

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

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019



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**MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
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YEARS ENDED JUNE 30, 2020 AND 2019**

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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, 2020 and 2019, 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, 2020 and 2019, 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. 2014-09 *Revenue from Contracts with Customers (Topic 606)* and Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to that matter.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Joseph, Missouri
September 8, 2020

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

ASSETS	2020	2019
CURRENT ASSETS		
Cash	\$ 1,376,582	\$ 1,151,892
Pledges Receivable, Net - Current Portion	375,890	1,546,219
Pledges Receivable, Net - Gifts-in-Kind	42,404	45,680
Notes Receivable, Net - Current Portion	12,513	4,663
Interest, Dividends, and Other Receivables	60,025	87,739
Prepaid Expenses	7,535	35,776
Total Current Assets	1,874,949	2,871,969
INVESTMENTS		
Investments	43,650,824	43,661,914
Mineral Rights	57,859	79,019
Cash Surrender Value of Life Insurance	597,687	586,683
Total Investments	44,306,370	44,327,616
FIXED ASSETS		
Artwork	98,808	98,808
Equipment, at Cost	16,714	16,714
Total Fixed Assets	115,522	115,522
Less: Accumulated Depreciation	15,807	15,218
Net Fixed Assets	99,715	100,304
OTHER ASSETS		
Pledges Receivable, Net	555,401	810,624
Notes Receivable, Net	21,542	34,323
Beneficial Interest in Perpetual Trusts	5,179,916	5,419,755
Other Equity Interests	1,106,818	1,000,000
Total Other Assets	6,863,677	7,264,702
Total Assets	\$ 53,144,711	\$ 54,564,591

See accompanying Notes to Financial Statements.

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2020 AND 2019

	2020	2019
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 137,130	\$ 230,924
Agency Funds	2,000	2,000
Deferred Revenue	223,795	252,504
Total Current Liabilities	362,925	485,428
 NET ASSETS		
Without Donor Restrictions:		
General Operating	2,437,557	3,126,132
Board Designated	3,597,796	4,050,474
Total Without Donor Restrictions	6,035,353	7,176,606
With Donor Restrictions:		
Purpose Restrictions	18,253,727	18,699,138
Time Restrictions	417,331	-
Perpetual in Nature	28,075,375	28,203,419
Total With Donor Restrictions	46,746,433	46,902,557
Total Net Assets	52,781,786	54,079,163
Total Liabilities and Net Assets	\$ 53,144,711	\$ 54,564,591

See accompanying Notes to Financial Statements.

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ 336,361	\$ 2,110,891	\$ 2,447,252
Legacies and Bequests	-	10,131	10,131
In-Kind Contributions	-	346,404	346,404
Investment Income	96,446	2,064,149	2,160,595
Mineral Rights Royalties	3,524	-	3,524
Other Income	1,779	961,653	963,432
Change in Value of Beneficial Interest in Perpetual Trusts	-	(239,839)	(239,839)
Net Assets Released from Donor Restrictions:			
Satisfaction of Purpose Restrictions	<u>5,409,513</u>	<u>(5,409,513)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>5,847,623</u>	<u>(156,124)</u>	<u>5,691,499</u>
EXPENSES			
Program Services:			
Scholarships	1,117,245	-	1,117,245
Allocations	<u>5,212,855</u>	<u>-</u>	<u>5,212,855</u>
Total Program Services	<u>6,330,100</u>	<u>-</u>	<u>6,330,100</u>
Support Services:			
General and Administrative	427,268	-	427,268
Fundraising	<u>210,348</u>	<u>-</u>	<u>210,348</u>
Total Support Services	<u>637,616</u>	<u>-</u>	<u>637,616</u>
Total Expenses	<u>6,967,716</u>	<u>-</u>	<u>6,967,716</u>
OTHER EXPENSES			
Unrealized Losses on Mineral Rights	<u>(21,160)</u>	<u>-</u>	<u>(21,160)</u>
CHANGES IN NET ASSETS	<u>(1,141,253)</u>	<u>(156,124)</u>	<u>(1,297,377)</u>
Net Assets - Beginning of Year	<u>7,176,606</u>	<u>46,902,557</u>	<u>54,079,163</u>
NET ASSETS - END OF YEAR	<u><u>\$ 6,035,353</u></u>	<u><u>\$ 46,746,433</u></u>	<u><u>\$ 52,781,786</u></u>

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 FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services		Supporting Services		Total Expenses
	Scholarships	Allocations	Management and General	Fundraising	
Scholarships	\$ 1,117,245	\$ -	\$ -	\$ -	\$ 1,117,245
Allocations	-	5,212,855	-	-	5,212,855
Uncollectible Pledges	-	-	103,952	-	103,952
Depreciation	-	-	589	-	589
Fundraising Events	-	-	-	90,725	90,725
Reimbursed Office Expenses:					
Salaries and Benefits	-	-	216,177	116,703	332,880
Professional Development	-	-	6,123	-	6,123
Repairs and Maintenance	-	-	23,541	2,514	26,055
Office Expenses	-	-	1,439	-	1,439
Professional Fees	-	-	19,075	-	19,075
Occupancy	-	-	32,028	-	32,028
Travel	-	-	404	-	404
Insurance and Taxes	-	-	6,866	-	6,866
Duplicating and Postage	-	-	3,654	406	4,060
Utilities and Telephone	-	-	1,260	-	1,260
Dues and Subscriptions	-	-	2,543	-	2,543
Bank Service and Credit Card Fees	-	-	7,025	-	7,025
Conferences, Conventions, and Meetings	-	-	2,592	-	2,592
	<u>\$ 1,117,245</u>	<u>\$ 5,212,855</u>	<u>\$ 427,268</u>	<u>\$ 210,348</u>	<u>\$ 6,967,716</u>
Total Expenses by Function	<u>\$ 1,117,245</u>	<u>\$ 5,212,855</u>	<u>\$ 427,268</u>	<u>\$ 210,348</u>	<u>\$ 6,967,716</u>

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
	<u>\$ 1,094,598</u>	<u>\$ 3,590,520</u>	<u>\$ 1,522,720</u>	<u>\$ 205,308</u>	<u>\$ 6,413,146</u>

See accompanying Notes to Financial Statements.

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ (1,297,377)	\$ 2,028,404
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	589	2,751
Net Unrealized Gains on Investments	(1,084,107)	(357,774)
Net Unrealized Losses on Mineral Rights	21,160	21,996
Realized Gains on Investments	(142,999)	(1,820,944)
Realized Gains on Equity Interests	-	-
Change in Cash Surrender Value of Life Insurance	(11,004)	(14,660)
Change in Value of Trusts	239,839	67,655
Contributions Restricted for Long-Term Purposes	(86,134)	(159,942)
Contributions of Artwork	-	(98,809)
Effects of Changes in Operating Assets and Liabilities:		
Pledges Receivable - Net	1,428,828	928,764
Notes Receivable Allowance	(263)	(1,806)
Interest, Dividends, and Other Receivables	27,714	21,154
Prepaid Expenses	28,241	2,690
Accounts Payable	(93,794)	(386,718)
Agency Funds - Net	-	(33)
Deferred Revenue	(28,709)	(13,468)
Net Cash Provided (Used) by Operating Activities	(998,016)	219,260
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Notes Receivable	5,194	35,789
Purchases of Investments	(2,969,285)	(1,693,861)
Purchases of Equity Interests	(106,818)	-
Proceeds from Sale of Investments	4,207,481	1,875,593
Net Cash Provided by Investing Activities	1,136,572	217,521
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Contributions Restricted for Investment in Endowment	86,134	159,942
Repayments on Leases Payable	-	(2,183)
Net Cash Provided by Financing Activities	86,134	157,759
NET INCREASE IN CASH	224,690	594,540
Cash - Beginning of Year	1,151,892	557,352
CASH - END OF YEAR	\$ 1,376,582	\$ 1,151,892
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid During the Year	\$ -	\$ 46
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, 2020 AND 2019

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.

Revenue Recognition

Revenue is recognized when earned. The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend have been met. Exchange transaction revenue from program services are recognized proportionately to when the service is provided or the rights of ownership transfers, thus, monies received before the program begins are classified as deferred revenues.

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Unconditional promises to give are recorded as revenues or gains in the period received and as assets or a decrease of liabilities, depending on the form of the benefits received. Conditional contributions received are accounted for as a liability or are unrecognized initially, that is, until the barriers to entitlement are overcome, and a right of return or release are no longer present, at which point the transaction is recognized as unconditional and classified as either net assets with restrictions or net assets without restrictions.

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.

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.

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements Effective in Future Accounting Periods

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, 2023. Management will be evaluating the effects of this new standard.

NOTE 2 ADOPTION OF NEW ACCOUNTING STANDARDS

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Foundation's financial statements reflect the application of ASC 606 guidance beginning on July 1, 2019. No cumulative-effect adjustment in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the Foundation's reported historical revenue.

In 2019, the Foundation adopted Financial Accounting Standards Board's Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This update clarified and improved guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. There is no material impact on the financial statements, as such, there have been no related reclassifications on previously presented change in net assets or total net assets

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.

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)

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 2020.

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>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 1,376,582	\$ 1,151,892
Investments	43,650,824	43,661,914
Pledges Receivable, Net	375,890	1,546,219
Notes Receivable, Net	12,513	4,663
Interest, Dividends, and Other Receivables	<u>60,025</u>	<u>87,739</u>
Total Financial Assets	45,475,834	46,452,427
Contractual or Donor Imposed Restrictions:		
Cash Restricted to Specific Uses	(2,353,002)	(1,210,594)
Restricted Investments	(38,044,911)	(39,204,491)
Pledges Restricted to Specific Uses	(341,952)	(1,498,289)
Notes Restricted to Specific Uses	(12,513)	(4,663)
Interest Receivable Restricted to Specific Uses	<u>(47,837)</u>	<u>(72,824)</u>
Total Restrictions Imposed	(40,800,215)	(41,990,861)
Board Designations:		
Operating Reserves and Endowments	<u>(3,597,796)</u>	<u>(4,050,474)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u>\$ 1,077,823</u>	<u>\$ 411,092</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, 2020 AND 2019

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, 2020 AND 2019

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, 2020			
	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	\$ 4,162,529	\$ 4,162,529	\$ -	\$ -
Energy Minerals	124,988	124,988	-	-
Technology Services	1,060,690	1,060,690	-	-
Finance	1,126,076	1,126,076	-	-
Electronic Technology	2,088,662	2,088,662	-	-
Consumer	1,817,216	1,817,216	-	-
Health Technology	701,530	701,530	-	-
Health Care	603,366	603,366	-	-
Domestic Equity	1,227,251	1,227,251	-	-
Utilities	141,066	141,066	-	-
Telecommunications	840,272	840,272	-	-
Industrials	191,203	191,203	-	-
Materials	200,379	200,379	-	-
All Other Common Stock	796,870	796,870	-	-
Equity Mutual Funds	8,327,777	8,327,777	-	-
U.S. Government Bonds and				
Fixed Income Mutual Funds:				
U.S. Government Issues	88,726	-	88,726	-
Corporate Issues	5,372,588	1,714,899	3,657,689	-
Foreign Issues	137,587	-	137,587	-
Taxable Municipal Issues	941,380	-	941,380	-
Fixed Income Mutual Funds	12,669,157	12,669,157	-	-
Total Investments	42,619,313	37,793,931	4,825,382	-
Beneficial Interest in				
Perpetual Trust	5,179,916	-	-	5,179,916
Total Assets	<u>\$ 47,799,229</u>	<u>\$ 37,793,931</u>	<u>\$ 4,825,382</u>	<u>\$ 5,179,916</u>

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Assets and Liabilities Measured on a Recurring Basis (Continued)

	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, 2020 AND 2019

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, 2020 and 2019.

	Beneficial Interest in Perpetual Trusts
Balance - June 30, 2018	\$ 5,487,410
Change in Fair Market Value	<u>(67,655)</u>
Balance - June 30, 2019	5,419,755
Change in Fair Market Value	<u>(239,839)</u>
Balance - June 30, 2020	<u>\$ 5,179,916</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, 2020 and 2019.

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, 2020 and 2019.

During 2014, the Foundation purchased a 0.07% 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 is recorded as \$56,818 and \$50,000 at June 30, 2020 and 2019, respectively.

During 2020, the Foundation purchased a 0.66% 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 \$100,000 and \$-0- at June 30, 2020 and 2019, respectively.

These equity investments are reviewed for impairment on an annual basis. Management does not believe there is any impairment at June 30, 2020 or 2019.

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 6 INVESTMENTS

The following is a summary of investment securities:

	June 30, 2020			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Money Market Funds and CDs	\$ 1,031,511	\$ -	\$ -	\$ 1,031,511
Common Stock and Equity Mutual Funds	18,312,918	5,096,957	-	23,409,875
U.S. Government Bonds and Fixed Income Mutual Funds	17,947,308	1,262,130	-	19,209,438
Total	\$ 37,291,737	\$ 6,359,087	\$ -	\$ 43,650,824
	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

Investment returns for the years ended June 30, 2020 and 2019 consist of the following:

	2020	2019
Investment Income	\$ 1,070,734	\$ 1,878,205
Net Realized Gains	142,999	1,820,944
Net Unrealized Gains	1,084,107	357,774
Investment Expenses	(137,245)	(130,977)
Net Investment Returns	\$ 2,160,595	\$ 3,925,946

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 7 PLEDGES RECEIVABLE

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

	2020	2019
Total Pledges Receivable	\$ 1,017,647	\$ 2,533,830
Less: Allowance for Uncollectible Pledges	25,767	32,817
Less: Unamortized Discount	60,589	144,170
Net Pledges Receivable	931,291	2,356,843
Less: Pledges Receivable - Net, Current Portion	375,890	1,546,219
Pledges Receivable - Net, Long-Term	\$ 555,401	\$ 810,624
<u>Amounts Due in:</u>		
	<u>Amount</u>	
Less than One Year	\$ 401,657	
One to Five Years	304,512	
Six to Ten Years	120,144	
Thereafter	191,334	
Total	\$ 1,017,647	

Imputed discount rates of 0.29% and 1.41% were used in discounting long-term pledges receivable for 2020. Imputed discount rates of 1.76% and 2.52% were used in discounting long-term pledges for 2019.

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:

	2020	2019
Notes Receivable	\$ 35,847	\$ 41,041
Allowance for Doubtful Accounts	(1,792)	(2,055)
Notes Receivable - Net	34,055	38,986
Less: Notes Receivable - Net, Current Portion	12,513	4,663
Notes Receivable - Net, Long-Term	\$ 21,542	\$ 34,323

Total notes receivable past 90 days, or converted to nonaccrual status, at June 30, 2020 are not significant to the financial statements.

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 9 BENEFICIAL INTEREST IN PERPETUAL TRUSTS

The Foundation's beneficial interest in perpetual trusts held by third parties was valued at \$5,179,916 and \$5,419,755 at June 30, 2020 and 2019, respectively. No new trust agreements were received in 2020 or 2019. A loss in value of the beneficial interest in perpetual trusts of \$239,839 and \$67,655 was recorded for the years ended June 30, 2020 and 2019, respectively. Interest income received from these trusts was \$259,988 and \$267,285, respectively, for the years ended June 30, 2020 and 2019.

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 2020 and 2019. 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 \$21,160 in 2020 and \$21,966 in 2019. The carrying value of the oil and gas wells is recorded as \$57,859 and \$79,019 at June 30, 2020 and 2019, respectively.

NOTE 11 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 at June 30, 2020 and 2019.

NOTE 12 NATURE AND AMOUNT OF NET ASSETS WITH DONOR RESTRICTIONS

Purpose restricted net assets are available for the following purposes:

	<u>2020</u>	<u>2019</u>
Scholarships	\$ 7,837,126	\$ 9,285,619
Programmatic and Departmental Support	9,050,702	8,285,912
Special Programs	1,365,899	1,127,607
Total	<u>\$ 18,253,727</u>	<u>\$ 18,699,138</u>

Perpetually restricted net assets are available for the following purposes:

	<u>2020</u>	<u>2019</u>
Scholarships	\$ 18,629,593	\$ 18,748,071
Academic Departments	8,093,561	8,103,790
Other	1,352,221	1,351,558
Total	<u>\$ 28,075,375</u>	<u>\$ 28,203,419</u>

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 13 BOARD DESIGNATED FUNDS

Board designated net assets are available for the following purposes:

	2020	2019
Campaign	\$ -	\$ 62,647
Allocations	1,441,933	1,645,032
Scholarships	1,309,063	2,161,484
Endowed Bequests	846,800	181,311
Total	\$ 3,597,796	\$ 4,050,474

NOTE 14 ENDOWMENTS

The Foundation's endowments consist of 191 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.

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 14 ENDOWMENTS (CONTINUED)

Spending Policy

The Foundation has a policy of appropriating for distribution each year 4% 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.

Endowment net asset composition by type of fund as of June 30, 2020:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Donor Restricted:			
Original Donor Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	\$ -	\$ 22,529,296	\$ 22,529,296
Accumulated Investment Gains	-	9,312,063	9,312,063
Quasi-Endowment Funds	<u>2,312,551</u>	<u>863,679</u>	<u>3,176,230</u>
Total Funds	<u>\$ 2,312,551</u>	<u>\$ 32,705,038</u>	<u>\$ 35,017,589</u>

Changes in endowment net assets for the fiscal year ended June 30, 2020:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Net Assets - Beginning of Year	\$ 2,362,269	\$ 34,301,549	\$ 36,663,818
Investment Return:			
Investment Income	(146,934)	1,339,533	1,192,599
Net Appreciation	<u>93,175</u>	<u>768,755</u>	<u>861,930</u>
Total	(53,759)	2,108,288	2,054,529
Contributions	1,824,370	138,457	1,962,827
Appropriation of Endowment Assets for Expenditure	<u>(1,820,329)</u>	<u>(3,843,256)</u>	<u>(5,663,585)</u>
Net Assets - End of Year	<u>\$ 2,312,551</u>	<u>\$ 32,705,038</u>	<u>\$ 35,017,589</u>

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 14 ENDOWMENTS (CONTINUED)

Strategies Employed for Achieving Objectives (Continued)

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

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
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	<u>2,362,269</u>	<u>2,266,661</u>	<u>4,628,930</u>
Total Funds	<u>\$ 2,362,269</u>	<u>\$ 34,301,549</u>	<u>\$ 36,663,818</u>

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

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
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	<u>15,704</u>	<u>1,916,309</u>	<u>1,932,013</u>
Total	194,906	3,396,787	3,591,693
Contributions	181,084	766,255	947,339
Appropriation of Endowment Assets for Expenditure	<u>(5,112)</u>	<u>(2,125,506)</u>	<u>(2,130,618)</u>
Net Assets - End of Year	<u>\$ 2,362,269</u>	<u>\$ 34,301,549</u>	<u>\$ 36,663,818</u>

NOTE 15 RELATED PARTIES

During the years ended June 30, 2020 and 2019, the Foundation paid the University \$370,930 and \$416,857, 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, 2020 and 2019 was \$117,784 and \$159,970, respectively, due to the University.

MISSOURI WESTERN STATE UNIVERSITY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 16 COMMITMENTS AND CONTINGENCIES

Commitments

As of June 30, 2020, the Foundation had committed \$1,662,585 of funds held with restriction for scholarships and various projects for next fiscal year. Additionally, the Foundation had committed \$203,000 for University allocations and \$786,538 for Foundation operations from funds held without restriction 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.

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.

During fiscal year 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Foundation, COVID-19 may impact various parts of its fiscal year 2021 operations and financial results, including a negative impact on earnings. Management believes the Foundation is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing subsequent to year-end.

NOTE 17 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 \$844,065 at June 30, 2020.

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

Approximately 71% of the Foundation's pledges receivable at June 30, 2020 were from three donors. Approximately 79% of the Foundation's pledges receivable at June 30, 2019 were from four donors. Approximately 42% of the Foundation's contributions at June 30, 2020 were from one donor. Approximately 33% of the Foundation's contributions at June 30, 2019 were from one donor.

NOTE 18 SUBSEQUENT EVENTS

Management evaluated subsequent events through September 8, 2020, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2020, but prior to September 8, 2020, that provided additional evidence about conditions that existed at June 30, 2020, have been recognized in the 2020 financial statements.

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