

**MISSOURI WESTERN STATE UNIVERSITY
FOUNDATION, INC.**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018



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**MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
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YEARS ENDED JUNE 30, 2019 AND 2018**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Missouri Western State University Foundation, Inc.
St. Joseph, Missouri

We have audited the accompanying financial statements of Missouri Western State University Foundation, Inc., which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 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.

Board of Directors
Missouri Western State University Foundation, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Missouri Western State University 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 accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, management has adopted Accounting Standards Update (ASU) No. 2016-04 *Not-For-Profit (Topic 958), Presentation of Financial Statements for Not-For-Profit Entities*. Our opinion is not modified with respect to that matter.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Joseph, Missouri
September 13, 2019

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

ASSETS	2019	2018
CURRENT ASSETS		
Cash	\$ 1,151,892	\$ 557,352
Pledges Receivable, Net - Current Portion	1,546,219	1,829,279
Pledges Receivable, Net - Gifts-in-Kind	45,680	664,750
Notes Receivable, Net - Current Portion	4,663	12,200
Interest, Dividends, and Other Receivables	87,739	108,893
Prepaid Expenses	35,776	38,466
Total Current Assets	2,871,969	3,210,940
INVESTMENTS		
Investments	43,661,914	41,664,928
Mineral Rights	79,019	101,015
Cash Surrender Value of Life Insurance	586,683	572,023
Total Investments	44,327,616	42,337,966
FIXED ASSETS		
Artwork	98,808	-
Equipment, at Cost	16,714	37,531
Total Fixed Assets	115,522	37,531
Less: Accumulated Depreciation	15,218	33,285
Net Fixed Assets	100,304	4,246
OTHER ASSETS		
Pledges Receivable, Net	810,624	837,258
Notes Receivable, Net	34,323	60,769
Beneficial Interest in Perpetual Trusts	5,419,755	5,487,410
Other Equity Interests	1,000,000	1,000,000
Total Other Assets	7,264,702	7,385,437
Total Assets	\$ 54,564,591	\$ 52,938,589

See accompanying Notes to Financial Statements.

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2019 AND 2018

	2019	2018
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 230,924	\$ 617,642
Agency Funds	2,000	2,033
Deferred Revenue	252,504	265,972
Lease Payable - Current Portion	-	2,183
Total Current Liabilities	485,428	887,830
 NET ASSETS		
Without Donor Restrictions:		
General Operating	3,126,132	2,834,908
Board Designated	4,050,474	3,436,655
Total Without Donor Restrictions	7,176,606	6,271,563
With Donor Restrictions:		
Purpose Restrictions	18,699,138	17,723,414
Perpetual in Nature	28,203,419	28,055,782
Total With Donor Restrictions	46,902,557	45,779,196
Total Net Assets	54,079,163	52,050,759
Total Liabilities and Net Assets	\$ 54,564,591	\$ 52,938,589

See accompanying Notes to Financial Statements.

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ 340,255	\$ 2,526,885	\$ 2,867,140
Legacies and Bequests	-	223,754	223,754
In-Kind Contributions	98,808	473,908	572,716
Investment Income	610,243	3,315,703	3,925,946
Mineral Rights Royalties	7,595	-	7,595
Other Income	1,635	932,415	934,050
Change in Value of Beneficial Interest in Perpetual Trusts	-	(67,655)	(67,655)
Net Assets Released from Donor Restrictions:			-
Satisfaction of Purpose Restrictions	6,281,649	(6,281,649)	-
Total Revenues, Gains, and Other Support	7,340,185	1,123,361	8,463,546
EXPENSES			
Program Services:			
Scholarships	1,094,598	-	1,094,598
Allocations	3,590,520	-	3,590,520
Total Program Services	4,685,118	-	4,685,118
Support Services:			
General and Administrative	1,522,720	-	1,522,720
Fundraising	205,308	-	205,308
Total Support Services	1,728,028	-	1,728,028
Total Expenses	6,413,146	-	6,413,146
OTHER EXPENSES			
Unrealized Losses on Mineral Rights	(21,996)	-	(21,996)
CHANGES IN NET ASSETS	905,043	1,123,361	2,028,404
Net Assets - Beginning of Year	6,271,563	45,779,196	52,050,759
NET ASSETS - END OF YEAR	\$ 7,176,606	\$ 46,902,557	\$ 54,079,163

See accompanying Notes to Financial Statements.

**MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ 302,665	\$ 1,368,244	\$ 1,670,909
Legacies and Bequests	-	558,689	558,689
In-Kind Contributions	13,823	836,599	850,422
Investment Income	235,887	2,376,141	2,612,028
Mineral Rights Royalties	7,917	-	7,917
Other Income	365	830,154	830,519
Change in Value of Beneficial Interest in Perpetual Trusts	-	(29,552)	(29,552)
Net Assets Released from Donor Restrictions:			
Satisfaction of Purpose Restrictions	4,012,808	(4,012,808)	-
Total Revenues, Gains, and Other Support	4,573,465	1,927,467	6,500,932
EXPENSES			
Program Services:			
Scholarships	885,948	-	885,948
Allocations	2,709,582	-	2,709,582
Total Program Services	3,595,530	-	3,595,530
Support Services:			
General and Administrative	348,846	-	348,846
Fundraising	188,137	-	188,137
Total Support Services	536,983	-	536,983
Total Expenses	4,132,513	-	4,132,513
OTHER EXPENSES			
Unrealized Losses on Mineral Rights	(15,973)	-	(15,973)
CHANGES IN NET ASSETS	424,979	1,927,467	2,352,446
Net Assets - Beginning of Year	5,846,584	43,851,729	49,698,313
NET ASSETS - END OF YEAR	\$ 6,271,563	\$ 45,779,196	\$ 52,050,759

See accompanying Notes to Financial Statements.

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	Program Services		Supporting Services		Total Expenses
	Scholarships	Allocations	Management and General	Fundraising	
Scholarships	\$ 1,094,598	\$ -	\$ -	\$ -	\$ 1,094,598
Allocations	-	3,590,520	-	-	3,590,520
Uncollectible Pledges	-	-	1,164,983	-	1,164,983
Depreciation	-	-	2,751	-	2,751
Fundraising Events	-	-	-	70,855	70,855
Reimbursed Office Expenses:					
Salaries and Benefits	-	-	247,766	131,415	379,181
Professional Development	-	-	5,958	-	5,958
Repairs and Maintenance	-	-	25,307	2,710	28,017
Office Expenses	-	-	1,809	-	1,809
Professional Fees	-	-	19,390	-	19,390
Occupancy	-	-	32,028	-	32,028
Travel	-	-	4,328	-	4,328
Interest	-	-	46	-	46
Insurance and Taxes	-	-	5,528	-	5,528
Duplicating and Postage	-	-	2,956	328	3,284
Utilities and Telephone	-	-	1,157	-	1,157
Dues and Subscriptions	-	-	975	-	975
Miscellaneous	-	-	293	-	293
Bank Service and Credit Card Fees	-	-	3,910	-	3,910
Conferences, Conventions, and Meetings	-	-	3,535	-	3,535
	-	-	3,535	-	3,535
Total Expenses by Function	\$ 1,094,598	\$ 3,590,520	\$ 1,522,720	\$ 205,308	\$ 6,413,146

See accompanying Notes to Financial Statements.

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	Program Services		Supporting Services		Total Expenses
	Scholarships	Allocations	Management and General	Fundraising	
Scholarships	\$ 885,948	\$ -	\$ -	\$ -	\$ 885,948
Allocations	-	2,709,582	-	-	2,709,582
Uncollectible Pledges	-	-	45,436	-	45,436
Depreciation	-	-	3,825	-	3,825
Fundraising Events	-	-	-	71,964	71,964
Reimbursed Office Expenses:					
Salaries and Benefits	-	-	211,244	113,446	324,690
Professional Development	-	-	8,060	-	8,060
Repairs and Maintenance	-	-	18,501	1,977	20,478
Office Expenses	-	-	878	-	878
Professional Fees	-	-	18,640	-	18,640
Occupancy	-	-	18,206	-	18,206
Travel	-	-	1,686	-	1,686
Interest	-	-	205	-	205
Insurance and Taxes	-	-	6,323	-	6,323
Duplicating and Postage	-	-	6,754	750	7,504
Utilities and Telephone	-	-	1,251	-	1,251
Dues and Subscriptions	-	-	945	-	945
Miscellaneous	-	-	334	-	334
Bank Service and Credit Card Fees	-	-	2,195	-	2,195
Conferences, Conventions, and Meetings	-	-	4,363	-	4,363
	<u>\$ 885,948</u>	<u>\$ 2,709,582</u>	<u>\$ 348,846</u>	<u>\$ 188,137</u>	<u>\$ 4,132,513</u>
Total Expenses by Function	<u>\$ 885,948</u>	<u>\$ 2,709,582</u>	<u>\$ 348,846</u>	<u>\$ 188,137</u>	<u>\$ 4,132,513</u>

See accompanying Notes to Financial Statements.

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 2,028,404	\$ 2,352,446
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	2,751	3,825
Net Unrealized (Gains) Losses on Investments	(357,774)	185,408
Net Unrealized Losses on Mineral Rights	21,996	15,973
Realized Gains on Investments	(1,820,944)	(1,970,626)
Change in Cash Surrender Value of Life Insurance	(14,660)	(48,678)
Change in Value of Trusts	67,655	29,552
Contributions Restricted for Long-Term Purposes	(159,942)	(836,205)
Contributions of Artwork	(98,809)	-
Effects of Changes in Operating Assets and Liabilities:		
Pledges Receivable - Net	928,764	256,384
Notes Receivable Allowance	(1,806)	(229)
Interest, Dividends, and Other Receivables	21,154	(7,399)
Prepaid Expenses	2,690	(19,210)
Accounts Payable	(386,718)	205,068
Agency Funds - Net	(33)	1,345
Deferred Revenue	(13,468)	88,517
Net Cash Provided by Operating Activities	219,260	256,171
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Equipment	-	(1,555)
Proceeds from Notes Receivable	35,789	4,170
Purchases of Investments	(1,693,861)	(1,974,289)
Proceeds from Sale of Investments	1,875,593	647,364
Net Cash Provided (Used) by Investing Activities	217,521	(1,324,310)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Contributions Restricted for Investment in Endowment	159,942	836,205
Repayments on Leases Payable	(2,183)	(2,787)
Net Cash Provided by Financing Activities	157,759	833,418
NET INCREASE (DECREASE) IN CASH	594,540	(234,721)
Cash - Beginning of Year	557,352	792,073
CASH - END OF YEAR	\$ 1,151,892	\$ 557,352
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid During the Year	\$ 46	\$ 205
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITY		
Contribution of Artwork	\$ 98,809	\$ -

See accompanying Notes to Financial Statements.

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Missouri Western State University Foundation, Inc. (the Foundation) is a nonprofit organization incorporated in the state of Missouri on December 19, 1968. The Foundation's principal activity is to support the mission of Missouri Western State University (the University), as stated in the University's mission statement. The Foundation receives, invests, maintains, and administers contributed resources; and otherwise acts to further the mission and goals of Missouri Western State University by directing acquired resources to serve the University and its students. Significant accounting policies followed by the Foundation are presented below.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Significant estimates incorporated in the financial statements include: the allowance for uncollectible pledges and notes receivable; the discount for pledges to be received in future periods; the fair market value of mineral rights; the value of the other equity interests; and the asset values for trusts due in future years. Actual results could differ from those estimates.

Descriptions of Programs

The Foundation operates the following programs:

Scholarships

Scholarships represent financial assistance awarded to selected students, a majority of whom attend the University, based on certain academic criteria and financial need.

Allocations

Allocations represent support to the University faculty, staff, and students, physical plant improvements, and assistance to various departments of the University.

Contributions

All contributions are considered to be available for the general programs of the Foundation unless specifically restricted by the donor. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, reclassifications are made from net assets with donor restrictions to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Gifts-In-Kind

Gifts-in-kind consist of donated merchandise such as hotel rooms, food, cars, equipment for departments, and miscellaneous items used for assistance to the University. All such gifts are recorded at their estimated fair value at the date of the donation.

The Foundation recognizes the fair value of donated services that creates or enhances nonfinancial assets, or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Cash

The Foundation considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents. These investments, which are generally money market accounts, are recorded at cost. Certain cash equivalents are considered to be an integral part of the Foundation's investment program and are, accordingly, recognized as a component of investments on the statement of financial position.

Investments

Investments include marketable equity securities, debt securities, hedge funds, mineral rights, money market funds and CDs. Investment specific money market funds and CDs are reported at cost, which approximates fair value. Investments in marketable equity securities, debt securities, hedge funds, mineral rights are carried at fair value, with unrealized and realized gains and losses on investments reported as an increase or decrease in net assets without donor restrictions or net assets with donor restrictions based upon donor imposed restrictions.

Investment income is reported in the statement of activities as without donor restriction or with donor restriction based upon donor-imposed restrictions.

Pledges Receivable

Pledges receivable are generally due within one to ten years and are stated at the pledged amount. The carrying amount of pledges receivable is reduced by the amount of a discount related to those pledges that are to be collected over a period longer than one year. Management has also established a valuation allowance that reflects management's best estimate of amounts that will not be collected, based on management's assessment of the collectability of specific donors' pledges and the aging of pledges receivable. All such pledges, or portions thereof deemed to be uncollectible, are written off to the allowance for uncollectible pledges.

Cash Surrender Value of Life Insurance

Various contributions are received specifically to be invested in life insurance policies covering selected students and patrons of Missouri Western State University. The Foundation is the owner and beneficiary of these policies. The annual increase in the cash surrender value of the policies is recorded as income with donor restriction. Any proceeds from these policies are restricted for use on physical plant maintenance and major capital improvements.

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Beneficial Interest in Perpetual Trusts

The Foundation has a beneficial interest in various perpetual trusts. These consist of trusts created by independent donors for which the assets are not in the possession or control of the Foundation. The Foundation, along with other specified nonprofit organizations and individuals, is a beneficiary of these trusts. The income received by the Foundation from these trusts is included in contributions with donor restrictions on the statement of activities. The Foundation's beneficial interest in these trusts is recorded at the fair value of the underlying assets in the trusts and classified within perpetually restricted net assets.

Fixed Assets

Fixed assets consist of various office furniture, equipment, and artwork. These assets are depreciated using the straight-line method over their estimated useful lives, ranging from two to ten years. The Foundation's policy is to capitalize all items which have a unit cost greater than \$1,000.

Artwork is not depreciated as it has cultural, aesthetic, or historical value that is worth preserving perpetually, and the Foundation has the financial ability to protect and preserve the artwork, and is doing so.

Impairment of Long-Lived Assets

The Foundation reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

Deferred Income

Revenues from memberships and future special events are recognized in the fiscal year to which the memberships relate or the special events occur. Memberships for the upcoming fiscal year are reported as deferred revenue at June 30 of the current year.

Functional Allocation of Expenses

The costs of providing the Foundation's various programs and activities have been summarized on a functional basis in the statements of activities and changes in net assets and statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited according to formulas developed by management to, in its judgement, reflect actual costs and efforts expended on each program or supporting service. Functional expense allocations are estimated through employee time records based on actual hours spent working on the specific programs and various functional categories.

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

Financial statement presentation follows the recommendations of Accounting Standards Codification (ASC) 958-205, *Financial Statements of Not-for-Profit Organizations*. Under ASC 958-205, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for board-designated endowments.

Net Assets With Donor Restrictions

Net assets subject to donor-(or certain grantor-) imposed restrictions. 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a 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.

Income Taxes

The Foundation is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. It is not considered to be a private foundation. The Foundation follows the standard for evaluating uncertain tax positions and has determined no liability should be recorded for uncertain tax positions.

New Accounting Pronouncements Effective in Future Accounting Periods

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The standard does not impact the recording of contributions. Since then, the board issued proposed ASU, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*. The amendments in this update defer the effective date of ASU 2014-09 for all entities by one year, making the standard effective for fiscal year ending June 30, 2020. Management will be evaluating the effects of this new standard.

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements Effective in Future Accounting Periods (Continued)

In February 2016, FASB issued ASU 2016-02 *Leases (Topic 842)*. This update increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 is effective for the Foundation for the fiscal year ending June 30, 2021. Management will be evaluating the effects of this new standard.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This update clarifies and improves current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. ASU 2018-08 is effective for the fiscal year ending June 30, 2020. Management will be evaluating the effects of this new standard.

NOTE 2 CHANGE IN ACCOUNTING PRINCIPLE

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. Net Assets as of July 1, 2017 has been reclassified to conform with the requirements of ASU 2016-14, as follows:

	As Previously Presented	Reclassification	As Reclassified
Unrestricted	\$ 5,846,584	\$ (5,846,584)	\$ -
Temporarily Restricted	16,649,198	(16,649,198)	-
Permanently Restricted	27,202,531	(27,202,531)	-
Without Donor Restrictions	-	5,846,584	5,846,584
With Donor Restrictions	-	43,851,729	43,851,729
Total	<u>\$ 49,698,313</u>	<u>\$ -</u>	<u>\$ 49,698,313</u>

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 3 LIQUIDITY AND AVAILABILITY

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents, investments, pledges receivable, notes receivable, and interest, dividend and other receivables.

In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Foundation's cash and shows positive cash generated by operations for fiscal year 2019.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 1,151,892	\$ 557,352
Investments	43,661,914	41,664,928
Pledges Receivable, Net	1,546,219	1,829,279
Notes Receivable, Net	4,663	12,200
Interest, Dividends, and Other Receivables	<u>87,739</u>	<u>108,893</u>
Total Financial Assets	46,452,427	44,172,652
Contractual or Donor Imposed Restrictions:		
Cash Restricted to Specific Uses	(1,210,594)	(216,146)
Restricted Investments	(39,204,491)	(38,111,009)
Pledges Restricted to Specific Uses	(1,498,289)	(1,750,453)
Notes Restricted to Specific Uses	(4,663)	(12,200)
Interest Receivable Restricted to Specific Uses	<u>(72,824)</u>	<u>(92,331)</u>
Total Restrictions Imposed	(41,990,861)	(40,182,139)
Board Designations:		
Operating Reserves and Endowments	<u>(4,050,474)</u>	<u>(3,436,655)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u>\$ 411,092</u>	<u>\$ 553,858</u>

The Foundation's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

Although the Foundation does not intend to spend from the board-designated endowment, these amounts could be made available if necessary.

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 4 FAIR VALUE MEASUREMENTS

In determining fair value, the Foundation uses various valuation approaches within the ASC 820 fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs, by requiring that the most observable inputs be used when available. ASC 820 defines levels within the hierarchy based on the reliability of inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets; and

Level 2 – Valuations based on quoted prices for similar assets or liabilities, or identical assets or liabilities in less active markets, such as dealer or broker markets; and

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs, or significant value drivers, are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

Assets and Liabilities Measured on a Recurring Basis

Investments

Securities listed on a national market or exchange are valued at the last sales price, or if there is no sale and the market is still considered active, at the last transaction price before year-end. Such securities are classified as Level 1 or 2 of the valuation hierarchy, dependent upon the liquidity of their respective markets.

Beneficial Interest in Perpetual Trust

The fair value of beneficial interests in perpetual trusts was determined by calculating the Foundation's proportional share of the underlying assets held in trust, as determined by the trustee, and is classified as Level 3 within the valuation hierarchy.

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Assets and Liabilities Measured on a Recurring Basis (Continued)

Fair values of assets and liabilities measured on a recurring basis are as follows:

	June 30, 2019			
	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Investments:				
Common Stock and Equity				
Mutual Funds:				
Foreign	\$ 5,163,568	\$ 5,163,568	\$ -	\$ -
Energy Minerals	516,405	516,405	-	-
Technology Services	842,032	842,032	-	-
Finance	1,196,452	1,196,452	-	-
Electronic Technology	2,184,301	2,184,301	-	-
Consumer	1,865,324	1,865,324	-	-
Health Technology	689,843	689,843	-	-
Health Care	715,127	715,127	-	-
Domestic Equity	1,335,962	1,335,962	-	-
Utilities	190,536	190,536	-	-
Telecommunications	681,719	681,719	-	-
Industrials	487,953	487,953	-	-
All Other Common Stock	1,434,246	1,434,246	-	-
Equity Mutual Funds	8,090,844	8,090,844	-	-
U.S. Government Bonds and				
Fixed Income Mutual Funds:				
U.S. Government Issues	113,859	-	113,859	-
Corporate Issues	6,738,248	1,500,597	5,237,651	-
Foreign Issues	102,984	-	102,984	-
Taxable Municipal Issues	1,255,290	-	1,255,290	-
Fixed Income Mutual Funds	8,770,097	8,770,097	-	-
Total Investments	42,374,790	35,665,006	6,709,784	-
Beneficial Interest in				
Perpetual Trust	5,419,755	-	-	5,419,755
Total Assets	<u>\$ 47,794,545</u>	<u>\$ 35,665,006</u>	<u>\$ 6,709,784</u>	<u>\$ 5,419,755</u>

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Assets and Liabilities Measured on a Recurring Basis (Continued)

	June 30, 2018			
	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Investments:				
Common Stock and Equity				
Mutual Funds:				
Foreign	\$ 4,827,478	\$ 4,827,478	\$ -	\$ -
Energy Minerals	1,183,756	1,183,756	-	-
Technology Services	1,092,385	1,092,385	-	-
Finance	1,815,410	1,815,410	-	-
Electronic Technology	2,148,566	2,148,566	-	-
Consumer	2,433,407	2,433,407	-	-
Health Technology	668,168	668,168	-	-
Health Care	834,942	834,942	-	-
Domestic Equity	675,585	675,585	-	-
Utilities	202,009	202,009	-	-
Telecommunications	173,519	173,519	-	-
Industrials	495,470	495,470	-	-
Materials	300,859	300,859	-	-
All Other Common Stock	1,286,566	1,286,566	-	-
Equity Mutual Funds	3,782,238	3,782,238	-	-
U.S. Government Bonds and				
Fixed Income Mutual Funds:				
U.S. Government Issues	152,401	-	152,401	-
Corporate Issues	8,084,489	2,203,637	5,880,852	-
Taxable Municipal Issues	1,883,233	-	1,883,233	-
Fixed Income Mutual Funds	7,666,299	7,666,299	-	-
Hedge Funds	805,888	805,888	-	-
Total Investments	<u>40,512,668</u>	<u>32,596,182</u>	<u>7,916,486</u>	<u>-</u>
Beneficial Interest in				
Perpetual Trust	5,487,410	-	-	5,487,410
Total Assets	<u>\$ 46,000,078</u>	<u>\$ 32,596,182</u>	<u>\$ 7,916,486</u>	<u>\$ 5,487,410</u>

**MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Assets and Liabilities Measured on a Recurring Basis (Continued)

The following is a reconciliation of the beginning and ending balance of assets and liabilities, measured at fair value on a recurring basis using significant unobservable (Level 3) input during the years ended June 30, 2019 and 2018.

	Beneficial Interest in Perpetual Trusts
Balance - June 30, 2017	\$ 5,516,962
Change in Fair Market Value	<u>(29,552)</u>
Balance - June 30, 2018	5,487,410
Change in Fair Market Value	<u>(67,655)</u>
Balance - June 30, 2019	<u><u>\$ 5,419,755</u></u>

NOTE 5 OTHER EQUITY INTERESTS

During 2012, the Foundation purchased 45 Class A Units in a partnership that is carried at cost, defined as the lower of cost or fair market value. The carrying value of this equity interest totals \$450,000 at June 30, 2019 and 2018.

During 2013, the Foundation purchased a 7.69% ownership interest in a community based limited liability company. This investment is carried on the Foundation's books at cost, defined as the lower of cost or fair market value. The carrying value of this equity interest totals \$500,000 at June 30, 2019 and 2018.

During 2014, the Foundation purchased an ownership interest in a limited liability company that is carried at cost, defined as the lower of cost or fair market value. The carrying value of this equity interest totals \$50,000 at June 30, 2019 and 2018.

These equity investments are reviewed for impairment on an annual basis. Management does not believe there is any impairment at June 30, 2019 or 2018.

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 6 INVESTMENTS

The following is a summary of investment securities:

	June 30, 2019			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Money Market Funds and CDs	\$ 1,287,124	\$ -	\$ -	\$ 1,287,124
Common Stock and Equity				
Mutual Funds	20,566,136	4,828,176	-	25,394,312
U.S. Government Bonds and				
Fixed Income Mutual Funds	16,533,674	446,804	-	16,980,478
Total	\$ 38,386,934	\$ 5,274,980	\$ -	\$ 43,661,914
	June 30, 2018			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Money Market Funds and CDs	\$ 1,152,260	\$ -	\$ -	\$ 1,152,260
Common Stock and Equity				
Mutual Funds	16,786,559	5,133,799	-	21,920,358
U.S. Government Bonds and				
Fixed Income Mutual Funds	18,063,513	-	(277,091)	17,786,422
Hedge Funds	745,390	60,498	-	805,888
Total	\$ 36,747,722	\$ 5,194,297	\$ (277,091)	\$ 41,664,928

Investment returns for the years ended June 30, 2019 and 2018 consist of the following:

	2019	2018
Investment Income	\$ 1,878,205	\$ 959,874
Net Realized Gains	1,820,944	1,970,626
Net Unrealized Gains (Losses)	357,774	(185,408)
Investment Expenses	(130,977)	(133,064)
Net Investment Returns	\$ 3,925,946	\$ 2,612,028

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 7 PLEDGES RECEIVABLE

Included in pledges receivable are the following unconditional promises to give at June 30:

	2019	2018
Total Pledges Receivable	\$ 2,533,830	\$ 2,869,290
Less: Allowance for Uncollectible Pledges	32,817	13,191
Less: Unamortized Discount	144,170	189,562
Net Pledges Receivable	2,356,843	2,666,537
Less: Pledges Receivable - Net, Current Portion	1,546,219	1,829,279
Pledges Receivable - Net, Long-Term	\$ 810,624	\$ 837,258
<u>Amounts Due in:</u>		
Less than One Year	\$ 1,579,036	
One to Five Years	604,778	
Six to Ten Years	100,176	
Thereafter	249,840	
Total	\$ 2,533,830	

Imputed discount rates of 1.76% and 2.52% were used in discounting long-term pledges receivable for 2019. Imputed discount rates of 2.73% and 2.98% were used in discounting long-term pledges for 2018.

The Foundation has been notified that it is designated as a beneficiary of numerous trusts. These gifts are revocable and are not recognized within the accompanying financial statements due to their conditional nature.

NOTE 8 NOTES RECEIVABLE

Notes receivable are primarily made up of loans to students attending medical school. The notes are to be repaid over six years beginning six months after completing residency, with an interest rate of 6%. Accounts outstanding longer than the contractual payment terms are considered past due. The Foundation writes off receivables as they become uncollectible. An allowance for doubtful accounts is established based upon a review of outstanding receivables, historical collection information, and existing economic conditions. The balance was as follows at June 30:

	2019	2018
Notes Receivable	\$ 41,041	\$ 76,830
Allowance for Doubtful Accounts	(2,055)	(3,861)
Notes Receivable - Net	38,986	72,969
Less: Notes Receivable - Net, Current Portion	4,663	12,200
Notes Receivable - Net, Long-Term	\$ 34,323	\$ 60,769

Total notes receivable past 90 days, or converted to nonaccrual status, at June 30, 2019 are not significant to the financial statements.

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 9 BENEFICIAL INTEREST IN PERPETUAL TRUSTS

The Foundation's beneficial interest in perpetual trusts held by third parties was valued at \$5,419,755 and \$5,487,410 at June 30, 2019 and 2018, respectively. No new trust agreements were received in 2019 or 2018. A loss in value of the beneficial interest in perpetual trusts of \$67,655 and \$29,552 was recorded for the years ended June 30, 2019 and 2018, respectively. Interest income received from these trusts was \$267,285 and \$274,852, respectively, for the years ended June 30, 2019 and 2018.

NOTE 10 MINERAL RIGHTS

The Foundation has interests in oil and gas wells which were donated by an estate. The Foundation's cost basis in these assets was determined through appraisal at the date of the gift. Subsequently they are evaluated annually for impairment through the use of an industry standard formula based upon the average of historical royalty income times a factor of 8 in both 2019 and 2018. The factor was obtained from an applicable regional oil and mineral association in 2014, which management believes to be knowledgeable and a reasonable source for such input. This analysis resulted in impairment write-downs to the value of this asset of \$21,966 in 2019 and \$15,973 in 2018. The carrying value of the oil and gas wells is recorded as \$79,019 and \$101,015 at June 30, 2019 and 2018, respectively.

NOTE 11 CAPITAL LEASE

On April 15, 2014, the Foundation leased a copier for 60 months, with lease payments of \$2,972 annually. Interest had been imputed on this lease at the rate of 5%. The lease matured on March 15, 2019. The balance of the lease was \$-0- and \$2,183 at June 30, 2019 and 2018, respectively. At June 30, 2019 and 2018, the carrying value of the equipment being leased was \$-0- and \$1,976, respectively. Depreciation expense was \$1,976 and \$2,636 for the years ended June 30, 2019 and 2018, respectively. Amortization of the capital lease asset is included as a component of depreciation expense.

NOTE 12 AGENCY FUNDS

The Foundation has various funds for which the donors have retained authority for the disbursement of the funds. Accordingly, these funds are not recognized as contributions by the Foundation and are instead held as agency funds in the name of the donor. These funds total \$2,000 in 2019 and \$2,033 in 2018.

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 13 NATURE AND AMOUNT OF NET ASSETS WITH DONOR RESTRICTIONS

Purpose restricted net assets are available for the following purposes:

	<u>2019</u>	<u>2018</u>
Scholarships	\$ 9,285,619	\$ 8,304,917
Programmatic and Departmental Support	8,285,912	8,514,667
Special Programs	1,127,607	903,830
Total	<u>\$ 18,699,138</u>	<u>\$ 17,723,414</u>

Perpetually restricted net assets are available for the following purposes:

	<u>2019</u>	<u>2018</u>
Scholarships	\$ 18,748,071	\$ 18,606,674
Academic Departments	8,103,790	8,110,620
Other	1,351,558	1,338,488
Total	<u>\$ 28,203,419</u>	<u>\$ 28,055,782</u>

NOTE 14 BOARD DESIGNATED FUNDS

Board designated net assets are available for the following purposes:

	<u>2019</u>	<u>2018</u>
Campaign	\$ 62,647	\$ 33,683
Allocations	1,645,032	1,465,351
Scholarships	2,161,484	1,811,197
Endowed Bequests	181,311	126,424
Total	<u>\$ 4,050,474</u>	<u>\$ 3,436,655</u>

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 15 ENDOWMENTS

The Foundation's endowments consist of 192 funds established to support a variety of scholarships, programs, and departments at the University. Its endowments consist of both donor-restricted endowment funds and funds designated by the board of directors (the board) to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The board of the Foundation has interpreted Missouri's enactment of 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. Consequently, the Foundation classifies perpetually restricted net assets as:

- The original value of gifts donated to the permanent endowment, and
- The original value of subsequent gifts to the permanent endowment.

The remaining portion of the donor-restricted endowment fund not classified as perpetually restricted is classified as purpose restricted net assets until those amounts are appropriated for expenditure by the Foundation's board.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by the endowments. The endowment assets are invested in a manner that is intended to produce results similar to the S & P 500 index while assuming a moderate level of investment risk.

Spending Policy

The Foundation has a policy of appropriating for distribution each year 5% of the endowment fund's average balance using a five-year rolling average for program purposes. The Foundation policy also appropriates a 1.5% administrative fee based on the fiscal year-end endowment balance.

In establishing this policy, the Foundation considered the long-term expected returns on its endowment investments. Accordingly, over the long-term, the Foundation expects the current spending policy will allow its endowment to retain the original corpus of the gift.

Strategies Employed for Achieving Objectives

The Foundation relies on a total return strategy in which investment returns are achieved through capital appreciation and current yield (interest and dividends). The Foundation targets a diversified asset allocation that emphasizes fixed income securities to achieve its long-term objectives within prudent risk constraints.

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 15 ENDOWMENTS (CONTINUED)

Strategies Employed for Achieving Objectives (Continued)

Endowment net asset composition by type of fund as of June 30, 2019:

	Without Donor Restriction	With Donor Restriction	Total
Donor Restricted:			
Original Donor Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	\$ -	\$ 22,388,099	\$ 22,388,099
Accumulated Investment Gains	-	9,646,789	9,646,789
Quasi-Endowment Funds	2,362,269	2,266,661	4,628,930
Total Funds	\$ 2,362,269	\$ 34,301,549	\$ 36,663,818

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

	Without Donor Restriction	With Donor Restriction	Total
Net Assets - Beginning of Year	\$ 1,991,391	\$ 32,264,013	\$ 34,255,404
Investment Return:			
Investment Income	179,202	1,480,478	1,659,680
Net Appreciation	15,704	1,916,309	1,932,013
Total	194,906	3,396,787	3,591,693
Contributions	181,084	766,255	947,339
Appropriation of Endowment Assets for Expenditure	(5,112)	(2,125,506)	(2,130,618)
Net Assets - End of Year	\$ 2,362,269	\$ 34,301,549	\$ 36,663,818

Endowment net asset composition by type of fund as of June 30, 2018:

	Without Donor Restriction	With Donor Restriction	Total
Donor Restricted:			
Original Donor Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	\$ -	\$ 21,837,170	\$ 21,837,170
Accumulated Investment Gains	-	8,212,851	8,212,851
Quasi-Endowment Funds	1,991,391	2,213,992	4,205,383
Total Funds	\$ 1,991,391	\$ 32,264,013	\$ 34,255,404

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 15 ENDOWMENTS (CONTINUED)

Strategies Employed for Achieving Objectives (Continued)

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

	Without Donor Restriction	With Donor Restriction	Total
Net Assets - Beginning of Year	\$ 1,749,647	\$ 30,682,275	\$ 32,431,922
Investment Return:			
Investment Income	104,771	658,188	762,959
Net Appreciation	-	1,785,879	1,785,879
Total	<u>104,771</u>	<u>2,444,067</u>	<u>2,548,838</u>
Contributions	136,973	821,547	958,520
Transfers to Investments	-	120,323	120,323
Appropriation of Endowment Assets for Expenditure	<u>-</u>	<u>(1,804,199)</u>	<u>(1,804,199)</u>
Net Assets - End of Year	<u>\$ 1,991,391</u>	<u>\$ 32,264,013</u>	<u>\$ 34,255,404</u>

NOTE 16 RELATED PARTIES

During the years ended June 30, 2019 and 2018, the Foundation paid the University \$416,857 and \$377,367, respectively, for use of office space, telephones, postage, printing, publications, and a portion of the salaries of staff and students employed by the University. Included in accounts payable at June 30, 2019 and 2018 was \$159,970 and \$614,617, respectively, due to the University.

NOTE 17 COMMITMENTS AND CONTINGENCIES

Commitments

As of June 30, 2019, the Foundation had committed \$1,639,893 of temporarily restricted funds for scholarships and various projects for next fiscal year. Additionally, the Foundation had committed \$430,100 for University allocations and \$499,781 for Foundation operations from unrestricted funds for the next fiscal year. These commitments are all contingent upon specific actions occurring by the University and Foundation and, accordingly, have not yet been recognized in the Foundation's financial statements.

Concentration of Credit Risk

A majority of the Foundation's pledges are made by companies and individuals located in Northwest Missouri.

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 17 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Market Conditions

Financial markets as a whole incur significant volatility. The values of individual investments fluctuate with market conditions, and the amount of investment losses or gains that the Foundation will recognize in its future financial statements, if any, cannot be determined.

NOTE 18 CONCENTRATIONS OF RISK

The Foundation maintains cash in commercial banks located in the United States. The balances on deposit are insured up to specified limits. Balances in excess of these limits totaled \$670,410 at June 30, 2019.

Approximately 79% and 81% of the Foundation's pledges receivable were from four donors for the years ended June 30, 2019 and 2018, respectively. Approximately 33% of the Foundation's contributions at June 30, 2019 were from one donor. Approximately 26% of the Foundation's contributions at June 30, 2018 were from two donors.

NOTE 19 SUBSEQUENT EVENTS

Management evaluated subsequent events through September 13, 2019, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2019, but prior to September 13, 2019, that provided additional evidence about conditions that existed at June 30, 2019, have been recognized in the 2019 financial statements.

NOTE 20 RECLASSIFICATIONS

Certain reclassifications of prior year amounts have been made to conform to the presentation adopted for 2019 related to Note 2 Changes in Accounting Principle. These reclassifications had no effect on previously reported change in net assets or total net assets.

