



Edinboro University Foundation

Financial Statements and Supplementary Information

June 30, 2017



CERTIFIED PUBLIC ACCOUNTANTS

Erie, PA  Jamestown, NY  Warren, PA

An Independently Owned Member, RSM US Alliance

**Edinboro University Foundation
Financial Statements and Supplementary Information**

Years Ended June 30, 2017 and 2016

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Edinboro University Foundation
Edinboro, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of Edinboro University Foundation (the Foundation), which comprise the statement of financial position as of June 30, 2017, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Edinboro University Foundation as of June 30, 2017, 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.

Other Matter – 2016 Financial Statements

The financial statements of the Foundation, as of and for the year ended June 30, 2016, were audited by other auditors, whose report, dated September 6, 2016, expressed an unmodified opinion on those statements.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as of and for the year ended June 30, 2017, as a whole. The accompanying supplementary information 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 information as of and for the year ended June 30, 2017, 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 as of and for the year ended June 30, 2017 is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information as of and for the year ended June 30, 2016, was audited by other auditors, whose report, dated September 6, 2016, expressed an unmodified opinion on such information in relation to the financial statements as a whole.

Schulz, Knight, Minter & Company P.C.

Erie, Pennsylvania
August 28, 2017

Edinboro University Foundation
Statements of Financial Position

	June 30	
	2017	2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 925,670	\$ 1,231,984
Trustee held funds	-	168,415
Due from affiliated entities	6,866	82,120
Other current assets	134,896	360,807
Total current assets	1,067,432	1,843,326
Investments	26,400,310	22,092,846
Trustee held funds	-	17,728,389
Fixed assets, net of accumulated depreciation	4,645	84,939,672
Deferred financing costs	-	681,745
Beneficial interest in remainder trust	299,383	299,383
Restricted cash	2,165,575	-
Other assets	683,474	719,542
Total assets	\$ 30,620,819	\$ 128,304,903
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 59,806	\$ 141,623
Due to affiliated entities	5,033	183,100
Accrued interest payable	-	3,307,495
Construction contracts and retainage payable	-	168,415
Current portion of long-term debt	-	1,615,000
Total current liabilities	64,839	5,415,633
Endowments held on behalf of others:		
Funds under investment management for:		
Edinboro University of Pennsylvania	16,408,118	13,689,521
Edinboro University Alumni Association	1,796,693	1,680,448
Total endowments held on behalf of others	18,204,811	15,369,969
Other long-term liabilities	2,165,575	-
Long-term debt	-	110,823,319
Total liabilities	20,435,225	131,608,921
Net assets:		
Unrestricted, undesignated	454,076	(11,813,883)
Accumulated losses on donor-restricted endowments	(59,911)	(84,889)
Total unrestricted net assets	394,165	(11,898,772)
Temporarily restricted net assets	2,414,807	2,028,117
Permanently restricted net assets	7,376,622	6,566,637
Total net assets	10,185,594	(3,304,018)
Total liabilities and net assets	\$ 30,620,819	\$ 128,304,903

See notes to financial statements.

Edinboro University Foundation
Statements of Activities
For the Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support and Revenues:				
Rental income	\$ 637,254	\$ -	\$ -	\$ 637,254
Unrealized gains on investments	-	634,269	-	634,269
Contributions	15,161	421,958	810,477	1,247,596
Interest and dividend income, net of investment expenses	32,344	87,756	-	120,100
Portfolio management fee income	165,854	-	-	165,854
Realized gain on investments	22,174	159,250	-	181,424
Adjustment to cash surrender value of life insurance	-	-	2,870	2,870
Gain on disposal, net	17,901,447	-	-	17,901,447
Other income	-	-	12,863	12,863
Net assets released from restrictions:				
Satisfaction of purpose restrictions	923,543	(912,543)	(11,000)	-
Total public support and revenues	<u>19,697,777</u>	<u>390,690</u>	<u>815,210</u>	<u>20,903,677</u>
Expenses:				
Program services	7,047,206	-	-	7,047,206
Management and general expenses	340,835	4,000	5,225	350,060
Fundraising expenses	16,799	-	-	16,799
Total expenses	<u>7,404,840</u>	<u>4,000</u>	<u>5,225</u>	<u>7,414,065</u>
Increase in net assets	<u>12,292,937</u>	<u>386,690</u>	<u>809,985</u>	<u>13,489,612</u>
Beginning net assets	<u>(11,898,772)</u>	<u>2,028,117</u>	<u>6,566,637</u>	<u>(3,304,018)</u>
Ending net assets	<u>\$ 394,165</u>	<u>\$ 2,414,807</u>	<u>\$ 7,376,622</u>	<u>\$ 10,185,594</u>

See notes to financial statements.

Edinboro University Foundation
Statements of Activities (continued)
For the Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support and Revenues:				
Rental income	\$ 12,859,440	\$ -	\$ -	\$ 12,859,440
Unrealized gains (losses) on investments	74,763	(232,578)	-	(157,815)
Contributions	3,085	1,109,549	490,663	1,603,297
Interest and dividend income, net of investment expenses	119,831	42,093	-	161,924
Portfolio management fee income	195,535	-	-	195,535
Realized gain on investments	-	9,462	-	9,462
Adjustment to cash surrender value of life insurance	-	-	(4,764)	(4,764)
Other income	10,426	-	-	10,426
Net assets released from restrictions:				
Satisfaction of purpose restrictions	1,044,174	(1,044,174)	-	-
Total public support and revenues	14,307,254	(115,648)	485,899	14,677,505
Expenses:				
Program services	15,668,139	-	-	15,668,139
Management and general expenses	391,340	-	-	391,340
Fundraising expenses	36,972	-	-	36,972
Total expenses	16,096,451	-	-	16,096,451
(Decrease) increase in net assets	(1,789,197)	(115,648)	485,899	(1,418,946)
Beginning net assets	(10,109,575)	2,143,765	6,080,738	(1,885,072)
Ending net assets	\$ (11,898,772)	\$ 2,028,117	\$ 6,566,637	\$ (3,304,018)

See notes to financial statements.

Edinboro University Foundation
Statements of Cash Flows

	For the Years Ended June 30	
	2017	2016
Operating Activities:		
Increase (decrease) in net assets	\$ 13,489,612	\$ (1,418,946)
Adjustments to reconcile increase (decrease) in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization expense	1,493,973	3,572,363
Unrealized investment (gains) losses	(634,269)	157,815
Gain on sale of fixed assets	(33,811,091)	-
Loss on defeasance of bonds	15,909,644	-
Imputed interest, deferred financing costs	665,572	-
Adjustment to cash surrender value of life insurance	2,870	4,764
Realized investment gains, net	(181,424)	(9,462)
Change in operating assets and liabilities providing (using) cash:		
Due from affiliated entities	75,254	4,580
Other assets	259,109	(178,979)
Accounts payable and accrued liabilities	(81,817)	(22,777)
Due to affiliated entities	(178,067)	(78,799)
Accrued interest payable	(3,307,495)	(30,079)
Net cash (used in) provided by operating activities	(6,298,129)	2,000,480
Investing Activities:		
Purchase of fixed assets	-	(4,612)
Proceeds from sale of fixed assets	118,100,000	-
Decrease (increase) in trustee held funds	17,728,389	(453,913)
Purchase of investments	(4,818,631)	(5,956,341)
Proceeds from sale of investments	2,775,750	5,147,418
Increase in agency endowment liability	2,834,842	261,339
Net cash provided by (used in) investing activities	136,620,350	(1,006,109)
Financing activities:		
Principal payments related to long-term debt	(1,615,000)	(1,405,000)
Payments for settlement of bonds	(129,013,535)	-
Net cash used in financing activities	(130,628,535)	(1,405,000)
Net change in cash and cash equivalents	(306,314)	(410,629)
Cash and cash equivalents at beginning of year	1,231,984	1,642,613
Cash and cash equivalents at end of year	\$ 925,670	\$ 1,231,984
Supplemental disclosures of non-cash investing and financing activities:		
(Increase) decrease in net book value of fixed assets from removal of construction contracts and retainage payable	\$ (168,415)	\$ 168,415
Removal of retainage payable	\$ 168,415	\$ -
Supplemental disclosure of other cash flow information:		
Interest paid	\$ 6,545,032	\$ 6,645,867

See notes to financial statements.

Edinboro University Foundation
Notes to the Financial Statements
June 30, 2017

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Edinboro University Foundation (the "Foundation"), a not-for-profit organization, was formed in 1998 for the benefit of the students, faculty, and staff of Edinboro University of Pennsylvania of the State System of Higher Education (the "University"). Dedicating its time and resources to developing private sources of financial support for the University's mission, the Foundation strives to build permanent endowments that will support the University's students, faculty, and staff in perpetuity.

The Foundation administers numerous individual charitable funds, each established with an instrument of gift describing either the general or specific purposes for which grants are to be made, usually from income only, but in some cases, from principal.

For the year ended June 30, 2016 and through the period ended September 7, 2016, the Foundation owned and operated student housing facilities on the campus of the University. On August 25, 2016, the University committed to a refinancing of the Foundation's existing Series 2008 and 2010 bonds and assumed both of the bonds and related student housing property by which the bonds were secured. This transaction resulted in the Series 2008 and 2010 bonds, the student housing property and all related activities, and the trustee funds transferring to the University. As a result, the Foundation no longer owns and operates the student housing facilities effective September 7, 2016, the date which the closing occurred.

The Foundation has evaluated all subsequent events through August 28, 2017, which is the date these financial statements were issued.

As evidenced by the accompanying financial statements, the Foundation had unrestricted net assets of approximately \$394,000 as of June 30, 2017 and recognized an increase in net assets of approximately \$13,500,000 for the year then ended. As of June 30, 2016, the Foundation had a deficit in unrestricted net assets of approximately \$11,899,000 and recognized a decrease in net assets of approximately \$1,400,000 for the year then ended. The Foundation believes that with the release from its bond obligations, there will be continued improvements in its overall financial position.

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. Significant estimates used in preparing these financial statements include depreciation of property and equipment, and the fair value of investments and financial instruments. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments purchased with an original maturity of three months or less, excluding trustee held funds and certain short-term instruments classified as investments, to be cash equivalents.

Edinboro University Foundation
Notes to the Financial Statements (continued)

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Unconditional Promises to Give

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the pledge is made (this approach does not differ materially from the use of a risk-adjusted rate). Amortization of the discount is included in contribution revenue.

Conditional promises to give are promises for which donor-imposed conditions specify future and uncertain events whose occurrence or failure to occur release the donors from the obligation to transfer the assets in the future. If and when such conditions have been substantially met, these promises cease to be conditional, and revenues are recorded, as appropriate.

Investments

Equity securities with readily determinable fair values and debt securities are valued at fair value, based on quoted market prices as reported by the Foundation's investment custodians. Adjustments to reflect increases or decreases in market value, referred to as unrealized gains and losses, are reported in the statement of activities.

The cost assigned to investments received as gifts represents fair value as determined upon receipt. The cost of investments sold is determined by use of the specific identification method.

All realized and unrealized gains and losses arising from the sale or appreciation (depreciation) in the fair value of investments, and all ordinary income from investments, are reported as changes in unrestricted net assets unless their use is temporarily restricted by explicit donor imposed stipulations or by law.

Investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported in the statement of financial position are subject to various risks including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the accompanying financial statements could change materially in the near term.

Trustee Held Funds

Trustee held funds at June 30, 2016 include cash equivalents held by a bank trustee under the terms of a loan agreement with the Pennsylvania Higher Educational Facilities Authority ("PHEFA").

Fixed Assets

Fixed assets are stated at cost less accumulated depreciation, computed on a straight-line basis over the lesser of the lease term or the estimated useful lives of the assets. The estimated useful lives are as follows:

Assets	Life
Buildings and improvements	10-40 years
Furniture and fixtures	10 years
Equipment	3-5 years
Land improvements	20 years
Vehicles and heavy equipment	5 years

Edinboro University Foundation
Notes to the Financial Statements (continued)

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Fixed Assets (continued)

Expenditures for repair and maintenance costs which extend the useful lives of assets are capitalized and routine maintenance and repair costs are expenses as incurred.

Deferred Financing Costs

Costs incurred in connection with the issuance of long-term debt have been deferred and are being amortized over the term of the underlying loan agreement using the straight-line method, which does not materially differ from the effective interest method. Amortization was \$16,173 and \$32,346 for the years ended June 30, 2017 and 2016, respectively. During the year ended June 30, 2017 the long-term debt giving rise to the deferred financing costs was fully repaid, accordingly the remaining net book value of the deferred financing costs were expensed through interest expense.

Beneficial Interest in Remainder Trust

The Foundation is a beneficiary under a charitable remainder unitrust, an arrangement in which a donor establishes and funds a trust with specified distributions to be made to a designated beneficiary over the trust's term. Upon termination of this trust, the Foundation will receive the assets remaining in the trust for endowment purposes.

Restricted Cash

Restricted cash represents cash held in escrow under restriction as to withdrawal or use under the terms of certain agreements related to the transfer of the Foundation's 2008 and 2010 Series bonds to the University.

Other Long-Term Liabilities

Other long-term liabilities represents funds owed in future years based on certain agreements that the Foundation entered into in connection with the transfer of the Foundation's 2008 and 2010 Series bonds to the University.

Endowments Held on Behalf of Others

The Foundation holds and manages transferred assets for other governmental and not-for-profit organizations (namely, the University and the Edinboro University Alumni Association). Such assets, which are included in investments in the accompanying statements of financial position, are reported as endowments held on behalf of others (i.e. agency funds). The University and the Edinboro University Alumni Association establish investment and spending policies which govern these assets; the Foundation manages these assets within such parameters. The Foundation recognizes the fair value of the assets transferred as an increase in its investments and a corresponding liability attributable to the participating governmental and not-for-profit organizations, with the related investment activity being reported as an increase or decrease in the corresponding liability, as appropriate.

Endowment Investment Return

Total endowment investment return is composed of investment income, net realized gains and losses on endowment investments, and net unrealized gains and losses on endowment investments reported at fair value net of investment fees.

Edinboro University Foundation
Notes to the Financial Statements (continued)

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Endowment Spending Policy

Commonwealth of Pennsylvania Act 141 permits the Foundation to allocate to income each year a portion of endowment return. The law allows not-for-profit organizations to spend a percentage of the market value of their endowment funds, including realized and unrealized gains. The percentage, which by law must be between 2% and 7%, is elected annually by the Board of Directors. The endowment market value is determined based on an average spanning three years. The Foundation's spending policy allowed for a payout of up to 4% for fiscal years 2017 and 2016, of the rolling three-year average balances, which is based on market value.

Basis of Net Asset Presentation

The Foundation is required to report information regarding its financial position and activities into three net asset categories according to externally imposed restrictions. The three net asset categories are as follows:

Unrestricted, Undesignated Net Assets – Net assets that are not subject to donor restriction, or donor restricted contributions received for which the corresponding restrictions is met in the same reporting period.

Temporarily Restricted Net Assets – Net assets subject to donor imposed restrictions that may or will be met by passage of time or purpose.

Permanently Restricted Net Assets – Net assets subject to donor imposed restrictions, which require an organization to maintain the net assets in perpetuity.

Board Designated Net Assets

The Foundation's Board of Directors is able to approve segregations of unrestricted net assets to be utilized for specific programs, projects and operational expenses. Such items are reported as board designated net assets within the unrestricted net asset category. There were no board designated assets as of June 30, 2017 and 2016.

Rental Revenue Recognition

Rental revenue was recognized on a monthly basis as it was due under the terms of short-term, operating lease agreements for student housing at the University. All revenue was recorded net of estimated allowances for uncollectible receivables. Rental revenue was based on units rented, which is dependent on student residency populations, by semester. During the year ended June 30, 2017, the rental properties were sold to the University. See to Note 1.

Donor Restricted Gifts

All contributions are considered to be available for unrestricted purposes unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support that increases that net asset class. When a donor restriction expires (i.e. when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets are released from restrictions.

Edinboro University Foundation
Notes to the Financial Statements (continued)

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Donor Restricted Gifts (continued)

Endowments and certain other investments are permanently restricted based on the donor's specifications. Investment earnings available for distribution or losses are recorded in unrestricted net assets. Investment earnings with donor restrictions are recorded in temporarily or permanently restricted net assets based on the nature of the restrictions.

In-Kind Gifts

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Management believes that such contributions were not material to the financial statements during the years ended June 30, 2017 and 2016.

Legacies and Bequests

The Foundation is a beneficiary under various wills, the total realizable value of which is not presently determinable. Such amounts are recorded as contributions when clear title is established and the proceeds are clearly measurable.

Income Taxes

The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the "Code"). Accordingly, no provision for income taxes has been recorded in the accompanying financial statements. In addition, the Foundation has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

The Foundation accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. The Foundation's policy is to recognize interest related to unrecognized tax benefits in interest expense and penalties in management and general expense. Management determined that there were no tax uncertainties that met the recognition threshold in fiscal years 2017 and 2016. At June 30, 2017 and 2016, there were no unrecognized tax benefits identified or liabilities recorded. With few exceptions, the Foundation is no longer subject to examination by the Internal Revenue Service for the years before June 30, 2014.

Pending and New Accounting Pronouncements

During May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. During August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09. ASU 2014-09 is effective for fiscal years beginning after December 15, 2018. The Foundation may elect to apply the guidance earlier. The amendments may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of initial application. The Foundation is currently assessing the effect that ASU 2014-09 and 2015-14 will have on its results from operations, financial position and cash flows.

Edinboro University Foundation
Notes to the Financial Statements (continued)

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements

During May 2015, the FASB issued 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)*. This ASU was issued to address the diversity in practice relating to how certain investments measured at net asset value are categorized in the fair value hierarchy. The amendments in this update remove 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. ASU 2015-07 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. ASU 2015-07 is effective for the Foundation’s fiscal year beginning July 1, 2016. The Foundation adopted ASU 2015-07 during the year ended June 30, 2017. This update did not have a significant impact on the Foundation’s results of operations, financial position and cash flows.

During January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. This new guidance is intended to improve the recognition and measurement of financial instruments and eliminates the requirement to disclose the fair value of financial instruments measured at amortized cost for institutions that are not public business entities. For non-public business entities, ASU 2016-01 is effective for fiscal years beginning after December 15, 2018, with early adoption permitted for fiscal years beginning after December 15, 2017. However, the new guidance permits entities that are not public business entities to adopt upon issuance the provision that eliminates the requirement to disclose the fair value of financial instruments measured at amortized cost. The Foundation elected to adopt this provision in fiscal 2016. ASU 2016-01 is to be applied by means of a cumulative-effect adjustment to the statement of financial position as of the beginning of the fiscal year of adoption. The amendments related to equity securities without readily determinable fair values (including disclosure requirements) should be applied prospectively to equity investments that exist as of the date of adoption of ASU 2016-01. The Foundation is assessing the impact that the remainder of this standard will have on its results of operations, financial position and cash flows.

During August 2016, the FASB issued ASU No. 2016-14, *Not-For Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities*. The new guidance is intended to improve and simplify the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit’s liquidity, financial performance and cash flows. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. ASU 2016-14 is to be applied retroactively with transition provisions. The Foundation is currently assessing the impact this standard will have on its financial statements.

2. Investments

The carrying values of the Foundation’s investments consist of the following at June 30:

	2017	2016
Mutual funds/Common funds	\$ 23,878,646	\$ 19,318,142
Common stocks	2,185,745	2,153,608
Money market funds	335,919	621,096
	\$ 26,400,310	\$ 22,092,846

Edinboro University Foundation
Notes to the Financial Statements (continued)

3. Fair Value Measurements

The Foundation measures its investments and charitable remainder trust at fair value on a recurring basis in accordance with accounting principles generally accepted in the United States of America. Fair value is defined as the price that would be received to sell an asset or the price that would be paid to dispose of a liability in an orderly transaction between market participants at the measurement date. The framework that the authoritative guidance establishes for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement.

The levels of the fair value hierarchy are as follows:

Level 1 – Fair value is based on unadjusted quoted prices in active markets that are accessible to the Foundation for identical assets. These generally provide the most reliable evidence and are used to measure fair value whenever available.

Level 2 – Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the asset through corroboration with observable market data. Level 2 inputs include quoted market prices for similar assets, quoted market prices in markets that are not active for identical or similar assets, and other observable inputs.

Level 3 – Fair value is based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows, and other similar techniques.

The Foundation, using available market information and appropriate valuation methodologies, has determined the estimated fair value of its financial instruments. However, considerable judgment is required in interpreting data to develop the estimates of fair value.

Edinboro University Foundation
Notes to the Financial Statements (continued)

3. Fair Value Measurements (continued)

Fair value of assets measured on a recurring basis are as follows at June 30, 2017:

	Fair Value	Level 1	Level 2	Level 3
Common stocks:				
Consumer discretionary	\$ 270,912	\$ 270,912	\$ -	\$ -
Consumer staples	229,054	229,054	-	-
Energy	144,634	144,634	-	-
Financial	381,533	381,533	-	-
Healthcare	310,483	310,483	-	-
Industrials	222,997	222,997	-	-
Materials	43,816	43,816	-	-
Technologies	468,381	468,381	-	-
Telecommunications	63,070	63,070	-	-
Utilities	50,865	50,865	-	-
Total common stocks	<u>2,185,745</u>	<u>2,185,745</u>	-	-
Debt-based mutual funds:				
United States treasuries	442,652	442,652	-	-
Investment grade securities	355,131	355,131	-	-
Other debt-based securities	3,517,794	3,517,794	-	-
Equity-based mutual funds:				
Mid cap	1,167,651	1,167,651	-	-
International	2,601,395	2,601,395	-	-
Small cap	244,517	244,517	-	-
Unclassified	4,311,630	4,311,630	-	-
Commonfund:				
Multi-Strategy Equity	7,120,884	-	7,120,884	-
Multi-Strategy Bond	2,968,652	-	2,968,652	-
International Equity	1,148,340	-	1,148,340	-
Total mutual funds	<u>23,878,646</u>	<u>12,640,770</u>	<u>11,237,876</u>	-
Money market funds	335,919	335,919	-	-
Total investments	<u>26,400,310</u>	<u>15,162,434</u>	<u>11,237,876</u>	-
Beneficial interest in remainder trust	299,383	-	-	299,383
Total	<u>\$ 26,699,693</u>	<u>\$ 15,162,434</u>	<u>\$ 11,237,876</u>	<u>\$ 299,383</u>

Edinboro University Foundation
Notes to the Financial Statements (continued)

3. Fair Value Measurements (continued)

Fair value of assets measured on a recurring basis is as follows at June 30, 2016:

	Fair Value	Level 1	Level 2	Level 3
Common stocks:				
Consumer discretionary	\$ 263,346	\$ 263,346	\$ -	\$ -
Consumer staples	240,373	240,373	-	-
Energy	151,301	151,301	-	-
Financial	337,336	337,336	-	-
Healthcare	320,267	320,267	-	-
Industrials	214,820	214,820	-	-
Materials	56,717	56,717	-	-
Technologies	427,760	427,760	-	-
Telecommunications	64,098	64,098	-	-
Utilities	77,590	77,590	-	-
Total common stocks	2,153,608	2,153,608	-	-
Debt-based mutual funds:				
United States treasuries	313,371	313,371	-	-
Investment grade securities	474,109	474,109	-	-
Other debt-based securities	2,499,565	2,499,565	-	-
Government National Mortgage Association	185,306	185,306	-	-
Equity-based mutual funds:				
Mid cap	1,133,948	1,133,948	-	-
International	1,233,729	1,233,729	-	-
Small cap	345,160	345,160	-	-
Unclassified	3,268,607	3,268,607	-	-
Commonfund:				
Multi-Strategy Equity	5,970,637	-	5,970,637	-
Multi-Strategy Bond	2,918,083	-	2,918,083	-
International Equity	975,627	-	975,627	-
Total mutual funds	19,318,142	9,453,795	9,864,347	-
Money market funds	621,096	621,096	-	-
Total investments	22,092,846	12,228,499	9,864,347	-
Beneficial interest in remainder trust	299,383	-	-	299,383
Total	\$ 22,392,229	\$ 12,228,499	\$ 9,864,347	\$ 299,383

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2017 and 2016.

Common stocks: Valued at closing price reported on the active market on which the individual securities are traded.

Money market funds: Valued at quoted market prices for identical securities in the active markets that the Foundation had the ability to access at the measurement date.

Edinboro University Foundation
Notes to the Financial Statements (continued)

3. Fair Value Measurements (continued)

Commonfund: Valued based upon the unit values (NAV) of the funds held by the Foundation at year end. Unit values are based upon the underlying assets of the funds derived from inputs principally from or corroborated by observable market data, by correlation, or other means. The Foundation invests in the following Commonfund funds:

Multi-Strategy Equity – The Multi-Strategy Equity program allocates assets across a broad spectrum of public equity strategies in proportions considered optimal for a fully diversified equity portfolio. The majority of the program’s assets generally are invested directly or indirectly in a portfolio of common stocks and securities convertible into common stocks of U.S. companies. The program’s allocation to the U.S. equity market includes exposure to companies in the S&P 500 Composite index, the benchmark for the program, as well as companies not included in the index. The program seeks to diversify its portfolio by allocating assets to common stocks and other equity securities of foreign companies in both developed and emerging markets. In addition, the program expects to invest in marketable alternative strategies that seek opportunities in domestic and foreign markets for equity-type returns with low correlation to the equity markets. The investment is valued at net asset value per share and has no unfunded commitments or significant redemption restrictions.

Multi-Strategy Bond – The Multi-Strategy Bond program allocates assets across a broad spectrum of fixed income sectors in proportions considered optimal for a fully diversified fixed income portfolio. The majority of the program’s assets generally are invested directly or indirectly in dollar-denominated investment grade bonds and other fixed income securities in an attempt to outperform the broad U.S. bond market. The program seeks to diversify its portfolio by allocating assets to other fixed income securities and strategies, including but not limited to global bonds, inflation-indexed bonds, high yield bonds, emerging markets debt and opportunistic credit strategies. Under normal circumstances, at least 80 percent of the net assets of the program will be invested directly or indirectly in fixed income securities or cash. The benchmark for the program is the Barclays Capital U.S. Aggregate Bond index. The investment is valued at net asset value per share and has no unfunded commitments or significant redemption restrictions.

International Equity Fund – The International Equity Fund invests primarily in common stocks and other equity securities of non-U.S. companies (including common stocks, securities convertible into common stocks and warrants to acquire common stocks). Up to 10 percent of the fund can be invested in equity securities of issuers located in emerging markets. The fund is designed to outperform its benchmark, the Morgan Stanley Capital International World ex-U.S. Index, over a full-market cycle, primarily through active stock selection. Portfolio holdings will typically range from 150 to 300 equity securities. The investment is valued at net asset value per share and has no unfunded commitments or significant redemption restrictions.

Beneficial interest in remainder trust: Valued using the income approach with significant unobservable inputs based on fair value of the underlying investments. The assets are recorded at the estimated present value of the Foundation’s future cash receipts from the trust assets.

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

Edinboro University Foundation
Notes to the Financial Statements (continued)

3. Fair Value Measurements (continued)

The following table sets forth a summary of changes in the fair value of Level 3 assets for the years ended June 30:

	2017	2016
Balance, beginning of year	\$ 299,383	\$ 299,383
Unrealized gains	-	-
Balance, end of year	\$ 299,383	\$ 299,383

The most significant unobservable inputs affecting the fair value of the beneficial interest in remainder trust are the changes in the fair value of the assets comprising the trust, as well as changes in the present value of the estimated future payments to beneficiaries. Significant changes in any of these inputs in isolation could result in a significant change in the fair value measurement. There were no changes in valuation techniques during 2017 and 2016.

4. Trustee Held Funds

The composition of trustee held funds is as follows at June 30:

	2017	2016
Under trust indenture, held by trustee, cash and cash equivalents	\$ -	\$ 17,896,804
Less funds allocated toward current construction contracts and retainage payable	-	168,415
Non-current portion of funds held by trustee	\$ -	\$ 17,728,389
Portion of non-current funds held by trustee reserved for debt service	\$ -	\$ 8,566,101

Pursuant to the terms of the trust indentures underlying the Series 2008 and 2010 Bonds, the Foundation was required to maintain an amount equivalent to the lesser of the maximum annual debt service requirements payable on the bonds (other than the last fiscal year during the term of the bonds); 125% of the average annual debt service on the bonds, or; 10% of the original proceeds of the bonds. There was \$8,566,101 on reserve at June 30, 2016, which the Foundation considers to be a non-current asset. There were no trustee held funds as of June 30, 2017. Effective September 2016, the student housing facilities and the associated Series 2008 and 2010 bonds were transferred to the University. See Note 1. With the transfer of the bonds, the Foundation was no longer required to have trustee held funds for debt service requirements.

Edinboro University Foundation
Notes to the Financial Statements (continued)

5. Fixed Assets

Fixed assets consist of the following as of June 30:

	2017	2016
Buildings and improvements	\$ -	\$ 98,864,671
Furniture and fixtures	4,832	3,400,265
Equipment	216,354	1,630,524
Land improvements	-	976,956
Vehicles and heavy equipment	-	258,197
Artwork	-	138,034
Construction in progress	-	1,222
Total	221,186	105,269,869
Less: Accumulated depreciation	216,541	20,330,197
Total fixed assets, net	\$ 4,645	\$ 84,939,672

Depreciation expense was \$646,118 and \$3,500,611 for the years ended June 30, 2017 and 2016, respectively.

The Foundation had undertaken a project consisting of financing, through the issuance of tax-exempt bonds through the PHEFA, the costs of acquisition, construction, equipping and furnishing student housing on the campus of Edinboro University of Pennsylvania. Phase I consisted of a four-building, 796 bed student housing facility. Phase II consisted of a four-building, 847 bed student housing facility. As of June 30, 2013, construction of Phase I and II was substantially complete. For the year ended June 30, 2016, primarily all of the assets noted above relate to the Student Housing Facility. Effective September 2016, the student housing facilities were sold to the University. See Note 1.

In connection with the Student Housing Facility projects, the Foundation entered into a Ground Lease Agreement with the University (classified as an operating lease) (Note 9), for the lease of certain land upon which the student housing buildings are located. In addition to defining the rentals to be paid for the premises described therein, the Ground Lease Agreement outlined certain mutual covenants and agreements between the Foundation and the University, and also indicated that title to the Student Housing Facility shall, upon the termination or expiration of the lease, vest with the Commonwealth of Pennsylvania (“Commonwealth”), subject to the rights of the University pursuant to an Agreement between the Commonwealth and the University. With the sale of the student housing facilities to the University, the lease was terminated during the year ended June 30, 2017. See Note 1.

In addition, the Foundation contracted with the University to manage the Student Housing Facility pursuant to the terms of a Management Agreement. Related to this agreement, the Foundation received from the University \$637,254 and \$12,859,440 during the years ended June 30, 2017 and 2016, respectively, of student housing rental income (which the University billed and collected on the Foundation’s behalf) and paid to the University \$596,741 and \$4,311,014 during the years ended June 30, 2017 and 2016, respectively, of student housing facility operating expenses. At June 30, 2016, the Foundation had a net receivable of \$235,448, included in other current assets, from the University related to this agreement. There was no receivable at June 30, 2017. See Note 1.

Edinboro University Foundation
Notes to the Financial Statements (continued)

6. Long-Term Debt

On September 7, 2016, the Foundation sold its student housing facilities to the University. The net proceeds from the sale of approximately \$118,100,000 plus approximately \$12,300,000 of sinking fund monies were used to purchase U.S. government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2008 and 2010 Series bonds. As a result, these bonds are considered to be defeased and the liability for those bonds has been removed from the general liabilities of the Foundation. When the bonds were considered defeased, the remaining net book value of the deferred financing costs was fully expensed.

Interest incurred on the notes was \$3,237,537 and \$6,615,788 for the years ended June 30, 2017 and 2016, respectively.

The discount on long-term debt was being amortized to expense over the term of the note. This amortization amounted to \$39,406 during the year ended June 30, 2016. During fiscal 2017, when the sinking fund monies were deposited to fully fund the bonds, the discount associated with the bonds was fully expensed. The discount on the long-term debt amounted to \$831,682 for the year ended June 30, 2017.

7. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are comprised of the following as of June 30:

	2017	2016
Various Edinboro University Foundation scholarships and related programs	\$ 2,414,807	\$ 2,028,117

Permanently restricted net assets are comprised of the following as of June 30:

	2017	2016
Investments to be held in perpetuity by donor stipulations or by Pennsylvania law, the income from which is generally available for scholarships and programs	\$ 6,988,812	\$ 6,182,697
Cash surrender value of donated life insurance policies to benefit scholarship and programs	88,427	84,557
Beneficial interests in remainder trust for endowment purposes	299,383	299,383
	\$ 7,376,622	\$ 6,566,637

8. Endowment Funds

The Foundation's endowment consists of approximately 200 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors 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 Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Edinboro University Foundation
Notes to the Financial Statements (continued)

8. Endowment Funds (continued)

The Board of Directors of the Foundation has interpreted Pennsylvania law 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 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 in permanently restricted net assets is classified as either temporarily restricted or unrestricted net assets based on the existence of donor restrictions or by law.

The Foundation 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

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment 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 fund. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of various indices such as the S&P 500, Russell 2000, Barclays Capital U.S. Aggregate Bond and EAFE index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide favorable results against these benchmark comparative indexes. Actual returns in any given year may vary from this amount.

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.

Over the long term, the Foundation expects the current spending policy to allow its endowment to continue to grow. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Edinboro University Foundation
Notes to the Financial Statements (continued)

8. Endowment Funds (continued)

Endowment net asset composition by type of fund as of June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Total donor restricted endowments	\$ (59,911)	\$ 1,941,591	\$ 7,376,622	\$ 9,258,302

Changes in endowment net assets for the year ended June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ (84,889)	\$ 1,459,788	\$ 6,566,637	\$ 7,941,536
Investment return	-	870,231	-	870,231
Contributions	-	76,923	810,477	887,400
Appropriation of endowment assets for expenditure	-	(427,685)	-	(427,685)
Other changes:				
Gifts and transfers to University	-	(8,188)	(11,000)	(19,188)
Other income	-	-	12,400	12,400
Change in cash surrender value of life insurance	-	-	3,333	3,333
Other	24,978	(29,478)	(5,225)	(9,725)
Endowment net assets, end of year	\$ (59,911)	\$ 1,941,591	\$ 7,376,622	\$ 9,258,302

Endowment net asset composition by type of fund as of June 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Total donor restricted endowments	\$ (84,889)	\$ 1,459,788	\$ 6,556,637	\$ 7,941,536

Edinboro University Foundation
Notes to the Financial Statements (continued)

8. Endowment Funds (continued)

Changes in endowment net assets for the year ended June 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ (36,391)	\$ 1,182,907	\$ 6,080,738	\$ 7,227,254
Investment return	-	(183,474)	-	(183,474)
Contributions	-	774,643	490,663	1,265,306
Appropriation of endowment assets for expenditure	-	(576,402)	-	(576,402)
Other changes:				
Gifts and transfers to University	-	(4,010)	-	(4,010)
Change in cash surrender value of life insurance	-	-	(4,764)	(4,764)
Other	(48,498)	266,124	-	217,626
Endowment net assets, end of year	\$ (84,889)	\$ 1,459,788	\$ 6,566,637	\$ 7,941,536

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 law requires the Foundation to retain as a fund of perpetual duration. The Board of Directors utilizes an extended three-year market value average cycle to make this determination. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature that are reported in unrestricted net assets were \$59,911 and \$84,889 as of June 30, 2017 and 2016, respectively.

9. Operating Lease

The Foundation had a non-cancelable operating lease for the rental of land from the University (“Lessor”), as related to the Foundation’s Student Housing Facilities (the “Ground Lease Agreement”). Rent expense related to this lease was \$-0- and \$37,845 for the years ended June 30, 2017 and 2016, respectively. Significant terms of this Ground Lease Agreement include the following:

- The termination of the lease was to be the earlier of July 1, 2054, or the date that all mortgages related to the Student Housing Facility are satisfied beyond July 1, 2044;
- Base rent for Phase I Project Facilities was \$16,000 per year beginning in 2010; base rent for Phase II Project Facilities was \$16,650 per year beginning in 2012, and the base rent shall be increased 3% per year through lease termination;
- An additional annual “Percentage Rent” from Net Available Cash Flows (as defined) (only due to the extent available in any one year) is due to Lessor;
- An annual “System Fee” equal to 0.5% of gross room rental revenues is due to Lessor;

Edinboro University Foundation
Notes to the Financial Statements (continued)

9. Operating Lease (continued)

- Throughout the lease term, Lessor has the option to purchase the Student Housing Facility for its fair value.
- At the termination or expiration of the lease, all title to and ownership of the Student Housing Facilities shall automatically and immediately vest with the Commonwealth of Pennsylvania (“Commonwealth”), subject to the rights of the University pursuant to an Agreement between the Commonwealth and the University.

In September 2016, the Foundation sold the student housing facilities to the University. See Note 1. With the sale of the student housing facilities, the “Ground Lease Agreement” was terminated.

10. Portfolio Management Fees

The Foundation assesses an asset management fee on managed scholarship and other endowment funds to be used to support the programs and mission of its affiliated organizations. This fee, which is calculated based on a percentage of the total fair value of investments and billed to the University and Alumni Association, amounted to \$165,854 and \$195,535 for the years ended June 30, 2017 and 2016, respectively.

11. Related Party Transactions

The Foundation manages scholarship assets received from the University and Alumni Association under an endowment custodial relationship (Note 1). These contributing organizations did not grant the Foundation variance power (the ability to redirect the corpus) and retained the ownership of the assets.

The Foundation receives and manages contributions from donors of assets intended for the benefit of the University. Direct contributions of these assets are recorded on the Foundation’s records as contribution income and held in restricted net assets until the donors’ requirements have been satisfied, at which time the assets are released from restrictions and paid to the University for various initiatives, awards, and scholarships. These gifts to the University were \$168,695 and \$228,060 for the years ended June 30, 2017 and 2016, respectively.

During the years ended June 30, 2017 and 2016, the Foundation paid \$90,212 and \$541,258, respectively, in indirect expenses to the University related to student housing activities.

As disclosed in Notes 5 and 9, the Foundation had a ground lease agreement with the University and also contracted with the University to manage the operation of the student housing facility. See Note 1.

12. Concentration of Credit Risk

The Foundation maintains its cash and cash equivalents in bank deposit accounts, which at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. Management believes the Foundation is not exposed to any significant credit risk related to its cash and cash equivalents.

Edinboro University Foundation
Notes to the Financial Statements (continued)

13. Contingencies

For the year ended June 30, 2016, the Foundation was a party to several actions involving a vendor and one of its subcontractors regarding damages arising from negligent construction of a sprinkler system. Outstanding payments were being withheld by the Foundation until the outcome of this matter was settled. This matter was settled during the year ended June 30, 2017, for approximately \$62,000.

**SUPPLEMENTARY
INFORMATION**

Edinboro University Foundation
Schedules of Functional Expenses – Management and
General Expenses and Program Services

	For the Years Ended June 30	
	2017	2016
Management and General Expenses:		
Personnel expenses	\$ 227,585	\$ 264,700
Professional fees	97,118	50,796
Investment expenses	-	30,311
Miscellaneous	2,317	10,881
Software and maintenance agreements	8,426	16,126
Insurance	637	8,945
Office supplies	895	1,259
Board meetings and conferences	-	2,315
Dues and memberships	1,831	5,165
Depreciation expense	2,026	842
	\$ 340,835	\$ 391,340
Program Services:		
Student housing facility expense	\$ 5,327,926	\$ 14,590,614
Scholarship payments	615,141	692,104
Gifts to Edinboro University	168,910	228,340
Projects and special events	106,624	154,961
Gifts to others	828,605	2,120
	\$ 7,047,206	\$ 15,668,139

Edinboro University Foundation
Schedules of Rental Income and Expenses –
Student Housing Facility

	For the Years Ended June 30	
	2017	2016
Operating Revenues:		
Rental revenue	\$ 605,945	\$ 12,451,317
Summer rental revenue	30,175	379,450
Other revenue	1,134	28,673
Total operating revenues	637,254	12,859,440
Operating Expenses:		
Depreciation	644,092	3,499,769
Maintenance	242,730	1,557,365
Indirect expenses	90,212	541,258
Utilities	24,228	655,478
Room	241,774	568,866
Salaries and benefits	23,419	391,463
Insurance	124,462	302,570
Professional fees	149,928	215,112
Bad debt (recovery) expense	(307,216)	44,933
Office supplies	1,586	15,164
Miscellaneous	5,618	8,631
Food supplies	-	7,581
Marketing and advertising	-	2,593
Total operating expenses	1,240,833	7,810,783
Operating (loss) income	(603,579)	5,048,657
Nonoperating Revenues and Expenses:		
Interest expense, long-term debt	(3,237,537)	(6,615,788)
Interest income, trustee held funds	24,610	118,651
Unrealized gains on investments	-	74,763
Insurance proceeds	-	10,256
Gain on disposal, net	17,901,447	-
Amortization of bond costs	(847,857)	(71,751)
Bond fees	(1,700)	(92,292)
Nonoperating revenues (expenses), net	13,838,963	(6,576,161)
Excess of Revenues Over Expenses	\$ 13,235,384	\$ (1,527,504)