

MIDDLE GEORGIA STATE UNIVERSITY
FOUNDATION, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

For the Year Ended December 31, 2017

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Middle Georgia State University Foundation, Inc. and its subsidiaries as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



May 30, 2018

MIDDLE GEORGIA STATE UNIVERSITY FOUNDATION, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2017

ASSETS
CURRENT ASSETS

The accompanying notes are an integral part of these financial statements.

MIDDLE GEORGIA STATE UNIVERSITY FOUNDATION, INC.
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2017

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 29,431
Scholarships payable	166,381
Promises to give payable, current portion	5,000
Agency funds	<u>270,448</u>

Total Current Liabilities 471,260

LONG-TERM LIABILITIES

Promises to give payable, net of current portion	<u>15,000</u>
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TOTAL LIABILITIES 486,260

NET ASSETS

Unrestricted	
Undesignated	81,349
Designated	<u>183,056</u>

Total Unrestricted 264,405

Temporarily restricted 3,426,081

Permanently restricted 9,497,912

TOTAL NET ASSETS 13,188,398

TOTAL LIABILITIES AND NET ASSETS \$ 13,674,658

The accompanying notes are an integral part of these financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2017

CASH FLOWS FROM (TO) OPERATING ACTIVITIES

Change in net assets	\$ 1,553,958
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The accompanying notes are an integral part of these financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Foundation considers highly liquid

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NOTE 4. PROMISES TO GIVE

As of December 31, 2017, the Foundation has unconditional promises to give as follows:

Receivable in less than one year	\$ 324,840
Receivable in one to five years	<u>323,503</u>
Total unconditional promises to give	648,343
Less: Discounts to net present value	<u>(30,107)</u>
Net unconditional promises to give	\$ 618,236

Significant individual promises to give receivable in more than one year are discounted using the risk-free rate of return comparable to current U.S. Treasury notes as of the year pledged. The discount rates used range between 1% to 2%.

The Foundation has also committed to an unconditional promise to give \$20,000 to an unrelated non-profit organization in equal installments of \$5,000 over the next four years. The amount is included as promises to give payable on the statement of financial position.

The Foundation was the recipient of a conditional promise to give during 2016 in the amount of \$48,111. This conditional promise to give is not reflected in the financial statements because the condition that gives the Foundation the right to collect the promise has not been satisfied as of December 31, 2017. This conditional promise is for the purpose of funding and existing scholarship endowment.

NOTE 5. INVESTMENTS

Investments consisted of the following as of December 31, 2017:

	Quoted Market Value	Unrealized Appreciation (Depreciation)	Cost
	<u> </u>	<u> </u>	<u> </u>
Merrill Lynch			
Cash	\$ 1,006,742	\$ -	\$ 1,006,742
Equities	1,382,247	23,513	1,358,734
Mutual funds	9,731,047	890,087	8,840,960
Other	<u>34,873</u>	<u>-</u>	<u>34,873</u>
	<u>\$ 12,154,909</u>	<u>\$ 913,600</u>	<u>\$ 11,206,436</u>

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NOTE 8. ENDOWMENTS

The Foundation's endowment consists of individual funds established for a variety of purposes and includes donor-restricted endowment funds. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Foundation maintains master investment accounts for its donor-restricted endowments. Interest, dividends, realized and unrealized gains and losses, and investment fees from the investment accounts are allocated monthly to the individual endowments based on the relationship of the market value of each endowment to the total market value of the master investment accounts, as adjusted for additions to or deductions from those accounts.

Interpretation of Relevant Law

The Board of Trustees of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation,ffmMCID v-13(I)13(TY)3()-9(F)-5(re)7()-9i2sed requiring

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8. ENDOWMENTS (Continued)

	Unrestricted	Temporarily Restricted	Permanently Restricted
Peyton Anderson Endowed Chairs	\$ -	\$ 472,839	\$ 2,000,000
Georgia Eminent Scholar Endowed Chair	-	152,669	1,010,786
MSC General Endowment	-	640,533	1,508,355
Dorothy D. Brown Humanities Faculty Development	-	3,772	4,410
Barnes Book Fund	-	3,612	5,100
Invest in Success - Faculty Research and Scholarly Activity	-	15,121	14,850
Library Humanities	-	47,374	160,170
Invest in Success - Nursing Faculty	-	273,879	635,275
Carol Porter Endowed	-	4,543	11,369
Scholarship Funds:			
Junior Woman's Volunteer Network of Macon	-	1,437	5,450
Bobby B. Singley Memorial	-	3,903	20,125
Gail Burdsall Cowan Memorial	-	3,421	10,851
Hattie Elizabeth Wilder Endowed	-	555	3,000
Jo Hammond Memorial	-	1,177	6,712
Louise Y. Lockhart	-	4,212	12,825
John B. Harris, Jr. Memorial	-	1,907	12,500
Charles H. Jones Family Foundation Presidential	-	40,060	57,500
Evelyn T. Bickford Memorial	-	4,594	22,252
Stephen Portch Study Abroad Endowed	-	8,762	27,025
Joan B. Huffman Women's Caucus	-	4,393	21,200
Jay Ragland Memorial	-	9,682	33,400
Peyton Anderson Foundation Endowed Presidential	-	215,555	522,500
Bill Elieson Scholarship for Excellence in Information Technology	-	6,533	23,178
Macon Business and Professional Women's Club	-	2,367	10,000
Gwen Sell Sorrell Study Abroad	-	10,763	38,798
Joe E. Timberlake, III Endowed	-	4,713	20,000
Community Foundation of Central Georgia Endowed Scholarship in Business	-	5,288	40,000
Billy Lee Kimbrel Memorial Endowed	-	4,129	20,000
Addie Taylor Foskey Endowed	-	3,103	20,000
Byrd Family Endowed	-	8,607	25,554
David R. Adams Memorial Scholarship	-	17,185	45,245
David A. Bell, PhD. Endowed	-		

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8. ENDOWMENTS (Continued)

	Unrestricted	Temporarily Restricted	Permanently Restricted
Betty and Charles Heard	\$ -	\$ 21,135	\$ 31,776
Community Foundation of Central Georgia	-	9,577	20,000
Kaiser Permanente Nursing	-	26,785	85,000
Dr. Barbara Thomas Frizzell	-		

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NOTE 8. ENDOWMENTS (Continued)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$7,766 as of December 31, 2017. These deficiencies resulted from continued appropriation for certain programs that was deemed prudent by the Board of Trustees.

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 programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner to minimize the risk of large losses, preserve principal and increase the inflation adjusted value of the investments over time. This objective is obtained by pursuing a

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NOTE 9. CONCENTRATION OF CREDIT RISK

The Foundation maintains cash and cash equivalent balances in several large financial institutions and in a brokerage account. The balances in each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash and cash equivalents held in brokerage accounts and in trust accounts may be insured by the FDIC, depending on where

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NOTE 12. FAIR VALUE MEASUREMENTS (Continued)

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

Fair value for equities and mutual funds are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair value for cash surrender value of life insurance policies is determined by the underwriter for the insurance policy, which is usually a percentage of premiums paid less any unpaid loans against the cash value portion. Fair value for alternative investments is determined by the value of underlying assets less obligations and fund fees divided by the number of issued and outstanding shares or units in the fund as reported by the fund manager

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NOTE 14. AGENCY FUNDS