	No

State Financial Assistance

Internal control over major programs:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified?		Yes	X	None Reported
Type of auditor's report issued on compliance for major state financial assistance projects:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with the State of Florida Chapter 10.650, *Rules of the Auditor General*?		Yes	X	No

Identification of major state financial assistance projects:

CSFA No.	Name of State Financial Assistance Project
48.074	University Major Gifts Program

Dollar threshold used to distinguish between type A and type B state financial assistance projects: $ 3,424,181

Section II – Financial Statement Findings

No matters were reported.

Section III – Findings and Questioned Costs for State Financial Assistance

No matters were reported.

Section IV – Other Reporting

1. No Summary Schedule of Prior Audit Findings is presented because there were no prior audit findings related to state financial assistance projects.
2. No Corrective Action Plan is presented because there were no findings required to be reported under the Florida Single Audit Act.
3. There was no management letter or control deficiency letter issued for the year ended June 30, 2015 and there were no matters required to be reported in these letters.