

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

Audited Financial Statements

June 30, 2019 and 2018

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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, 2019 and 2018, and the related statements of activities, and cash flows for the years then ended and statement of functional expenses for the year ended June 30, 2019, 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, 2019 and 2018, 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.

Grantham Poole PCC

Ridgeland, Mississippi
November 5, 2019

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.

Statements of Financial Position

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
Cash	\$ 406,292	\$ 213,469
Restricted cash	132,357	122,880
	<u>538,649</u>	<u>336,349</u>
Investments		
Short-term investments	2,054,598	2,757,366
Stocks, bonds, mutual funds and alternative investments	48,772,317	45,908,594
Gift annuity program	1,220,909	1,263,734
Cash surrender value - life insurance	36,600	35,775
Total Investments	<u>52,084,424</u>	<u>49,965,469</u>
Pledges receivable, net of discount	368,801	-
Prepaid expenses	23,888	18,583
Other assets	45,000	45,075
	<u>437,689</u>	<u>63,658</u>
Furniture, fixtures and equipment at cost, less accumulated depreciation 2019, \$73,547; 2018, \$74,712	183,939	175,998
Total Assets	<u>\$ 53,244,701</u>	<u>\$ 50,541,474</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities		
Accounts payable	\$ 1,249,077	\$ 893,301
Liabilities under split interest agreements	578,397	605,502
Long-term debt	104,875	115,593
Total Liabilities	<u>1,932,349</u>	<u>1,614,396</u>
Net Assets		
Net assets without donor restrictions	156,019	133,553
Net assets with donor restrictions	51,156,333	48,793,525
Total Net Assets	<u>51,312,352</u>	<u>48,927,078</u>
Total Liabilities and Net Assets	<u>\$ 53,244,701</u>	<u>\$ 50,541,474</u>

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, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Support			
Contributions	\$ 334,038	2,107,840	\$ 2,441,878
Investment income, net of investment expense	18,047	1,146,850	1,164,897
Net realized and unrealized gains gains on investments	-	1,993,514	1,993,514
Loss on disposal of asset	(17,102)	-	(17,102)
Change in split interest agreements	-	(81,553)	(81,553)
Other income	94	131,792	131,886
Net assets released from restrictions	2,935,635	(2,935,635)	-
Total Revenues and Support	<u>3,270,712</u>	<u>2,362,808</u>	<u>5,633,520</u>
Expenses			
Program services	<u>2,714,114</u>	<u>-</u>	<u>2,714,114</u>
Total Program Services	<u>2,714,114</u>	<u>-</u>	<u>2,714,114</u>
Support Services			
Fundraising	251,875	-	251,875
Management and general	282,257	-	282,257
Total Support Services	<u>534,132</u>	<u>-</u>	<u>534,132</u>
Total Expenses	<u>3,248,246</u>	<u>-</u>	<u>3,248,246</u>
Changes in net assets	22,466	2,362,808	2,385,274
Net Assets at Beginning of Year	<u>133,553</u>	<u>48,793,525</u>	<u>48,927,078</u>
Net Assets at End of Year	<u>\$ 156,019</u>	<u>\$ 51,156,333</u>	<u>\$ 51,312,352</u>

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.

Statement of Activities

Year Ended June 30, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Support			
Contributions	\$ 283,099	\$ 2,017,045	\$ 2,300,144
Investment income, net of investment expense	5,715	974,042	979,757
Net realized and unrealized gains gains on investments	-	2,377,212	2,377,212
Change in split interest agreements	-	(41,565)	(41,565)
Other income	1,818	64,916	66,734
Net assets released from restrictions	2,888,901	(2,888,901)	-
Total Revenues and Support	<u>3,179,533</u>	<u>2,502,749</u>	<u>5,682,282</u>
Expenses			
Program Services	2,772,511	-	2,772,511
Total Program Services	<u>2,772,511</u>	<u>-</u>	<u>2,772,511</u>
Support Services			
Fundraising	107,574	-	107,574
Management and general	227,761	-	227,761
Total Support Services	<u>335,335</u>	<u>-</u>	<u>335,335</u>
Total Expenses	<u>3,107,846</u>	<u>-</u>	<u>3,107,846</u>
Changes in net assets	71,687	2,502,749	2,574,436
Net Assets at Beginning of Year	<u>61,866</u>	<u>46,290,776</u>	<u>46,352,642</u>
Net Assets at End of Year	<u>\$ 133,553</u>	<u>\$ 48,793,525</u>	<u>\$ 48,927,078</u>

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION
Statement of Functional Expenses
Year Ended June 30, 2019

	<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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 194	\$ 194
Salaries and benefits	39,471	4,554	1,518	5,061	50,604	-	87,562	138,166
Student president fund	-	-	1,021	-	1,021	-	-	1,021
Development	33,035	3,812	1,271	4,235	42,353	42,353	-	84,706
Depreciation					-	-	12,827	12,827
University priorities			9,828	9,828	19,656	-	-	19,656
Special projects			19,326	19,326	38,652	38,650	38,652	115,954
Travel and subsistence	12,151	1,402	467	1,558	15,578	15,578	1,272	32,428
Gift in kind			4,483	2,241	6,724	-	747	7,471
Inauguration expense					-	5,000	5,000	10,000
Fundraising	35,100	4,050	1,350	4,500	45,000	45,001	-	90,001
On-line giving services	2,989	345	115	383	3,832	3,831	-	7,663
Office					-	-	6,478	6,478
Insurance					-	-	5,753	5,753
Postage					-	18,600	18,599	37,199
Professional fees					-	-	24,768	24,768
Charitable registration costs					-	-	6,586	6,586
Printing	36,192	4,176	1,392	4,640	46,400	46,399	46,399	139,198
Maintenance	16,215	1,871	624	2,078	20,788	20,788	20,788	62,364
Promotional meals and gifts					-	15,675	-	15,675
Gift annuity management fee	8,201				8,201	-	3,860	12,061
Endowment expenses	1,239,586	184,639	80,152		1,504,377	-	-	1,504,377
University expenses			600,097	60,000	660,097	-	-	660,097
University support scholarships	250,831				250,831	-	-	250,831
Interest expense					-	-	2,772	2,772
Total Expenses	<u>\$ 1,673,771</u>	<u>\$ 204,849</u>	<u>\$ 721,644</u>	<u>\$ 113,850</u>	<u>\$ 2,714,114</u>	<u>\$ 251,875</u>	<u>\$ 282,257</u>	<u>\$ 3,248,246</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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 2,385,274	\$ 2,574,436
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Depreciation	12,827	7,405
Increase in cash value of life insurance	(825)	(727)
Loss on disposal of asset	17,102	-
Net realized and unrealized gains on investments	(1,993,514)	(2,377,210)
Change in split interest agreements	81,553	41,565
Contributions restricted for long-term purposes	(671,935)	(823,182)
Contributions from split-interest agreements	(10,985)	(355,299)
(Increase) decrease in		
Pledges receivable	(368,801)	150,000
Prepaid expenses	(5,305)	10,716
Increase (decrease) in		
Accounts payable	355,776	(354,991)
Net Cash Used in Operating Activities	<u>(198,833)</u>	<u>(1,127,287)</u>
Cash Flows From Investing Activities		
Purchases of investments	(14,470,008)	(27,494,158)
Proceeds from sales of investments and other	14,345,392	27,246,717
Purchase of equipment	(37,870)	(159,000)
Other assets	75	1,650
Net Cash Used in Investing Activities	<u>(162,411)</u>	<u>(404,791)</u>
Cash Flows From Financing Activities		
Contributions restricted for long-term purposes	671,935	823,182
Proceeds for new split-interest agreements	25,000	671,513
Payments to split interest agreement beneficiaries	(122,673)	(76,237)
Proceeds from long-term debt	-	119,250
Payments on long-term debt	(10,718)	(3,657)
Net Cash Provided by Financing Activities	<u>563,544</u>	<u>1,534,051</u>
Net Increase in Cash and Restricted Cash	<u>202,300</u>	<u>1,973</u>
Cash and Restricted Cash, at Beginning of Year	<u>336,349</u>	<u>334,376</u>
Cash and Restricted Cash, at End of Year	<u>\$ 538,649</u>	<u>\$ 336,349</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	<u>\$ 2,772</u>	<u>\$ 839</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, 2019 and 2018

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, 2019 and 2018

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

New Accounting Standards

During the year ended June 30, 2019, the Foundation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14 *Presentation of Financial Statements of Not-for Profit Entities* (Topic 958). The standard has changed the way all not-for-profits classify net assets (from three categories to two) and prepare financial statements. The update is intended to improve not-for-profit financial statements and provide more useful information to donors, grantors, creditors and other financial statement users. The new standard requires the presentation of expenses by their natural and functional classification and the presentation of investment returns net of direct internal investment expenses. Disclosure of available resources and liquidity is also required.

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.

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, 2019 and 2018, was \$12,827 and \$7,405, respectively.

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.

Notes to Financial Statements

June 30, 2019 and 2018

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

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, 2019 and 2018, 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, 2019, periods for tax years 2018, 2017, and 2016 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.

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

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.

Notes to Financial Statements

June 30, 2019 and 2018

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

Fair Value Measurements (Continued)

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, 2019 and 2018

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 November 5, 2019, 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:

Cash	<u>\$ 406,292</u>
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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, 2019 and 2018

NOTE 2 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

As of June 30, 2019, accounts payable are composed of the following:

Donor restricted expenditures	\$ 1,080,536
General expenditures	168,541
Total accounts payable	<u>\$ 1,249,077</u>

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 \$54,696 and \$55,346 were received during the years ended June 30, 2019 and 2018, respectively.

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS

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

	<u>2019</u>	<u>2018</u>
Short-term investments	\$ 2,054,598	\$ 2,757,366
Equity securities	27,177,567	27,079,836
Stock mutual funds	9,588,804	8,315,426
Fixed income securities	2,802,058	2,985,841
Limited partnership interests	1,931,853	1,620,028
Alternative investments	8,492,944	7,171,197
Cash surrender value - life insurance	36,600	35,775
	<u>\$ 52,084,424</u>	<u>\$ 49,965,469</u>

As of June 30, 2019 and 2018, 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 \$8,492,944 and \$7,171,197, 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, 2019 and 2018, these investments can be redeemed or sold as follows:

<u>2019</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice</u>
Hedge Funds (a)	\$ 7,236,173	\$ -	(a)	(a)
Perpetual Private Equity Fund (b)	1,256,771	-	Quarterly	67 days
	<u>\$ 8,492,944</u>	<u>\$ -</u>		

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice</u>
<u>2018</u>				
Hedge Funds (a)	\$ 6,043,862	\$ -	(a)	(a)
Perpetual Private Equity Fund (b)	1,127,935	-	Quarterly	67 days
	<u>\$ 7,171,797</u>	<u>\$ -</u>		

(a) Approximately twenty-three 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, 2019 and 2018, 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-three 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, 2019 and 2018, 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 twenty-three percent of this class includes investments, the objective of which is to seek, over the long-term, a risk-adjusted return that, on a gross basis, exceeds that of the Standard & Poor's 500 index (with dividends reinvested) by investing in a widely diversified portfolio consisting almost exclusively of listed equity securities publicly traded in U.S. securities exchanges. The fair value of the investments in this class have been estimated using the NAV per share of the investments. At June 30, 2018, the investments in this class could be redeemed as the investments in this class do not include any redemption restrictions relating to time held. Redemptions may be made monthly, giving a 67-day notice. There is no holdback restrictions on redemption. This investment was not held by the Foundation as of June 30, 2017.

Approximately twenty-one 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

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2019 and 2018:

		June 30, 2019			
	Total	Level 1	Level 2	Level 3	
Recurring					
Short-term investments	\$ 2,054,598	\$ 2,119,591	\$ -	\$ -	
Equity securities	27,177,567	27,177,567	-	-	
Stock mutual funds	9,588,804	9,588,804	-	-	
Fixed income funds	2,802,058	2,802,058	-	-	
Limited partnership interests	1,931,853	-	-	1,931,853	
Cash surrender value - life insurance	36,600	-	36,600	-	
	<u>43,591,480</u>	<u>\$ 41,688,020</u>	<u>\$ 36,600</u>	<u>\$ 1,931,853</u>	
Investments using net asset valuation	<u>8,492,944</u>				
	<u>\$ 52,084,424</u>				
Nonrecurring					
Liabilities under split-interest agreements	<u>\$ 578,397</u>			<u>\$ 578,397</u>	
		June 30, 2018			
	Total	Level 1	Level 2	Level 3	
Recurring					
Short-term investments	\$ 2,757,366	\$ 2,757,366	\$ -	\$ -	
Equity securities	27,079,836	27,079,836	-	-	
Stock mutual funds	8,315,426	8,315,426	-	-	
Fixed income funds	2,985,841	2,985,841	-	-	
Limited partnership interests	1,620,028	-	-	1,620,028	
Cash surrender value - life insurance	35,775	-	35,775	-	
	<u>42,794,272</u>	<u>\$ 41,138,469</u>	<u>\$ 35,775</u>	<u>\$ 1,620,028</u>	
Investments using net asset valuation	<u>7,171,197</u>				
	<u>\$ 49,965,469</u>				
Nonrecurring					
Liabilities under split-interest agreements	<u>\$ 605,502</u>			<u>\$ 605,502</u>	

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

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:

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 1,620,028	\$ 1,538,107
Purchases, sales and settlements, net	142,500	330,000
Capital distributions	-	(382,500)
Net income	169,325	134,421
Balance, end of year	<u>\$ 1,931,853</u>	<u>\$ 1,620,028</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>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 605,502	\$ 323,960
Additions	14,015	316,214
Change in valuation	81,553	41,565
Annuity payments	<u>(122,673)</u>	<u>(76,237)</u>
Balance, end of year	<u>\$ 578,397</u>	<u>\$ 605,502</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, 2019 and 2018, of \$36,600 and \$35,775, respectively. Policy premiums are paid by the insured donors through contributions to the Foundation.

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:

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.
Notes to Financial Statements
June 30, 2019 and 2018

NOTE 6 PLEDGES RECEIVABLE (CONTINUED)

<u>Description</u>	
Pledges Receivable with Donor Restrictions	\$ 406,166
Less:	
Allowance	-
Unamortized discount	(37,365)
	\$ 368,801
 Receivable	
In one year	\$ -
In two to five years	368,801
Total	\$ 368,801

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, 2019 and 2018, 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, 2019 and 2018:

	2019	2018
Land - Plymouth Bluff	\$ 7,000	\$ 7,000
Mineral interest in Mississippi	38,000	38,000
Wyatt Waters prints	-	75
Total Other Assets	\$ 45,000	\$ 45,075

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, 2019 and 2018

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 \$1,220,909 and \$1,263,734 on the Foundation's statement of financial position at June 30, 2019 and 2018, 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 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, 2019 and 2018, the Foundation had uninsured bank cash balances of \$180,317 and \$-0-, respectively.

NOTE 12 LONG-TERM DEBT

A summary of long-term debt is as follows:

	<u>2019</u>	<u>2018</u>
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>\$ 104,875</u>	<u>\$ 115,593</u>

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 10,990
2021	11,268
2022	11,553
2023	11,845
2024	12,144
Thereafter	<u>47,075</u>
	<u>\$ 104,875</u>

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 13 NET ASSETS

Net assets with donor restrictions at June 30, 2019 and 2018 were available for the following purposes:

	Net Assets With Donor Restrictions		
<u>2019</u>	<u>Purpose Restrictions</u>	<u>Perpetual Restrictions</u>	<u>Total</u>
Student scholarships	\$ 15,374,157	\$ 24,725,279	\$ 40,099,436
Department chairs	3,501,849	1,215,096	4,716,945
College	1,207,322	304,835	1,512,157
Other	2,787,395	2,040,400	4,827,795
Total	<u>\$ 22,870,723</u>	<u>\$ 28,285,610</u>	<u>\$ 51,156,333</u>

	Net Assets With Donor Restrictions		
<u>2018</u>	<u>Purpose Restrictions</u>	<u>Perpetual Restrictions</u>	<u>Total</u>
Student scholarships	\$ 14,220,920	\$ 24,040,351	\$ 38,261,271
Department chairs	3,434,761	1,215,096	4,649,857
College	1,061,263	290,700	1,351,963
Other	2,508,309	2,022,125	4,530,434
Total	<u>\$ 21,225,253</u>	<u>\$ 27,568,272</u>	<u>\$ 48,793,525</u>

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, 2019 and 2018 were \$508,269 and \$475,924, 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. Once the equipment is fully paid off, the Foundation agrees to 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.

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 15 ENDOWMENTS

The Foundation’s endowments consist of approximately 390 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;
- 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, 2019 follows:

	Net Assets	<u>Net Assets With Donor Restrictions</u>		
	Without Donor Restrictions	<u>Purpose Restrictions</u>	<u>Perpetual Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	<u>\$ -</u>	<u>\$ 19,512,805</u>	<u>\$ 28,285,610</u>	<u>\$ 47,798,415</u>

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 15 ENDOWMENTS (CONTINUED)

Changes in endowments net assets for the fiscal year ended June 30, 2019 follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions		
		Purpose Restrictions	Perpetual Restrictions	Total
Endowments net assets, beginning of year	\$ -	\$ 18,450,581	\$ 27,568,272	\$ 46,018,853
Investment return:				
Investment income	-	1,443,267	-	1,443,267
Net appreciation (realized and unrealized)	-	1,956,564	-	1,956,564
Total investment income	-	3,399,831	-	3,399,831
Contributions and other	-	-	717,338	717,338
Appreciation of endowment assets for expenditure	-	(2,337,607)	-	(2,337,607)
Endowments net assets, end of year	\$ -	\$ 19,512,805	\$ 28,285,610	\$ 47,798,415

The composition of endowments net assets by type of fund as of June 30, 2018 follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions		
		Purpose Restrictions	Perpetual Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 18,450,581	\$ 27,568,272	\$ 46,018,853

Changes in endowments net assets for the fiscal year ended June 30, 2018 follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions		
		Purpose Restrictions	Perpetual Restrictions	Total
Endowments net assets, beginning of year	\$ -	\$ 17,153,215	\$ 26,715,080	\$ 43,868,295
Investment return:				
Investment income	-	1,286,165	-	1,286,165
Net appreciation (realized and unrealized)	-	2,321,371	-	2,321,371
Net investment income	-	3,607,536	-	3,607,536
Contributions and other	-	-	853,192	853,192
Appreciation of endowment assets for expenditure	-	(2,310,170)	-	(2,310,170)
Endowments net assets, end of year	\$ -	\$ 18,450,581	\$ 27,568,272	\$ 46,018,853

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 16 RECLASSIFICATIONS

Certain reclassifications have been made to the prior year's comparative information to conform to the presentation of the current year financial statements. The reclassifications have no effect on the change in net assets for the prior year.