

MIDDLE GEORGIA STATE UNIVERSITY
FOUNDATION, INC.

FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS.....1

FINANCIAL STATEMENTS

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether

MIDDLE GEORGIA STATE UNIVERSITY FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2022

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

MIDDLE GEORGIA STATE UNIVERSITY FOUNDATION, INC.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Contributions	\$ 133,311	\$ 2,481,195	\$ 2,614,506
Contributed services and materials	442,643	11,602	454,245
Special event income, net	51,593	26,877	78,470
Interest and dividend income, net of fees	4,941	266,087	271,028
Net realized and unrealized gain (loss) on investments	-	(2,817,993)	(2,817,993)
Other income	16,325	4,566	20,891
	<u>648,813</u>	<u>(27,666)</u>	<u>621,147</u>
Net assets released from restrictions			
Transfers	(3,169)	3,169	-
Restrictions satisfied by payments	1,098,221	(1,098,221)	-
	<u>1,095,052</u>	<u>(1,095,052)</u>	<u>-</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>1,743,865</u>	<u>(1,122,718)</u>	<u>621,147</u>
EXPENSES			
Program services			
College support and enhancement	591,218	-	591,218
Scholarships and student support	537,981	-	537,981
	<u>1,129,199</u>	<u>-</u>	<u>1,129,199</u>
Supporting services			
Foundation administration	341,899	-	341,899
Fundraising	270,872	-	270,872
	<u>612,771</u>	<u>-</u>	<u>612,771</u>
TOTAL EXPENSES	<u>1,741,970</u>	<u>-</u>	<u>1,741,970</u>
CHANGE IN NET ASSETS	1,895	(1,122,718)	(1,120,823)
NET ASSETS - BEGINNING	<u>1,050,560</u>	<u>17,611,273</u>	<u>18,661,833</u>
NET ASSETS - ENDING	<u>\$ 1,052,455</u>	<u>\$ 16,488,555</u>	<u>\$ 17,541,010</u>

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

MIDDLE GEORGIA STATE UNIVERSITY FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2022

	University Support	Scholarships & Student Support	Total Programs	Management & General	Fundraising	Total Support	Total Expenses
Bank and credit card fees	\$ -	\$ -	\$ -	\$ 5,045			

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

MIDDLE GEORGIA STATE UNIVERSITY FOUNDATION, INC.

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2022

CASH FLOWS FROM (TO) OPERATING ACTIVITIES	
Change in net assets	\$ (1,120,823)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities	
Net unrealized (gain) loss on investments reported at fair value	3,025,460
Net realized (gain) loss on sale of investments	(207,467)
Assets donated to Foundation	(46,751)
Reinvestment of interest and dividends	(345,479)
(Increase) decrease in surrender value of life insurance	(1,651)
Uncollectible promises to give	3,244
(Increase) decrease in	
Promises to give, net	237,036
Prepaid expenses	(15,128)
Increase (decrease) in	
Accounts payable	90,196
Scholarships payable	16,100
Contributions restricted for long-term purposes	(1,290,789)
Amortization of discount on promises to give	<u>(14,069)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>329,879</u>
CASH FLOWS FROM (TO) INVESTING ACTIVITIES	
Purchases of investments	(3,285,394)
Proceeds from sale of investments	<u>3,367,478</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>82,084</u>
CASH FLOWS FROM (TO) FINANCING ACTIVITIES	
Collection of contributions restricted for long-term purposes	<u>839,174</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>839,174</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	1,251,137
BEGINNING CASH AND CASH EQUIVALENTS	<u>842,983</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 2,094,120</u>

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

MIDDLE GEORGIA STATE UNIVERSITY FOUNDATION, INC.

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 financial position, the Foundation considers highly

MIDDLE GEORGIA STATE UNIVERSITY FOUNDATION, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

The Foundation recognizes contributed services that create or enhance nonfinancial assets, require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the year ended December 31, 2022, there was \$454,245 in contributed services, materials, advertising, professional services, and various items and

MIDDLE GEORGIA STATE UNIVERSITY FOUNDATION, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Contributions With and Without Donor Restrictions

Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restriction.

Subsequent Events

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MIDDLE GEORGIA STATE UNIVERSITY FOUNDATION, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. AVAILABILITY AND LIQUIDITY OF FINANCIAL ASSETS (Continued)

The Foundation is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available

MIDDLE GEORGIA STATE UNIVERSITY FOUNDATION, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6. INVESTMENTS (Continued)

The Foundation's investments are reported at fair value. Cash in the brokerage account is included in investments because it is for long-term purposes and part of the endowment. The Foundation invests in a diversified portfolio of stocks, corporate bonds and mutual funds with readily determinable market values. The Foundation's portfolio is structured to respond to market risk in order to allow for continual asset growth and income generation to meet obligations when they become due. The Foundation's policy is to have a portfolio makeup of 5-10% cash, 30-80% equities, and 20-70% fixed income investments.

NOTE 7. PROPERTY HELD FOR SALE

The Foundation's property held-for-sale consists of a single aircraft that was donated to the Foundation's in a previous year. The aircraft was donated with stipulations that it could not be sold within a three year period from the date of the gift. Therefore, net assets with donor restrictions are released when the asset is sold.

NOTE 8. AGENCY FUNDS

The Foundation has agreed to be the fiscal agent for funds received on behalf of Macon Business Improvement District, LLC (Macon BID). Macon BID has been designated as a business improvement district established by an ordinance of the Macon-Bibb County Commission to provide a wide range of services. Pursuant to the ordinance, Macon BID is required to designate a non-profit organization recognized by Section 501(c)(3) of the Internal Revenue Code to act as fiscal agent to administer grant funds. The Foundation's Board of Trustees agreed to be the fiscal agent for the duration of Macon BID's existence. The Foundation's financial statements include these cash funds and an offsetting current liability on its statement of financial position in the amount of \$204,777. The Foundation has no discretion over the use of these funds and must disburse them at the direction of management of Macon BID.

NOTE 9. ENDOWMENTS

The Foundation's endowment consists of individual funds established primarily to fund scholarships for students enrolled at the University. As required by generally accepted accounting principles (GAAP), net assets associated endowmTE

MIDDLE GEORGIA STATE UNIVERSITY FOUNDATION, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9. ENDOWMENTS (Continued)

interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in itx

MIDDLE GEORGIA STATE UNIVERSITY FOUNDATION, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9. ENDOWMENTS (Continued)

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 total return investment strategy that encompasses a level of risk consistent with the Foundation's long-term return expectations. The Foundation expects its endowment funds' annualized rate of return over a rolling five year period to provide at least 5% over the

MIDDLE GEORGIA STATE UNIVERSITY FOUNDATION, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes.

Subject to appropriation and expenditure for specified purpose:	
Academic programs	\$ 1,997,380
Athletics	241,647
Scholarships	<u>216,170</u>
	<u>2,455,197</u>
Endowments:	
Subject to appropriation and expenditure for specified purpose:	
Academic programs	1,593,041
Scholarships	<u>1,019,826</u>
	<u>2,612,867</u>
Perpetual in nature, earnings from which are subject to Foundation's spending policy and appropriation:	
Academic programs	7,027,995
Scholarships	4,322,941
Subject to appropriation and expenditure when specified event occurs	
Cash value of life insurance policy, proceeds upon death endowed for scholarships	<u>69,555</u>
	<u>11,420,491</u>
Total endowments	<u>14,033,358</u>
Total net assets with donor restrictions	<u><u>\$ 16,488,555</u></u>

NOTE 12. CONCENTRATION OF CREDIT RISK

The Foundation maintains cash and cash equivalent balances with large financial institutions. The balances in each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. In addition, cash deposits in excess of \$250,000 are insured under the Georgia Secure Deposit Program (SDP). This program provides additional unlimited insurance protection to depositors of public funds within the State of Georgia who maintain cash deposits with participating financial institutions. All of the Foundation's financial institutions are participants under the Georgia SDP, with the exception of one. The one bank that is not a participant did not hold deposits in excess of the FDIC limit. Therefore all cash deposits are insured. Insurance provided under FDIC totaled \$631,089 and insurance provided by the Georgia SDP totaled \$2,848,830 as of December 31, 2022.

NOTE 13. CONCENTRATION OF CONTRIBUTIONS

Approximately nineteen donors made contributions that accounted for 70% of overall contributions for the year ended December 31, 2022 and ten donors accounted for 91% of total promises to give as of December 31, 2022. Most contributions come from sources in the central Georgia area.

MIDDLE GEORGIA STATE UNIVERSITY FOUNDATION, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14. COMMITMENTS AND CONTINGENCIES

Middle Georgia State University holds an annual math tournament

MIDDLE GEORGIA STATE UNIVERSITY FOUNDATION, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15. FAIR VALUE MEASUREMENTS (Continued)

Fair value of assets and liabilities measured on a recurring basis at December 31, 2022 is as follows:

	Fair Value	Level 1	Level 2	Level 3
Cash surrender value of life insurance	\$ 82,297	\$ -	\$ 82,297	\$ -
Investments - endowment assets				
Cash and cash equivalents	1,203,520	1,203,520	-	-
Corporate stocks	1,368,452	1,368,452	-	-
Corporate bonds	1,123,271	1,123,271	-	-
Mutual funds	10,576,868	10,576,868	-	-
Total investments	14,272,111	14,272,111	-	-
	\$ 14,354,408	\$ 14,272,111	\$ 82,297	\$ -

NOTE 16. RELATED-PARTY TRANSACTIONS

Members of the Foundation's Board of Trustees are active in supporting the Foundation through personal donations. Donations received from trustees during the year approximated \$137,266. In addition, some members of the Board of Trustees are also employees of the University that are reimbursed for various expenses. Total reimbursements among these individuals totaled approximately \$17,000.

Since the primary purpose of the Foundation is to support Middle Georgia State University, the amounts listed as college support in the statements of activities consist of expenses paid to or on behalf of the University and therefore are considered related-party transactions. Amounts owed to the University as of December 31, 2022 for various supporting expenses and scholarships totaled approximately \$368,000.

The Foundation utilizes staff of the University to carry out day-to-day functions. Staff compensation not reimbursed to the University is recorded as a noncash donations by the Foundation. Total compensation of the University staff used by the Foundation for the year ended December 31, 2022 was \$536,916.

The Foundation utilizes office space provided by the University. No amounts have been reflected in the financial statements for use of these facilities because such space is minimal in relation to the overall property owned and operated by the University.

NOTE 17. RISK AND UNCERTAINTIES

The Foundation is exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with donors, it is at least reasonably possible that changes in the value of assets and liabilities will occur in the near term and that such changes could materially affect account balances and amounts reported in the statements of financial position.