

**MISSISSIPPI UNIVERSITY FOR WOMEN
FOUNDATION, INC.**

Audited Financial Statements

June 30, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Mississippi University for Women Foundation, Inc.

We have audited the accompanying financial statements of Mississippi University for Women Foundation, Inc. (a nonprofit corporation), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows 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 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 audits 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 auditors' 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 Foundation'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 Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mississippi University for Women Foundation, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Grant Hamboole Puc

Ridgeland, Mississippi
October 19, 2021

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.
Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
<u>ASSETS</u>		
Cash	\$ 1,938,648	\$ 403,645
Restricted Cash	134,272	133,064
	<u>2,072,920</u>	<u>536,709</u>
Investments:		
Short-Term Investments	4,038,669	1,637,741
Stocks, Bonds, Mutual Funds and Alternative Investments	58,060,675	47,322,032
Gift Annuity Program	1,520,542	1,267,231
Cash Surrender Value - Life Insurance	38,199	37,403
Total Investments	<u>63,658,085</u>	<u>50,264,407</u>
Pledges Receivable, Net of Discount	530,737	355,737
Prepaid Expenses	42,956	93,599
Other Assets	45,000	45,000
	<u>618,693</u>	<u>494,336</u>
Furniture, Fixtures and Equipment at Cost, Less		
Accumulated Depreciation 2021, \$101,414; 2020, \$87,481	156,071	170,005
Total Assets	<u>\$ 66,505,769</u>	<u>\$ 51,465,457</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts Payable	\$ 1,601,325	\$ 154,569
Liabilities Under Split Interest Agreements	590,421	586,091
Long-Term Debt	82,567	93,872
Total Liabilities	<u>2,274,313</u>	<u>834,532</u>
Net Assets:		
Net Assets Without Donor Restrictions	2,003,436	941,183
Net Assets With Donor Restrictions	62,228,020	49,689,742
Total Net Assets	<u>64,231,456</u>	<u>50,630,925</u>
Total Liabilities and Net Assets	<u>\$ 66,505,769</u>	<u>\$ 51,465,457</u>

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.
Statement of Activities
Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Support:			
Contributions	\$ 287,181	\$ 3,332,897	\$ 3,620,078
Investment Income, Net of Investment Expense	-	884,474	884,474
Net Realized and Unrealized Gain on Investments	-	12,811,114	12,811,114
Change in Split Interest Agreements	-	(67,798)	(67,798)
Other Income	7,566	135,601	143,167
Net Assets Released From Restrictions	4,558,010	(4,558,010)	-
Total Revenues and Support	<u>4,852,757</u>	<u>12,538,278</u>	<u>17,391,035</u>
Expenses:			
Program Services	<u>3,289,887</u>	-	<u>3,289,887</u>
Total Program Services	<u>3,289,887</u>	-	<u>3,289,887</u>
Support Services			
Fundraising	231,626	-	231,626
Management and General	268,991	-	268,991
Total Support Services	<u>500,617</u>	-	<u>500,617</u>
Total Expenses	<u>3,790,504</u>	-	<u>3,790,504</u>
Changes in Net Assets	1,062,253	12,538,278	13,600,531
Net Assets at Beginning of Year	<u>941,183</u>	<u>49,689,742</u>	<u>50,630,925</u>
Net Assets at End of Year	<u>\$ 2,003,436</u>	<u>\$ 62,228,020</u>	<u>\$ 64,231,456</u>

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.
Statement of Activities
Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Support:			
Contributions	\$ 256,842	\$ 2,785,106	\$ 3,041,948
Investment Income, Net of Investment Expense	-	1,151,762	1,151,762
Net Realized and Unrealized Loss on Investments	-	(1,184,900)	(1,184,900)
Change in Split Interest Agreements	-	(72,462)	(72,462)
Other Income	18,193	83,564	101,757
Net Assets Released from Restrictions	4,229,661	(4,229,661)	-
Total Revenues and Support	<u>4,504,696</u>	<u>(1,466,591)</u>	<u>3,038,105</u>
Expenses:			
Program Services	<u>3,254,728</u>	-	<u>3,254,728</u>
Total Program Services	<u>3,254,728</u>	-	<u>3,254,728</u>
Support Services			
Fundraising	207,425	-	207,425
Management and General	257,379	-	257,379
Total Support Services	<u>464,804</u>	-	<u>464,804</u>
Total Expenses	<u>3,719,532</u>	-	<u>3,719,532</u>
Changes in Net Assets	785,164	(1,466,591)	(681,427)
Net Assets at Beginning of Year	<u>156,019</u>	<u>51,156,333</u>	<u>51,312,352</u>
Net Assets at End of Year	<u>\$ 941,183</u>	<u>\$ 49,689,742</u>	<u>\$ 50,630,925</u>

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.
Statement of Functional Expenses
Year Ended June 30, 2021

	<u>Scholarships</u>	<u>Chairs</u>	<u>College</u>	<u>Other</u>	<u>Total Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Salaries and Benefits	\$ 63,850	\$ 5,706	\$ 6,702	\$ 11,140	\$ 87,398	\$ 24,000	\$ 76,585	\$ 187,983
Student President Fund	-	-	10,000	-	10,000	-	-	10,000
Development	19,356	3,647	1,122	3,928	28,053	28,053	-	56,106
Depreciation	-	-	-	-	-	-	13,934	13,934
University Priorities	-	-	3,000	3,000	6,000	-	-	6,000
Special Projects	-	-	20,000	20,000	40,000	40,000	40,000	120,000
Travel and Subsistence	183	34	11	36	264	3,242	-	3,506
Gift In-kind	-	-	2,055	1,028	3,083	-	342	3,425
Fundraising	29,188	5,499	1,692	5,923	42,302	42,302	-	84,604
On-Line Giving Services	3,471	654	201	705	5,031	5,031	-	10,062
Office	-	-	-	-	-	-	7,659	7,659
Insurance	-	-	-	-	-	-	5,204	5,204
Postage	-	-	-	-	-	17,729	17,729	35,458
President's Home	-	-	-	-	-	-	8,651	8,651
Professional Fees	-	-	-	-	-	-	26,525	26,525
Printing	28,983	5,461	1,680	5,880	42,004	42,004	42,005	126,013
Maintenance	16,096	3,033	933	3,265	23,327	23,327	23,326	69,980
Promotional Meals and Gifts	-	-	-	-	-	5,938	-	5,938
Gift Annuity Management Fee	9,406	-	-	-	9,406	-	4,846	14,252
Endowment Expenses	1,512,393	198,730	82,380	-	1,793,503	-	-	1,793,503
University Expenses	-	-	99,941	732,899	832,840	-	-	832,840
University Support Scholarships	366,676	-	-	-	366,676	-	-	366,676
Interest Expense	-	-	-	-	-	-	2,185	2,185
Total Expenses	\$ 2,049,602	\$ 222,764	\$ 229,717	\$ 787,804	\$ 3,289,887	\$ 231,626	\$ 268,991	\$ 3,790,504

The Notes to Financial Statements are an integral part of this statement.

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.
Statement of Functional Expenses
Year Ended June 30, 2020

	<u>Scholarships</u>	<u>Chairs</u>	<u>College</u>	<u>Other</u>	<u>Total Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Bank Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64	\$ 64
Salaries and Benefits	48,669	5,689	2,528	6,320	63,206	-	75,586	138,792
Student President Fund	-	-	10,000	-	10,000	-	-	10,000
Development	28,682	3,353	1,490	3,725	37,250	37,250	-	74,500
Depreciation	-	-	-	-	-	-	13,934	13,934
University Priorities	-	-	4,830	4,830	9,660	-	-	9,660
Special Projects	-	-	19,648	19,648	39,296	39,297	39,297	117,890
Travel and Subsistence	12,401	1,449	644	1,610	16,104	16,103	1,083	33,290
Gift In-kind	-	-	1,076	538	1,614	-	180	1,794
Fundraising	28,927	3,381	1,503	3,757	37,568	37,568	-	75,136
On-Line Giving Services	4,121	482	214	535	5,352	5,353	-	10,705
Office	-	-	-	-	-	-	6,761	6,761
Insurance	-	-	-	-	-	-	5,415	5,415
Postage	-	-	-	-	-	15,027	15,028	30,055
President's Home	-	-	-	-	-	-	8,292	8,292
Professional Fees	-	-	-	-	-	-	28,798	28,798
Charitable Registration Costs	-	-	-	-	-	-	6,575	6,575
Printing	24,728	2,890	1,285	3,212	32,115	32,115	32,115	96,345
Maintenance	13,761	1,608	715	1,787	17,871	17,871	17,870	53,612
Promotional Meals and Gifts	-	-	-	-	-	6,841	-	6,841
Gift Annuity Management Fee	8,275	-	-	-	8,275	-	3,894	12,169
Endowment Expenses	1,366,106	181,848	65,135	-	1,613,089	-	-	1,613,089
University Expenses	-	-	616,599	308,877	925,476	-	-	925,476
University Support Scholarships	437,852	-	-	-	437,852	-	-	437,852
Interest Expense	-	-	-	-	-	-	2,487	2,487
Total Expenses	<u>\$ 1,973,522</u>	<u>\$ 200,700</u>	<u>\$ 725,667</u>	<u>\$ 354,839</u>	<u>\$ 3,254,728</u>	<u>\$ 207,425</u>	<u>\$ 257,379</u>	<u>\$ 3,719,532</u>

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.
Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 13,600,531	\$ (681,427)
Adjustments to Reconcile Change in Net Assets to		
Cash Provided by (Used In) Operating Activities:		
Depreciation	13,934	13,934
Increase in Cash Value of Life Insurance	(796)	(803)
Net Realized and Unrealized Losses (Gains) on Investments	(12,811,114)	1,184,900
Change in Split Interest Agreements	67,798	72,462
Contributions Restricted for Long-Term Purposes	(1,399,515)	(964,721)
Contributions from Split-Interest Agreements	(80,234)	(53,346)
(Increase) Decrease In:		
Pledges Receivable	(175,000)	13,064
Prepaid Expenses	50,643	(69,711)
Increase (Decrease) In:		
Accounts Payable	1,446,756	(1,094,508)
Net Cash Provided by (Used In) Operating Activities	713,003	(1,580,156)
Cash Flows From Investing Activities:		
Purchases of Investments	(23,954,315)	(17,697,898)
Proceeds from Sales of Investments and Other	23,372,547	18,333,818
Net Cash Provided By (Used In) Investing Activities	(581,768)	635,920
Cash Flows From Financing Activities:		
Contributions Restricted for Long-Term Purposes	1,399,515	964,721
Proceeds for New Split-Interest Agreements	150,000	95,204
Payments to Split Interest Agreement Beneficiaries	(133,234)	(106,626)
Payments on Long-Term Debt	(11,305)	(11,003)
Net Cash Provided By Financing Activities	1,404,976	942,296
Net Change in Cash and Restricted Cash	1,536,211	(1,940)
Cash and Restricted Cash, at Beginning of Year	536,709	538,649
Cash and Restricted Cash, at End of Year	\$ 2,072,920	\$ 536,709
Supplemental Disclosure of Cash Flow Information:		
Cash Paid During the Year for Interest	\$ 2,185	\$ 2,487
Cash and Restricted Cash, at Year End:		
Cash	\$ 1,938,648	\$ 403,645
Restricted Cash	134,272	133,064
	\$ 2,072,920	\$ 536,709

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Mississippi University for Women Foundation, Inc. (the Foundation) is a Mississippi not-for-profit corporation chartered June 4, 1965. Its purpose is to promote leadership and financial support to the Mississippi University for Women (the University).

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenditures are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as release from restrictions between two classifications of assets.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded as revenue at their estimated fair value at date of gift.

Income and realized and unrealized gains and losses on investments of net assets are reported as follows:

- as increases in net assets with donor restrictions if the terms of the gift or the Foundation's interpretation of relevant state law require that gains be added to the principal of a permanent endowment fund;
- as increases or decreases in net assets with donor restrictions if the terms of the gift impose restrictions on their use; and
- as increases or decreases in net assets without donor restrictions in all other cases.

The Foundation is governed subject to its Bylaws and operates through an Affiliation Agreement with the Mississippi University for Women.

The Foundation accepts and manages funds with donor restrictions and without donor restrictions for the benefit of the University. In accordance with the Foundation's investment and spending policies, each fund with donor restrictions is maintained individually within the Foundation.

The Foundation's Board of Directors is responsible for the fiduciary management of all funds, including endowed funds, and approves the establishment of the spending rate associated with endowed funds. Endowments are governed by endowment agreements detailing the fund's purpose and guidelines for its use.

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

New Accounting Standards

The Foundation adopted Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606) as of July 1, 2020. The ASU provides a single principle-based revenue recognition model with a five-step analysis of transactions to determine when and how revenue is recognized. Management has evaluated the requirements of ASC Topic 606 and has determined that the revenue recognition process for revenue other than contributions is consistent with this five-step approach and there is no material effect to the financial statements.

During the year ended June 30, 2020, the Foundation adopted the Financial Accounting Standards Board (FASB) ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASC Topic 605). This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Foundation has implemented the provisions of ASU 2018-08 applicable to contributions received in the financial statements under a modified prospective basis to all agreements with contributors that either were not completed as of July 1, 2019, or were entered into after that date. There is no effect on net assets in connection with the implementation of ASU 2018-08 since the Foundation generally receives contributions from donors without condition or exchange aspect.

Net Asset Presentation

Net assets, support and revenues, and expenses are classified based on the existence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. Contributions gifted for recurring programs are generally not considered “restricted” under accounting principles generally accepted in the United States of America (GAAP). Net assets restricted solely through the actions of the Board, if any, are reported as net assets without donor restrictions, board designated.

With Donor Restrictions – Net assets subject to donor-imposed stipulations that are more restrictive than the Foundation’s general purpose. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Estimates

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

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Furniture, Fixtures, and Equipment

Furniture, fixtures and equipment are stated at cost less accumulated depreciation. The depreciation policy of the Foundation is to provide for depreciation over the estimated useful life of the assets using the straight line method. Major additions in excess of \$1,000 are capitalized and depreciated over 5 – 25 years, while minor additions are expensed as incurred. The depreciation expense for the years ended June 30, 2021 and 2020, was \$13,934 and \$13,934, respectively.

Cash and Cash Equivalents

In general, for purposes of the statement of cash flows, the Foundation considers all highly-liquid investments available for current use with original maturities of three months or less to be cash equivalents.

Income Taxes

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except for taxes on income from activities unrelated to its exempt purpose. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

GAAP outlines the accounting for uncertainty in income taxes in a Foundation's financial statements and prescribes a recognition threshold and measurement attribute for tax positions taken or expected to be taken on a tax return including the Foundation's status as a tax-exempt Foundation. Additionally, GAAP provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, and disclosure. The Foundation had no significant uncertain tax positions at June 30, 2021 and 2020, respectively. If interest and penalties are incurred related to uncertain tax positions, such amounts are recognized as income tax expense in the statement of activities. As of June 30, 2021, periods for tax years 2020, 2019, and 2018 remain open to examination by the federal and state taxing jurisdictions to which the Foundation is subject.

Fair Value Measurements

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This 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 measurements that involve significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- a) Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets that are observable at the measurement date;
- b) Level 2: Significant observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or other inputs that are observable or can be corroborated by observable market data; and
- c) Level 3: Significant unobservable inputs for the asset or liability that reflects the Foundation's own estimates about the assumptions that market participants would use in pricing the asset or liability

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Fair Value Measurements (Continued)

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based upon the lowest level input that is significant to the fair value measurement in its entirety. In accordance with Accounting Standards Update (ASU) 2015-07, *Disclosure for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, investments that are eligible to be measured at fair value using the net asset value per share practical expedient are not required to be categorized within the fair value hierarchy. Net Asset Value (NAV) is used as a practical expedient to estimate the fair value of such investments unless it is probable that all or a portion of the investment will be sold for an amount different from net asset value.

The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. The Foundation also uses NAV to determine the fair value for 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.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains or losses are included in the change in net assets in the accompanying statements of activities. Net investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met, either by passage of time or by use, in the reporting period in which the income and gains are recognized.

Spending Rate Policy

The Foundation has a policy of appropriating, for distribution each year, 4.25 percent of its endowment net investment assets calculated on a trailing twelve quarter moving average. The calculation is based on the twelve-quarter moving average that ends on the June 30 two years prior to the fiscal year end in which the distribution is planned. The spending rate is based upon a cumulative "total return" approach, which utilizes both income and capital appreciation to be withdrawn for spending.

In establishing the current spending rate, the Foundation anticipates the current spending policy will provide long term growth of its endowment funds. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as provide additional growth through the creation of new endowments or the designation of gifts to existing endowments.

Investment Policy

The Foundation maintains an Investment Policy Statement for the investment of its endowment fund (the Fund). The Board has delegated management of the Fund's investment portfolio to the Investment Committee (the Committee). The Committee is responsible for monitoring investment performance, including the performance of investment consultants and managers.

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Investment Policy (Continued)

The primary investment objective of the endowment fund is to achieve an annualized total return (net of fees and expense), through appreciation and income, equal or greater than the rate of inflation (as measured by the broad, domestic Consumer Price Index) plus any spending and administrative expenses thus, at a minimum maintaining the purchasing power of the Fund. The assets are to be managed in a manner that will meet the primary investment objective, while at the same time attempting to limit volatility in year-to-year spending.

In making and implementing investment decisions, the Committee has a duty to diversify the investments unless, under special circumstances, the purposes of the Fund are better served without diversifying. In addition, the Committee must conform to fundamental fiduciary duties of loyalty and impartiality.

The Committee understands the longer-term nature of the Fund and believes that investing in assets with higher return expectations outweighs their short-term volatility risk. As a result, most assets will be invested in equity or equity-like securities, including real assets (real estate and natural resources). Fixed income and absolute return strategies will be used to lower short-term volatility and provide stability, especially during periods of deflation and negative equity markets. Cash is not a strategic asset of the Fund but is a residual to the investment process and used to meet short-term needs.

Functional Allocation of Expenses

The financial statements present expenses by functional classification in accordance with the overall service mission of the Association. Each functional classification displays all expenses related to the underlying operations by natural classification. Accordingly, certain costs have been allocated among program, fundraising and management and general services.

Subsequent Events

Management has evaluated subsequent events through October 19, 2021, the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditures within one year of the current statement of financial position date, are comprised of the following:

	<u>2021</u>	<u>2020</u>
Cash	\$ 1,938,648	\$ 403,645
Pledge Receivables, Current Portion	239,161	93,367
	<u>\$ 2,177,809</u>	<u>\$ 497,012</u>

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures and liabilities become due.

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 2 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS(CONTINUED)

As of June 30, accounts payable are composed of the following:

	<u>2021</u>	<u>2020</u>
Donor Restricted Expenditures	\$ 1,400,347	\$ 128,459
General Expenditures	200,978	26,110
Total Accounts Payable	<u>\$ 1,601,325</u>	<u>\$ 154,569</u>

The general expenditures accounts payable will be paid with unrestricted cash while the donor restricted expenditures accounts payable will be paid with restricted cash and the liquidation of donor restricted investments.

NOTE 3 IN-KIND CONTRIBUTIONS

In-kind contributions with a determinable market value are recorded on the Foundation's records upon receipt. In-kind contributions of \$12,133 and \$13,707 were received during the years ended June 30, 2021 and 2020, respectively.

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments are recorded at fair value. A summary of investments is as follows:

	<u>2021</u>	<u>2020</u>
Short-Term Investments	\$ 4,038,671	\$ 1,637,741
Equity Securities	42,084,181	28,005,912
Stock Mutual Funds	6,406,209	9,956,265
Fixed Income Securities	3,141,101	2,658,702
Limited Partnership Interests	1,164,963	1,710,700
Alternative Investments	6,784,761	6,257,684
Cash Surrender Value - Life Insurance	38,199	37,403
	<u>\$ 63,658,085</u>	<u>\$ 50,264,407</u>

As of June 30, 2021 and 2020, the estimated fair value of the Foundation's alternative investments to which the Foundation applied NAV or its equivalent as a practical expedient relative to the determination of fair value totaled \$6,784,761 and \$6,257,684, respectively. The limitations and restrictions on the Foundation's ability to redeem or sell these investments vary by investment type. Based upon the terms and conditions in effect at June 30, 2021 and 2020, these investments can be redeemed or sold as follows:

<u>2021</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice</u>
Hedge Funds (a)	\$ 4,933,214	\$ -	(a)	(a)
Perpetual Private Equity Fund (b)	1,851,547	-	Quarterly	67 days
	<u>\$ 6,784,761</u>	<u>\$ -</u>		

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice</u>
2020				
Hedge Funds (a)	\$ 4,932,037	\$ -	(a)	(a)
Perpetual Private Equity Fund (b)	1,325,647	-	Quarterly	67 days
	<u>\$ 6,257,684</u>	<u>\$ -</u>		

- (a) Approximately seventeen percent of this class includes investments in hedge funds that employ the following strategies: Equity Hedge Strategies, Event Driven Strategies, Relative Value Strategies and Global Asset Allocation Strategies. The fair value of the investments in this class have been estimated using NAV per share of the investments. As of June 30, 2021 and 2020, the investments in this class could be redeemed as the investments include restrictions that allow for redemption after the first year of acquisition. Redemptions may be made quarterly with a redemption request, giving a 65-day notice.

Approximately thirty-one percent of this class includes investments, the objective of which is to seek long-term total return, with an emphasis on current income, by primarily investing in a broad range of real estate-related debt instruments. The fair value of the investments in this class have been estimated using the NAV per share of the investments. At June 30, 2021 and 2020, the investments in this class could be redeemed as the investments include restrictions that allow for redemption after the first year of acquisition. Redemptions may be made quarterly, giving a 61-day notice. Once redeemed, five percent of the value of the investments in this class will be held in escrow until the completion of the fund's next annual external audit.

Approximately fifty-two percent of this class includes other alternative investments with various multi-strategy investments objectives. The fair value of the investments in this class have been estimated using the NAV per share of the investments.

- (b) This class includes investments in short-term investments, direct equity and debt investments in operating companies, and primary and secondary investments in private equity funds. The fair values of the investments in this class have been estimated using the NAV per share of the investments. Investments in this class could be redeemed as the investments in this class include restrictions that allow for redemption after the first year of acquisition. Redemptions may be made quarterly upon request, giving a 67-day notice. Once redeemed, five percent of the value of the investments in this class will be held in escrow until the completion of the fund's next annual external audit.

The following tables present, for each level within the fair value hierarchy as well as assets measured at NAV, the Foundation's recurring and nonrecurring fair value measurements for assets and liabilities as of June 30, 2021 and 2020:

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

June 30, 2021				
	Total	Level 1	Level 2	Level 3
Recurring				
Short-Term Investments	\$ 4,038,671	\$ 4,038,671	\$ -	\$ -
Equity Securities	42,084,181	42,084,181	-	-
Stock Mutual Funds	6,406,209	6,406,209	-	-
Fixed Income Funds	3,141,101	3,141,101	-	-
Limited Partnership Interests	1,164,963	-	-	1,164,963
Cash Surrender				
Value - Life Insurance	38,199	-	38,199	-
	<u>56,873,324</u>	<u>\$ 55,670,162</u>	<u>\$ 38,199</u>	<u>\$ 1,164,963</u>
Investments Using				
Net Asset Valuation	<u>6,784,761</u>			
	<u>\$ 63,658,085</u>			
Nonrecurring				
Liabilities Under Split-Interest Agreements	<u>\$ 590,421</u>			<u>\$ 590,421</u>
June 30, 2020				
	Total	Level 1	Level 2	Level 3
Recurring				
Short-Term Investments	\$ 1,637,741	\$ 1,637,741	\$ -	\$ -
Equity Securities	28,005,912	28,005,912	-	-
Stock Mutual Funds	9,956,265	9,956,265	-	-
Fixed Income Funds	2,658,702	2,658,702	-	-
Limited Partnership Interests	1,710,700	-	-	1,710,700
Cash Surrender				
Value - Life Insurance	37,403	-	37,403	-
	<u>44,006,723</u>	<u>\$ 42,258,620</u>	<u>\$ 37,403</u>	<u>\$ 1,710,700</u>
Investments Using				
Net Asset Valuation	<u>6,257,684</u>			
	<u>\$ 50,264,407</u>			
Nonrecurring				
Liabilities Under Split-Interest Agreements	<u>\$ 586,091</u>			<u>\$ 586,091</u>

Level 3 Fair Value Measurements

Limited partnership interests are not actively traded and significant observable inputs are not available. Fair value is determined using audited financial statements of the fund and investment activity transactions. The following table provides further details of the Level 3 activity:

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.
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June 30, 2021 and 2020

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

	<u>2021</u>	<u>2020</u>
Balance, Beginning of Year	\$ 1,710,700	\$ 1,931,853
Purchases, Sales and Settlements, Net	-	60,000
Capital Distributions	(682,500)	(352,500)
Net Income	136,763	71,347
Balance, End of Year	<u>\$ 1,164,963</u>	<u>\$ 1,710,700</u>

The value of liabilities under split-interest agreements approximates fair value. The value of these annuities is based on the present value of projected future distributions to the annuity beneficiaries using appropriate discount rates. The following table provides further details of the level 3 activity:

	<u>2021</u>	<u>2020</u>
Balance, Beginning of Year	\$ 586,091	\$ 578,397
Additions	69,766	41,858
Change in Valuation	67,798	72,462
Annuity Payments	(133,234)	(106,626)
Balance, End of Year	<u>\$ 590,421</u>	<u>\$ 586,091</u>

The components of total investment return for 2021 consist of the following:

	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	
Investment Income	\$ -	\$ 1,239,942	\$ 1,239,942
Investment Expense	-	(355,468)	(355,468)
Net Investment Income	-	884,474	884,474
Net Realized and Unrealized Gains	-	12,811,114	12,811,114
Total Investment Return	<u>\$ -</u>	<u>\$ 13,695,588</u>	<u>\$ 13,695,588</u>

The components of total investments return for 2020 consists of the following:

	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	
Investment Income	\$ -	\$ 1,492,087	\$ 1,492,087
Investment Expense	-	(340,325)	(340,325)
Net Investment Income	-	1,151,762	1,151,762
Net Realized and Unrealized Losses	-	(1,184,900)	(1,184,900)
Total Investment Return	<u>\$ -</u>	<u>\$ (33,138)</u>	<u>\$ (33,138)</u>

NOTE 5 LIFE INSURANCE

The Foundation owns and is the beneficiary of life insurance policies which had an aggregate cash surrender value on June 30, 2021 and 2020, of \$38,199 and \$37,403, respectively. Policy premiums are paid by the insured donors through contributions to the Foundation.

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 6 PLEDGES RECEIVABLE

Pledges receivable consists of unconditional promises to give to the Foundation's Capital Campaign and includes the following at June 30:

<u>Description</u>	<u>2021</u>	<u>2020</u>
Pledges Receivable with Donor Restrictions	\$ 556,166	\$ 381,166
Less:		
Unamortized Discount	(25,429)	(25,429)
	<u>\$ 530,737</u>	<u>\$ 355,737</u>
Receivable		
In One Year	\$ 239,161	\$ 93,367
In Two to Five Years	291,576	262,370
Total	<u>\$ 530,737</u>	<u>\$ 355,737</u>

Interest rate applicable for discounting was 3%.

NOTE 7 GIFTS OF FUTURE INTEREST

The Foundation is a beneficiary of several trusts established with various trustees. Individuals are life income beneficiaries after which the Foundation becomes an income or corpus beneficiary. The current value of the trust assets of these respective trusts at June 30, 2021 and 2020, is not readily determinable.

NOTE 8 OUTSTANDING LEGACIES

The Foundation is the beneficiary under various wills and trust agreements, the total realizable amounts of which are not presently determinable. The Foundation's share of such bequests is recorded when the probate court has declared the testamentary instrument valid and the proceeds are measurable.

NOTE 9 OTHER ASSETS

Other assets consist of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Land - Plymouth Bluff	\$ 7,000	\$ 7,000
Mineral Interest in Mississippi	38,000	38,000
Total Other Assets	<u>\$ 45,000</u>	<u>\$ 45,000</u>

These assets were valued at fair value on the date of contribution. They are not adjusted annually to fair value because the fair value is not readily determinable.

NOTE 10 LIABILITIES UNDER SPLIT INTEREST AGREEMENT

The Foundation has received several gift annuities, of which the assets attributable to are carried as investments with estimated fair values of \$1,520,542 and \$1,267,231 on the Foundation's statement of financial position at June 30, 2021 and 2020, respectively. The liabilities to the annuity beneficiaries are also recorded in the statement of financial position and are measured at the present value of projected future distributions to the annuity beneficiary and are determined using discount rates ranging from approximately 1.2% to 5.8% and applicable life expectancies.

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 11 CONCENTRATION OF CREDIT RISKS

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and promises to give receivable.

The Foundation maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2021 and 2020, the Foundation had uninsured bank cash balances of \$1,446,299 and \$151,016, respectively.

NOTE 12 LONG-TERM DEBT

A summary of long-term debt is as follows:

	2021	2020
Note payable to MUW Federal Credit Union, dated February 21, 2018, payments due monthly at \$1,124, including interest at 2.5%, beginning March 31, 2018, with a final payment due February 21, 2028. The note is secured by a Foundation bank account at MUW Federal Credit Union.	<u>\$ 82,567</u>	<u>\$ 93,872</u>

Future maturities of the long-term debt are as follows:

Year Ending June 30,	Amount
2022	\$ 11,553
2023	11,845
2024	12,144
2025	12,451
2026	12,766
Thereafter	<u>21,808</u>
	<u>\$ 82,567</u>

NOTE 13 NET ASSETS

Net assets with donor restrictions at June 30, 2021 and 2020 were available for the following purposes:

2021	Net Assets With Donor Restrictions		
	Purpose Restrictions	Perpetual Restrictions	Total
Student Scholarships	\$ 21,762,730	\$ 26,587,231	\$ 48,349,961
Department Chairs	4,050,272	1,215,096	5,265,368
Colleges	1,267,451	401,178	1,668,629
Other	4,497,721	2,446,341	6,944,062
Total	<u>\$ 31,578,174</u>	<u>\$ 30,649,846</u>	<u>\$ 62,228,020</u>

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 13 NET ASSETS (CONTINUED)

2020	Net Assets With Donor Restrictions		
	Purpose Restrictions	Perpetual Restrictions	Total
Student Scholarships	\$ 12,999,834	\$ 25,361,059	\$ 38,360,893
Department Chairs	3,140,190	1,215,096	4,355,286
Colleges	1,489,327	304,835	1,794,162
Other	2,810,061	2,369,340	5,179,401
Total	\$ 20,439,412	\$ 29,250,330	\$ 49,689,742

NOTE 14 RELATED PARTY TRANSACTION

The Foundation's Board has instituted a policy of assessing an internal management fee between the net asset class without donor restrictions and net asset class with donor restrictions. The purpose of this fee is to cover administrative costs incurred by the net asset class without donor restrictions for the management of endowments and is calculated as a percentage of endowed investments. The fee amounts for the years ended June 30, 2021 and 2020 were \$1,550,741 and \$1,223,994, respectively. Those fees are included in net assets released from restrictions in the statement of activities.

The Foundation owns or has legal control of the softball lights purchased for the University's athletic programs. The Foundation agrees to continue to own and maintain legal control of the equipment for the benefit of the University. In the future, with board approval, the Foundation will transfer the ownership title to the University. The University agrees to maintain the equipment in good working order and to provide periodic inspections that are routine along with scheduled repairs. The University agrees to bear all costs associated with any routine, necessary or emergency repairs.

NOTE 15 ENDOWMENTS

The Foundation's endowments consist of approximately 460 individual donor-restricted endowment funds established for a variety of purposes. As required by GAAP, net assets associated with endowment funds, including funds designated by the Foundation's Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretations of Relevant Law

The Foundation's Board has interpreted the State of Mississippi Code of 1972 §79-11-601 through §79-11-617 cited as the "Uniform Management of Institutional Funds Act" (UMIFA) as requiring the Board to use reasonable care, skill, and caution as exercised by a prudent investor, in considering the investment management and expenditures of endowment funds. In accordance with UMIFA, the Board may expend so much of an endowment fund's net appreciation as the Board determines to be prudent for the uses and purposes for which the endowment fund is established, consistent with the goal of conserving the long-term purchasing power of the endowment fund. The Board considers the following factors in making its determination:

- 1) The purpose of the Foundation;
- 2) The intent of the donor of the endowment fund;
- 3) The terms of the applicable instrument;

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 15 ENDOWMENTS (CONTINUED)

Interpretations of Relevant Law (Continued)

- 4) The long-term and short-term needs of the Foundation and the University in carrying out their purposes;
- 5) General economic conditions;
- 6) The possible effect of inflation or deflation;
- 7) The other resources of the Foundation and the University; and
- 8) Perpetuation of the endowment.

The composition of endowments net assets by type of fund as of June 30, 2021 follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions		Total
		Purpose Restrictions	Perpetual Restrictions	
Donor Restricted Endowment Funds	\$ -	\$ 26,671,804	\$ 30,649,846	\$ 57,321,650

Changes in endowments net assets for the fiscal year ended June 30, 2021 follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions		Total
		Purpose Restrictions	Perpetual Restrictions	
Endowments Net Assets, Beginning of Year	\$ -	\$ 16,571,254	\$ 29,250,330	\$ 45,821,584
Investment Return:				
Investment Income	-	864,771	-	864,771
Net Appreciation (Realized and Unrealized)	-	12,580,022	-	12,580,022
Total Investment Income	-	13,444,793	-	13,444,793
Contributions and Other	-	-	1,399,516	1,399,516
Appreciation of Endowment Assets for Expenditure	-	(3,344,243)	-	(3,344,243)
Endowments Net Assets, End of Year	\$ -	\$ 26,671,804	\$ 30,649,846	\$ 57,321,650

The composition of endowments net assets by type of fund as of June 30, 2020 follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions		Total
		Purpose Restrictions	Perpetual Restrictions	
Donor Restricted Endowment Funds	\$ -	\$ 16,571,254	\$ 29,250,330	\$ 45,821,584

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 15 ENDOWMENTS (CONTINUED)

Interpretations of Relevant Law (Continued)

Changes in endowments net assets for the fiscal year ended June 30, 2020 follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions		Total
		Purpose Restrictions	Perpetual Restrictions	
Endowments Net Assets, Beginning of Year	\$ -	\$ 19,512,805	\$ 28,285,610	\$ 47,798,415
Investment Return:				
Investment Income	-	1,145,336	-	1,145,336
Net Appreciation (Realized and Unrealized)	-	(1,231,446)	-	(1,231,446)
Total Investment Income	-	(86,110)	-	(86,110)
Contributions and Other	-	-	964,720	964,720
Appreciation of Endowment Assets for Expenditure	-	(2,855,441)	-	(2,855,441)
Endowments Net Assets, End of Year	<u>\$ -</u>	<u>\$ 16,571,254</u>	<u>\$ 29,250,330</u>	<u>\$ 45,821,584</u>

NOTE 16 RECENT ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued ASU 2016-02, *Leases* (ASC Topic 842). This standard increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. Under the standard, leased assets will be recorded as a right-of-use assets and liabilities will be recorded for future lease payments. The Foundation is required to adopt ASU 2016-02 in 2022 using a modified retrospective approach. Early adoption is permitted. The Foundation is currently evaluating the new guidance and has not determined the impact this standard may have on their financial statements nor has the method of adoption been determined by management of The Foundation.

NOTE 17 UNCERTAINTIES

On March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The extent of the impact of COVID-19 on the Foundation's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Foundation's donors, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Foundation's financial condition or results of operations are uncertain.