

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

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

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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, 2016 and 2015, and the related statements of activities 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 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 Directors
Mississippi University for Women Foundation, Inc.

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, 2016 and 2015, 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.

A handwritten signature in cursive script that reads "Grantham, Poole, Randall, Lestano, Arington & Cunningham LLC".

Ridgeland, Mississippi
October 28, 2016

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.

Statements of Financial Position

June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 394,902	\$ 245,033
Investments		
Short-term investments	2,715,253	340,755
Stocks, bonds and mutual funds	40,485,716	45,029,777
Gift annuity program	608,536	671,014
Cash surrender value - life insurance	34,013	33,069
Total Investments	43,843,518	46,074,615
Pledges receivable, net of discount	532,580	1,146,584
Other receivable	-	21,931
Prepaid expenses	20,585	14,665
Real estate held for sale	-	410,000
Other assets	47,325	47,759
Furniture, fixtures and equipment at cost, less accumulated depreciation 2016, \$60,417; 2015, \$83,641	31,295	12,225
Total Assets	\$ 44,870,205	\$ 47,972,812
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities		
Accounts payable	\$ 1,285,462	\$ 1,099,930
Liabilities under split interest agreements	338,953	346,284
Total Liabilities	1,624,415	1,446,214
Net Assets		
Unrestricted (deficit)	89,157	(72,634)
Temporarily restricted	17,167,920	21,342,667
Permanently restricted	25,988,713	25,256,565
Total Net Assets	43,245,790	46,526,598
Total Liabilities and Net Assets	\$ 44,870,205	\$ 47,972,812

The Notes to Financial Statements are an integral part of these statements.

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.

Statement of Activities

Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and Support				
Contributions	\$ 318,431	\$ 588,945	\$ 715,541	\$ 1,622,917
Earnings on investments	54,453	1,036,836	-	1,091,289
Net realized and unrealized gains (losses) on investments	-	(2,625,843)	-	(2,625,843)
Change in split interest agreements	-	(43,687)	-	(43,687)
Other income	846	61,497	-	62,343
Net assets released from restrictions	3,175,888	(3,175,888)	-	-
Total Revenues and Support	<u>3,549,618</u>	<u>(4,158,140)</u>	<u>715,541</u>	<u>107,019</u>
Expenses				
Program Services	2,921,765	-	-	2,921,765
Total Program Services	<u>2,921,765</u>	<u>-</u>	<u>-</u>	<u>2,921,765</u>
Supporting Services				
General and administrative	341,697	-	-	341,697
Fundraising	119,390	-	-	119,390
Depreciation and amortization	4,975	-	-	4,975
Total Supporting Services	<u>466,062</u>	<u>-</u>	<u>-</u>	<u>466,062</u>
Total Expenses	<u>3,387,827</u>	<u>-</u>	<u>-</u>	<u>3,387,827</u>
Change in net assets	161,791	(4,158,140)	715,541	(3,280,808)
Net Assets (Deficit), beginning of year	(72,634)	21,342,667	25,256,565	46,526,598
Reclassifications	-	(16,607)	16,607	-
Net Assets (Deficit), end of year	<u>\$ 89,157</u>	<u>\$ 17,167,920</u>	<u>\$ 25,988,713</u>	<u>\$ 43,245,790</u>

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

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.

Statement of Activities

Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and Support				
Contributions	\$ 253,705	\$ 345,912	\$ 587,298	\$ 1,186,915
Earnings on investments	2,280	1,134,669	-	1,136,949
Net realized and unrealized gains (losses) on investments	-	(142,915)	-	(142,915)
Change in split interest agreements	-	(31,526)	-	(31,526)
Other income	685	45,831	8,282	54,798
Net assets released from restrictions	2,568,218	(2,568,218)	-	-
Total Revenues and Support	<u>2,824,888</u>	<u>(1,216,247)</u>	<u>595,580</u>	<u>2,204,221</u>
Expenses				
Program Services	2,315,969	-	-	2,315,969
Total Program Services	<u>2,315,969</u>	<u>-</u>	<u>-</u>	<u>2,315,969</u>
Supporting Services				
General and administrative	336,899	-	-	336,899
Fundraising	118,963	-	-	118,963
Depreciation and amortization	18,579	-	-	18,579
Total Supporting Services	<u>474,441</u>	<u>-</u>	<u>-</u>	<u>474,441</u>
Total Expenses	<u>2,790,410</u>	<u>-</u>	<u>-</u>	<u>2,790,410</u>
Change in net assets	34,478	(1,216,247)	595,580	(586,189)
Net Assets (Deficit), beginning of year	(91,176)	22,687,406	24,516,557	47,112,787
Reclassifications	(15,936)	(128,492)	144,428	-
Net Assets (Deficit), end of year	<u>\$ (72,634)</u>	<u>\$ 21,342,667</u>	<u>\$ 25,256,565</u>	<u>\$ 46,526,598</u>

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

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.

Statements of Cash Flows

Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (3,280,808)	\$ (586,189)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	4,975	18,579
Increase in cash value of life insurance	(944)	(965)
Gain on sale of real estate	(52,071)	-
In-kind asset donation	(2,325)	-
Net realized and unrealized (gains) losses on investments	2,625,843	142,915
Change in split interest agreements	43,687	31,526
Permanently restricted contributions	(715,541)	(587,298)
(Increase) decrease in:		
Pledges receivable	614,004	589,020
Prepaid expenses	(5,920)	10,563
Other receivables	21,931	(21,931)
Increase (decrease) in:		
Accounts payable	185,532	200,206
	<u> </u>	<u> </u>
Net Cash Provided by (Used in) Operating Activities	<u>(561,637)</u>	<u>(203,574)</u>
Cash Flows from Investing Activities		
Purchase of investments	(36,686,300)	(9,560,267)
Proceeds from sales of investments and other	36,292,498	8,596,626
Purchase of equipment	(24,045)	-
Proceeds from sale of real estate	462,071	-
Refund of utility deposit	2,759	-
	<u> </u>	<u> </u>
Net Cash Provided by (Used in) Investing Activities	<u>46,983</u>	<u>(963,641)</u>
Cash Flows from Financing Activities		
Permanently restricted contributions	715,541	587,298
Payments to split interest agreement beneficiaries	(51,018)	(50,799)
	<u> </u>	<u> </u>
Net Cash Provided by (Used in) Financing Activities	<u>664,523</u>	<u>536,499</u>
Net Increase (Decrease) in Cash and Cash Equivalents	149,869	(630,716)
Cash and Cash Equivalents, Beginning	<u>245,033</u>	<u>875,749</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 394,902</u></u>	<u><u>\$ 245,033</u></u>

The Notes to Financial Statements are an integral part of these statements.

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.

Notes to Financial Statements

June 30, 2016 and 2015

NOTE 1 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, and have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of net assets and transactions into three classes - permanently restricted, temporarily restricted or unrestricted as follows:

Permanently restricted net assets - net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donor of these assets permits the Foundation to use all or part of the income earned on related investments for general or specific purposes in support of the University.

Temporarily restricted net assets - net assets subject to donor-imposed stipulations that may or will be met by actions of the Foundation and/or the passage of time.

Unrestricted net assets - net assets that represent resources generated from operations or that are not subject to donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenditures are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets 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 reclassifications between the applicable classes of net 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 permanently restricted net assets are reported as follows:

- as increases in permanently restricted net assets 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;

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.
Notes to Financial Statements
June 30, 2016 and 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

- as increases or decreases in temporarily restricted net assets if the terms of the gift impose restrictions on their use; and
- as increases or decreases in unrestricted net assets 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 endowed (Permanently Restricted), restricted (Temporarily Restricted) and unrestricted funds for the benefit of the University. In accordance with the Foundation's investment and spending policies, each endowed and restricted fund 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.

Estimates

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

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 and accelerated methods. The depreciation expense for the years ended June 30, 2016 and 2015, was \$4,975 and \$18,579, 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 maturities of three months or less to be cash equivalents.

Income Taxes

The Foundation is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code.

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.

Notes to Financial Statements

June 30, 2016 and 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

Management believes it has no material uncertain tax positions or any related penalties and interest to accrue for the years ended June 30, 2016 and 2015, and accordingly, there is no liability for unrecognized tax benefits.

The Foundation files IRS Form 990 annually with the Federal Government and is still open to examination by taxing authorities for fiscal year 2013 and later.

Fair Value Measurements

GAAP establishes 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 measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

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. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets 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. For the years ended June 30, 2015 and prior, the moving average ended on the calendar year preceding the beginning of the fiscal year in which the distribution was planned. Beginning with the fiscal year ended June 30, 2015, the calculation will be 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.

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.

Notes to Financial Statements

June 30, 2016 and 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, the majority of 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.

Subsequent Events

Management has evaluated subsequent events through October 28, 2016, the date the financial statements were available to be issued.

Reclassifications

Certain amounts in the financial statements for the year ended June 30, 2015 have been reclassified to conform to current year presentation.

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.
Notes to Financial Statements
June 30, 2016 and 2015

NOTE 2 IN-KIND CONTRIBUTIONS

In-kind contributions of services rendered are not reflected in the Statement of Activities. In-kind contributions with a determinable market value are recorded on the Foundation's records upon receipt. In-kind contributions of \$12,287 and \$-0- were received during the years ended June 30, 2016 and 2015, respectively.

NOTE 3 INVESTMENTS

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

	<u>2016</u>	<u>2015</u>
Short-term investments	\$ 2,715,253	\$ 340,755
Equity securities	21,952,752	4,461,375
Stock mutual funds	6,734,857	23,738,135
Fixed income securities	4,826,782	9,257,555
Limited partnership interests	7,579,861	8,243,726
Cash surrender value - life insurance	34,013	33,069
	<u>\$ 43,843,518</u>	<u>\$ 46,074,615</u>

The following table summarizes the Foundation's assets by major category in the fair value hierarchy as of June 30, 2016:

	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Prices In Active Markets For Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Short-term investments	\$ 2,715,253	\$ 2,715,253	\$ -	\$ -
Equity securities	21,952,752	21,952,752	-	-
Stock mutual funds	6,734,857	6,734,857	-	-
Fixed income funds	4,826,782	4,826,782	-	-
Limited partnership interests	7,579,861	-	6,445,706	1,134,155
Cash surrender value - life insurance	34,013	-	34,013	-
	<u>\$ 43,843,518</u>	<u>\$ 36,229,644</u>	<u>\$ 6,479,719</u>	<u>\$ 1,134,155</u>

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.
Notes to Financial Statements
June 30, 2016 and 2015

NOTE 3 INVESTMENTS (CONTINUED)

The following table summarizes the Foundation's assets by major category in the fair value hierarchy as of June 30, 2015:

	Total	Fair Value Measurements Using		
		Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Short-term investments	\$ 340,755	\$ 340,755	\$ -	\$ -
Equity securities	4,461,375	4,461,375	-	-
Stock mutual funds	23,738,135	23,738,135	-	-
Fixed income funds	9,257,555	9,257,555	-	-
Limited partnership interests	8,243,726	-	7,305,302	938,424
Cash surrender value - life insurance	33,069	-	33,069	-
	<u>\$ 46,074,615</u>	<u>\$ 37,797,820</u>	<u>\$ 7,338,371</u>	<u>\$ 938,424</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 fair value measurements.

	Limited Partnership Interest
Balance, June 30, 2015	\$ 938,424
Purchases, sales and settlements, net	407,141
Capital distributions	(300,341)
Net loss	88,931
Balance, June 30, 2016	<u>\$ 1,134,155</u>
Balance, June 30, 2014	\$ 187,500
Purchases, sales and settlements, net	897,750
Capital distributions	(141,083)
Net loss	(5,743)
Balance, June 30, 2015	<u>\$ 938,424</u>

Investment fees of \$181,528 and \$125,172 for the years ended June 30, 2016 and 2015, respectively, are included in general and administrative expenses on the statement of activities.

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.
Notes to Financial Statements
June 30, 2016 and 2015

NOTE 4 LIFE INSURANCE

The Foundation owns and is the beneficiary of life insurance policies which had an aggregate cash surrender value on June 30, 2016 and 2015, of \$34,013 and \$33,069, respectively. Policy premiums are paid by the insured donors through contributions to the Foundation.

NOTE 5 PLEDGES RECEIVABLE

Pledges receivable for restricted purposes at June 30, 2016 and 2015 are as follows:

	2016	2015
Receivable in less than one year	\$ 390,197	\$ 625,031
Receivable in one to three years	150,000	540,197
	540,197	1,165,228
Less: Discount for the time value of money at 1.91%	(7,617)	(18,644)
	\$ 532,580	\$ 1,146,584

NOTE 6 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, 2016 and 2015, is not readily determinable.

NOTE 7 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 8 OTHER ASSETS

Other assets consist of the following at June 30, 2016 and 2015:

	2016	2015
Utility deposits	\$ -	\$ 2,759
Land - Plymouth Bluff	7,000	7,000
Mineral interest in Mississippi	38,000	38,000
Wyatt Waters prints	2,325	-
Total Other Assets	\$ 47,325	\$ 47,759

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.

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.

Notes to Financial Statements

June 30, 2016 and 2015

NOTE 9 LIABILITIES UNDER SPLIT INTEREST AGREEMENT

The Foundation has received several gift annuities, of which the assets attributable to are carried as an investment of \$608,536 and \$671,014 on the Foundation's statement of financial position at June 30, 2016 and 2015, 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.

NOTE 10 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, 2016 and 2015, the Foundation had uninsured bank cash balances of \$133,826 and \$-0-, respectively.

Concentration of credit risk with respect to promises to give receivable is high because the balance due is from one major donor.

NOTE 11 NET ASSETS

Temporarily restricted and permanently restricted net assets at June 30, 2016 and 2015 were available for the following purposes:

	<u>Net Assets</u>	
	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
<u>2016</u>		
Student scholarships	\$ 11,153,530	\$ 23,789,912
Other	6,014,390	2,198,801
Total	<u>\$ 17,167,920</u>	<u>\$ 25,988,713</u>
	<u>Net Assets</u>	
	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
<u>2015</u>		
Student scholarships	\$ 14,093,747	\$ 22,740,743
Other	7,248,920	2,515,822
Total	<u>\$ 21,342,667</u>	<u>\$ 25,256,565</u>

NOTE 12 RELATED PARTY TRANSACTION

The Foundation Board has instituted a policy of assessing an internal management fee between the unrestricted net asset class and temporarily restricted net asset class. The purpose of this fee is to cover administrative costs incurred by the unrestricted net asset class for the management of endowment investments and is calculated as a percentage of endowed investments. The fee amounts for the years ended June 30, 2016 and 2015 were \$432,010 and \$438,650, respectively. Those fees are included in net assets released from restrictions in the statement of activities.

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.

Notes to Financial Statements

June 30, 2016 and 2015

NOTE 13 ENDOWMENT

The Foundation's endowment consists of approximately 384 individual donor-restricted endowment funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors of the Foundation (the Board) to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretations of Relevant Law

The 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 considered 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
- 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
- 8) Perpetuation of the endowment

The composition of endowment net assets by type of fund as of June 30, 2016 follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 14,575,103	\$ 25,988,713	\$ 40,563,816

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NOTE 13 ENDOWMENT (CONTINUED)

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 18,173,421	\$ 25,256,565	\$ 43,429,986
Investment return:				
Investment income	-	1,012,939	-	1,012,939
Net appreciation (realized and unrealized)	-	(2,596,770)	-	(2,596,770)
Total investment return	-	(1,583,831)	-	(1,583,831)
Contributions and other	-	-	715,541	715,541
Appreciation of endowment assets for expenditure	-	(2,014,487)	-	(2,014,487)
Reclassifications	-	-	16,607	16,607
	-	(3,598,318)	732,148	(2,866,170)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 14,575,103</u>	<u>\$ 25,988,713</u>	<u>\$ 40,563,816</u>

The composition of endowment net assets by type of fund as of June 30, 2015 follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	<u>\$ -</u>	<u>\$ 18,173,421</u>	<u>\$ 25,256,565</u>	<u>\$ 43,429,986</u>

Changes in endowment net assets for the fiscal year ended June 30, 2015 follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 18,891,435	\$ 24,516,557	\$ 43,407,992
Investment return:				
Investment income	-	1,104,273	-	1,104,273
Net appreciation (realized and unrealized)	-	(145,093)	-	(145,093)
Total investment return	-	959,180	-	959,180
Contributions and other	-	-	595,580	595,580
Appreciation of endowment assets for expenditure	-	(1,673,886)	-	(1,673,886)
Reclassifications	-	(3,308)	144,428	141,120
	-	(718,014)	740,008	21,994
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 18,173,421</u>	<u>\$ 25,256,565</u>	<u>\$ 43,429,986</u>

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NOTE 14 REAL ESTATE HELD FOR SALE

During the year ended June 30, 2014, the Foundation received a contribution consisting of land and a building with a market value of \$450,000. The land and building were classified as real estate held for sale at June 30, 2015, at a value of \$410,000, the market value of \$450,000 less estimated expenses to sell of \$40,000. Effective September 8, 2015, the land and building were sold for \$525,000. The Foundation received \$462,071 after deducting expenses of \$62,929.