

**UWG ATHLETIC FOUNDATION, INC.**

**FINANCIAL REPORT**

**JUNE 30, 2020**

# UWG ATHLETIC FOUNDATION, INC.

## FINANCIAL REPORT JUNE 30, 2020

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### TABLE OF CONTENTS

|   | <u>Page</u> |
|---|-------------|
| INDEPENDENT AUDITOR'S REPORT.....       | 1           |
| <b>FINANCIAL STATEMENTS</b>             |             |
| Statements of financial position .....  | 2           |
| Statements of activities.....           | 3 and 4     |
| Statements of functional expenses ..... | 5 and 6     |
| Statements of cash flows.....           | 7           |
| Notes to financial statements.....      | 8-16        |



## INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors  
UWG Athletic Foundation, Inc.  
Carrollton, Georgia

We have audited the accompanying financial statements of **UWG Athletic Foundation, Inc.** (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, 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.

### **Auditor's 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of UWG Athletic 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.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
September 4, 2020

# UWG ATHLETIC FOUNDATION, INC.

## STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020 AND 2019

|  | <u>2020</u>       | <u>2019</u>         |
|--|-------------------|---------------------|
| <b>ASSETS</b>  |                   |                     |
| Current assets:  |                   |                     |
| Cash   | \$ 69,507         | \$ 193,630          |
| Restricted cash  | 179,910           | 270,968             |
| Unconditional promises to give (net of allowance of \$101,577 for 2020 and \$50,968 for 2019, respectively)  | 30,667            | 79,476              |
| Prepaid expenses   | 4,473             | -                   |
| Investments  | 678,688           | 783,883             |
| Other current assets   | -                 | 94                  |
| Total current assets   | <u>963,245</u>    | <u>1,328,051</u>    |
| Unconditional promises to give, non-current (net of allowance of \$6,688 and discount of \$487 for 2020 and \$57,898 and \$2,828 for 2019, respectively) | <u>36,651</u>     | <u>79,394</u>       |
| Total assets   | <u>\$ 999,896</u> | <u>\$ 1,407,445</u> |
| <b>LIABILITIES AND NET ASSETS</b>  |                   |                     |
| Current liabilities:   |                   |                     |
| Accounts payable   | \$ 9,322          | \$ 4,700            |
| Deferred revenue   | 1,986             | 85,492              |
| Related party payable  | 345               | -                   |
| Total current liabilities  | <u>11,653</u>     | <u>90,192</u>       |
| Net assets:  |                   |                     |
| Without donor restrictions   | 73,223            | 139,744             |
| With donor restrictions  | 915,020           | 1,177,509           |
| Total net assets   | <u>988,243</u>    | <u>1,317,253</u>    |
| Total liabilities and net assets   | <u>\$ 999,896</u> | <u>\$ 1,407,445</u> |

See Notes to Financial Statements.

# UWG ATHLETIC FOUNDATION, INC.

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2020

|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total      |
|---|-------------------------------|----------------------------|------------|
| <b>SUPPORT AND REVENUES</b>   |                               |                            |            |
| Contributions   | \$ 60,410                     | \$ 112,483                 | \$ 172,893 |
| Contributed services and materials  | 333,857                       | 146                        | 334,003    |
| Contributed salaries and benefits by<br>the University of West Georgia          | 466,592                       | -                          | 466,592    |
| Athletic program revenue  | 121,268                       | -                          | 121,268    |
| Ticket sales  | 29,274                        | -                          | 29,274     |
| Parking revenue   | 2,395                         | -                          | 2,395      |
| Special event income  | 4,700                         | 2,000                      | 6,700      |
| Fundraising event income  | 55,505                        | 1,599                      | 57,104     |
| Camp income   | 25,508                        | -                          | 25,508     |
| Investment (loss), net of fees  | -                             | (5,195)                    | (5,195)    |
| Other income  | 19,440                        | -                          | 19,440     |
| Net assets released from restrictions - satisfaction of<br>program restrictions | 373,522                       | (373,522)                  | -          |
| Total support and revenues  | 1,492,471                     | (262,489)                  | 1,229,982  |
| <b>EXPENSES</b>   |                               |                            |            |
| Program services:   |                               |                            |            |
| University of West Georgia Athletic<br>Department support                       | 993,026                       | -                          | 993,026    |
| Scholarships  | 72,000                        | -                          | 72,000     |
| Total program services  | 1,065,026                     | -                          | 1,065,026  |
| Supporting services:  |                               |                            |            |
| Administration and general  | 333,428                       | -                          | 333,428    |
| Fundraising   | 160,538                       | -                          | 160,538    |
| Total supporting services   | 493,966                       | -                          | 493,966    |
| Total expenses  | 1,558,992                     | -                          | 1,558,992  |
| Change in net assets  | (66,521)                      | (262,489)                  | (329,010)  |
| Net assets:   |                               |                            |            |
| Beginning of year   | 139,744                       | 1,177,509                  | 1,317,253  |
| End of year   | \$ 73,223                     | \$ 915,020                 | \$ 988,243 |

**See Notes to Financial Statements.**

# UWG ATHLETIC FOUNDATION, INC.

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

|   | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>        |
|---|---------------------------------------|------------------------------------|---------------------|
| <b>SUPPORT AND REVENUES</b>   |                                       |                                    |                     |
| Contributions   | \$ 204,835                            | \$ 86,816                          | \$ 291,651          |
| Contributed services and materials  | 278,699                               | -                                  | 278,699             |
| Contributed salaries and benefits by<br>the University of West Georgia          | 335,507                               | -                                  | 335,507             |
| Athletic program revenue  | 175,904                               | -                                  | 175,904             |
| Ticket sales  | 55,361                                | -                                  | 55,361              |
| Parking revenue   | 4,176                                 | -                                  | 4,176               |
| Special event income  | 12,450                                | -                                  | 12,450              |
| Fundraising event income  | 43,329                                | -                                  | 43,329              |
| Camp income   | 21,616                                | -                                  | 21,616              |
| Investment income, net of fees  | -                                     | 33,034                             | 33,034              |
| Other income  | 29,200                                | -                                  | 29,200              |
| Net assets released from restrictions - satisfaction of<br>program restrictions | 214,135                               | (214,135)                          | -                   |
| Total support and revenues  | <u>1,375,212</u>                      | <u>(94,285)</u>                    | <u>1,280,927</u>    |
| <b>EXPENSES</b>   |                                       |                                    |                     |
| Program services:   |                                       |                                    |                     |
| University of West Georgia Athletic<br>Department support                       | 861,604                               | -                                  | 861,604             |
| Scholarships  | 153,500                               | -                                  | 153,500             |
| Total program services  | <u>1,015,104</u>                      | <u>-</u>                           | <u>1,015,104</u>    |
| Supporting services:  |                                       |                                    |                     |
| Administration and general  | 231,761                               | -                                  | 231,761             |
| Fundraising   | 125,113                               | -                                  | 125,113             |
| Total supporting services   | <u>356,874</u>                        | <u>-</u>                           | <u>356,874</u>      |
| Total expenses  | <u>1,371,978</u>                      | <u>-</u>                           | <u>1,371,978</u>    |
| Change in net assets  | 3,234                                 | (94,285)                           | (91,051)            |
| Net assets:   |                                       |                                    |                     |
| Beginning of year   | <u>136,510</u>                        | <u>1,271,794</u>                   | <u>1,408,304</u>    |
| End of year   | <u>\$ 139,744</u>                     | <u>\$ 1,177,509</u>                | <u>\$ 1,317,253</u> |

See Notes to Financial Statements.

**UWG ATHLETIC FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

|                                | Program services                      |                  | Supporting services           |                   | Total               |
|--------------------------------|---------------------------------------|------------------|-------------------------------|-------------------|---------------------|
|                                | UWG Athletic<br>Department<br>support | Scholarships     | Administration<br>and general | Fundraising       |                     |
| Salaries and benefits          | \$ 93,430                             | \$ -             | \$ 207,906                    | \$ 114,354        | \$ 415,690          |
| Team expenses                  | 49,611                                | -                | -                             | -                 | 49,611              |
| Ticket expense                 | 31,715                                | -                | -                             | -                 | 31,715              |
| Rentals                        | 186,095                               | -                | -                             | -                 | 186,095             |
| Bad debt expense               | -                                     | -                | 76,395                        | -                 | 76,395              |
| Contract services              | -                                     | -                | -                             | 6,843             | 6,843               |
| Event expense                  | 7,420                                 | -                | -                             | 5,668             | 13,088              |
| Student expenses               | 24,192                                | -                | -                             | -                 | 24,192              |
| Bank and processing fees       | 5,572                                 | -                | 3,111                         | -                 | 8,683               |
| Recruiting                     | 12,757                                | -                | -                             | -                 | 12,757              |
| Meals and entertainment        | 21,751                                | -                | -                             | 7,149             | 28,900              |
| Lodging                        | 11,362                                | -                | -                             | -                 | 11,362              |
| Program support                | 252,111                               | -                | -                             | -                 | 252,111             |
| Equipment                      | 16,416                                | -                | -                             | 1,316             | 17,732              |
| Apparel                        | 27,164                                | -                | -                             | 1,853             | 29,017              |
| Insurance                      | 18,444                                | -                | -                             | -                 | 18,444              |
| Membership and dues            | 11,647                                | -                | -                             | -                 | 11,647              |
| Printing and reproduction      | 18,330                                | -                | -                             | 173               | 18,503              |
| Professional fees              | 6,884                                 | -                | 14,946                        | -                 | 21,830              |
| Recognition and awards         | 19,214                                | -                | -                             | 482               | 19,696              |
| Scholarships                   | -                                     | 72,000           | -                             | -                 | 72,000              |
| Supplies                       | 14,138                                | -                | 30,780                        | 21,732            | 66,650              |
| Telecommunications             | 23,681                                | -                | -                             | -                 | 23,681              |
| Travel                         | 112,442                               | -                | 233                           | 435               | 113,110             |
| Advertising                    | 10,350                                | -                | -                             | 492               | 10,842              |
| Repairs and maintenance        | 2,303                                 | -                | -                             | -                 | 2,303               |
| Marketing and promotions       | 1,265                                 | -                | -                             | -                 | 1,265               |
| Postage and shipping           | 628                                   | -                | -                             | 41                | 669                 |
| Publications and subscriptions | 179                                   | -                | -                             | -                 | 179                 |
| Sponsorships                   | 1,000                                 | -                | -                             | -                 | 1,000               |
| Competitions                   | 12,585                                | -                | -                             | -                 | 12,585              |
| Miscellaneous                  | 340                                   | -                | 57                            | -                 | 397                 |
| Total expenses                 | <u>\$ 993,026</u>                     | <u>\$ 72,000</u> | <u>\$ 333,428</u>             | <u>\$ 160,538</u> | <u>\$ 1,558,992</u> |

**See Notes to Financial Statements.**

**UWG ATHLETIC FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

|                                | <u>Program Services</u>                        |                     | <u>Supporting services</u>            |                    | <u>Total</u>        |
|--------------------------------|--|---------------------|---------------------------------------|--------------------|---------------------|
|                                | <u>UWG Athletic<br/>Department<br/>support</u> | <u>Scholarships</u> | <u>Administration<br/>and general</u> | <u>Fundraising</u> |                     |
| Salaries and benefits          | \$ 41,880                                      | \$ -                | \$ 177,770                            | \$ 81,307          | \$ 300,957          |
| Team expenses                  | 193,030  | -                   | -                                     | -                  | 193,030             |
| Ticket expense                 | 29,140   | -                   | -                                     | -                  | 29,140              |
| Rentals                        | 172,720  | -                   | -                                     | -                  | 172,720             |
| Bad debt expense               | -  | -                   | 31,515                                | -                  | 31,515              |
| Contract services              | 13,869   | -                   | -                                     | 9,810              | 23,679              |
| Event expense                  | 45,003   | -                   | -                                     | 3,808              | 48,811              |
| Student expenses               | 22,560   | -                   | -                                     | -                  | 22,560              |
| Bank and processing fees       | 5,858  | -                   | 2,983                                 | -                  | 8,841               |
| Recruiting                     | 15,005   | -                   | -                                     | -                  | 15,005              |
| Meals and entertainment        | 24,663   | -                   | 9                                     | 5,030              | 29,702              |
| Lodging                        | 21,350   | -                   | -                                     | -                  | 21,350              |
| Program support                | 82,702   | -                   | -                                     | -                  | 82,702              |
| Equipment                      | 17,338   | -                   | -                                     | 3,400              | 20,738              |
| Apparel                        | 18,723   | -                   | -                                     | -                  | 18,723              |
| Insurance                      | 32,860   | -                   | -                                     | -                  | 32,860              |
| Membership and dues            | 16,261   | -                   | -                                     | -                  | 16,261              |
| Printing and reproduction      | 26,294   | -                   | -                                     | 402                | 26,696              |
| Professional fees              | 10,100   | -                   | 2,300                                 | -                  | 12,400              |
| Recognition and awards         | 16,560   | -                   | -                                     | 2,335              | 18,895              |
| Scholarships                   | -  | 153,500             | -                                     | -                  | 153,500             |
| Supplies                       | 10,511   | -                   | 16,818                                | 17,387             | 44,716              |
| Telecommunications             | 19,325   | -                   | -                                     | -                  | 19,325              |
| Travel                         | 1,042  | -                   | 366                                   | 366                | 1,774               |
| Advertising                    | 10,200   | -                   | -                                     | 257                | 10,457              |
| Repairs and maintenance        | 1,059  | -                   | -                                     | -                  | 1,059               |
| Conferences and seminars       | 9,306  | -                   | -                                     | -                  | 9,306               |
| Marketing and promotions       | 2,534  | -                   | -                                     | -                  | 2,534               |
| Postage and shipping           | 1,320  | -                   | -                                     | -                  | 1,320               |
| Publications and subscriptions | 250  | -                   | -                                     | -                  | 250                 |
| Sponsorships                   | 100  | -                   | -                                     | -                  | 100                 |
| Miscellaneous                  | 41   | -                   | -                                     | 1,011              | 1,052               |
|                                | <u>\$ 861,604</u>                              | <u>\$ 153,500</u>   | <u>\$ 231,761</u>                     | <u>\$ 125,113</u>  | <u>\$ 1,371,978</u> |
| Total expenses                 | <u>\$ 861,604</u>                              | <u>\$ 153,500</u>   | <u>\$ 231,761</u>                     | <u>\$ 125,113</u>  | <u>\$ 1,371,978</u> |

**See Notes to Financial Statements.**



# UWG ATHLETIC FOUNDATION, INC.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

|   | 2020         | 2019        |
|---|--------------|-------------|
| <b>OPERATING ACTIVITIES</b>   |              |             |
| Change in net assets  | \$ (329,010) | \$ (91,051) |
| Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities: |              |             |
| Change in allowance for bad debt  | 601          | (9,943)     |
| Change in discount on unconditional promises to give  | 2,341        | 1,573       |
| Unrealized and realized losses (gains) on investments, net  | 105,195      | (33,033)    |
| Net decrease (increase) in assets:  |              |             |
| Pledges receivable  | 88,610       | 104,564     |
| Related party receivable  | -            | 56,702      |
| Other current assets  | 94           | -           |
| Prepaid expenses  | (4,473)      | -           |
| Net increase (decrease) in liabilities:   |              |             |
| Accounts payable  | 4,622        | (15,434)    |
| Related party payable   | 345          | -           |
| Deferred revenue  | (83,506)     | (3,233)     |
| Net cash (used in) provided by operating activities   | (215,181)    | 10,145      |
| (Decrease) increase in cash   | (215,181)    | 10,145      |
| Cash, beginning of year   | 464,598      | 454,453     |
| Cash, end of year   | \$ 249,417   | \$ 464,598  |
| Cash  | 69,507       | 193,630     |
| Restricted cash   | 179,910      | 270,968     |
|   | \$ 249,417   | \$ 464,598  |

**See Notes to Financial Statements.**

# UWG ATHLETIC FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. NATURE OF ACTIVITIES

UWG Athletic Foundation, Inc. (the "Foundation") was established and incorporated as a non-profit organization in the State of Georgia in 2013 to promote the athletic programs of the University of West Georgia (the "University") by supporting excellence in academics, community service and athletic competition.

The Foundation and the University entered into a Memorandum of Understanding on July 1, 2013, as amended, which outlined certain rights and responsibilities of each party with regards to the management and enhancement of the University's athletic programs. The University will continue to process employee payroll and benefits and the majority of athletic scholarships. The Foundation is responsible for the fundraising and donor support of the University's athletic programs.

The Foundation and the University of West Georgia Foundation ("UWGF") entered into a Memorandum of Understanding on May 1, 2013, as amended, which outlined certain rights and responsibilities of each party with regards to the management and administration of the Foundation. UWGF will act as fiscal agent for the Foundation in terms of the provision of the custodial account, fiscal, and record keeping services for the Foundation. The Foundation is responsible for adhering to all contractual agreements and obligations entered into by UWGF on behalf of the Foundation.

### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Presentation

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America.

The Foundation presents its financial statements in accordance with Financial Accounting Standards Board (FASB) ASC Topic 958, *Financial Statements of Not-for-Profit Organizations*. Under this standard, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restriction.

Net assets without donor restrictions consists of net assets that are not subject to donor-imposed stipulations, which are used to account for resources available to carry out the purposes of the Foundation. The principal sources of funds generated for net assets without donor restrictions are contributions and program revenues.

Net assets with donor restrictions consists of net assets that are subject to donor-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 may be 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Contributions

Pledges of financial support from organizations and individuals representing an unconditional promise to pay are recognized in the financial statements once all conditions have been met. In the absence of such promise, a contribution is recognized when the gift is received.

#### Revenue Recognition

Ticket and event revenues are recognized when the event takes place. As of July 1, 2019, ticket and parking revenues from UWG sport events no longer ran through the Foundation, but went directly to the University.

#### Cash Concentration

The Foundation maintains cash balances at high quality financial institutions. Cash balances are insured by the FDIC for up to \$250,000. Cash balances often exceed the FDIC insurance limit, however, management does not believe it is exposed to significant credit risk on its account.

#### Donated Services and In-Kind Support

The Foundation receives services, space, equipment and other nonfinancial items without payment or compensation. When the value of such services and support is ascertainable and meets the criteria for recognition, it is recognized in the accompanying financial statements as revenue and expense at the estimated fair value on the date of donation. Donated services from the University represent salaries and benefits paid by the University on behalf of the Foundation. Donated services from the University totaled \$466,592 and \$335,507 for the years ended June 30, 2020 and 2019, respectively. In-kind contributions from third parties were \$334,003 and \$278,699 for the years ended June 30, 2020 and 2019, respectively. These amounts are classified throughout operating revenues and operating expenses, as applicable, on the statement of activities.

#### Income Tax

The Foundation qualifies as a tax-exempt organization as described in Internal Revenue Code Section 501(c)(3) and has been classified by the Internal Revenue Service as a publicly supported organization and not a private foundation. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. The Foundation files Form 990 in the U.S. federal jurisdiction and the State of Georgia.

Management has evaluated the Foundation's tax positions and concluded that the Foundation had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions on accounting for uncertainty in income taxes.

#### Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, contract services, event expense, meals and entertainment, equipment, apparel, insurance, professional fees, recognition and awards and supplies, which are allocated on the basis of estimates of time and effort.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Use of Estimates

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

#### Investments

Investments, including investments held by the Trustee, consist primarily of money market accounts, mutual funds, fixed income securities, and equity securities and are carried at fair value. Investment expenses incurred totaled \$11,136 and \$10,625 for the years ended June 30, 2020 and 2019, respectively.

Donated investments are recorded at fair value on the date received. Realized and unrealized gains and losses on the portfolio are recognized as income or loss and are included in investment income on the statement of activities.

Investment securities are exposed to various risks, such as interest rate risk, market risk, and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the accompanying financial statements.

#### Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

*Cash and cash equivalents* - The carrying amount approximates fair value because of the short-term maturity of these instruments.

*Investments* - Investments are carried at fair value based on quoted market prices for those or similar investments, third party pricing service for identical or similar investments, or from valuation methodologies including option pricing models, discounted cash flows and similar techniques.

The Foundation follows FASB's fair value measurements and disclosure guidance, which provides a framework for measuring fair value under generally accepted accounting principles.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Fair Value of Financial Instruments (Continued)

This guidance applies to all financial instruments that are being measured and reported on a fair value basis.

As defined in the FASB issued guidance, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Foundation uses various methods including market, income and cost approaches.

Based on these approaches, the Foundation often utilizes certain assumptions that market participants would use in pricing the assets or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Foundation is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

*Level 1* – Valuations for assets and liabilities traded in active markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

*Level 2* – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

*Level 3* – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker-traded transactions.

Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities.

If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of these instruments.

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

For the years ended June 30, 2020 and 2019, the application of valuation techniques applied to similar assets and liabilities has been consistent. The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Recent Accounting Pronouncements

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASC Topic 606) affects contracts with customers to transfer goods or services and contracts for the transfer of non-financial assets (unless those contracts are within the scope of other standards). The core principle of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the good or services. This ASU requires entities to make new judgements and estimates and provide expanded disclosures about revenue.

For the year ending June 30, 2020, the Foundation adopted ASU 2014-09 and has adjusted the presentation in these financial statements accordingly. The Foundation recognizes Athletic program revenue, ticket sales, special event income, and camp income in accordance with ASC Topic 606, which is recognized at the time the events take place and the transaction is executed, as that is the point in time the Foundation fulfills the performance obligation.

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies and establishes standards for characterizing grants and similar contracts with resource providers as contributions (nonreciprocal) subject to ASC Topic 958, or as exchange transactions (reciprocal) subject to ASC Topic 606.

For the year ending June 30, 2020, the Foundation adopted ASU 2018-08 and has adjusted the presentation in these financial statements accordingly. The Foundation recognizes contributions and grant income in the accompanying statements of activities, in accordance with ASC Topic 958. The adoption of ASU 2018-08 did not have an impact on the timing of revenue recognition of contributions.

In November 2016, the Financial Accounting Standards Board (FASB) issues Account Standards Update (ASU) No. 2016-19, *Statement of Cash Flows* (Topic 230). *Restricted Cash*. The Foundation adopted the provisions of this new standard during the year ended June 30, 2020. The update requires that the statement of cash flows explains the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents have been included with cash and cash equivalents when reconciling the beginning of year and end of year cash total amounts shown on the statement of cash flows. The accompanying information from the 2019 financial statements has been adjusted to conform to the 2020 presentation and disclosure requirements of ASU 2016-18. This adjustment did not have an effect on total net assets or the change in net assets for 2019.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date of June 30, 2020 and 2019, comprise the following:

|   | 2020       | 2019       |
|---|------------|------------|
| Cash  | \$ 67,507  | \$ 193,630 |
| Unconditional promises to give                              | 2,417      | 35,042     |
| Board designated endowment distributions and appropriations | 100,000    | 100,000    |
| Annual scholarship distributions and appropriations         | 40,500     | 101,500    |
| Total   | \$ 210,424 | \$ 430,172 |

The Foundation's quasi-endowment fund is held on our behalf by University of West Georgia Foundation with their long-term investments Trustee, Truist (SunTrust) Bank, and is invested as described in Note 2. As of June 30, 2020 and 2019, the market value of these investments at was \$678,688 and \$783,883, respectively. The Foundation board approved the above distributions and appropriations from the quasi-endowment for the upcoming year. However, for future years the board decided to only draw off the 4.25% spending rate that is applied to all endowments managed by the University of West Georgia Foundation. Although the Foundation does not intend to spend from this investment account above was has been approved, the funds could be made available if necessary.

As part of a liquidity management plan, the Foundation invests cash in excess of daily requirements in short-term investments, mainly money market funds.

### NOTE 4. NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2020 and 2019, net assets with donor restrictions were available for the following:

|   | 2020       | 2019         |
|---|------------|--------------|
| Subject to expenditure for specified purpose: |            |              |
| Champion's Fund                               | \$ 728,326 | \$ 1,054,072 |
| Scholarship Funds                             | 42,583     | 8,150        |
| Sport-specific Funds                          | 45,257     | 18,122       |
| Stadium Improvement Funds                     | 62,921     | 62,921       |
| Other Restricted Purpose Funds                | 35,933     | 34,244       |
| Total   | \$ 915,020 | \$ 1,177,509 |

At June 30, 2020 and 2019, net assets with donor restrictions consist of the following:

|                                     | 2020       | 2019         |
|-------------------------------------|------------|--------------|
| Cash                                | \$ 174,949 | \$ 270,816   |
| Unconditional promises to give, net | 61,383     | 122,810      |
| Investments                         | 678,688    | 783,883      |
| Total                               | \$ 915,020 | \$ 1,177,509 |

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2020 and 2019:

|                                       | 2020       | 2019       |
|---------------------------------------|------------|------------|
| Satisfaction of purpose restrictions: |            |            |
| Champion's Fund                       | \$ 337,767 | \$ 152,060 |
| Scholarship Funds                     | 7,553      | 3,770      |
| Sport-specific Funds                  | 10,080     | 58,305     |
| Other Restricted Purpose Funds        | 18,122     | -          |
| Total                                 | \$ 373,522 | \$ 214,135 |

### NOTE 5. UNCONDITIONAL PROMISES TO GIVE

At June 30, 2020, unconditional promises to give consisted of the following:

|   | Without Donor<br>Restrictions | With Donor<br>Restrictions |
|---|-------------------------------|----------------------------|
| Receivable in less than one year                                | \$ 2,417                      | \$ 129,828                 |
| Receivable in one to five years                                 | 4,500                         | 39,325                     |
| Total unconditional promises to give                            | 6,917                         | 169,153                    |
| Less discount on unconditional promises to give                 | (143)                         | (344)                      |
| Total unconditional promises to give, less discount             | 6,774                         | 168,809                    |
| Less allowance for uncollectible unconditional promises to give | (839)                         | (107,426)                  |
| Net unconditional promises to give                              | \$ 5,935                      | \$ 61,383                  |

At June 30, 2019, unconditional promises to give consisted of the following:

|   | Without Donor<br>Restrictions | With Donor<br>Restrictions |
|---|-------------------------------|----------------------------|
| Receivable in less than one year                                | \$ 35,042                     | \$ 95,402                  |
| Receivable in one to five years                                 | 6,000                         | 134,120                    |
| Total unconditional promises to give                            | 41,042                        | 229,522                    |
| Less discount on unconditional promises to give                 | (221)                         | (2,607)                    |
| Total unconditional promises to give, less discount             | 40,821                        | 226,915                    |
| Less allowance for uncollectible unconditional promises to give | (4,761)                       | (104,105)                  |
| Net unconditional promises to give                              | \$ 36,060                     | \$ 122,810                 |

At June 30, 2020 and 2019 the discount rate used on long-term unconditional promises to give was 0.13% and 2.18%.



## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of June 30, 2020:

|                   | Level 1           | Level 2     | Level 3     | NAV Practical<br>Expedient | Total             |
|-------------------|-------------------|-------------|-------------|----------------------------|-------------------|
| Money market      |                   |             |             |                            |                   |
| funds             | \$ 15,383         | \$ -        | \$ -        | \$ -                       | \$ 15,383         |
| Mutual funds      | 419,115           | -           | -           | -                          | 419,115           |
| Equity securities | 164,841           | -           | -           | -                          | 164,841           |
| Alternative       |                   |             |             |                            |                   |
| investments       | -                 | -           | -           | 79,349                     | 79,349            |
| Total asset at    |                   |             |             |                            |                   |
| fair value        | <u>\$ 599,339</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 79,349</u>           | <u>\$ 678,688</u> |

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of June 30, 2019:

|                   | Level 1           | Level 2     | Level 3     | NAV Practical<br>Expedient | Total             |
|-------------------|-------------------|-------------|-------------|----------------------------|-------------------|
| Money market      |                   |             |             |                            |                   |
| funds             | \$ 8,789          | \$ -        | \$ -        | \$ -                       | \$ 8,789          |
| Mutual funds      | 495,283           | -           | -           | -                          | 495,283           |
| Equity securities | 171,982           | -           | -           | -                          | 171,982           |
| Alternative       |                   |             |             |                            |                   |
| investments       | -                 | -           | -           | 107,829                    | 107,829           |
| Total asset at    |                   |             |             |                            |                   |
| fair value        | <u>\$ 676,054</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 107,829</u>          | <u>\$ 783,883</u> |

In accordance with FASB's fair value measurement presentation and disclosure guidance, certain investments that are measured at fair value using the net asset value per share (or its equivalents) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the tables above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

The alternative investments includes investments in pooled investment funds both domestic and international. There is no unfunded commitment related to these funds. The fund has a quarterly redemption frequency and a 45 day prior to trade date redemption notification. The fair value of the investment has been estimated using the net asset value per share of the investment.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 7. RELATED PARTY**

As described in Note 1, the Foundation and UWGF have entered into a Memorandum of Understanding regarding the responsibilities of each in regards to the operations of the Foundation. At June 30, 2020 and 2019, the Foundation owed UWGF \$345 and \$-, respectively, for expenses paid by UWGF on behalf of the Foundation. Beginning July 1, 2018, leased vehicles for use by athletic coaching staff were paid by UWGF.

### **NOTE 8. SUBSEQUENT EVENTS**

Management has evaluated events occurring through September 4, 2020, the date the financial statements were available to be issued.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively impact the change in net assets. Other financial impacts could occur though the extent of potential impact is unknown at this time.