

**UNIVERSITY OF NORTH TEXAS  
FOUNDATION, INC.**

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FINANCIAL STATEMENTS  
AND  
AUDITORS' REPORT

FOR THE YEARS ENDED  
DECEMBER 31, 2009 AND 2008



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**HANKINS, EASTUP, DEATON,  
TONN & SEAY**  
A PROFESSIONAL CORPORATION

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CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
University of North Texas Foundation, Inc.  
Denton, Texas

We have audited the accompanying statements of financial position of University of North Texas Foundation, Inc. (a nonprofit organization) as of December 31, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of University of North Texas Foundation, Inc. as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Hankins, Eastup, Deaton, Tonn & Seay*

Hankins, Eastup, Deaton, Tonn & Seay  
A Professional Corporation  
Certified Public Accountants

June 1, 2010



UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2009 AND 2008

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	<u>2009</u>	<u>2008</u>
Cash and cash equivalents	\$ 9,589,592	\$ 9,195,019
Investments	64,144,763	49,358,712
Contributions and other receivables	4,036,439	3,024,290
Prepaid expenses	4,000	31,293
Real property	111,735	111,735
Other assets	8,400	8,400
Cash value - life insurance policies	378,670	366,685
Assets held under trust agreements	<u>3,647,958</u>	<u>3,167,839</u>
Total Assets	<u>\$81,921,557</u>	<u>\$65,263,973</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 31,536	\$ 710,866
Agency funds	40,503	245,325
Annuity obligations	1,622,188	1,544,272
Refundable advances	<u>1,684,042</u>	<u>1,432,310</u>
Total Liabilities	<u>3,378,269</u>	<u>3,932,773</u>
Net Assets:		
Unrestricted:		
Board designated for reserves	1,164,320	1,078,959
Fair value of endowments below historical cost	(3,637,794)	(10,595,471)
Undesignated	<u>501,106</u>	<u>469,620</u>
Total Unrestricted	(1,972,368)	(9,046,892)
Temporarily restricted	18,711,293	13,648,727
Permanently restricted	<u>61,804,363</u>	<u>56,729,365</u>
Total Net Assets	<u>78,543,288</u>	<u>61,331,200</u>
Total Liabilities and Net Assets	<u>\$81,921,557</u>	<u>\$65,263,973</u>

See accompanying notes to financial statements.

**UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.**

STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
Revenues, Gains, and Other Support		
Contributions	\$ -	\$ 3,067,110
Life insurance premiums	-	-
Investment income	(86,935)	1,091,730
Internal management fee	746,846	-
Other income	-	331,058
Realized and unrealized gain (loss) on market value of investments	32,389	11,833,504
Actuarial gain (loss) on annuity obligations	-	-
Increase in cash value - life insurance	-	-
	<u>692,300</u>	<u>16,323,402</u>
Total Revenues, Gains, And Other Support		
	<u>692,300</u>	<u>16,323,402</u>
Net Assets Released from Restrictions	4,333,077	(4,303,359)
Transfers/Changes in Donor Restrictions	<u>6,958,307</u>	<u>(6,957,477)</u>
Total Net Assets Released From Restrictions/Transfers	<u>11,291,384</u>	<u>(11,260,836)</u>
Program Services		
Internal management fee	746,846	-
Scholarships and awards	916,101	-
Expense reimbursements	11,653	-
Services for programs	462,870	-
Distributions to UNT	2,194,208	-
Distributions to other Institutions	19,750	-
Life insurance premiums	<u>11,649</u>	<u>-</u>
Total Program Services	<u>4,363,077</u>	<u>-</u>

See accompanying notes to financial statements.



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<u>Permanently Restricted</u>	<u>2009 Total</u>
\$ 4,912,064	\$ 7,979,174
9,612	9,612
-	1,004,795
-	746,846
-	331,058
4,324	11,870,217
154,767	154,767
<u>24,779</u>	<u>24,779</u>
 <u>5,105,546</u>	 <u>22,121,248</u>
 (29,718)	 -
<u>(830)</u>	<u>-</u>
 <u>(30,548)</u>	 <u>-</u>
 -	746,846
-	916,101
-	11,653
-	462,870
-	2,194,208
-	19,750
<u>-</u>	<u>11,649</u>
 <u>-</u>	 <u>4,363,077</u>

**UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.**

STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
Management and General Expenses		
Salaries and benefits	\$ 387,387	\$ -
Consulting fees	86,128	-
Professional services	18,300	-
Travel	3,500	-
Administrative	12,543	-
Bank and credit card charges	9,907	-
Office and computer equipment	5,588	-
Insurance	13,731	-
Professional development	<u>8,999</u>	<u>-</u>
Total Management and General Expenses	<u>546,083</u>	<u>-</u>
Total Program Services and Expenses	<u>4,909,160</u>	<u>-</u>
Change in Net Assets	7,074,524	5,062,566
Net Assets - Beginning of Year	<u>(9,046,892)</u>	<u>13,648,727</u>
Net Assets - End of Year	<u>\$(1,972,368)</u>	<u>\$18,711,293</u>

See accompanying notes to financial statements.

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<u>Permanently Restricted</u>	<u>2009 Total</u>
\$ -	\$ 387,387
-	86,128
-	18,300
-	3,500
-	12,543
-	9,907
-	5,588
-	13,731
-	<u>8,999</u>
<u>-</u>	<u>546,083</u>
<u>-</u>	<u>4,909,160</u>
5,074,998	17,212,088
<u>56,729,365</u>	<u>61,331,200</u>
<u>\$61,804,363</u>	<u>\$78,543,288</u>

**UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.**

STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
Revenues, Gains, and Other Support		
Contributions	\$ -	\$ 5,088,542
Life insurance premiums	-	-
Investment income	(18,023)	1,052,923
Internal management fee	824,163	-
Other income	(2,139)	227,722
Realized and unrealized gain (loss) on market value of investments	(18,894)	(19,191,354)
Actuarial gain (loss) on annuity obligations	-	-
Increase in cash value - life insurance	-	-
	<u>785,107</u>	<u>(12,822,167)</u>
Net Assets Released from Restrictions	4,964,612	(4,939,415)
Transfers/Changes in Donor Restrictions	<u>(10,565,454)</u>	<u>10,535,169</u>
Total Net Assets Released From Restrictions/Transfers	<u>(5,600,842)</u>	<u>5,595,754</u>
Program Services		
Internal management fee	824,163	-
Scholarships and awards	1,066,132	-
Expense reimbursements	16,727	-
Services for programs	396,679	-
Distributions to UNT	2,630,280	-
Distributions to other Institutions	44,000	-
Life insurance premiums	<u>11,734</u>	<u>-</u>
Total Program Services	<u>4,989,715</u>	<u>-</u>

See accompanying notes to financial statements.

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<u>Permanently Restricted</u>	<u>2008 Total</u>
\$ 2,702,427	\$ 7,790,969
10,820	10,820
-	1,034,900
-	824,163
35,590	261,173
23,875	(19,186,373)
(272,385)	(272,385)
<u>21,313</u>	<u>21,313</u>
 <u>2,521,640</u>	 <u>(9,515,420)</u>
 (25,197)	 -
<u>30,285</u>	<u>-</u>
 <u>5,088</u>	 <u>-</u>
 -	824,163
-	1,066,132
-	16,727
-	396,679
-	2,630,280
-	44,000
<u>-</u>	<u>11,734</u>
<u>-</u>	<u>4,989,715</u>

**UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.**

STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
Management and General Expenses		
Salaries and benefits	\$ 464,958	\$ -
Consulting fees	23,510	-
Professional services	34,825	-
Travel	4,353	-
Administrative	13,193	-
Bank and credit card charges	6,867	-
Office and computer equipment	5,946	-
Insurance	13,913	-
Professional development	<u>8,391</u>	<u>-</u>
Total Management and General Expenses	<u>575,956</u>	<u>-</u>
Total Program Services and Expenses	<u>5,565,671</u>	<u>-</u>
Change in Net Assets	(10,381,406)	(7,226,413)
Net Assets - Beginning of Year	<u>1,334,514</u>	<u>20,875,140</u>
Net Assets - End of Year	<u><u>\$(9,046,892)</u></u>	<u><u>\$13,648,727</u></u>

See accompanying notes to financial statements.

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<u>Permanently Restricted</u>	<u>2008 Total</u>
\$ -	\$ 464,958
-	23,510
-	34,825
-	4,353
-	13,193
-	6,867
-	5,946
-	13,913
-	8,391
<u>-</u>	<u>575,956</u>
-	5,565,671
2,526,728	(15,081,091)
<u>54,202,637</u>	<u>76,412,291</u>
<u>\$56,729,365</u>	<u>\$61,331,200</u>





**UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.**

STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 17,212,088	\$(15,081,091)
Adjustments to reconcile change in net assets to net cash provided by Operating activities:		
Realized and unrealized (gain)/loss on market value of investments	(11,870,217)	19,186,373
(Increase)/Decrease in contributions and other receivables	(1,012,149)	347,936
Actuarial (gain)/loss on annuity obligations	(154,767)	272,385
(Increase) in cash value – life insurance	(11,985)	(34,107)
(Increase)/Decrease in prepaid expense	27,293	(2,893)
Increase/(Decrease) in accounts payable and accrued expenses	(679,330)	656,581
Increase/(Decrease) in agency funds	(204,822)	114,094
Increase/(Decrease) in annuity obligations	77,916	(46,516)
Noncash contributions	<u>(388,882)</u>	<u>(348,193)</u>
Net Cash Provided (Used) By Operating Activities	<u>2,995,145</u>	<u>5,064,569</u>
Cash Flows From Investing Activities		
Proceeds from sale of investments	15,207,602	11,970,632
Purchases of investments	<u>(17,808,174)</u>	<u>(12,536,486)</u>
Net Cash Provided (Used) By Investing Activities	<u>(2,600,572)</u>	<u>(565,854)</u>
Net Increase in Cash and Cash Equivalents	394,573	4,498,715
Cash and Cash Equivalents- Beginning of Year	<u>9,195,019</u>	<u>4,696,304</u>
Cash and Cash Equivalents- End of Year	<u>\$ 9,589,592</u>	<u>\$ 9,195,019</u>
Supplemental Cash Flow Information:		
Gifts of securities	\$ 388,882	\$ 348,193
Interest paid	-	-
Income taxes paid	-	-

See accompanying notes to financial statements.



**UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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**NOTE 1 – PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Purpose

The University of North Texas Foundation, Inc. (Foundation) is a nonprofit organization with the purpose of providing financial support to the University of North Texas. This purpose is accomplished by the Foundation receiving and managing donations (cash and non-cash) from individuals and organizations.

The Foundation is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting.

Contributions

Contributions are generally temporarily or permanently restricted by the donor to support specific programs within the University of North Texas. Unconditional promises to give are recorded as received. Contributions receivable due in the next year are recorded at their estimated net realizable value. Contributions receivable due in subsequent years are recorded at the present value of their estimated net realizable value, using interest rates applicable to the years in which the promises are received to discount the amounts. An allowance for uncollectible promises to give has been provided based on management's evaluation of contributions receivable at year end.

Contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets.

Endowment contributions and investments are permanently restricted by the donor. Investment income available for distribution is recorded in temporarily restricted net assets because of program restrictions. The portion of the fair value of endowment funds which is below the endowment fund's historical cost is recorded as a reduction in unrestricted net assets.

Contributions of donated noncash assets are recorded at their fair values in the period received.

Estimates

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

**UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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**NOTE 1 – PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTS POLICIES  
(Continued)**

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with an initial maturity at the time of purchase of three months or less.

Investments

The Foundation carries investments in marketable securities, actively traded mutual funds, and other common stocks with readily determinable fair values and all investments in debt securities at their fair values based on quoted prices in active markets (all Level 1 measurements) in the statements of financial position. Investments in non-publicly traded Real Estate Investment Trust and Hedge Funds of Funds are carried at their fair value as determined using significant unobservable inputs (Level 3 measurements). Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Real Property

Real property consists of property that has been donated to the Foundation. The property is stated at the estimated fair value at the time of the donation.

Other Assets

Other assets consists of paintings donated to the Foundation and held for sale. The paintings are recorded at their fair value as of the date of the donation.

Agency Funds

Agency funds consist of resources held by the Foundation as an agent for resource providers and will be transferred to third-party recipients specified by the resource provider.

**UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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**NOTE 2 – INVESTMENTS**

Investment securities consisted of the following at December 31, 2009 and 2008:

	2009		2008	
	Cost	Fair Value	Cost	Fair Value
U.S. and International Stocks and Equity Mutual Funds	\$34,032,370	\$34,470,959	\$34,278,051	\$22,082,373
U.S. and International Fixed Income Securities and Mutual Funds	17,067,431	18,382,523	17,909,207	17,945,046
Real Estate Investment Trust and REIT Exchange Traded Funds	1,750,000	443,561	3,409,144	2,223,343
Natural Resource Exchange Traded Fund/Global Hard Assets Mutual Fund	3,000,000	3,368,520	2,215,022	1,704,694
Hedge Funds of Funds	7,194,763	7,476,771	5,446,623	5,399,906
Non-Registered Common Stocks	33,500	2,429	33,500	3,350
	<u>\$63,078,064</u>	<u>\$64,144,763</u>	<u>\$63,291,547</u>	<u>\$49,358,712</u>

The investment in non-registered common stocks represent shares in companies that are not registered (restricted) shares of publicly traded companies.

Investment income consists of interest and dividends on investment securities and is shown net of investment fees and expenses of \$123,321 and \$116,201 in 2009 and 2008, respectively.

**NOTE 3 – FAIR VALUE OF FINANCIAL INSTRUMENTS**

Generally accepted accounting principles requires disclosure of an estimate of fair value of certain financial instruments. The Foundation's significant financial instruments other than investments are cash and cash equivalents, contributions and other receivables, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

**UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

**NOTE 4 – FAIR VALUE MEASUREMENTS**

Fair values of assets measured on a recurring basis at December 31, 2009 and 2008 are as follows:

		Fair Value Measurements at Reporting Date Using	
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
December 31, 2009:			
Securities	\$ 56,224,431	\$ 56,224,431	\$ -
Real Estate Investment Trust	443,561	-	443,561
Hedge Funds of Funds	<u>7,476,771</u>	<u>-</u>	<u>7,476,771</u>
Total	<u>\$ 64,144,763</u>	<u>\$ 56,224,431</u>	<u>\$ 7,920,332</u>
December 31, 2008:			
Securities	\$ 42,642,849	\$ 42,642,849	\$ -
Real Estate Investment Trust	1,315,957	-	1,315,957
Hedge Funds of Funds	<u>5,399,906</u>	<u>-</u>	<u>5,399,906</u>
Total	<u>\$ 49,358,712</u>	<u>\$ 42,642,849</u>	<u>\$ 6,715,863</u>

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Real Estate Investment Trust	Hedge Funds Mutual Funds	Total
January 1, 2008	\$ 1,238,445	\$ 7,274,114	\$ 8,512,559
Total gains/(losses) (realized/unrealized)	(484,017)	(1,049,049)	(1,533,066)
Purchases, issuance, and settlements	<u>561,529</u>	<u>(825,159)</u>	<u>(263,630)</u>
December 31, 2008	1,315,957	5,399,906	6,715,863
Total gains/(losses) (realized/unrealized)	(872,396)	326,865	(545,531)
Purchases, issuance, and settlements	<u>-</u>	<u>1,750,000</u>	<u>1,750,000</u>
December 31, 2009	<u>\$ 443,561</u>	<u>\$ 7,476,771</u>	<u>\$ 7,920,332</u>

The gains and losses for each year are included in the statements of activities under realized and unrealized gain (loss) on market value of investments.

**UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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**NOTE 4 – FAIR VALUE MEASUREMENTS (continued)**

Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Fair values for the Real Estate Investment Trust and Hedge Funds of Funds are determined by third-party valuations of the investments. There were no changes in valuation methods during 2008 or 2009.

**NOTE 5 – CONTRIBUTIONS AND OTHER RECEIVABLES**

Contributions and other receivables as of December 31, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Contributions receivable in less than one year	\$2,079,931	\$1,367,826
Contributions receivable in one to five years	2,310,439	1,411,514
Contributions receivable in six to ten years	776,105	1,252,950
Contributions receivable in over ten years	<u>1,800</u>	<u>17,200</u>
Total Contributions Receivables	5,168,275	4,049,490
Less allowance for uncollectible amounts	(442,568)	(325,830)
Less discounts to net present value	<u>(742,595)</u>	<u>(791,188)</u>
Net Contributions Receivable	3,983,112	2,932,472
Other amounts receivable	<u>53,327</u>	<u>91,818</u>
Total Contributions and Other Receivables	<u>\$4,036,439</u>	<u>\$3,024,290</u>

**NOTE 6 – UNRESTRICTED NET ASSETS**

Unrestricted net assets at December 31, 2009 and 2008 include \$1,164,320 and \$1,078,959 respectively, which has been designated by the Foundation's Board of Directors as a reserve for future operations.

**NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of contributions from donors to specified programs or scholarships within the University of North Texas. Temporarily restricted net assets also includes income from endowment funds that are available for distribution upon satisfaction of the specific program restriction stated in the endowment agreement.

**UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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**NOTE 8 – PERMANENTLY RESTRICTED NET ASSETS**

Net assets were permanently restricted for the following purposes at December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Endowments to support various programs, scholarships and other activities of the University of North Texas	\$61,425,693	\$56,362,680
Cash value of life insurance policies that will provide proceeds upon death of insured for endowments	<u>378,670</u>	<u>366,685</u>
Total	<u>\$61,804,363</u>	<u>\$56,729,365</u>

**NOTE 9 – REAL PROPERTY**

Real property donated to the Foundation is recorded at fair value at the date of the donation. Real estate purchased by the Foundation is recorded at cost. Real property consists of the following at December 31, 2009 and 2008:

	<u>Fair Value Recorded</u>		<u>Current Fair Value</u>
	<u>2009</u>	<u>2008</u>	
Mineral rights 1/4 undivided interest 34 acres – Loop 288	\$ 12,860	\$ 12,860	Not Determined
	<u>98,875</u>	<u>98,875</u>	Not Determined
	<u>\$111,735</u>	<u>\$111,735</u>	

**NOTE 10 – LIFE INSURANCE POLICIES**

Several endowments have been established which are to be funded or partially funded by life insurance policies for which the Foundation has been named owner and beneficiary. Premium payments made by the Foundation are reimbursed by the donors of the policies. As of December 31, 2009 and 2008, there were a total of 24 such policies with death benefits totaling \$1,733,611 and \$1,738,279 respectively, and cash values totaling \$378,670 and \$366,685 respectively.

**NOTE 11 – INCOME TAX STATUS**

The Foundation has received a letter of determination from the Internal Revenue Service advising that it qualifies as a non-profit corporation under Section 501(c)(3) of the Internal Revenue Code and, therefore, is not subject to income tax. The Foundation is not a private foundation within the meaning of section 509(a) of the Internal Revenue Code.



**UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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**NOTE 12 – RETIREMENT PLAN**

The Foundation sponsors a defined contribution retirement plan covering all full time employees of the Foundation. The Foundation contributes 8.5% of eligible employees' compensation to the plan, and employees are required to contribute a minimum of 6.65% of compensation to the plan. Employees may make voluntary contributions in addition to the required contribution, up to the limits prescribed by the Internal Revenue Code. All employer and employee contributions are fully vested when made. The expense to the Foundation for retirement plan contributions for 2009 and 2008 were \$23,063 and \$29,793 respectively.

**NOTE 13 – ASSETS HELD UNDER SPLIT INTEREST AGREEMENTS AND REFUNDABLE ADVANCES**

The Foundation is the Trustee or Co-Trustee of various charitable remainder trusts and administers several gift annuity contracts. The agreements require annuity payments to the income beneficiaries for life, with the remaining assets of the trusts or agreements creating endowments upon the death of the income beneficiary. The annuity obligations are recorded at the present value of the expected future cash payments to the beneficiaries based on published life expectancy tables using a discount rate of eight percent.

Two trusts for which the Foundation serves as Trustee currently name the Foundation as the remainder beneficiary, however, the donors have retained the right to change the remainder beneficiary to other charitable organizations. As a result, the Foundation has recorded the assets held under these trusts as refundable advances.

The assets held under these agreements are included in the statement of financial position at fair value.

**NOTE 14 – CONCENTRATIONS OF CREDIT RISK**

The Foundation maintains cash balances at times in excess of \$250,000 in its depository bank, which are insured by the Federal Deposit Insurance Corporation up to \$250,000 (effective October 3, 2008). The Foundation's depository bank, Wells Fargo Bank N.A., has pledged government backed securities with a par value of \$5,950,651 at December 31, 2009 to secure Foundation deposits in excess of \$250,000. The pledged securities are held by a third-party safekeeping bank under a pledged collateral agreement. The market value of the pledged securities at December 31, 2009 was \$6,320,711. The total amount of checking account deposits with Wells Fargo Bank N.A. as of December 31, 2009 was \$199,904. In addition to the checking account balance, the Foundation had cash balances of \$6,169,307 at December 31, 2009 invested with Wells Fargo Bank N.A. under a fully collateralized repurchase agreement.

The Foundation also maintains short-term cash investments in money-market mutual funds, which are not insured. The amount held in money market mutual funds was \$2,318,789 and \$1,534,948 at December 31, 2009 and 2008, respectively.

**UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS  
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**NOTE 15 – SUBSEQUENT EVENTS**

Management has reviewed events subsequent to December 31, 2009 through June 1, 2010, which is the date the financial statements were available to be issued. No subsequent events were identified that were required to be recorded or disclosed in the financial statements.