

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

**AUDITED FINANCIAL STATEMENTS**

**JUNE 30, 2018 AND 2017**

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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, 2018 and 2017, 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 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 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.

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, 2018 and 2017, 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 Puc*

Ridgeland, Mississippi  
October 19, 2018

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

**Statements of Financial Position**

**June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b><u>ASSETS</u></b>		
Cash and cash equivalents-unrestricted	\$ 213,469	\$ 334,376
Cash restricted for long-term debt	122,880	-
	<u>336,349</u>	<u>334,376</u>
Investments		
Short-term investments	2,757,366	1,803,376
Stocks, bonds, mutual funds and alternative investments	45,908,594	44,869,294
Gift annuity program	1,263,734	632,370
Cash surrender value - life insurance	35,775	35,048
<b>Total Investments</b>	<u>49,965,469</u>	<u>47,340,088</u>
Pledges receivable, net of discount	-	150,000
Prepaid expenses	18,583	29,299
Other assets	45,075	46,725
	<u>63,658</u>	<u>226,024</u>
Furniture, fixtures and equipment at cost, less accumulated depreciation 2018, \$74,712; 2017, \$67,308	175,998	24,403
<b>Total Assets</b>	<u>\$ 50,541,474</u>	<u>\$ 47,924,891</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Liabilities		
Accounts payable	\$ 893,301	\$ 1,248,289
Liabilities under split interest agreements	605,502	323,960
Long-term debt	115,593	-
<b>Total Liabilities</b>	<u>1,614,396</u>	<u>1,572,249</u>
Net Assets		
Unrestricted	133,553	61,866
Temporarily restricted	21,225,253	19,575,696
Permanently restricted	27,568,272	26,715,080
<b>Total Net Assets</b>	<u>48,927,078</u>	<u>46,352,642</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 50,541,474</u>	<u>\$ 47,924,891</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, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenues and Support</b>				
Contributions	\$ 283,099	\$ 1,193,863	\$ 823,182	\$ 2,300,144
Earnings from investments	5,715	1,313,579	-	1,319,294
Net realized and unrealized gains (losses) on investments	-	2,377,212	-	2,377,212
Change in split interest agreements	-	(41,565)	-	(41,565)
Other income	1,818	34,906	30,010	66,734
Net assets released from restrictions	3,228,438	(3,228,438)	-	-
<b>Total Revenues and Support</b>	<u>3,519,070</u>	<u>1,649,557</u>	<u>853,192</u>	<u>6,021,819</u>
<b>Expenses</b>				
Program services	<u>2,772,511</u>	-	-	<u>2,772,511</u>
<b>Total Program Services</b>	<u>2,772,511</u>	-	-	<u>2,772,511</u>
<b>Support Services</b>				
General and administrative	559,893	-	-	559,893
Fundraising	107,574	-	-	107,574
Depreciation and amortization	7,405	-	-	7,405
<b>Total Support Services</b>	<u>674,872</u>	-	-	<u>674,872</u>
<b>Total Expenses</b>	<u>3,447,383</u>	-	-	<u>3,447,383</u>
<b>Changes in net assets</b>	71,687	1,649,557	853,192	2,574,436
<b>Net Assets at Beginning of Year</b>	<u>61,866</u>	<u>19,575,696</u>	<u>26,715,080</u>	<u>46,352,642</u>
<b>Net Assets at End of Year</b>	<u>\$ 133,553</u>	<u>\$ 21,225,253</u>	<u>\$ 27,568,272</u>	<u>\$ 48,927,078</u>

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

**Statement of Activities**

**Year Ended June 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and Support				
Contributions	\$ 255,426	\$ 955,662	\$ 479,825	\$ 1,690,913
Earnings on investments	5,348	1,242,375	-	1,247,723
Net realized and unrealized gains (losses) on investments	-	3,678,062	-	3,678,062
Change in split interest agreements	-	(29,273)	-	(29,273)
Other income	238	50,410	2,995	53,643
Net assets released from restrictions	3,245,913	(3,245,913)	-	-
<b>Total Revenues and Support</b>	<u>3,506,925</u>	<u>2,651,323</u>	<u>482,820</u>	<u>6,641,068</u>
Expenses				
Program Services	2,912,005	-	-	2,912,005
<b>Total Program Services</b>	<u>2,912,005</u>	<u>-</u>	<u>-</u>	<u>2,912,005</u>
Support Services				
General and administrative	513,665	-	-	513,665
Fundraising	101,655	-	-	101,655
Depreciation and amortization	6,891	-	-	6,891
<b>Total Support Services</b>	<u>622,211</u>	<u>-</u>	<u>-</u>	<u>622,211</u>
<b>Total Expenses</b>	<u>3,534,216</u>	<u>-</u>	<u>-</u>	<u>3,534,216</u>
<b>Changes in net assets</b>	(27,291)	2,651,323	482,820	3,106,852
<b>Net Assets at Beginning of Year</b>	89,157	17,167,920	25,988,713	43,245,790
<b>Reclassifications</b>	<u>-</u>	<u>(243,547)</u>	<u>243,547</u>	<u>-</u>
<b>Net Assets at End of Year</b>	<u>\$ 61,866</u>	<u>\$ 19,575,696</u>	<u>\$ 26,715,080</u>	<u>\$ 46,352,642</u>

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

**Statements of Cash Flows**

**Years Ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 2,574,438	\$ 3,106,852
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Depreciation and amortization	7,405	6,891
Increase in cash value of life insurance	(727)	(1,035)
Net realized and unrealized gains on investments	(2,377,212)	(3,678,062)
Change in split interest agreements	41,565	29,273
Contributions restricted for long-term purposes	(823,182)	(479,825)
Contributions from split-interest agreements	(355,299)	(8,767)
(Increase) decrease in		
Pledges receivable	150,000	382,580
Prepaid expenses	10,716	(8,714)
Increase (decrease) in		
Accounts payable	(354,991)	(37,173)
<b>Net Cash Used in Operating Activities</b>	<u>(1,127,287)</u>	<u>(687,980)</u>
 <b>Cash Flows From Investing Activities</b>		
Purchases of investments	(27,494,158)	(14,078,606)
Proceeds from sales of investments and other	27,246,717	14,261,134
Purchase of equipment	(159,000)	-
Refund of utility deposit and other	1,650	600
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u>(404,791)</u>	<u>183,128</u>
 <b>Cash Flows From Financing Activities</b>		
Contributions restricted for long-term purposes	823,182	479,825
Proceeds for new split-interest agreements	671,513	15,000
Payments to split interest agreement beneficiaries	(76,237)	(50,499)
Proceeds from long-term debt	119,250	-
Payments on long-term debt	(3,657)	-
<b>Net Cash Provided by Financing Activities</b>	<u>1,534,051</u>	<u>444,326</u>
 <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>1,973</u>	<u>(60,526)</u>
 <b>Cash and Cash Equivalents, at Beginning of Year</b>	<u>334,376</u>	<u>394,902</u>
 <b>Cash and Cash Equivalents, at End of Year</b>	<u><u>\$ 336,349</u></u>	<u><u>\$ 334,376</u></u>
 <b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid during the year for interest	<u><u>\$ 839</u></u>	<u><u>\$ -</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, 2018 and 2017

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**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;
- 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.

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

**Notes to Financial Statements**

**June 30, 2018 and 2017**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Basis of Accounting (Continued)

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, 2018 and 2017, was \$7,405 and \$6,891, 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 an entity'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 entity's status as a tax-exempt entity. 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, 2018 and 2017, 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, 2018, periods for tax years 2017, 2016, and 2015 remain open to examination by the federal and state taxing jurisdictions to which the Foundation is subject.

MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC.

Notes to Financial Statements

June 30, 2018 and 2017

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 reporting entity'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 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. 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. 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.

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

**Notes to Financial Statements**

**June 30, 2018 and 2017**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Spending Rate Policy (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, 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.

Subsequent Events

Management has evaluated subsequent events through October 19, 2018, the date the financial statements were available to be issued.

**NOTE 2 IN-KIND CONTRIBUTIONS**

In-kind contributions with a determinable market value are recorded on the Foundation's records upon receipt. In-kind contributions of \$55,346 and \$24,424 were received during the years ended June 30, 2018 and 2017, respectively.

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

**Notes to Financial Statements**

**June 30, 2018 and 2017**

**NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS**

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

	<u>2018</u>	<u>2017</u>
Short-term investments	\$ 2,757,366	\$ 1,803,376
Equity securities	27,079,836	26,248,445
Stock mutual funds	8,315,426	7,442,012
Fixed income securities	2,985,841	4,827,980
Limited partnership interests	1,620,028	1,538,107
Alternative investments	7,171,197	5,445,120
Cash surrender value - life insurance	35,775	35,048
	<u>\$ 49,965,469</u>	<u>\$ 47,340,088</u>

As of June 30, 2018 and 2017, 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 \$7,171,197 and \$5,445,120, 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, 2018 and 2017, these investments can be redeemed or sold as follows:

	<u>Fair Value</u>	<u>Unfunded commitments</u>	<u>Redemption frequency</u>	<u>Redemption notice</u>
<b><u>2018</u></b>				
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>		
<b><u>2017</u></b>				
Hedge Funds (a)	\$ 4,424,870	\$ -	(a)	(a)
Perpetual Private Equity Fund (b)	1,020,250	-	Quarterly	67 days
	<u>\$ 5,445,120</u>	<u>\$ -</u>		

(a) Approximately twenty-seven 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, 2018 and 2017, 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-six 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, 2018 and 2017, 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.

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

**Notes to Financial Statements**

**June 30, 2018 and 2017**

**NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

Approximately twenty-five 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 twelve 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, 2018 and 2017:

	<b>June 30, 2018</b>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
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	7,171,197			
	<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, 2018 and 2017**

**NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

	<b>June 30, 2017</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Recurring				
Short-term investments	\$ 1,803,376	\$ 1,803,376	\$ -	\$ -
Equity securities	26,248,445	26,248,445	-	-
Stock mutual funds	7,442,012	7,442,012	-	-
Fixed income funds	4,827,980	4,827,980	-	-
Limited partnership interests	1,538,107	-	-	1,538,107
Cash surrender value - life insurance	35,048	-	35,048	-
	<u>41,894,968</u>	<u>\$ 40,321,813</u>	<u>\$ 35,048</u>	<u>\$ 1,538,107</u>
Investments using net asset valuation	<u>5,445,120</u>			
	<u>\$ 47,340,088</u>			
Nonrecurring				
Liabilities under split- interest agreements	<u>\$ 323,960</u>			<u>\$ 323,960</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:

	<b>2018</b>	<b>2017</b>
Balance, beginning of year	\$ 1,538,107	\$ 1,134,155
Purchases, sales and settlements, net	330,000	349,500
Capital distributions	(382,500)	(75,000)
Net income	134,421	129,452
Balance, end of year	<u>\$ 1,620,028</u>	<u>\$ 1,538,107</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:

	<b>2018</b>	<b>2017</b>
Balance, beginning of year	\$ 323,960	\$ 338,953
Additions	316,214	6,233
Change in valuation	41,565	29,273
Annuity payments	(76,237)	(50,499)
Balance, end of year	<u>\$ 605,502</u>	<u>\$ 323,960</u>

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

**Notes to Financial Statements**

**June 30, 2018 and 2017**

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**NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

Investment fees of \$334,835 and \$337,723 for the years ended June 30, 2018 and 2017, respectively, are included in general and administrative expenses on the statement of activities.

**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, 2018 and 2017, of \$35,775 and \$35,048, 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, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Receivable in less than one year	\$ -	\$ 150,000

**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, 2018 and 2017, 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, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Land - Plymouth Bluff	\$ 7,000	\$ 7,000
Mineral interest in Mississippi	38,000	38,000
Wyatt Waters prints	75	1,725
Total Other Assets	<u>\$ 45,075</u>	<u>\$ 46,725</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.



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

**Notes to Financial Statements**

**June 30, 2018 and 2017**

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**NOTE 9 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 \$1,263,734 and \$632,370 on the Foundation's statement of financial position at June 30, 2018 and 2017, 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, 2018 and 2017, the Foundation had uninsured bank cash balances of \$-0- and \$62,467, respectively.

**NOTE 11 LONG-TERM DEBT**

A summary of long-term debt is as follows:

	<u>2018</u>	<u>2017</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.	\$ 115,593	\$ -

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 10,719
2020	10,990
2021	11,268
2022	11,553
2023	11,845
Thereafter	59,218
	<u>\$ 115,593</u>

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

**Notes to Financial Statements**

**June 30, 2018 and 2017**

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**NOTE 12 NET ASSETS**

Temporarily restricted and permanently restricted net assets at June 30, 2018 and 2017 were available for the following purposes:

<b>2018</b>	<b>Net Assets</b>	
	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>
Student scholarships	\$ 12,469,470	\$ 23,464,268
Other	8,755,783	4,104,004
Total	<u>\$ 21,225,253</u>	<u>\$ 27,568,272</u>

<b>2017</b>	<b>Net Assets</b>	
	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>
Student scholarships	\$ 11,353,434	\$ 22,736,041
Other	8,222,262	3,979,039
Total	<u>\$ 19,575,696</u>	<u>\$ 26,715,080</u>

**NOTE 13 RELATED PARTY TRANSACTION**

The Foundation's 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, 2018 and 2017 were \$475,924 and \$460,543, 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.

**NOTE 14 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.

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

**Notes to Financial Statements**

**June 30, 2018 and 2017**

**NOTE 14 ENDOWMENTS (CONTINUED)**

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, 2018 follows:

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
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:

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
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
Total investment return	-	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)
Reclassifications	-	-	-	-
	-	1,297,366	853,192	2,150,558
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, 2018 and 2017**

**NOTE 14 ENDOWMENTS (CONTINUED)**

The composition of endowments net assets by type of fund as of June 30, 2017 follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 17,153,215	\$ 26,715,080	\$43,868,295

Changes in endowments net assets for the fiscal year ended June 30, 2017 follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowments net assets, beginning of year	\$ -	\$ 14,575,103	\$ 25,988,713	\$40,563,816
Investment return:				
Investment income	-	1,217,971	-	1,217,971
Net appreciation (realized and unrealized)	-	3,622,145	-	3,622,145
Total investment return	-	4,840,116	-	4,840,116
Contributions and other	-	-	726,367	726,367
Appreciation of endowment assets for expenditure	-	(2,262,004)	-	(2,262,004)
Reclassifications	-	-	-	-
	-	2,578,112	726,367	3,304,479
Endowments net assets, end of year	\$ -	\$ 17,153,215	\$ 26,715,080	\$43,868,295