

**PACIFIC UNIVERSITY
SECTION 403(b) PLAN**

Financial Statements and Supplemental Schedule
December 31, 2013 and 2012

With Independent Auditors' Report

KS&Co

Kieckhafer Schiffer & Company LLP
CERTIFIED PUBLIC ACCOUNTANTS

**PACIFIC UNIVERSITY
SECTION 403(b) PLAN**

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Independent Auditors' Report

To the Retirement Plan Committee
Pacific University Section 403(b) Plan:

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Pacific University Section 403(b) Plan (the Plan) which comprise the statements of net assets available for benefits as of December 31, 2013 and 2012, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA), the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 9 which was certified by Teachers Insurance and Annuity Association – College Retirement Equities Fund and Variable Annuity Life Insurance Company, the custodians of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the Plan Administrator that the custodians hold the Plan's investment assets and execute investment transactions. The Plan Administrator has obtained certifications from the custodians as of December 31, 2013 and 2012 and for the years then ended, that the information provided to the Plan Administrator by the custodians is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

The supplemental schedule of assets (held at end of year) as of December 31, 2013 is required by the DOL's Rules and Regulations for Reporting and Disclosure under ERISA and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on this supplemental schedule.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the custodians, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.



KIECKHAFER SCHIFFER & COMPANY LLP

July 23, 2014
Portland, Oregon

**PACIFIC UNIVERSITY
SECTION 403(b) PLAN**

Statements of Net Assets Available for Benefits

December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Investments, at fair value:		
Shares in registered investment company funds without publicly quoted market prices	\$ 35,021,872	30,866,801
Shares in registered investment company funds with publicly quoted market prices	22,327,728	15,468,127
Pooled separate accounts	15,227,713	12,384,837
Investment contracts	<u>26,313,199</u>	<u>24,373,070</u>
Total investments at fair value	98,890,512	83,092,835
Other assets	<u>756</u>	<u>3,610</u>
Net assets available for benefits	<u>\$ 98,891,268</u>	<u>83,096,445</u>

The accompanying notes and independent auditors' report are an integral part of the financial statements.

**PACIFIC UNIVERSITY
SECTION 403(b) PLAN**

Statements of Changes in Net Assets Available for Benefits

Years ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Investment income:		
Dividends and interest income	\$ 2,066,418	1,411,874
Net appreciation in fair value of investments	<u>11,634,727</u>	<u>6,641,694</u>
Total investment income	<u>13,701,145</u>	<u>8,053,568</u>
Contributions:		
Employer contributions	3,576,706	3,514,011
Employee contributions	2,716,435	2,509,920
Rollover contributions	<u>1,440,581</u>	<u>513,909</u>
Total contributions	<u>7,733,722</u>	<u>6,537,840</u>
Deductions:		
Benefit payments	(5,617,655)	(5,740,451)
Administrative expenses	<u>(22,389)</u>	<u>(17,633)</u>
Total deductions	<u>(5,640,044)</u>	<u>(5,758,084)</u>
Net increase	15,794,823	8,833,324
Net assets available for benefits, beginning of year	<u>83,096,445</u>	<u>74,263,121</u>
Net assets available for benefits, end of year	<u>\$ 98,891,268</u>	<u>83,096,445</u>

The accompanying notes and independent auditors' report are an integral part of the financial statements.

**PACIFIC UNIVERSITY
SECTION 403(B) PLAN**

Notes to Financial Statements

December 31, 2013 and 2012

(1) Description of the Plan

The following description of the Pacific University Section 403(b) Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

(a) General

The Plan is a 403(b) defined contribution plan covering all employees of Pacific University (Pacific) except for students enrolled at Pacific who perform services and regularly attend classes and temporary faculty and staff, as defined in the Plan document. The Plan has an effective date of January 1, 1947 and was amended and restated effective January 1, 2009. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. Pacific is the Plan's sponsor and serves as the Plan administrator. The custodians of the Plan are Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF) and Variable Annuity Life Insurance Company (VALIC).

(b) Eligibility

Employees are eligible to participate in the Plan on the first day of employment, provided they are not a student. Eligible employees, except adjunct faculty, are eligible to receive employer contributions after completing one year of service with Pacific. An eligible employee will receive a year of service if the individual worked at least half time for an educational institution during the entire 12 month period preceding employment with Pacific.

(c) Contributions

Eligible employees can defer up to 100% of their eligible compensation into the Plan, up to the maximum allowed by the Internal Revenue Code (IRC). Participants are allowed to make additional catch-up contributions to the Plan if they are 50 years of age or older as of the end of the Plan year. Pacific will make an employer contribution equal to 9% of the employee's eligible compensation. Contributions are made to the Plan each pay period. Additionally, participants are permitted to make rollover contributions to the Plan from an individual retirement account or annuity.

(d) Participant Accounts

Each participant's account is credited with employee contributions, Pacific's contributions, Plan earnings and an allocation of administrative expenses. Allocations are based on compensation or account balances, as defined by the Plan document. Participants may direct their account balances into a variety of investment options offered by TIAA-CREF and VALIC. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. The participant accounts are valued daily.

(e) ***Vesting***

Participants are immediately vested in their employee and employer contributions and earnings thereon.

(f) ***Plan Loans***

Loans are available to participants through TIAA-CREF, subject to certain limitations. Plan loans are issued directly from the funds owned by TIAA-CREF and loan proceeds are not removed from a participant's account balance. However, a portion of a participant's TIAA Traditional Annuity account balance is reserved, or held in collateral, to cover the outstanding loan amount for the period of time the loan is outstanding. For active loans, investments equal to 110% of the outstanding loan amount serve as collateral for the loan. Investments underlying defaulted loan balances are reflected in the statements of net assets available for benefits until a distribution event occurs.

At December 31, 2013 and 2012, participants had outstanding plan loan balances due to TIAA-CREF of \$592,191 and \$439,078, respectively.

Loans are also available to participants through VALIC, subject to certain limitations. Plan loans are issued directly from the funds owned by VALIC. At December 31, 2013 and 2012, participants had outstanding plan loan balances due to VALIC of \$411,970 and \$359,742, respectively. Issuance of these plan loans has no impact on the statements of net assets available for benefits.

(g) ***Payment of Benefits***

Participants may receive all or a portion of their account balances upon termination of employment. Benefits may be paid in the form of a single lump sum or may be paid under optional forms, including the following: payments over a fixed time period, life annuity with or without a term certain, or joint and survivor annuity. If a participant dies or becomes disabled before distributions to the participant begin, the distribution of benefits may be elected at any time commencing no later than the month in which the participant would have attained age 70½.

(h) ***Hardship Withdrawals***

Under certain conditions, participants, while still employed by Pacific, are permitted to withdraw, in a single sum, the employee contribution portion of their account balance. These conditions include unreimbursed medical expenses, the purchase of the participant's principal residence, the payment of postsecondary education tuition, the payment of burial or funeral costs of immediate family members, the payment of natural disaster clean-up on the participant's principal residence, or to prevent eviction or foreclosure from the participant's principal residence. A participant's right to make deferrals to the Plan will be suspended for six months after the receipt of a hardship withdrawal.

(2) **Summary of Significant Accounting Policies**

(a) ***Basis of Accounting***

The accompanying financial statements of the Plan are prepared on the accrual basis of accounting.

(b) ***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires the Plan's management to make estimates and assumptions that affect the reported amounts

of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

(c) *Investment Valuation and Income Recognition*

The Plan follows the fair value measurement and disclosure requirements of Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, which defines fair value as the exchange price that would be received for the asset or paid to transfer a liability in an orderly transaction between market participants. See Note 6 for the discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation in fair value of investments includes the gains and losses on investments bought and sold during the year as well as the change in the unrealized appreciation or depreciation on those investments during the year.

Investment contracts held by a defined contribution plan are required to be reported at fair value. Certain TIAA Traditional Annuity contract types, including the Supplemental Retirement Annuities (SRA) and the Group Supplemental Retirement Annuities (GSRA), are considered fully benefit-responsive, and contract value approximates fair value as of December 31, 2013 and 2012. However, other investment contracts are not considered fully benefit-responsive due to certain limitations or restrictions. See Note 3 for further discussion of the TIAA Traditional Annuity.

(d) *Risks and Uncertainties*

The Plan's assets are invested in a variety of investments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

(e) *Payment of Benefits*

Benefits are recorded when paid.

(f) *Administrative Expenses*

Pacific pays certain administrative expenses of the Plan. Direct expenses totaling \$22,389 and \$17,633 were paid by the Plan during 2013 and 2012, respectively, and allocated to participants. Certain expenses are included in the transaction prices of investments bought and sold and are not separately quantifiable.

(g) *Subsequent Events*

Pacific has evaluated subsequent events with respect to the Plan through July 23, 2014, the date the financial statements were available for issuance.

(3) *TIAA Traditional Annuity*

The TIAA Traditional Annuity is an unallocated guaranteed fixed annuity contract available as an investment option to Plan participants. Each contract is fully and unconditionally guaranteed by TIAA-CREF and is a general obligation thereof. The Traditional Annuity is offered through a variety of contract types, including Retirement Annuities (RA), Group Retirement Annuities (GRA), SRA, GSRA, and Retirement Choice Plus (RCP). The type of contract through which a participant invests in the TIAA Traditional Annuity determines the applicability of certain account features, such as the guaranteed

minimum interest rate, additional interest declarations, the degree of liquidity of the participant's account, and the options for receiving income upon retirement.

When participants choose to allocate a portion of their retirement savings to the TIAA Traditional Annuity during the accumulation phase of the contract, their contributions purchase a specific amount of lifetime income based on the contractual rate schedule in effect at the time the premium is paid. The participant's principal, plus a specified minimum rate of interest, is guaranteed by TIAA-CREF's claims-paying ability. The TIAA Traditional Annuity also provides the potential for additional interest if declared by TIAA-CREF's Board of Trustees. Additional interest, when declared, remains in effect for the declaration year which begins each March 1 for accumulating annuities, and January 1 for lifetime payout annuities. Additional interest is not guaranteed for future years. Together, the guaranteed minimum and additional amounts make up the crediting interest rate. For accumulating RA and GRA contracts, the crediting interest rate was 3.00% as of December 31, 2013 and 2012. For accumulating SRA and GSRA contracts, the crediting interest rate was 3.00% as of December 31, 2012. For accumulating RCP contracts, the crediting interest rate was 2.60% as of December 31, 2012. The Plan did not hold the SRA and GSRA at December 31, 2013.

The RA contract does not allow lump-sum cash withdrawals and transfers must be spread over 10 annual installments. With the GRA, lump-sum withdrawals are available within 120 days of termination of employment and are subject to a 2.50% surrender charge. All other withdrawals and transfers from RA and GRA contracts must be spread over 10 annual installments (5 annual installments for withdrawals after termination of employment). The SRA and GSRA contracts provide for full participant-directed liquidity. When a participant's accumulation in the TIAA Traditional Annuity is converted to a lifetime payout annuity, the present value of the stream of payments is equal to the accumulated balance, and the entire amount is recorded as a distribution in the statements of changes in net assets available for benefits.

(4) VALIC Fixed Account Annuity

The VALIC Fixed Accounts are credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses as allowed by the Plan. Plan management has determined that contract value approximates fair value. Contract value, as determined by VALIC, represents contributions made under the agreement, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

There are no reserves against contract value for credit risk of the contract issuer or otherwise. The minimum guaranteed interest rate varies by participant and depends on the date the participant established their account. For the year ended December 31, 2013, the minimum rate ranged from 1.65% to 2.80%. For the year ended December 31, 2012, the minimum rate ranged from 1.50% to 2.25%. The average yield to maturity at December 31, 2013 and 2012 was 2.63% and 2.76%, respectively.

(5) Investments

Investments representing more than 5% of the net assets available for benefits at December 31, 2013 and 2012 were as follows:

	<u>2013</u>	<u>2012</u>
CREF Stock Account	\$ 13,763,501	11,386,223
TIAA Traditional Annuity	22,834,227	21,333,615

Investments appreciated in fair value during the years ended December 31, 2013 and 2012 as follows:

	<u>2013</u>	<u>2012</u>
Shares in registered investment company funds with publicly quoted market prices	\$ 3,031,686	1,569,905
Shares in registered investment company funds without publicly quoted market prices	5,992,798	3,660,320
Pooled separate accounts	<u>2,610,243</u>	<u>1,411,469</u>
	<u>\$ 11,634,727</u>	<u>6,641,694</u>

(6) Fair Value Measurements

ASC 820 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

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

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2013 and 2012.

Shares in registered investment company funds with publicly quoted market prices.

- These shares consist of TIAA-CREF registered investment company funds. The fair values are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs).

Shares in registered investment company funds without publicly quoted market prices.

- These shares consist of CREF accounts (registered investment company funds). The fair values are determined based on each account's daily net asset value (NAV), which is considered by Plan management to be the best approximation of fair value. CREF accounts are not exchange traded and are classified within Level 2 of the fair value hierarchy. Data for NAVs are available daily to Plan administrators and client investors on TIAA-CREF's website, and provides sufficient corroborative evidence to ascertain the relationship between each fund's NAV and the values of individual underlying holdings. Underlying holdings are primarily valued using market quotations or prices obtained from independent pricing sources. There are no unfunded commitments from participants in the Plan who invest in these accounts.

Pooled separate accounts

Pooled separate accounts consist of the TIAA Real Estate Account and VALIC variable accounts.

- The fair value of the Plan's interest in the TIAA Real Estate Account (a pooled separate account) is based on the fund's daily NAV, which is considered by Plan management to be the best approximation of fair value. This investment is classified within Level 2 of the fair value hierarchy. The unit value of the fund is calculated daily and available to Plan administrators and client investors on TIAA-CREF's website. Underlying holdings are primarily valued using independent appraisals or independent pricing sources. There are no unfunded commitments from participants in the Plan who invest in this account.
- The fair values of accumulation units held by the Plan in VALIC variable accounts (pooled separate accounts) are managed by individual investment advisers for each fund. VALIC variable accounts are not exchange traded and are classified within Level 2 of the fair value hierarchy. Data for NAVs are changed daily and are available to Plan administrators and client investors on VALIC's website and provides sufficient corroborative evidence to ascertain the relationship between each fund's NAV and the values of individual underlying holdings. Underlying holdings are primarily mutual funds. There are no unfunded commitments from participants in the Plan who invest in these accounts.

Investment contracts

Investment contracts consist of TIAA Traditional Annuity contracts and VALIC Fixed Accounts.

- Investments in TIAA Traditional Annuity contracts are reported at contract value, which approximates fair value. As these investments are contract-based, observable prices for identical or similar investments do not exist, and accordingly, these investments are valued using unobservable inputs (Level 3). The contract value equals the accumulated cash contributions and interest credited to the contract, less any withdrawals. Liquidity restrictions apply to certain types of contracts that could impact the value realized upon exiting the contract. See Note 3 for discussion of the TIAA Traditional Annuity.
- Investments in VALIC Fixed Accounts are reported at contract value, which approximates fair value. As these investments are contract-based, observable prices for identical or similar investments do not exist, and accordingly, these investments are valued using unobservable inputs (Level 3). Also see Note 4 for discussion of the VALIC Fixed Accounts.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation

methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's investment assets at fair value as of December 31, 2013:

	Investments at fair value			Total
	Level 1	Level 2	Level 3	
Shares in registered investment company funds with publicly quoted market prices:				
Index	\$ 548,537	—	—	548,537
Mixed asset	13,279,421	—	—	13,279,421
Growth	8,142,067	—	—	8,142,067
Other	357,703	—	—	357,703
Shares in registered investment company funds without publicly quoted market prices:				
Mixed asset	—	3,892,247	—	3,892,247
Growth	—	24,912,466	—	24,912,466
Fixed income	—	6,217,159	—	6,217,159
Pooled separate accounts:				
Index	—	2,663,083	—	2,663,083
Mixed asset	—	2,163,180	—	2,163,180
Growth	—	5,971,689	—	5,971,689
Fixed income	—	1,132,793	—	1,132,793
International	—	500,626	—	500,626
Real estate	—	2,796,342	—	2,796,342
Investment contracts	—	—	26,313,199	26,313,199
	<u>\$ 22,327,728</u>	<u>50,249,585</u>	<u>26,313,199</u>	<u>98,890,512</u>

The following table sets forth by level, within the fair value hierarchy, the Plan's investment assets at fair value as of December 31, 2012:

	Investments at fair value			Total
	Level 1	Level 2	Level 3	
Shares in registered investment company funds with publicly quoted market prices:				
Index	\$ 434,519	—	—	434,519
Mixed asset	8,765,292	—	—	8,765,292
Growth	5,951,160	—	—	5,951,160
Other	317,156	—	—	317,156
Shares in registered investment company funds without publicly quoted market prices:				
Mixed asset	—	3,502,499	—	3,502,499
Growth	—	19,839,593	—	19,839,593
Fixed income	—	7,524,709	—	7,524,709
Pooled separate accounts:				
Index	—	2,027,181	—	2,027,181
Mixed asset	—	1,723,579	—	1,723,579
Growth	—	4,637,475	—	4,637,475
Fixed income	—	1,009,257	—	1,009,257
International	—	508,043	—	508,043
Real estate	—	2,479,302	—	2,479,302
Investment contracts	—	—	24,373,070	24,373,070
	<u>\$ 15,468,127</u>	<u>43,251,638</u>	<u>24,373,070</u>	<u>83,092,835</u>

Level 3 Gains and Losses

The following table sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the years ended December 31, 2013 and 2012:

	Level 3 assets years ended	
	December 31,	
	2013	2012
Balance at beginning of year	\$ 24,373,070	23,222,992
Realized gains (losses)	—	—
Unrealized gains (losses) relating to instruments still held at the reporting date	—	—
Purchases	5,497,123	3,969,404
Sales	(4,330,996)	(3,548,975)
Other	774,002	729,649
Balance at end of year	<u>\$ 26,313,199</u>	<u>24,373,070</u>

The following table presents information about significant unobservable inputs related to the Plan's investment in the TIAA Traditional Annuity at December 31, 2013:

<u>Type</u>	<u>Fair Value</u>	<u>Valuation Technique</u>	<u>Significant Unobservable Inputs</u>	<u>Range</u>
TIAA Traditional Annuity	\$ 22,834,227	Discounted Cash flow Theoretical transfer (exit value)	Risk-adjusted discount rate applied	RA - 3.00% - 5.00% GRA - 3.00% - 5.00%

The following table presents information about significant unobservable inputs related to the Plan's investment in the TIAA Traditional Annuity at December 31, 2012:

<u>Type</u>	<u>Fair Value</u>	<u>Valuation Technique</u>	<u>Significant Unobservable Inputs</u>	<u>Range</u>
TIAA Traditional Annuity	\$ 21,333,615	Discounted Cash flow Theoretical transfer (exit value)	Risk-adjusted Discount rate applied	RA - 3.00% - 5.00% SRA - 3.00% - 4.25% GRA - 3.00% - 5.00% GSRA - 3.00% - 4.25% RCP - 2.55% - 4.60%

The following table provides information regarding redemption of investments where NAV has been used as a practical expedient to measure fair value at December 31, 2013:

	<u>Fair value</u>	<u>Redemption frequency</u>	<u>Redemption period</u>
Shares in registered investment company funds without publicly quoted market prices	\$ 35,021,872	Daily	1 day
Pooled separate accounts	15,227,713	Quarterly	1 day

The following table provides information regarding redemption of investments where NAV has been used as a practical expedient to measure fair value at December 31, 2012:

	<u>Fair value</u>	<u>Redemption frequency</u>	<u>Redemption period</u>
Shares in registered investment company funds without publicly quoted market prices	\$ 30,866,801	Daily	1 day
Pooled separate accounts	12,384,837	Quarterly	1 day

The investments in CREF registered investment company funds without publicly quoted market prices had a fair value of \$35,021,872 and \$30,866,801 at December 31, 2013 and 2012, respectively, and have a

lock-up period of 90 days if a purchase, sale and repurchase within that account is made within a 60-day period other than for the CREF Money Market Account.

Investments of pooled separate accounts in the TIAA Real Estate account had a fair value of \$2,796,342 and \$2,479,302 at December 31, 2013 and 2012, respectively. Other pooled separate accounts in VALIC variable accounts had a fair value of \$12,431,371 and \$9,905,535 at December 31, 2013 and 2012, respectively.

(7) Income Tax Status

The Plan is intended to comply with the applicable requirements of Section 403(b) of the IRC. A tax determination letter program is not yet available for IRC Section 403(b) plans through the Internal Revenue Service (IRS); however, the Plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC and as such is exempt from federal income taxes.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2010.

(8) Related-Party Transactions

Certain Plan investments are managed by TIAA-CREF and VALIC. TIAA-CREF and VALIC are the custodians as defined by the Plan, and therefore, these investments and investment transactions qualify as party-in-interest transactions.

Additionally, the Plan sponsor, Pacific University, is a party-in-interest to the Plan; however, there were no transactions with the Plan sponsor other than the funding of contributions to the Plan and payment of certain administrative expenses of the Plan.

(9) Information Certified by the Custodians

The Plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosures under ERISA. Accordingly, TIAA-CREF and VALIC, the custodians of the Plan, have certified as being complete and accurate the following information as of December 31, 2013 and 2012 and for the years then ended:

- Investments, at fair value
- Investment income
- Investments, Note 5
- Schedule of assets (held at end of year)

(10) Plan Termination

Although it has not expressed any intent to do so, Pacific has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

**PACIFIC UNIVERSITY
SECTION 403(b) PLAN**

EIN # 93-0386892

Schedule H, Line 4i – Schedule of Assets (Held at End of Year)

Plan #: 001

December 31, 2013

(a)	(b) Identity of issuer, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost (1)	(e) Current value
		Shares in registered investment company funds without publicly quoted market prices:		
*	CREF	Stock Account	\$	13,763,501
*	CREF	Money Market Account		1,753,798
*	CREF	Social Choice Account		3,892,247
*	CREF	Bond Market Account		3,176,420
*	CREF	Global Equities Account		3,691,999
*	CREF	Growth Account		3,949,436
*	CREF	Equity Index Account		3,507,530
*	CREF	Inflation-linked Bond Account		1,286,941
		Total shares in registered investment company funds without publicly quoted market prices		35,021,872
		Shares in registered investment company funds with publicly quoted market prices:		
*	TIAA-CREF	Lifecycle 2010 – Retirement Fund		342,882
*	TIAA-CREF	Lifecycle 2015 – Retirement Fund		1,107,088
*	TIAA-CREF	Lifecycle 2020 – Retirement Fund		1,165,595
*	TIAA-CREF	Lifecycle 2025 – Retirement Fund		1,770,306
*	TIAA-CREF	Lifecycle 2030 – Retirement Fund		1,672,887
*	TIAA-CREF	Lifecycle 2035 – Retirement Fund		2,341,555
*	TIAA-CREF	Lifecycle 2040 – Retirement Fund		2,651,428
*	TIAA-CREF	Lifecycle 2045 – Retirement Fund		999,027
*	TIAA-CREF	Lifecycle 2050 – Retirement Fund		405,545
*	TIAA-CREF	Lifecycle 2055 – Retirement Fund		21,668
*	TIAA-CREF	Lifecycle Retirement Income - Retirement Fund		152,951
*	TIAA-CREF	Equity Index – Retirement Fund		267,777
*	TIAA-CREF	Growth & Income – Retirement Fund		740,469
*	TIAA-CREF	International Equity - Retirement Fund		597,131
*	TIAA-CREF	Large-Cap Value - Retirement Fund		1,167,513
*	TIAA-CREF	Mid-Cap Growth - Retirement Fund		497,023
*	TIAA-CREF	Mid-Cap Value - Retirement Fund		1,160,802
*	TIAA-CREF	Real Estate Securities - Retirement Fund		357,703
*	TIAA-CREF	Small-Cap Equity - Retirement Fund		666,830
*	TIAA-CREF	Social Choice Equity - Retirement Fund		648,489
*	TIAA-CREF	International Equity Index - Retirement Fund		1,724,168
*	TIAA-CREF	Large-Cap Growth Index - Retirement Fund		351,838
*	TIAA-CREF	Large-Cap Value Index - Retirement Fund		327,541
*	TIAA-CREF	S&P 500 Index - Retirement Fund		548,537
*	TIAA-CREF	Small-Cap Balanced Index - Retirement Fund		640,975
		Total shares in registered investment company funds with publicly quoted market prices		22,327,728
		Pooled separate accounts:		
*	TIAA	Real Estate Account		2,796,342
*	VALIC	Aggressive Growth Lifestyle Fund		163
*	VALIC	American Beach Holland Large Cap Growth		15,382
*	VALIC	Ariel Appreciation Fund		119,170
*	VALIC	Ariel Fund		262,041
*	VALIC	Blue Chip Growth Fund		242,683
*	VALIC	Broad Cap Value Income Fund		6,441
*	VALIC	Capital Conservation Fund		31,255

**PACIFIC UNIVERSITY
SECTION 403(b) PLAN**

EIN # 93-0386892

Schedule H, Line 4i – Schedule of Assets (Held at End of Year)

Plan #: 001

December 31, 2013

(a)	(b) Identity of issuer, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost (1)	(e) Current value
*	VALIC	Conservative Growth Lifestyle Fund	\$	79,427
*	VALIC	Core Bond Fund		314,264
*	VALIC	Core Equity Fund		43,339
*	VALIC	Dividend Value Fund		43,742
*	VALIC	Emerging Economies		390,746
*	VALIC	Foreign Value Fund		455,814
*	VALIC	Global Real Estate Fund		109,880
*	VALIC	Global Social Awareness Fund		170,909
*	VALIC	Global Strategy Fund		166,996
*	VALIC	Government Securities Fund		6,327
*	VALIC	Growth & Income Fund		1,809
*	VALIC	Growth Fund		572,015
*	VALIC	Health Sciences Fund		140,589
*	VALIC	High Yield Bond Fund		132,940
*	VALIC	Inflation Protected Fund		174,167
*	VALIC	International Equities Fund		430,000
*	VALIC	International Government Bond Fund		9,153
*	VALIC	International Growth I Fund		36,885
*	VALIC	International Opportunities Fund		281,618
*	VALIC	Large Cap Core Fund		55,454
*	VALIC	Large Cap Value Fund		36,854
*	VALIC	Large Capital Growth Fund		102,975
*	VALIC	Mid Cap Growth Fund		48,079
*	VALIC	Mid Cap Index Fund		1,223,360
*	VALIC	Mid Cap Strategic Growth Fund		78,185
*	VALIC	Mid Cap Value Fund		452,661
*	VALIC	Moderate Growth Lifestyle		10,957
*	VALIC	Money Market I Fund		232,922
*	VALIC	Money Market II Fund		28,234
*	VALIC	NASDAQ-100® Index Fund		52,614
*	VALIC	Science & Technology Fund		405,722
*	VALIC	Small Cap Aggressive Growth Fund		64,244
*	VALIC	Small Cap Fund		26,236
*	VALIC	Small Cap Index Fund		236,489
*	VALIC	Small Cap Special Value Fund		473,378
*	VALIC	Small Cap Value Fund		306,168
*	VALIC	Small-Mid Growth Fund		17,354
*	VALIC	Socially Responsible Fund		386,637
*	VALIC	Stock Index Fund		1,150,620
*	VALIC	Strategic Bond Fund		31,782
*	VALIC	Value Fund		15,172
*	VALIC	Vanguard Lifestrategy Growth Fund		13,146
*	VALIC	Vanguard Lifestrategy Moderate Fund		2,731
*	VALIC	Vanguard Long-Term Treasury Fund		188,818
*	VALIC	Vanguard Long-Term Investment Grade Fund		14,186
*	VALIC	Vanguard Wellington Fund Inc.		1,887,951
*	VALIC	Vanguard Windsor II Fund		650,687
		Total pooled separate accounts		15,227,713

**PACIFIC UNIVERSITY
SECTION 403(b) PLAN**

EIN # 93-0386892

Schedule H, Line 4i – Schedule of Assets (Held at End of Year)

Plan #: 001

December 31, 2013

(a)	(b) Identity of issuer, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost (1)	(e) Current value
		Investment contracts:		
*	VALIC	Fixed Account Plus	\$	3,420,337
*	VALIC	Short Term Fixed Account		58,635
*	TIAA	TIAA Traditional Annuity		<u>22,834,227</u>
		Total investment contracts		<u>26,313,199</u>
			\$	<u><u>98,890,512</u></u>

* Represents a party-in-interest at December 31, 2013.

(1) Cost information is not required for participant-directed investments

The accompanying notes and independent auditors' report are an integral part of this supplemental schedule.