



FINANCIAL STATEMENTS
June 30, 2019
(With Independent Auditor's Report Thereon)

Henderson State University Foundation

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Henderson State University Foundation
Arkadelphia, Arkansas

We have audited the accompanying financial statements of **Henderson State University Foundation (the Foundation)**, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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.

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

The Board of Directors
Henderson State University Foundation
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Opinion

In our opinion, the financial statements referred to on the preceding page present fairly, in all material respects, the financial position of **Henderson State University Foundation** as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As disclosed in Note 1 to the financial statements, management adopted the requirements of the Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, during the year ended June 30, 2019. Our opinion is not modified with respect to this matter.

Landmark PLC
Certified Public Accountants

September 26, 2019
Little Rock, Arkansas

Financial Statements

Henderson State University Foundation

STATEMENT OF FINANCIAL POSITION

June 30, 2019

ASSETS	
Cash and cash equivalents	\$ 2,055,958
Accrued interest receivable	1,443
Contributions receivable, net	704,571
Investments	18,248,970
Prepaid expenses	<u>7,667</u>
TOTAL ASSETS	<u><u>\$ 21,018,609</u></u>
LIABILITIES AND NET ASSETS	
Liabilities	<u>\$ -</u>
Net Assets	
Without donor restrictions	207,079
With donor restrictions	<u>20,811,530</u>
Total Net Assets	<u><u>21,018,609</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 21,018,609</u></u>

See accompanying notes to financial statements.

Henderson State University Foundation

STATEMENT OF ACTIVITIES Year Ended June 30, 2019

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS

Support and Revenue without Donor Restrictions

Investment return	\$ 1,657
Net assets released from restrictions	2,011,287
Total Support and Revenue without Donor Restrictions	<u>2,012,944</u>

Expenses

Program services	1,855,126
General and administrative supporting services	139,170
Total Expenses	<u>1,994,296</u>

Increase in Net Assets Without Donor Restrictions 18,648

CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS

Contributions	2,484,090
Investment return, net	1,144,321
Net assets released from restrictions	<u>(2,011,287)</u>

Increase in Net Assets With Donor Restrictions 1,617,124

INCREASE IN TOTAL NET ASSETS 1,635,772

NET ASSETS, BEGINNING OF YEAR 19,382,837

NET ASSETS, END OF YEAR \$ 21,018,609

See accompanying notes to financial statements.

Henderson State University Foundation

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Scholarship awards	\$ 370,221	\$ -	\$ 370,221
Athletics	388,355	-	388,355
Awards and gifts	521,069	-	521,069
Individual college expenses	532,749	-	532,749
Salaries and benefits	42,732	38,691	81,423
Professional fees	-	37,000	37,000
Software license	-	43,015	43,015
Rent	-	3,833	3,833
Other	-	16,631	16,631
TOTAL EXPENSES	<u>\$ 1,855,126</u>	<u>\$ 139,170</u>	<u>\$ 1,994,296</u>

See accompanying notes to financial statements.

Henderson State University Foundation

STATEMENT OF CASH FLOWS Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in Total Net Assets	\$ 1,635,772
Adjustments to Reconcile Increase in Total Net Assets to Net Cash Provided by Operating Activities	
Donated securities	(104,322)
Net appreciation in fair value of investments	(780,980)
Changes in operating assets and liabilities:	
Accrued interest receivable	66
Contributions receivable	(133,960)
Prepaid expenses	3,833
Accounts payable	(166,667)
Net Cash Provided by Operating Activities	<u>453,742</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale and maturity of investments	3,725,971
Purchases of investments	<u>(4,460,928)</u>
Net Cash Used by Investing Activities	<u>(734,957)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(281,215)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,337,173</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 2,055,958</u></u>

See accompanying notes to financial statements.

Henderson State University Foundation

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Organization and Operations

Henderson State University Foundation (the Foundation) was incorporated under the laws of the State of Arkansas and is a component unit of Henderson State University (the University). The Foundation's primary purpose is to receive, invest and manage gifts for the development, growth, expansion, progress, accomplishment of educational objectives, development of the physical plant, improvement of faculty and staff, and aid to the student body and alumni of the University.

The activities of the Foundation are the responsibility of the Board of Directors (the Board) of the Foundation, the members of which are nominated by the Board and subsequently confirmed by the University Board of Trustees.

(b) Basis of Accounting and Financial Statement Presentation

The financial statements of the Foundation have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles.

The Foundation reports information regarding its financial position and activities according to the following two classes of net assets:

Net Assets without Donor Restriction—Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets with Donor Restrictions—Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

(c) Cash and Cash Equivalents

For purposes of presentation in the statement of cash flows, cash and cash equivalents include all highly liquid investments with original maturities of three months or less. At times during the year ended June 30, 2019, cash and cash equivalents exceeded amounts insured by the Federal Deposit Insurance Corporation (FDIC) or the Securities Investor Protection Corporation (SIPC) and were not collateralized. In the event of an institutional failure, the excess over FDIC or SIPC insurance may not be recoverable. For the year ended June 30, 2019, approximately \$422,000 was not insured or collateralized.

(d) Investments

The Foundation's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly fashion between market participants at the measurement date. Changes in fair value are recorded in the period in which they occur. See Note 2 for further discussion of fair value measurements. Realized gains and losses on sales of securities are recognized on the transaction trade dates. Dividend income is recorded on the ex-dividend date, and interest income is accrued as it is earned. Investment return presented on the statement of activities includes dividends, interest, other investment income, as realized and unrealized gains and losses, and is net of investment expenses.

Henderson State University Foundation

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Investments (Continued)

Contributed investment securities are recorded based on the average of the high and low market prices on the date the investment securities are received. Generally, the Foundation liquidates contributed investment securities on the same day they are received, or as soon as reasonably possible thereafter. The difference between the initial recorded value and the sales proceeds is included in investment return on the statement of activities.

(e) Contributions

Contributions, including unconditional promises to give, are recognized as support in the statement of activities in the period received or when the Foundation becomes aware that a promise to give has been made, whichever occurs first.

Contributions that are restricted by the donor are recorded as increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Management expects all unconditional promises to give to be fully collected; therefore no allowance for uncollectible amounts has been recorded.

(f) Functional Expenses

Expenses associated with certain activities and functions necessary for the support of programs provided by the Foundation are considered supporting services expenses. Supporting services include various costs associated with administration, maintenance and other general functions of the Foundation.

The Foundation allocates its expenses on a functional basis among various programs and supporting services. Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service according to their natural expenditure classification. Salaries and benefits are common to several functions and are allocated to programs and supporting services based on estimates of time worked.

(g) Estimates

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

Henderson State University Foundation

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Income Taxes

The Foundation is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation.

Accounting standards require the Foundation to evaluate tax positions and recognize a tax liability (or asset) if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Foundation has analyzed the tax positions taken and has concluded that as of June 30, 2019, there are no uncertain positions taken or expected to be taken that would require the recognition of a liability (or asset) or disclosure in the financial statements. The Foundation may be subject to audit by the Internal Revenue Service; however, there are currently no audits for any tax periods in progress.

(i) Recently Adopted Accounting Standards

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The purpose of ASU No. 2016-14 was to amend existing financial reporting standards applicable to not-for-profit entities to improve the usefulness, relevance and clarity of information presented in financial statements and to enhance the information presented in the notes thereto.

The Foundation adopted provisions of ASU No. 2016-14 during the year ended June 30, 2019. In addition to the changes in terminology used to describe the categories of net assets throughout the financial statements, new disclosures regarding functional expenses by natural classification, liquidity and availability of resources are now presented.

(j) Recently Issued Accounting Standards

In May 2014, the FASB issued ASU No. 2014-09, *Revenues from Contracts with Customers*, requiring an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This revenue recognition standard, which will become effective for the Foundation on July 1, 2019, generally affects all entities that either enter into contracts with customers to transfer goods, services or nonfinancial assets. Implementation of the requirements of this standard will require that the Foundation 1) identify all contracts with customers, 2) identify performance obligations in the contracts, 3) determine the transaction price, 4) allocate the transaction price, and 5) recognize revenue when or as performance obligations are satisfied. Management of the Foundation has not yet determined the significance of the impact of implementation of this standard or any related amendments.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The new guidance requires lessees to record a right-of-use asset and a corresponding liability equal to the present value of future rental payments on their balance sheets for all leases with a term greater than one year and is effective for the Foundation on July 1, 2020. Management of the Foundation has not yet determined the significance of the impact of implementation of this standard or any related amendments.

Henderson State University Foundation

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Recently Issued Accounting Standards (Continued)

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to assist entities in 1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or exchange (reciprocal) transactions and 2) determining whether a contribution is conditional. Distinguishing between contributions and exchange transactions determines which accounting guidance is applied, and the accounting may be different depending on the guidance applied. In addition, for contributions, determining whether a contribution is conditional or unconditional affects the timing of recognition. Resource recipients are required to implement the amendments for annual periods beginning after December 15, 2019. Management of the Foundation has not yet determined what impact, if any, the implementation of the amendments in ASU No. 2018-08 will have on the Foundation's financial statements.

NOTE 2: INVESTMENTS

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

- | | |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access. |
| Level 2 | Inputs to the valuation methodology include the following: <ul style="list-style-type: none">• Quoted prices for similar assets or liabilities in active markets• Quoted prices for identical or similar assets or liabilities in inactive markets• Inputs other than quoted prices that are observable for the asset or liability• Inputs that are derived principally from or corroborated by observable market data by correlation or other means |

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

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

Henderson State University Foundation

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 2: INVESTMENTS (Continued)

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

The following is a description of the valuation methodologies used for assets measured at fair value.

The fair values of mutual funds are determined based on the daily closing price as reported by the fund. These funds are required to publish their daily net asset value (NAV) and to transact at that price.

The fair values of exchange traded funds are determined based on the closing price as reported by the fund. The funds are priced continuously throughout the day but are required to publish their daily NAV at market close based on the value of the underlying securities.

The fair values of equities are determined based on the closing price reported on the active market in which the individual securities are traded.

The fair values of U.S. Treasury obligations, government-sponsored entity obligations and bonds are determined based on pricing models maximizing the use of observable inputs for similar securities.

The fair values of real property are determined based on an appraisal at the date of donation. The appraisal considered sales of comparable property at the date of donation.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following are the fair values of the Foundation's assets measured on a recurring and nonrecurring basis at June 30, 2019. Level 1 and Level 2 investments are measured on a recurring basis and Level 3 investments are measured on a nonrecurring basis. No activity occurred in Level 3 investments during the year ended June 30, 2019. There have been no changes in methodologies used at June 30, 2019.

Henderson State University Foundation

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 2: INVESTMENTS (Continued)

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments				
Mutual funds				
Corporate bond	\$ 1,115,141	\$ 1,115,141	\$ -	\$ -
Intermediate government	1,101,150	1,101,150	-	-
High yield bond	940,224	940,224	-	-
Diversified emerging markets	644,846	644,846	-	-
Real estate	864,297	864,297	-	-
Total mutual funds	<u>4,665,658</u>	<u>4,665,658</u>	<u>-</u>	<u>-</u>
Exchange traded funds				
Small blend	373,847	373,847	-	-
Large blend	349,885	349,885	-	-
Foreign large blend	2,098,472	2,098,472	-	-
Corporate bond	60,649	60,649	-	-
Large value	2,557,885	2,557,885	-	-
Large growth	2,318,790	2,318,790	-	-
Commodities	56,140	56,140	-	-
Total exchange traded funds	<u>7,815,668</u>	<u>7,815,668</u>	<u>-</u>	<u>-</u>
Equity securities				
Consumer discretionary	249,039	249,039	-	-
Consumer staples	296,955	296,955	-	-
Energy	88,048	88,048	-	-
Financial services	374,164	374,164	-	-
Health care	222,696	222,696	-	-
Industrials	336,419	336,419	-	-
Information technology	372,531	372,531	-	-
Materials	76,616	76,616	-	-
Real estate	65,699	65,699	-	-
Telecommunication services	93,420	93,420	-	-
Utilities	65,367	65,367	-	-
Total equity securities	<u>2,240,954</u>	<u>2,240,954</u>	<u>-</u>	<u>-</u>
U.S. Treasury obligations	<u>2,800,607</u>	<u>-</u>	<u>2,800,607</u>	<u>-</u>
Government-sponsored entity obligations	<u>343,410</u>	<u>-</u>	<u>343,410</u>	<u>-</u>
Municipal bond	<u>255,204</u>	<u>-</u>	<u>255,204</u>	<u>-</u>
International bond	<u>50,969</u>	<u>-</u>	<u>50,969</u>	<u>-</u>
Real estate	<u>76,500</u>	<u>-</u>	<u>-</u>	<u>76,500</u>
	<u>\$ 18,248,970</u>	<u>\$ 14,722,280</u>	<u>\$ 3,450,190</u>	<u>\$ 76,500</u>

Henderson State University Foundation

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 3: CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable at June 30, 2019, include the following:

Contributions receivable	\$ 745,000
Less unamortized discount on long-term contributions receivable	<u>(40,429)</u>
	<u>\$ 704,571</u>

Contributions receivable at June 30, 2019, are expected to be collected as follows:

Amounts due in:	
Less than one year	\$ 196,000
One to five years	<u>549,000</u>
	<u>\$ 745,000</u>

Contributions receivable which are scheduled to be received after one year are reported at the present value of estimated future cash flows using a discount rate of four percent.

NOTE 4: ENDOWMENTS

The Foundation's endowment consists of approximately 300 individual funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions the original value of gifts donated to the donor-restricted endowment, the original value of subsequent gifts to the donor-restricted endowment and accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instruments at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that will be released from restriction remains in net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation and (7) the Foundation's investment and spending policies.

Henderson State University Foundation

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 4: ENDOWMENTS (Continued)

The Foundation has adopted investment and spending policies, approved by the Board, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distribution to meet the operating needs of the Foundation, while growing the funds if possible. Investment risk is measured in terms of the total endowment funds; investment assets and allocation between asset classes and strategies are managed to not expose the funds to unacceptable levels of risk.

The Foundation has a spending policy of appropriating for distribution each year 5.5% of its endowment fund's average fair value of the 5 years through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this spending policy, the Foundation considers the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation.

Changes in donor-restricted endowment net assets for the year ended June 30, 2019, are as follows:

Endowment net assets, beginning of year	\$ 16,285,035
Contributions	749,918
Investment return, net	1,097,744
Appropriation of endowment assets for expenditure	<u>(476,707)</u>
Endowment net assets, end of year	<u>\$ 17,655,990</u>

NOTE 5: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of endowment income and contributions received with donor-imposed restrictions limiting the Foundation's use of contributed assets to a later period, a specific purpose or both. The amounts are transferred to net assets without donor restrictions in the period the donor-imposed restrictions expire or the donor-stipulated purpose has been fulfilled by the Foundation.

Henderson State University Foundation

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 5: NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The following is a summary of net assets with donor restrictions at June 30, 2019:

Net Assets Restricted in Perpetuity:	
Athletics and other	\$ 4,135,093
Scholarship	<u>8,105,821</u>
Total Net Assets Restricted in Perpetuity:	<u><u>\$ 12,240,914</u></u>
Net Assets Restricted for a Specific Purpose:	
Athletics and other	\$ 4,306,947
Scholarship	2,825,926
Capital projects	<u>733,172</u>
Total Net Assets Restricted for a Specific Purpose:	<u><u>\$ 7,866,045</u></u>
Net Assets Restricted to Passage of Time:	
Athletics and other	\$ 43,930
Capital projects	<u>660,641</u>
Total Net Assets Restricted to Passage of Time:	<u><u>\$ 704,571</u></u>

NOTE 6: RELATED PARTY TRANSACTIONS

During the year ended June 30, 2019, the Foundation contributed to the University approximately \$1,812,000 to be used for purposes as required by endowment agreements and/or donors for specific programs.

During the year ended June 30, 2019, two employees of the University were provided to oversee the operations of the Foundation. For the year ended June 30, 2019, the Foundation reimbursed the University approximately \$52,000 for salary expense. The University contributed in-kind salary expense of \$29,835 for the year ended June 30, 2019. These in-kind contributions are included in contributions and expenses in the statement of activities.

During the year ended June 30, 2016, the Foundation sold a building to the University. As part of the sale agreement, the sales price of the building to the University was reduced by \$23,000 in lieu of rent for the University owned space used by the Foundation through the year ended June 30, 2021.

Henderson State University Foundation

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 7: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation monitors its liquidity so that it is able to meet its operating needs and contractual commitments while maximizing the investment of its excess operating cash. The Foundation has the following financial assets that could readily be made available within one year of the statement of financial position to fund expenses without limitations:

Cash and cash equivalents	\$ 2,055,958
Accrued interest receivable	1,443
Contributions receivable, net	704,571
Investments	<u>18,248,970</u>
Total financial assets	21,010,942
Less endowment fund cash, cash equivalents and investments	(17,655,990)
Less contributions due in more than one year	(508,571)
Less other restrictions	(196,000)
Add back appropriations for year ended June 30, 2020	<u>707,391</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 3,357,772</u></u>

The operations of the Foundation are primarily funded by income generated through income from investing its endowments and contributions. As explained in Note 5 to the financial statements, certain assets have been restricted by the donor in perpetuity. The Foundation structures its financial assets to be available as general expenditures, liabilities and other obligations become due. The University also contributes both services and rent to the Foundation (see Note 6). The Foundation can adjust the timing of disbursements to the University when necessary.

NOTE 8: SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 26, 2019, the date the financial statements were available to be issued.