



COLUMBIA INTERNATIONAL UNIVERSITY

Financial Statements
With Independent Auditors' Report

June 30, 2014 and 2013

COLUMBIA INTERNATIONAL UNIVERSITY

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Columbia International University
Columbia, South Carolina

Report on the Financial Statements

We have audited the accompanying statements of financial position of Columbia International University as of June 30, 2014 and 2013, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Columbia International University's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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 from material misstatement.

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

Board of Trustees
Columbia International University
Columbia, South Carolina

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Columbia International University as of June 30, 2014 and 2013, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Columbia, South Carolina
October 2, 2014

COLUMBIA INTERNATIONAL UNIVERSITY

Statements of Financial Position

	June 30,	
	2014	2013
ASSETS:		
Cash and cash equivalents	\$ 2,328,423	\$ 2,294,115
Student accounts receivable–net	176,962	230,348
Other accounts receivable	33,849	21,306
Contributions receivable–net of allowance	9,414,174	15,286,945
Investments	21,305,229	16,717,256
Other Assets	434,971	415,317
Broadcast licenses	327,644	-
Property and equipment–net	40,107,765	38,608,780
Trust assets	2,657,174	2,704,556
	\$ 76,786,191	\$ 76,278,623
LIABILITIES AND NET ASSETS:		
Accounts payable and accrued expenses	\$ 806,167	\$ 716,949
Deferred revenue and deposits	2,299,964	2,293,655
Notes payable	13,530,446	14,080,500
Annuities payable	1,166,397	1,168,249
Other liabilities	-	99,590
Trust liabilities	959,126	1,018,575
	18,762,100	19,377,518
Net assets:		
Unrestricted	27,415,588	25,294,838
Temporarily restricted	26,099,786	27,108,143
Permanently restricted	4,508,717	4,498,124
	58,024,091	56,901,105
	\$ 76,786,191	\$ 76,278,623

See notes to financial statements

COLUMBIA INTERNATIONAL UNIVERSITY

Statements of Activities

	Year Ended June 30,							
	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING ACTIVITIES:								
Higher education revenues and support:								
Tuition and fees	\$ 13,817,252	\$ -	\$ -	\$ 13,817,252	\$ 14,028,744	\$ -	\$ -	\$ 14,028,744
Less endowment awards	(420,381)	-	-	(420,381)	(238,865)	-	-	(238,865)
Less general scholarships	(872,564)	-	-	(872,564)	(902,175)	-	-	(902,175)
Less institutional aid—other	(2,842,709)	-	-	(2,842,709)	(3,162,151)	-	-	(3,162,151)
Net tuition and fees	9,681,598	-	-	9,681,598	9,725,553	-	-	9,725,553
Federal grants	146,462	-	-	146,462	111,100	-	-	111,100
Private gifts and grants	2,134,378	2,395,130	10,593	4,540,101	5,260,108	11,536,946	10,946	16,808,000
Educational sales and services	9,435	-	-	9,435	9,296	-	-	9,296
Other income	151,894	-	-	151,894	203,193	-	-	203,193
Housing and food service	2,532,275	-	-	2,532,275	2,508,059	-	-	2,508,059
Higher education revenues and support	14,656,042	2,395,130	10,593	17,061,765	17,817,309	11,536,946	10,946	29,365,201
Net assets released from restriction:								
Allowed per endowment policy	420,381	(420,381)	-	-	238,865	(238,865)	-	-
Gen scholarship gifts	872,564	(872,564)	-	-	902,175	(902,175)	-	-
Operations and auxiliary services	872,688	(872,688)	-	-	703,810	(703,810)	-	-
	2,165,633	(2,165,633)	-	-	1,844,850	(1,844,850)	-	-
Operating revenues, support and releases:								
Higher education	16,821,675	229,497	10,593	17,061,765	19,662,159	9,692,096	10,946	29,365,201

(continued)

See notes to financial statements

COLUMBIA INTERNATIONAL UNIVERSITY

Statements of Activities

(continued)

	Year Ended June 30,							
	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING ACTIVITIES, continued:								
Higher education expenses:								
Instruction	5,131,839	-	-	5,131,839	5,326,693	-	-	5,326,693
Academic support	1,539,191	-	-	1,539,191	1,605,827	-	-	1,605,827
Student services	2,822,260	-	-	2,822,260	2,697,842	-	-	2,697,842
Institutional support	5,233,787	-	-	5,233,787	5,228,864	-	-	5,228,864
Physical plant	1,846,745	-	-	1,846,745	1,990,010	-	-	1,990,010
Housing and food services	1,476,980	-	-	1,476,980	1,498,555	-	-	1,498,555
	18,050,802	-	-	18,050,802	18,347,791	-	-	18,347,791
Depreciation and amortization	1,437,714	-	-	1,437,714	1,303,104	-	-	1,303,104
Operating expenses:								
Higher Education	19,488,516	-	-	19,488,516	19,650,895	-	-	19,650,895
Change in net assets:								
Higher Education	(2,666,841)	229,497	10,593	(2,426,751)	11,264	9,692,096	10,946	9,714,306

(continued)

See notes to financial statements

COLUMBIA INTERNATIONAL UNIVERSITY

Statements of Activities

(continued)

	Year Ended June 30,							
	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING ACTIVITIES, continued:								
Independent Operations								
Revenues and support:								
Ben Lippen School	9,829,181	268,510	-	10,097,691	9,592,742	302,936	-	9,895,678
Broadcasting	3,222,684	155,507	-	3,378,191	3,136,032	159,509	-	3,295,541
Pine View Apartment	1,214,951	-	-	1,214,951	1,064,298	-	-	1,064,298
	14,266,816	424,017	-	14,690,833	13,793,072	462,445	-	14,255,517
Net assets released from restriction	156,896	(156,896)	-	-	190,967	(190,967)	-	-
Operating revenues:								
Independent operations	14,423,712	267,121	-	14,690,833	13,984,039	271,478	-	14,255,517
Independent operations expenses:								
Ben Lippen School	9,027,201	-	-	9,027,201	9,829,032	-	-	9,829,032
Broadcasting	2,807,887	-	-	2,807,887	2,677,200	-	-	2,677,200
Pine View Apartments	940,782	-	-	940,782	910,792	-	-	910,792
Depreciation	843,330	-	-	843,330	794,744	-	-	794,744
	13,619,200	-	-	13,619,200	14,211,768	-	-	14,211,768
Change in net assets:								
Independent operations	804,512	267,121	-	1,071,633	(227,729)	271,478	-	43,749
Change in Operating Net Assets	(1,862,329)	496,618	10,593	(1,355,118)	(216,465)	9,963,574	10,946	9,758,055

(continued)

See notes to financial statements

COLUMBIA INTERNATIONAL UNIVERSITY

Statements of Activities

(continued)

	Year Ended June 30,							
	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
NON-OPERATING ACTIVITIES:								
Net assets released from restriction:								
Capital projects	3,189,096	(3,189,096)	-	-	518,218	(518,218)	-	-
Gains on investments	1,052,813	1,672,054	-	2,724,867	452,868	906,675	-	1,359,543
Change in value of annuities	(128,249)	-	-	(128,249)	(144,533)	-	-	(144,533)
Change in value of trust net assets	-	12,067	-	12,067	-	28,406	-	28,406
Loss on disposal of fixed assets	(142,229)	-	-	(142,229)	-	-	-	-
Insurance reimbursement income	11,648	-	-	11,648	136,472	-	-	136,472
Gain from change in accounting estimate	-	-	-	-	205,908	-	-	205,908
Change in Non-operating Net Assets	3,983,079	(1,504,975)	-	2,478,104	1,168,933	416,863	-	1,585,796
Change in net assets	2,120,750	(1,008,357)	10,593	1,122,986	952,468	10,380,437	10,946	11,343,851
Net Assets, Beginning of Year	25,294,838	27,108,143	4,498,124	56,901,105	24,342,370	16,727,706	4,487,178	45,557,254
Net Assets, End of Year	\$ 27,415,588	\$ 26,099,786	\$ 4,508,717	\$ 58,024,091	\$ 25,294,838	\$ 27,108,143	\$ 4,498,124	\$ 56,901,105

See notes to financial statements

COLUMBIA INTERNATIONAL UNIVERSITY

Statements of Cash Flows

	Year Ended June 30,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,122,986	\$ 11,343,851
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	2,281,045	2,097,848
Contributions restricted for long-term purposes	(10,593)	(10,946)
Pledges receivable revenue	(661,666)	(13,355,304)
Proceeds from contributions receivable	6,534,437	840,656
Donated stock	(636,617)	(465,030)
Proceeds from donated securities	627,794	465,030
Loss on disposal of fixed assets	142,229	-
Change in value of trust assets	(12,067)	(28,406)
Impairment of trust assets	100,000	-
Gift portion of new trust agreements	-	(17,943)
Actuarial change in annuities	(55,607)	(39,133)
Payments on annuities	190,278	174,385
Net realized and unrealized gains on investments	(2,331,752)	(927,644)
Changes in operating assets and liabilities:		
Accounts receivable	40,843	(63,523)
Other assets	(19,654)	(46,173)
Accounts payable and accrued expenses	89,218	(60,054)
Deferred revenue and deposits	6,309	(92,931)
Other liabilities	(86,446)	(352,963)
Net Cash Provided (Used) by Operating Activities	7,320,737	(538,280)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(7,917,828)	(750,329)
Sale of investments	5,617,812	1,333,461
Purchase of broadcast licenses	(327,644)	-
Purchase of property and equipment	(3,922,259)	(1,894,401)
Net Cash Used in Investing Activities	(6,549,919)	(1,311,269)

(continued)

See notes to financial statements

COLUMBIA INTERNATIONAL UNIVERSITY

Statements of Cash Flows (continued)

	Year Ended June 30,	
	2014	2013
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on notes payable	(591,067)	(4,198,063)
Proceeds from notes payable	41,013	3,696,082
Payments on capital lease obligations	(13,144)	(83,086)
Contributions restricted for long-term purposes	10,593	10,946
Proceeds from contributions receivable for capital projects	-	1,590,451
Income on trust assets	7,625	57,845
Face value to new trust agreements	-	75,000
New annuities	53,755	7,682
Payments on trusts	(55,007)	(47,168)
Payments on annuities	(190,278)	(174,385)
	(736,510)	935,304
Net Cash Provided by Financing Activities		
	34,308	(914,245)
Net Change in Cash and Cash Equivalents		
	2,294,115	3,208,360
Cash and Cash Equivalents, Beginning of Year		
	\$ 2,328,423	\$ 2,294,115
Cash and Cash Equivalents, End of Year		
	\$ 817,467	\$ 699,253
SUPPLEMENTAL DISCLOSURE:		
Cash payments for interest expense		
	-	3,058,699
NONCASH INVESTING AND FINANCING ACTIVITY:		
Property and equipment acquired through notes and accounts payable		
	\$ 1,979,954	-
Debt extinguished and refinanced		

See notes to financial statements

COLUMBIA INTERNATIONAL UNIVERSITY

Notes to Financial Statements

June 30, 2014 and 2013

1. NATURE OF ORGANIZATION:

Columbia International University (University), located in Columbia, South Carolina, sits on a 400-acre campus overlooking the Broad River and is ten minutes from downtown Columbia, the capital city of South Carolina. The University was founded in 1923 as Columbia Bible School after six women prayed for a Bible school to train mill workers. The University was initially incorporated in April 1927, and became known as Columbia Bible College and Seminary in 1929. Finally, the University changed to the current name of Columbia International University in 1994. The University maintains a European campus in Korntal, Germany.

The University is evangelical and multi-denominational. Many graduates become missionaries, while others go into church and para-church ministries. Even more serve as active Christians in the marketplace.

The University emphasizes the authority of Scripture, authentic Christian living, world evangelization, prayer and faith, and evangelical unity.

The University is identified as a nonprofit corporation. In November 1937, the Internal Revenue Service issued a determination letter that recognized the University as exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. That determination letter remains in effect.

The mission of the University is to educate people from a biblical worldview to impact the nations with the message of Christ.

ACADEMIC PROGRAM

The Higher Education division of the University includes the College of Arts and Sciences, the College of Education, the College of Counseling, the College of Intercultural Studies, and the Seminary and School of Ministry. Each college offers undergraduate and graduate level degrees with the exception of the College of Counseling which only offers graduate degrees. Degrees offered include A.A., B.A., B.S., M.A., M.A. in Counseling, M.A. in Bible Teaching, M.A. in TESOL, M.A. in TEFL/ICS, M.A. in Bible Exposition; M.A. Chaplaincy; M.A. in Global Studies; M.A. in Ministry Leadership; M.A. in Ministry Care; M.A.T., M.Div., M.Ed., Ed.D, Ed.S., and D.Min.

ACCREDITATION

The University is accredited and approved by:

- The Commission on Colleges of the Southern Association of Colleges and Schools (SACS)
- The Association for Biblical Higher Education (ABHE)
- The Association of Theological Schools (ATS)

BEN LIPPEN SCHOOL

Ben Lippen School is a ministry of the University and a Christian college preparatory school offering day-school instruction for grades K4 through 12. Ben Lippen is accredited by the Association of Christian Schools International (ASCI) and the Southern Association of Colleges and Schools (SACS). Ben Lippen maintains an elementary campus on St. Andrews Road in Columbia, South Carolina, as well as the elementary, middle, and high school facilities on the University campus.

COLUMBIA INTERNATIONAL UNIVERSITY

Notes to Financial Statements

June 30, 2014 and 2013

1. NATURE OF ORGANIZATION, continued:

RADIO BROADCASTING

WMHK Radio (89.7 FM) broadcasting from Columbia, South Carolina, and WRCM New Life Radio (91.9 FM) broadcasting from Charlotte, North Carolina, are noncommercial, Christian radio stations owned and operated by the University.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying financial statements have been prepared on the accrual basis of accounting. The significant accounting policies followed by the University are described below to enhance the usefulness of the financial statements to the reader.

ESTIMATES

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash, checking, money market, and deposit accounts at financial institutions with maturities of three months or less. These accounts may, at times, exceed federally insured limits. The University has not experienced any losses on such accounts. The University believes it is not exposed to any significant credit risk on cash and cash equivalents.

ACCOUNTS RECEIVABLE—STUDENT AND OTHER

Accounts receivable are reported net of any estimated losses due to uncollectible accounts. The University's policy for determining when receivables are past due or delinquent is when an enrolled student's account is 30 days past due or when a non-enrolled student's account is 90 days or more past due. Uncollectible accounts are written-off as they become uncollectible, which is typically when the account is more than 180 days past due and there has been no contact with the student. The University assesses finance charges against non-enrolled student receivables that are 30 days or more past due at the rate of 3% per annum. As of June 30, 2014 and 2013, total balances that were past due were \$177,375 and \$142,684, respectively. Payments received from receivables that have been written-off are netted against bad debt expense for the year.

Accounts receivable are written-off based on management's evaluation of the collectability of the receivable portfolio, including the nature of the portfolio, credit concentrations, trends in historical loss experience, specific impaired notes, and economic conditions.

The allowance for doubtful accounts is maintained at a level which, in the University's judgment, is adequate to absorb potential losses inherent in the receivable portfolio. The amount of the allowance is based on management's evaluation of the collectability of the receivable portfolio, including the nature of the portfolio, trends in historical loss experience, specific impaired accounts, and economic conditions.

COLUMBIA INTERNATIONAL UNIVERSITY

Notes to Financial Statements

June 30, 2014 and 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CONTRIBUTIONS RECEIVABLE

Contributions, including unconditional promises to give, are recognized in the period the contribution or promise is made. Such amounts are reported at a value which is based on the expected future cash flows, excluding estimated uncollectible accounts, discounted to present value if due or receivable more than one year from the statements of financial position date.

CONDITIONAL PROMISE-TO-GIVE

In May 2004, a donor established a scholarship agreement to support Ben Lippen School students with a commitment to provide gifts of \$50,000 per year for 15 years, totaling \$750,000. Annual funding received through June 30, 2014 and 2013, was \$500,000 and \$450,000, respectively. Because this commitment is funded through a donor-advised fund with a foundation, it is not considered to be an unconditional contribution receivable and is recognized as the contributions are received.

INVESTMENTS

Investments in equity securities with readily determinable fair values and all debt securities are recorded at fair value with gains and losses reported in the statements of activities. Donated investments are recorded at market value at the date of donation and thereafter carried in conformity with the stated policy.

Alternative investments consist of those investments which are not valued based upon a quoted market price and include assets such as real estate, limited partnership, and limited liability company interests. Investments in real estate and limited liability company interests are carried at fair value at date of donation. Investments in limited partnership interests are carried at net asset value, as reported by fund managers.

INVENTORIES

Inventories are stated at the lower of cost or market based on the first-in, first-out basis. Inventory of the food service auxiliary enterprise is the property of an outside contractor operating the enterprise and are not included in the assets of the University.

PROPERTY AND EQUIPMENT

Property and equipment purchased with a cost in excess of \$5,000 are capitalized as property and equipment and are recorded at cost on the date of acquisition. Donated items are recorded at their fair market value on the date of donation.

Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis, ranging from three to sixty years.

COLUMBIA INTERNATIONAL UNIVERSITY

Notes to Financial Statements

June 30, 2014 and 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ASSET RETIREMENT OBLIGATION

Asset retirement obligations (ARO) are legal obligations associated with the retirement of long-lived assets. These liabilities are initially recorded at fair value and the related asset retirement costs are capitalized by increasing the carrying amount of the related assets by the same amount as the liability. Asset retirement costs are subsequently depreciated over the useful lives of the related assets. Subsequent to initial recognition, the University records period-to-period changes in the ARO liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flows. The University derecognizes ARO liabilities when the related obligations are settled.

ANNUITIES PAYABLE

The University has issued charitable gift annuity agreements and uses the actuarial method of accounting for these gifts. The difference between the amount provided for the gift annuity and the liability for future payments, determined by the University's actuary, is recognized as a contribution at the date of the gift. The annuity liability is revalued annually.

TRUSTS

As trustee, the University administers irrevocable trusts, including charitable remainder unitrusts and annuity trusts. These trusts provide the payment of lifetime distributions to the grantor or other designated beneficiaries. Because some of these trusts have revocable beneficiaries at the discretion of the grantor, the principal amounts provided for these are recorded as liabilities. All trust income, deduction, and credits are reportable by the grantor for tax purposes. At the grantor's death, the remaining trust assets, if designated for the University, will be recorded as contributions income. Any trust designated for other beneficiaries will be distributed in accordance with the trust agreement.

For the trusts that are fully irrevocable, the present value of the income interests are reported as trust liabilities using federal discount and mortality tables. At the death of the lifetime beneficiaries, the trusts provide for the distribution of assets to designated remaindermen. The present value of the remainder interest of the University is reported as temporarily restricted contributions in the period received and as a reclassification to unrestricted net assets when released. Certain trusts contain provision to distribute assets to remaindermen other than the University. The portion attributable to others is reflected as a part of trust liabilities in the statements of financial position.

COLUMBIA INTERNATIONAL UNIVERSITY

Notes to Financial Statements

June 30, 2014 and 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CLASSES OF NET ASSETS

The financial statements report amounts separately by class of net assets. In accordance with GAAP, the net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the University and changes therein are classified and reported as follows:

Unrestricted net assets are currently available at the direction of the board for use in the University's operations, designated by the board for specific use, or invested in property and equipment.

Temporarily restricted net assets are stipulated by donors for specific operating purposes, time restrictions, acquisition of property and equipment, or not currently available for use until commitments regarding their use have been fulfilled.

Permanently restricted net assets are contributed with donor restrictions requiring that they be held in perpetuity with income used for operations and scholarships.

REVENUE AND EXPENSES

Revenue is recognized when earned and support is recognized when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to the University. Donated property (including securities, real property, and equipment) is recorded at fair value at the date of the gift.

The University reports gifts of cash and other assets as restricted revenue if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

The University reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long-lived assets must be maintained, the University reports expirations of donor restrictions when the donated or acquired assets are placed in service.

Gifts-in-kind consist of property, securities, and forgiveness of indebtedness recognized at fair value on the date of the gift.

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing the program services and supporting activities of the University have been summarized on a functional basis in Note 11. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

COLUMBIA INTERNATIONAL UNIVERSITY

Notes to Financial Statements

June 30, 2014 and 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

REVENUE AND EXPENSES, continued

Advertising costs are expensed when they are incurred and totaled \$225,534 and \$259,746 for the years ended June 30, 2014 and 2013, respectively.

RECLASSIFICATIONS

Certain financial statement and footnote information from prior year financial statements has been reclassified to conform with current year presentation format.

STUDENT FINANCIAL ASSISTANCE PROGRAMS

The University participates in the delivery of student financial assistance programs under various programs administered by the Department of Education. The related activity is subject to audit both by independent certified public accountants and by representatives of the administering agency regarding compliance with applicable regulations. Any resultant findings of noncompliance could potentially result in the required return of related funds received and/or the assessment of fines or penalties or the discontinuation of eligibility for participation.

UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statements of activities. As of June 30, 2014 and 2013, the University had no uncertain tax positions that qualified for recognition or disclosure in the financial statements.

The University files information tax returns in the U.S. and South Carolina. The University is generally no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2008.

3. STUDENT ACCOUNTS RECEIVABLE-NET:

Student accounts receivable consist of:

	June 30,	
	2014	2013
Student accounts receivable	\$ 326,764	\$ 325,064
Less allowance for doubtful accounts	(149,802)	(94,716)
	<u>\$ 176,962</u>	<u>\$ 230,348</u>

COLUMBIA INTERNATIONAL UNIVERSITY

Notes to Financial Statements

June 30, 2014 and 2013

4. CONTRIBUTIONS RECEIVABLE—NET OF ALLOWANCE:

Contributions receivable includes the following unconditional promises:

	June 30,	
	2014	2013
Contributions receivable within one year	\$ 998,214	\$ 3,572,938
Contributions receivable within two to five years	9,892,941	13,249,855
Contributions receivable after five years	-	20,000
	<u>10,891,155</u>	<u>16,842,793</u>
Less allowance for uncollectibility	(1,046,019)	(1,095,525)
	<u>9,845,136</u>	<u>15,747,268</u>
Less unamortized discount	(430,962)	(460,323)
	<u>\$ 9,414,174</u>	<u>\$ 15,286,945</u>

A discount rate of 1.5% was used to estimate the present value of contributions receivable at June 30, 2014 and 2013, respectively.

COLUMBIA INTERNATIONAL UNIVERSITY

Notes to Financial Statements

June 30, 2014 and 2013

5. INVESTMENTS:

Investments consist of:

	June 30, 2014			
	Unrestricted Fund	Annuity Fund	Endowment and Restricted Scholarship Fund	Total
Investments:				
Cash and cash equivalents	\$ 7,948	\$ 116,817	\$ 1,699,283	\$ 1,824,048
Stocks	4,569	-	24,559	29,128
Mutual funds	57,612	1,462,711	13,653,853	15,174,176
Fixed income securities	-	82,760	603,301	686,061
Alternative investments:				
Real-estate, held at cost	130,000	-	447,787	577,787
Limited partnership	-	-	3,003,829	3,003,829
Other, held at gift basis	10,200	-	-	10,200
 Total investments	 \$ 210,329	 \$ 1,662,288	 \$ 19,432,612	 \$ 21,305,229
	June 30, 2013			
	Unrestricted Fund	Annuity Fund	Endowment and Restricted Scholarship Fund	Total
Investments:				
Cash and cash equivalents	\$ 4,283	\$ 208,456	\$ 768,209	\$ 980,948
Stocks	-	-	19,801	19,801
Mutual funds	49,623	1,986,473	9,776,933	11,813,029
Fixed income securities	-	-	614,058	614,058
Alternative investments:				
Real-estate	10,000	36,864	410,922	457,786
Limited partnerships	-	-	2,821,434	2,821,434
Other, held at gift basis	10,200	-	-	10,200
 Total investments	 \$ 74,106	 \$ 2,231,793	 \$ 14,411,357	 \$ 16,717,256

COLUMBIA INTERNATIONAL UNIVERSITY

Notes to Financial Statements

June 30, 2014 and 2013

5. INVESTMENTS, continued:

Income on investments consists of:

	Year Ended June 30,	
	2014	2013
Interest and dividends	\$ 615,183	\$ 505,074
Realized and unrealized gains on investments	2,237,452	1,026,106
Investment management fees netted with investment income	(170,834)	(143,240)
Gain (loss) on rental property investments	32,941	(52,189)
Interest income on cash accounts and change in value of CSV	10,125	23,792
	\$ 2,724,867	\$ 1,359,543

6. PROPERTY AND EQUIPMENT—NET:

Property and equipment consist of:

	June 30,	
	2014	2013
Land and improvements	\$ 8,783,686	\$ 8,315,804
Buildings	44,176,352	42,814,936
Equipment	4,910,433	12,088,880
Library books	1,355,592	3,455,923
	59,226,063	66,675,543
Less accumulated depreciation	(19,118,298)	(28,383,347)
	40,107,765	38,292,196
Construction in progress	-	316,584
	40,107,765	38,608,780
Less asset retirement obligation	-	(9,900)
Less capital leases secured by specific assets	-	(13,144)
Less notes payable secured by specific assets	(11,887,946)	(11,846,933)
Less construction retainage payable	-	(72,402)
Less accrued construction costs	-	(4,144)
	\$ 28,219,819	\$ 26,662,257

Depreciation expense for the years ended June 30, 2014 and 2013, was \$2,274,545 and \$2,091,348, respectively. Amortization of debt issuance costs for the years ended June 30, 2014 and 2013, was \$6,500, respectively.

COLUMBIA INTERNATIONAL UNIVERSITY

Notes to Financial Statements

June 30, 2014 and 2013

7. NOTES PAYABLE:

Notes payable consist of:

	June 30,	
	2014	2013
Unsecured note payable due on demand to a trust of which the University is the beneficiary; bearing interest at 8%, with interest only payments due quarterly.	\$ 1,642,500	\$ 1,642,500
Secured line of credit payable to a financial institution in the amount of \$4,468,000; bearing interest at 4.75% as of June 30, 2013. During the 2013 fiscal year, the terms of the line were modified; decreasing the interest rate to 3.75% and increasing the line of credit from \$4,468,000 to \$5,808,000. The loan was refinanced during June of 2014.	-	5,366,979
Note payable to a financial institution; bearing interest at 4.75%, adjusting in January 2015 through maturity to the best available bank rate for comparable loans. Secured by property and equipment. The loan was refinanced during June of 2014.	-	4,500,000
Note payable to a financial institution, principal and interest payments of \$17,238 due monthly bearing interest at 1% above the Wall Street Prime Rate with a floor of 4.5% and a cap of 8%. Effective interest rate at year-end of 4.5%. Secured by property and equipment; the loan was extinguished and refinanced during June of 2014.	-	1,979,954
On June 26, 2014, the University refinanced its three notes payable to financial institutions with one new note payable to a financial institution, bearing interest at 3.75%, secured by real property, with monthly principal and interest payments of \$70,864 due until the note matures with a balloon payment in June 2024.	11,887,946	-
The University entered into an unsecured line of credit in the amount of \$1,000,000. The terms of the loan require monthly payments of interest only, at 3.75% per annum, through the maturity date of January 2, 2014.	-	591,067
	\$ 13,530,446	\$ 14,080,500

COLUMBIA INTERNATIONAL UNIVERSITY

Notes to Financial Statements

June 30, 2014 and 2013

7. NOTES PAYABLE, continued:

Maturities of notes payable are as follows:

Years Ending June 30,	Amounts
2015	\$ 2,006,565
2016	418,267
2017	435,634
2018	452,488
2019	469,996
Thereafter	9,747,496
	\$ 13,530,446

The University is required to comply with various covenants related to certain notes payable. The University was in compliance with these requirements as of June 30, 2014 and 2013, respectively.

8. TRUST ASSETS, LIABILITIES, AND NET ASSETS:

Trust assets, liabilities, and net assets consist of:

	June 30,	
	2014	2013
Trust assets, at fair value:		
Cash and cash equivalents	\$ 40,948	\$ 37,606
Certificates of deposit	-	20,517
Mutual funds	788,726	718,933
	829,674	777,056
Trust assets, at gift basis:		
Note receivable—University (see Note 7)	1,642,500	1,642,500
Real estate	185,000	285,000
	\$ 2,657,174	\$ 2,704,556

COLUMBIA INTERNATIONAL UNIVERSITY

Notes to Financial Statements

June 30, 2014 and 2013

8. TRUST ASSETS, LIABILITIES, AND NET ASSETS, continued:

	June 30,	
	2014	2013
Trust liabilities and net assets:		
Present value of expected payments to beneficiaries	\$ 670,737	\$ 701,988
Due other remaindermen or changeable interests	288,389	316,587
	959,126	1,018,575
 Total trust net assets—temporarily restricted	 1,698,048	 1,685,981
	\$ 2,657,174	\$ 2,704,556

Change in value of trust net assets consists of:

	Year Ended June 30,	
	2014	2013
Investment income—interest and dividends	\$ 21,213	\$ 10,509
Realized and unrealized gains	94,301	55,554
Impairment	(100,000)	-
Actuarial change	59,449	17,729
Advisory fees and other expenses	(7,889)	(8,218)
Payments to income beneficiaries	(55,007)	(47,168)
	\$ 12,067	\$ 28,406

COLUMBIA INTERNATIONAL UNIVERSITY

Notes to Financial Statements

June 30, 2014 and 2013

9. NET ASSETS:

Net assets consist of:

	June 30,	
	2014	2013
Unrestricted:		
Undesignated	\$ (804,231)	\$ (1,367,419)
Equity in property and equipment	28,219,819	26,662,257
	27,415,588	25,294,838
Temporarily restricted:		
General scholarship gifts and unappropriated earnings	2,677,757	1,923,759
Restricted scholarship funds	10,641,008	9,093,393
Operations and auxiliary services	1,057,383	465,286
Building projects	395,599	1,994,252
Charitable remainder trusts	1,698,048	1,685,981
Contributions receivable	9,415,927	11,117,976
Independent operations	214,064	827,496
	26,099,786	27,108,143
Permanently restricted—endowment funds	4,508,717	4,498,124
	\$ 58,024,091	\$ 56,901,105

10. INSTITUTIONAL AID:

Source of institutional aid consist of:

	June 30,	
	2014	2013
Annual fund financial aid gifts	\$ 1,281,611	\$ 1,577,783
Broadcasting grant	41,200	41,200
Aid from operating funds	1,519,898	1,543,168
	\$ 2,842,709	\$ 3,162,151

COLUMBIA INTERNATIONAL UNIVERSITY

Notes to Financial Statements

June 30, 2014 and 2013

11. OPERATING AND NON-OPERATING EXPENSES:

Operating and non-operating expenses, by natural classification consist of:

	Year Ended June 30, 2014			
	Program Services	Management and General	Fund-raising	Total
Salaries	\$ 10,556,074	\$ 2,859,590	\$ 680,253	\$ 14,095,917
Payroll taxes and benefits	3,305,849	1,925,279	192,253	5,423,381
Professional and legal fees	-	98,234	-	98,234
Office expenses	883,430	174,235	100,585	1,158,250
Occupancy	1,368,464	222,957	37,553	1,628,974
Repairs and maintenance	503,000	213,571	14,636	731,207
Travel and conferences	783,170	111,150	46,029	940,349
Advertising and promotion	401,984	239,888	99,118	740,990
Insurance	256,883	114,738	14,515	386,136
Interest	-	817,467	-	817,467
Depreciation and amortization	1,693,535	515,521	71,988	2,281,044
Other operating expenses	3,546,293	1,048,871	210,603	4,805,767
	<u>\$ 23,298,682</u>	<u>\$ 8,341,501</u>	<u>\$ 1,467,533</u>	<u>\$ 33,107,716</u>

COLUMBIA INTERNATIONAL UNIVERSITY

Notes to Financial Statements

June 30, 2014 and 2013

11. OPERATING AND NON-OPERATING EXPENSES, continued:

Operating and non-operating expenses, by natural classification consist of, continued:

	Year Ended June 30, 2013			
	Program Services	Management and General	Fund-raising	Total
Salaries	\$ 10,986,487	\$ 2,934,397	\$ 766,340	\$ 14,687,224
Payroll taxes and benefits	3,253,165	2,093,069	220,012	5,566,246
Professional and legal fees	1,620	126,524	-	128,144
Office expenses	1,022,589	235,661	136,425	1,394,675
Occupancy	1,419,339	195,184	39,712	1,654,235
Repairs and maintenance	502,178	270,340	31,615	804,133
Travel and conferences	780,416	142,484	53,001	975,901
Advertising and promotion	449,577	284,760	97,736	832,073
Insurance	243,841	96,919	27,070	367,830
Interest	-	864,014	-	864,014
Depreciation and amortization	1,570,036	467,608	60,204	2,097,848
Other operating expenses	3,810,771	485,156	194,413	4,490,340
	\$ 24,040,019	\$ 8,196,116	\$ 1,626,528	\$ 33,862,663

12. EMPLOYEE BENEFIT PLAN:

The University has a defined contribution pension plan covering substantially all employees over 18 years of age who have completed three months of service and at least one hour of service in each of these months. The University makes contributions to eligible employees who work at least 1,000 hours during the plan year. The University's contribution is based on a percentage of salary and employees may make additional contributions. Vesting in the University's contributions is based on a six-year vesting schedule, which requires a minimum of two years of service, and reaches 100% after the sixth year of service. Employer contributions were \$687,323 and \$749,520 for the years ended June 30, 2014 and 2013, respectively.

COLUMBIA INTERNATIONAL UNIVERSITY

Notes to Financial Statements

June 30, 2014 and 2013

13. OPERATING LEASE COMMITMENTS

Future minimum lease payments under various operating leases (with initial or remaining lease terms in excess of one year) and as of June 30, 2014, are:

<u>Years Ending June 30,</u>	<u>Amounts</u>
2015	\$ 99,258
2016	99,432
2017	47,807
2018	17,959
2019	18,138
Thereafter	36,822
	<u>\$ 319,416</u>

The lease expense for the years ended June 30, 2014 and 2013, was \$125,275 and \$210,816, respectively.

14. FEDERAL FINANCIAL ASSISTANCE:

The federal government awards the University various monies restricted for student financial aid. The monies are awarded through three federal programs: Pell Grant (Pell), Federal Supplemental Educational Opportunity Grant (FSEOG), and Federal Work Study (FWS).

Pell provides eligible students a foundation of financial aid to assist with defraying the costs of post-secondary education. Because the grants are classified as pass-through grants in the amount of \$1,060,683 and \$1,102,281 for the years ended June 30, 2014 and 2013, respectively, they are excluded from income and expense on these statements.

The FWS program provides part-time employment to students who need the earnings to help meet their post-secondary education costs. The program is intended to broaden the range of worthwhile job opportunities to qualified students. The University received and disbursed approximately \$107,997 and \$76,651 of FWS awards for the years ended June 30, 2014 and 2013, respectively.

FSEOG provides eligible students with additional financial assistance in the form of grants. The University received and disbursed \$38,465 and \$34,449 of FSEOG awards for the years ended June 30, 2014 and 2013, respectively.

COLUMBIA INTERNATIONAL UNIVERSITY

Notes to Financial Statements

June 30, 2014 and 2013

15. RELATED PARTY TRANSACTIONS:

Columbia Biblical Seminary conducts a resident masters degree program with campus facilities and support staff furnished by the Akademie Fur Weltmission Korntal gGmbH (Academy for World Mission, AWM). The Korntal (near Stuttgart) branch campus enrolled approximately 200 students. In order to facilitate the availability of accredited seminary programs to their qualified constituency, the AWM has a contractual commitment to the University to underwrite operating expenses of the branch campus by providing tuition subsidies and the physical resources of its campus. All tuition and housing revenue is received by AWM, which administers site facilities and finances for the University. The University is reimbursed for any direct expenses associated with accreditation and administration. The AWM administration submits a revenue/expense budget annually for review by the University's administration in order to ensure the appropriate University oversight of fiscal propriety and educational priorities.

The University had services performed during the years ended June 30, 2014 and 2013, by a company owned by the family member of a key member of management. Payments made to the company during the years ended June 30, 2014 and 2013, amounted to \$98,737 and \$81,271, respectively.

16. ASSET RETIREMENT OBLIGATION:

The *Asset Retirement and Environmental Obligations* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) defines a conditional ARO as a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. Accordingly, an entity is required to recognize a liability for the fair value of a conditional ARO if the fair value of the liability can be reasonably estimated. Uncertainty about the timing and/or method of settlement of a conditional ARO should be factored into the measurement of the liability when sufficient information exists. The *Asset Retirement and Environmental Obligations* topic also clarifies when an entity would have sufficient information to reasonably estimate the fair value of an ARO. The University adopted the provisions of the *Asset Retirement and Environmental Obligations* during the fiscal year ended June 30, 2006.

The University owns various campus buildings that contain asbestos. It has recognized a liability associated with removing that asbestos:

	Year Ended June 30,	
	2014	2013
Beginning of year	\$ 9,900	\$ 362,863
Accretion expense-net	-	41,864
Obligations settled	(9,900)	(188,919)
Change in estimate	-	(205,908)
End of year	\$ -	\$ 9,900

COLUMBIA INTERNATIONAL UNIVERSITY

Notes to Financial Statements

June 30, 2014 and 2013

17. FAIR VALUE MEASUREMENTS:

The University uses appropriate valuation techniques to determine fair value based on inputs available. The levels are defined as follows: Level 1 – based on quoted prices for identical assets in active markets; Level 2 – based on observable inputs other than quoted prices in active markets; Level 3 – based on significant unobservable inputs. When available, the University measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

Fair values of assets measured on a recurring basis at June 30, 2014 and 2013, are as follows:

	Fair Value Measurements at June 30, 2014			
	Level 1	Level 2	Level 3	Total
Investments:				
Cash and Cash Equivalents	\$ 1,824,048	\$ -	\$ -	\$ 1,824,048
Mutual funds:				
Emerging Markets Equity	244,178	-	-	244,178
Bond fund index fund	957,672	-	-	957,672
High yield bond fund	1,526,270	-	-	1,526,270
Intermediate fixed income	1,100,427	-	-	1,100,427
International equity	1,636,054	-	-	1,636,054
Investment grade bond	82,378	-	-	82,378
Large cap growth equity	3,191,753	-	-	3,191,753
Large cap value equity	3,155,208	-	-	3,155,208
REITs	602,715	-	-	602,715
Short term fixed income	119,419	-	-	119,419
Small cap growth equity	1,286,660	-	-	1,286,660
Small cap value equity	1,271,442	-	-	1,271,442
Total mutual funds	15,174,176	-	-	15,174,176
Fixed income securities:				
Government bonds	624,528	-	-	624,528
Mortgaged-backed	21,513	-	-	21,513
Municipal bonds	40,020	-	-	40,020
Total fixed income securities	686,061	-	-	686,061

COLUMBIA INTERNATIONAL UNIVERSITY

Notes to Financial Statements

June 30, 2014 and 2013

17. FAIR VALUE MEASUREMENTS, continued:

	Fair Value Measurements at June 30, 2014			
	Level 1	Level 2	Level 3	Total
Investments, continued:				
Stocks:				
Banking	24,559	-	-	24,559
Energy	4,569	-	-	4,569
Total stocks	29,128	-	-	29,128
		-		
Alternative investments:				
Limited partnership	-	-	3,003,829	3,003,829
Investments, at fair value	\$ 17,713,413	\$ -	\$ 3,003,829	\$ 20,717,242
Trust assets, at fair value:				
Cash and cash equivalents	\$ 40,948	\$ -	\$ -	\$ 40,948
Mutual funds:				
Emerging markets equity	1,566	-	-	1,566
International equity	107,463	-	-	107,463
Global equity	7,748	-	-	7,748
Intermediate fixed income	203,913	-	-	203,913
High yield bond fund	42,886	-	-	42,886
Large cap growth equity	134,586	-	-	134,586
Large cap value equity	133,059	-	-	133,059
REITs	46,755	-	-	46,755
Short term fixed income	32,971	-	-	32,971
Small cap growth equity	41,993	-	-	41,993
Small cap value equity	35,786	-	-	35,786
Total mutual funds	788,726	-	-	788,726
Trust assets, at fair value	\$ 829,674	\$ -	\$ -	\$ 829,674

COLUMBIA INTERNATIONAL UNIVERSITY

Notes to Financial Statements

June 30, 2014 and 2013

17. FAIR VALUE MEASUREMENTS, continued:

	Fair Value Measurements at June 30, 2013			
	Level 1	Level 2	Level 3	Total
Investments:				
Cash and cash equivalents	\$ 980,948	\$ -	\$ -	\$ 980,948
Mutual funds:				
Domestic fixed income	761,418	-	-	761,418
Emerging markets Equity	197,404	-	-	197,404
Government bond	84,358	-	-	84,358
High yield bond fund	1,237,408	-	-	1,237,408
Intermediate fixed income	114,301	-	-	114,301
International equity	1,283,988	-	-	1,283,988
Investment grade bond	1,377,762	-	-	1,377,762
Large cap growth equity	2,275,017	-	-	2,275,017
Large cap value equity	2,411,141	-	-	2,411,141
REITs	145,919	-	-	145,919
Short term fixed income	324,543	-	-	324,543
Small cap growth equity	787,534	-	-	787,534
Small cap value equity	812,236	-	-	812,236
Total mutual funds	11,813,029	-	-	11,813,029
Fixed income securities:				
Government bonds	574,130	-	-	574,130
Municipal bonds	39,928	-	-	39,928
Total fixed income securities	614,058	-	-	614,058
Stocks:				
Insurance	19,801	-	-	19,801
Total stocks	19,801	-	-	19,801
Alternative investments:				
Limited partnerships	-	-	2,821,434	2,821,434
Investments, at fair value	\$ 13,427,836	\$ -	\$ 2,821,434	\$ 16,249,270

COLUMBIA INTERNATIONAL UNIVERSITY

Notes to Financial Statements

June 30, 2014 and 2013

17. FAIR VALUE MEASUREMENTS, continued:

	Fair Value Measurements at June 30, 2013			
	Level 1	Level 2	Level 3	Total
Trust assets, at fair value:				
Cash and cash equivalents	\$ 37,606	\$ -	\$ -	\$ 37,606
Certificates of deposit	-	20,517	-	20,517
Mutual funds:				
Domestic fixed income	175,399	-	-	175,399
Emerging markets equity	2,496	-	-	2,496
International equity	97,093	-	-	97,093
Global equity	4,720	-	-	4,720
Intermediate fixed income	12,570	-	-	12,570
High yield bond fund	37,429	-	-	37,429
Large cap growth equity	116,839	-	-	116,839
Large cap value equity	125,677	-	-	125,677
REITs	42,462	-	-	42,462
Short term fixed income	30,143	-	-	30,143
Small cap growth equity	38,367	-	-	38,367
Small cap value equity	35,738	-	-	35,738
Total mutual funds	718,933	-	-	718,933
Trust assets, at fair value	\$ 756,539	\$ 20,517	\$ -	\$ 777,056

	(Level 3)	
	Limited Partnerships	
	June 30,	
	2014	2013
Beginning balance	\$ 2,821,434	\$ 2,660,595
Purchases, sales, issuances, and settlements	-	-
Total gains (realized and unrealized) included in changes in net assets	182,395	160,839
Ending balance	\$ 3,003,829	\$ 2,821,434

The amount of total gains or losses for the period included in changes in net assets, attributable to the change in unrealized gains or losses related to assets still held at the reporting date.

	\$ 182,395	\$ 160,839
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COLUMBIA INTERNATIONAL UNIVERSITY

Notes to Financial Statements

June 30, 2014 and 2013

17. FAIR VALUE MEASUREMENTS, continued:

The University uses the Net Asset Value (NAV) to determine the fair value for all alternative investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have attributes of an investment company. The following table lists investments in other investment companies (in partnership format) by major category at June 30, 2014:

Investment Category	Strategy	Fair Value Determined Using NAV	\$ Amount of Unfunded Commitments	Timing to Draw Down Commitments	Redemption Terms	Redemption Restrictions	Redemption Restrictions in Place at Year End
CTA	Trend following	\$ 285,419	\$ -	n/a	The Fund allows monthly redemptions.	120 Days	120 Days
HFOF	Multiple	1,564,623	-	n/a	The Fund allows annual redemptions with 90 day prior written notice.	1 Year Lockup	none
Hedge EM Debt	EM Debt	609,825	-	n/a	The Fund allows monthly redemptions.	none	none
CTA	Trend following	<u>543,962</u>	<u>-</u>	n/a	The Fund allows monthly redemptions.	1 Year Lockup	none
		<u>\$ 3,003,829</u>	<u>\$ -</u>				

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Notes to Financial Statements

June 30, 2014 and 2013

17. FAIR VALUE MEASUREMENTS, continued:

The University uses the Net Asset Value (NAV) to determine the fair value for all alternative investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have attributes of an investment company. The following table lists investments in other investment companies (in partnership format) by major category at June 30, 2013:

Investment Category	Strategy	Fair Value Determined Using NAV	\$ Amount of Unfunded Commitments	Timing to Draw Down Commitments	Redemption Terms	Redemption Restrictions	Redemption Restrictions in Place at Year End
CTA	Trend following	\$ 271,480	\$ -	n/a	The Fund allows monthly redemptions.	120 Days	120 Days
HFOF	Multiple	1,422,623	-	n/a	The Fund allows annual redemptions with 90 day prior written notice.	1 Year Lockup	none
Hedge EM Debt	EM Debt	609,272	-	n/a	The Fund allows monthly redemptions.	none	none
CTA	Trend following	<u>518,059</u>	<u>-</u>	n/a	The Fund allows monthly redemptions.	1 Year Lockup	none
		<u>\$ 2,821,434</u>	<u>\$ -</u>				

COLUMBIA INTERNATIONAL UNIVERSITY

Notes to Financial Statements

June 30, 2014 and 2013

17. FAIR VALUE MEASUREMENTS, continued:

Methods and assumptions used by the University in estimating fair values are as follows:

Valuation techniques : Fair values for stocks and certificates of deposit are based on quoted market prices in an active market. The fair value of bonds is based on yields currently available for comparable securities of issuers with similar credit ratings. The fair value of mutual funds is based on quoted net asset values of the shares held by the University at year-end. Fair values of alternative investments are based on the net asset value (NAV) of the underlying investments in the fund.

Changes in valuation techniques : None.

Gains and losses (realized and unrealized) related to investments are included in the change in net assets and are reported in investment income. Gains and losses (realized and unrealized) related to the annuities and charitable lead trusts are reported in change in value of annuities and trusts. Gains and losses (realized and unrealized) related to charitable remainder trusts and revocable living trusts are included in the change in value of assets and liabilities on the statements of financial position.

COLUMBIA INTERNATIONAL UNIVERSITY

Notes to Financial Statements

June 30, 2014 and 2013

18. ENDOWMENTS:

The University's endowments consist of 141 individual funds established for a variety of purposes as a result of donor contributions. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the University has interpreted the South Carolina Uniform Prudent Management of Institutional Funds Act (SCUPMIFA) 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 University 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 temporarily restricted net assets until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by SCUPMIFA. In accordance with SCUPMIFA, the University considers the following factors in making a determination to appropriate or accumulated donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the University 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 University
7. The investment policies of the University

Endowment net asset composition by type of fund as of June 30, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Donor-restricted funds	<u>\$ -</u>	<u>\$ 10,641,008</u>	<u>\$ 4,508,717</u>

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18. ENDOWMENTS, continued:

Changes in endowment net assets for the year ended June 30, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted
Endowment net assets, beginning of year	\$ (16)	\$ 9,093,393	\$ 4,498,124
Investment return:			
Interest and dividends	-	245,146	-
Net gains (realized and unrealized)	16	1,303,065	-
Total investment return	16	1,548,211	-
Contributions	-	419,785	10,593
Amounts appropriated for expenditure	-	(420,381)	-
	16	1,547,615	10,593
Endowment net asset, end of year	\$ -	\$ 10,641,008	\$ 4,508,717

Endowment net asset composition by type of fund as of June 30, 2013:

	Unrestricted	Temporarily Restricted	Permanently Restricted
Donor-restricted funds	\$ (16)	\$ 9,093,393	\$ 4,498,124

Changes in endowment net assets for the year ended June 30, 2013:

	Unrestricted	Temporarily Restricted	Permanently Restricted
Endowment net assets, beginning of year	\$ (4,337)	\$ 8,034,067	\$ 4,487,178
Investment return:			
Interest and dividends	-	224,539	-
Net gains (realized and unrealized)	4,321	653,892	-
Total investment return	4,321	878,431	-
Contributions	-	417,760	10,946
Amounts appropriated for expenditure	-	(236,865)	-
	4,321	1,059,326	10,946
Endowment net assets, end of year	\$ (16)	\$ 9,093,393	\$ 4,498,124

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18. ENDOWMENTS, continued:

	Year Ended June 30,	
	2014	2013
Permanently restricted net assets:		
The portion of perpetual endowment funds that are required to be retained permanently either by explicit donor stipulations or by SCUPMIFA	<u>\$ 4,508,717</u>	<u>\$ 4,498,124</u>
Temporarily restricted net assets:		
The portion of perpetual endowment funds subject to a time restriction under SCUPMIFA:		
With purpose restrictions	<u>\$ 10,641,008</u>	<u>\$ 9,093,393</u>

Return Objectives and Risk Parameters—The University 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 University must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce an inflation adjusted income stream to grow the corpus above the inflation rate. The University expects its endowment funds, over time, to provide an average rate of return of approximately 7% annually. Actual returns in any given year may vary from this amount.

Funds with Deficiencies—From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SCUPMIFA requires the University to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$-0- and \$16 as of June 30, 2014 and 2013, respectively. These deficiencies resulted from unfavorable market fluctuations.

Strategies Employed for Achieving Objectives—To satisfy its long-term rate-of-return objectives, the University 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 University targets a diversified asset allocation that places a greater emphasis on fixed income investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy—The University has a policy of appropriating for distribution each year 5% of the value of each fund, or in some cases 50% of each funds earnings. This calculation is based upon the actual rate of return on the endowment funds for the previous calendar year. In establishing this policy, the University’s Board considered long-term expected return on its endowment. This is consistent with the Board’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 returns.

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19. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.