

***Wayne State Foundation***  
***Wayne, Nebraska***

***June 30, 2021 and 2020***

***Financial Statements***  
***and***  
***Independent Auditor's Report***



CPAs & Consultants | Wealth Management

Wayne State Foundation

Years ended June 30, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

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The Board of Trustees  
Wayne State Foundation  
Wayne, Nebraska

We have audited the accompanying financial statements of the Wayne State Foundation which comprise the statements of financial position as of June 30, 2021 and 2020, 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 of 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 Wayne State Foundation as of June 30, 2021 and 2020 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.

*HBE LLP*

Lincoln, Nebraska  
September 21, 2021

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## Wayne State Foundation

## STATEMENTS OF FINANCIAL POSITION

June 30,

## ASSETS

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and cash equivalents, unrestricted (note A)	\$ 165,091	\$ 159,940
Cash and cash equivalents, restricted (note A)	2,834,921	1,979,354
Unconditional promises to give (notes A, B and C)	1,557,338	1,953,937
Investments (notes A and C)	36,098,193	28,154,082
Prepaid expenses	1,831	-
Property and equipment (notes A and D)	267,437	276,643
Cash surrender value of life insurance	93,855	91,223
Assets restricted for annuity contracts (notes C and E)	143,518	573,024
Assets held in perpetual trust (note C)	<u>1,122,708</u>	<u>916,628</u>
 Total assets	 <u>\$42,284,892</u>	 <u>\$34,104,831</u>

## LIABILITIES AND NET ASSETS

<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 122,345	\$ 77,871
Note payable (note J)	120,787	117,556
Payable for capital improvements	4,091	3,992
Unearned event revenue	2,700	2,125
Annuities payable (notes C and E)	<u>115,092</u>	<u>272,368</u>
 Total liabilities	 <u>365,015</u>	 <u>473,912</u>
 <b>NET ASSETS (notes A and F)</b>		
Without donor restrictions	4,352,013	3,385,805
With donor restrictions	<u>37,567,864</u>	<u>30,245,114</u>
 Total net assets	 <u>41,919,877</u>	 <u>33,630,919</u>
 Total liabilities and net assets	 <u>\$42,284,892</u>	 <u>\$34,104,831</u>

See accompanying notes to financial statements.

Wayne State Foundation  
STATEMENTS OF ACTIVITIES

Years ended June 30,

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>						
Contributions	\$ 596,671	\$ 3,689,111	\$ 4,285,782	\$ 498,212	\$ 3,935,320	\$ 4,433,532
Interest and dividends, net of fees	11,790	(37,859)	(26,069)	54,600	113,395	167,995
Net gain on investments	798,972	6,841,066	7,640,038	40,782	407,705	448,487
Other income	14,260	59,939	74,199	14,011	27,214	41,225
Net assets released from restrictions	<u>2,918,306</u>	<u>(2,918,306)</u>	<u>-</u>	<u>2,228,620</u>	<u>(2,228,620)</u>	<u>-</u>
Total revenue and support	<u>4,339,999</u>	<u>7,633,951</u>	<u>11,973,950</u>	<u>2,836,225</u>	<u>2,255,014</u>	<u>5,091,239</u>
<b>EXPENSES</b>						
Program services	3,270,718	-	3,270,718	2,684,416	-	2,684,416
Management and general	352,927	-	352,927	327,629	-	327,629
Fundraising	<u>313,118</u>	<u>-</u>	<u>313,118</u>	<u>403,744</u>	<u>-</u>	<u>403,744</u>
	3,936,763	-	3,936,763	3,415,789	-	3,415,789
Amortization on annuity contracts	<u>(28,862)</u>	<u>(104,583)</u>	<u>(133,445)</u>	<u>11,017</u>	<u>71,102</u>	<u>82,119</u>
Total expenses	<u>3,907,901</u>	<u>(104,583)</u>	<u>3,803,318</u>	<u>3,426,806</u>	<u>71,102</u>	<u>3,497,908</u>
Increase in net assets before other income (expense)	<u>432,098</u>	<u>7,738,534</u>	<u>8,170,632</u>	<u>(590,581)</u>	<u>2,183,912</u>	<u>1,593,331</u>
<b>Other income (expense)</b>						
Extinguished debt income	118,326	-	118,326	-	-	-
Administrative support fee	<u>415,784</u>	<u>(415,784)</u>	<u>-</u>	<u>200,737</u>	<u>(200,737)</u>	<u>-</u>
Total other income (expense)	<u>534,110</u>	<u>(415,784)</u>	<u>118,326</u>	<u>200,737</u>	<u>(200,737)</u>	<u>-</u>
Increase (decrease) in net assets	966,208	7,322,750	8,288,958	(389,844)	1,983,175	1,593,331
Net assets at beginning of year	<u>3,385,805</u>	<u>30,245,114</u>	<u>33,630,919</u>	<u>3,775,649</u>	<u>28,261,939</u>	<u>32,037,588</u>
Net assets at end of year	<u>\$ 4,352,013</u>	<u>\$ 37,567,864</u>	<u>\$ 41,919,877</u>	<u>\$ 3,385,805</u>	<u>\$ 30,245,114</u>	<u>\$ 33,630,919</u>

See accompanying notes to financial statements.

## Wayne State Foundation

## STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2021

	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>
Support of Wayne State College				
Scholarships and grants	\$ 1,632,096	\$ 1,632,096	\$ -	\$ -
Athletic scholarships	358,044	358,044	-	-
Athletic department expense	117,679	117,679	-	-
College departments	80,595	80,595	-	-
Renovation projects	<u>708,409</u>	<u>708,409</u>	<u>-</u>	<u>-</u>
	2,896,823	2,896,823	-	-
SSC College Center	2,500	2,500	-	-
Personnel	627,460	143,446	264,948	219,066
Communications and publications	81,929	44,353	799	36,777
Travel and entertainment	16,225	361	706	15,158
Professional services	16,086	164	15,922	-
Supplies and materials	43,224	-	18,701	24,523
Staff development	1,676	471	813	392
Phonathon	16,522	-	-	16,522
Rent	6,000	-	6,000	-
Property expense	16,145	16,145	-	-
Bad debts	150,000	150,000	-	-
Other	<u>62,173</u>	<u>16,455</u>	<u>45,038</u>	<u>680</u>
	<u>\$ 3,936,763</u>	<u>\$ 3,270,718</u>	<u>\$ 352,927</u>	<u>\$ 313,118</u>

See accompanying notes to financial statements.



Wayne State Foundation

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2020

	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>
Support of Wayne State College				
Scholarships and grants	\$ 1,022,236	\$ 1,022,236	\$ -	\$ -
Athletic scholarships	195,397	195,397	-	-
Athletic department expense	103,518	103,518	-	-
College departments	36,114	36,114	-	-
Renovation projects	855,975	855,975	-	-
Property gifted	<u>276,956</u>	<u>276,956</u>	-	-
	2,490,196	2,490,196	-	-
SSC College Center	2,500	2,500	-	-
Personnel	644,052	118,392	259,681	265,979
Communications and publications	63,271	27,280	1,096	34,895
Travel and entertainment	58,345	9,595	3,552	45,198
Professional services	15,525	-	15,525	-
Supplies and materials	43,928	133	22,691	21,104
Staff development	7,905	506	966	6,433
Phonathon	21,173	-	-	21,173
Rent	6,000	-	6,000	-
Property expense	14,567	14,567	-	-
Other	<u>48,327</u>	<u>21,247</u>	<u>18,118</u>	<u>8,962</u>
	<u>\$ 3,415,789</u>	<u>\$ 2,684,416</u>	<u>\$ 327,629</u>	<u>\$ 403,744</u>

See accompanying notes to financial statements.

## Wayne State Foundation

## STATEMENTS OF CASH FLOWS

Years ended June 30,

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Increase in net assets	\$ 8,288,958	\$ 1,593,331
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	9,205	9,205
Amortization of annuity contracts	(133,445)	82,119
Realized and unrealized gains on investments	(7,640,038)	(448,487)
Non-cash contributions	(6,000)	(6,000)
Property gifted to college	-	276,956
Gain on extinguished debt	(118,326)	-
Write-off of unconditional promise to give	(150,000)	-
(Increase) decrease in assets		
Accrued interest receivable	-	1,043
Unconditional promises to give	546,599	(509,880)
Prepaid expenses	(1,831)	6,673
Cash surrender value of life insurance	(2,632)	(3,261)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	44,474	(9,430)
Payable for capital improvements	99	(24,586)
Unearned event revenue	575	(2,675)
Total adjustments to increase in net assets	<u>(7,451,320)</u>	<u>(628,323)</u>
Net cash provided by operating activities	<u>837,638</u>	<u>965,008</u>
Cash flows from investing activities		
Proceeds from sale of investments	2,081,754	2,577,114
Purchases of investments	(2,156,400)	(2,282,493)
Purchases of property and equipment	-	(276,956)
Net cash provided (used) by investing activities	<u>(74,646)</u>	<u>17,665</u>
Cash flows from financing activities		
Proceeds from long-term obligations	121,557	117,556
Payments on annuities	(23,831)	(97,437)
Net cash provided by financing activities	<u>97,726</u>	<u>20,119</u>
Net increase in cash and cash equivalents	860,718	1,002,792
Cash and cash equivalents unrestricted and restricted, beginning of year	<u>2,139,294</u>	<u>1,136,502</u>
Cash and cash equivalents unrestricted and restricted, end of year	<u>\$ 3,000,012</u>	<u>\$ 2,139,294</u>

See accompanying notes to financial statements.

Wayne State Foundation

NOTES TO FINANCIAL STATEMENTS

The Wayne State Foundation (the Foundation) is an independent, non-profit corporation established for the sole purpose of securing private gifts for the benefit and promotion of Wayne State College (the College). The Foundation receives contributions from various contributors and provides funding to the College to assist in fulfilling its mission of educating students. Examples of initiatives funded by the Foundation include scholarships, capital improvements, faculty grants, equipment, and athletic programs. The Foundation funds and publishes, in cooperation with the College, the *Wayne State Magazine* and other communications sent to alumni and friends.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

**Method of Accounting.** The accompanying financial statements of the Foundation have been prepared on the accrual method of accounting.

**Cash and Cash Equivalents.** For purposes of the statements of financial position, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be temporary cash investments.

**Investments.** Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Donated securities are recorded as contributions equal to the fair market value of the securities at the date of gift.

**Property and Equipment and Depreciation.** Property and equipment are carried at cost, if purchased, and at fair market value at the date of contribution, if received by donation, less accumulated depreciation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives computed primarily on the straight-line method. It is the Foundation's policy to capitalize property and equipment over \$2,500. Lesser amounts are expensed. The estimated lives by asset class follow:

Buildings and improvements	26 – 40 years
Furniture, fixtures & equipment	10 years

**Promises to Give.** Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Those expected to be collected in future years are recorded at present value of estimated future cash flows. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promise becomes unconditional.

NOTES TO FINANCIAL STATEMENTS

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Net Asset Classification.** 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:

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

**With donor restrictions.** Net assets subject to donor- or 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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, and are reported in the statements of activities as net assets released from restrictions.

**Fair Value Measurements.** The FASB has issued guidance defining fair value, establishing a framework for measuring fair value and expanding disclosures about fair value measurements. 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. The Foundation utilizes a fair value hierarchy to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2      Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3      Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or 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 should maximize the use of observable inputs and minimize the use of unobservable inputs.

Wayne State Foundation

NOTES TO FINANCIAL STATEMENTS

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Revenue Recognition.** Contributions are recognized when a donor makes a promise to give that is, in substance, unconditional. 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 substantially met. The Foundation has not received any conditional contributions.

**Functional 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 personnel and office expenses which are allocated on the basis of time and effort.

**Income Taxes.** The Foundation is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. As such, income earned in the performance of the Foundation's exempt purpose is not subject to income tax. Any income earned through unrelated business activities is subject to income tax at normal corporate rates. For the years ended June 30, 2021 and 2020, the Foundation had no tax liability on unrelated business activity. The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation's Federal Exempt Organization Business Income Tax Returns (Form 990) for June 30, 2021, 2020, and 2019 are subject to examination by the Internal Revenue Service (IRS), generally for three years after they were filed.

**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. Accordingly, actual results could differ from those estimates.

**NOTE B - UNCONDITIONAL PROMISES TO GIVE AND RECEIVABLES**

Unconditional promises to give consist of donor pledges due in the following periods:

	<u>2021</u>	<u>2020</u>
Less than one year	\$ 11,300	\$ 8,000
One to two years	563,367	492,142
Two to three years	577,640	705,290
Three to four years	379,816	624,375
Four to five years	92,237	286,000
More than five years	<u>66,000</u>	<u>26,800</u>
	1,690,360	2,142,607
Less discount to present value (4%)	<u>(133,022)</u>	<u>(188,670)</u>
	<u>\$ 1,557,338</u>	<u>\$ 1,953,937</u>

## Wayne State Foundation

## NOTES TO FINANCIAL STATEMENTS

**NOTE C - FAIR VALUE OF ASSETS AND LIABILITIES**

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in methodologies used during the years ended June 30, 2021 and 2020.

*Commonfund Group funds:* Valued at the observable net asset value (NAV) of shares held by the Foundation at year end.

*Mutual funds:* Valued at the observable net asset value (NAV) of shares held by the Foundation at year end.

*Private company stock:* Valued based on redemption price for the same security.

*Unconditional promises to give:* Valued using the estimated present value of future cash flows at historical discount rates (4%).

*Annuity agreements:* Valued using the estimated present value of the annuity obligation. The discount rate used varied from 2.3% to 6.3% and 1.7% to 6.6% for the years ended June 30, 2021 and 2020, respectively.

The following table sets forth the balances of assets and liabilities measured at fair value on a recurring basis at June 30, 2021.

<u>June 30, 2021</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Money market and certificates of deposit	\$ 2,070,464	\$ 16,447	\$ 2,054,017	\$ -
Investments				
Commonfund Group funds				
U.S. equity	18,378,855	-	18,378,855	-
International equity	4,774,845	-	4,774,845	-
Emerging markets equity	2,403,138	-	2,403,138	-
Fixed income	8,350,439	-	8,350,439	-
Mutual funds				
U.S. equity	840,800	840,800	-	-
International equity	165,652	165,652	-	-
Emerging markets equity	27,908	27,908	-	-
Fixed income	243,330	243,330	-	-
Private company stock	108,988	-	-	108,988
Total investments	<u>\$ 37,364,419</u>	<u>\$ 1,294,137</u>	<u>\$ 35,961,294</u>	<u>\$ 108,988</u>
Unconditional promises to give receivable	<u>\$ 1,557,338</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,557,338</u>
Annuities payable	<u>\$ 115,092</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115,092</u>

## Wayne State Foundation

## NOTES TO FINANCIAL STATEMENTS

## NOTE C - FAIR VALUE OF ASSETS AND LIABILITIES - CONTINUED

The following table sets forth the balances of assets and liabilities measured at fair value on a recurring basis at June 30, 2020.

<u>June 30, 2020</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Money market and certificates of deposit	\$ 1,980,201	\$ 17,562	\$ 1,962,639	\$ -
Investments				
Commonfund Group funds				
U.S. equity	12,589,181	-	12,589,181	-
International equity	5,237,745	-	5,237,745	-
Emerging markets equity	1,652,147	-	1,652,147	-
Fixed income	7,038,215	-	7,038,215	-
Mutual funds				
U.S. equity	645,862	645,862	-	-
International equity	123,073	123,073	-	-
Emerging markets equity	20,392	20,392	-	-
Fixed income	247,930	247,930	-	-
Private company stock	108,988	-	-	108,988
Total investments	<u>\$ 29,643,734</u>	<u>\$ 1,054,819</u>	<u>\$ 28,479,927</u>	<u>\$ 108,988</u>
Unconditional promises to give receivable	<u>\$ 1,953,937</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,953,937</u>
Annuities payable	<u>\$ 272,368</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 272,368</u>

The following table sets forth a summary of changes in the fair value of the Foundation's level 3 assets for the year ended June 30, 2021.

<u>June 30, 2021</u>	<u>Unconditional Promises to Give</u>	<u>Annuities Payable</u>	<u>Private Company Stock</u>
Beginning balance	\$ 1,953,937	\$ 272,368	\$ 108,988
Unconditional promises to give received during the year	1,100,300	-	-
Unconditional promises to give collected during the year	(1,402,547)	-	-
Change in discount of unconditional promises to give	55,648	-	-
Payments on annuity contracts	-	(23,831)	-
Amortization of annuity obligations	-	(133,445)	-
Unconditional promises to give written-off during the year	<u>(150,000)</u>	<u>-</u>	<u>-</u>
Ending balance	<u>\$ 1,557,338</u>	<u>\$ 115,092</u>	<u>\$ 108,988</u>

Wayne State Foundation

NOTES TO FINANCIAL STATEMENTS

**NOTE C - FAIR VALUE OF ASSETS AND LIABILITIES - CONTINUED**

The following table sets forth a summary of changes in the fair value of the Foundation's level 3 assets for the year ended June 30, 2020.

<u>June 30, 2020</u>	<u>Unconditional Promises to Give</u>	<u>Annuities Payable</u>	<u>Private Company Stock</u>
Beginning balance	\$ 1,444,057	\$ 287,686	\$ 108,988
Unconditional promises to give received during the year	1,604,000	-	-
Unconditional promises to give collected during the year	(1,056,243)	-	-
Change in discount of unconditional promises to give	(37,877)	-	-
Payments on annuity contracts	-	(97,437)	-
Amortization of annuity obligations	-	<u>82,119</u>	-
Ending balance	<u>\$ 1,953,937</u>	<u>\$ 272,368</u>	<u>\$ 108,988</u>

The net unrealized and realized gains and losses are included in investment performance on the statements of activities.

**NOTE D - PROPERTY AND EQUIPMENT**

Property and equipment consists of:

	<u>2021</u>	<u>2020</u>
Land	\$ 37,000	\$ 37,000
Buildings and improvements	313,018	313,018
Furniture, fixtures and equipment	<u>10,713</u>	<u>10,713</u>
	360,731	360,731
Less accumulated depreciation	<u>(93,294)</u>	<u>(84,088)</u>
	<u>\$ 267,437</u>	<u>\$ 276,643</u>

Depreciation expense was \$9,205 for each of the years ended June 30, 2021 and 2020.



Wayne State Foundation

NOTES TO FINANCIAL STATEMENTS

**NOTE E - SPLIT INTEREST AGREEMENTS**

The Foundation has entered into irrevocable agreements (split-interest agreements) with donors where, in exchange for a gift from the donor, the Foundation provides an annuity to the donor or other designated beneficiaries for a specific period of time, usually the life of the donor.

A liability is recognized for the estimated present value of the annuity obligation and the contributed assets are recorded at their gross market value. The discount rate and actuarial assumptions used in calculating the annuity obligation are those provided in IRS guidelines and actuarial tables. The discount rate used varied from 2.3% to 6.3% and 1.7% to 6.6% for the years ended June 30, 2021 and 2020, respectively. The amount of the liability is adjusted annually in accordance with the IRS actuarial tables and a gain or loss is recorded to reflect the change in value.

There were no new contributions for the years ended June 30, 2021 and 2020.

Assets and liabilities of the Foundation, as derived from split-interest agreements, are as follows:

	2021	2020
Assets invested in securities	<u>\$ 143,518</u>	<u>\$ 573,024</u>
Annuities payable	<u>\$ 115,092</u>	<u>\$ 272,368</u>

**NOTE F - NET ASSETS**

Net assets without donor restrictions have been designated by the governing board as follows:

Board designated:		
Quasi-endowment to support general activities	<u>\$ 204,532</u>	<u>\$ 161,129</u>

Net assets with donor restrictions comprise the following:

Subject to the passage of time:		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until received	\$ 87,458	\$ 102,455

Subject to the purpose restrictions:		
College departments	848,777	689,294
Renovation projects	1,515,733	897,355
Scholarships	12,991,387	8,201,738
Other designated programs	55,280	36,323

Subject to the perpetual restrictions:		
Assets held under split-interest agreements and other	67,414	157,526
Interest in perpetual trust	1,122,708	916,627
Permanent endowments and promises to fund permanent endowments	<u>20,879,107</u>	<u>19,243,796</u>
	<u>\$37,567,864</u>	<u>\$30,245,114</u>

NOTES TO FINANCIAL STATEMENTS

**NOTE G - ENDOWMENTS**

The Executive Committee of the Foundation has interpreted the Nebraska 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. As a result of this interpretation, the Foundation classifies the original value of gifts donated as permanent endowments.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Foundation and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Foundation
- 7) The investment policies of the Foundation

Endowment Investment and Spending Policies. 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 funds while seeking to maintain the purchasing power of the endowment assets. The Foundation's investment and spending policies, which have been approved by the Foundation's Executive Committee, work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes, which includes debt and equity securities. The current investment objective is to achieve a total return (net of inflation and expenses) that is at least as great as the spending supported by the portfolio, so that the purchasing power of the portfolio does not decline over time.

The spending policy determines the amount of money distributable from the Foundation's various endowment funds for grant making. The spending rate allows for distributions of 6% for the years ended June 30, 2021 and 2020 of the endowment fund's average fair value of the prior three years through June 30 of the preceding fiscal year in which the distribution is planned. The Foundation may, at its discretion, set a lower payout rate which appears in line with the current yield from investment and general economic conditions. In establishing this policy, the Foundation considered the long-term expected investment returns, the nature and duration of the individual endowment funds, and the possible effect of inflation.

Wayne State Foundation

NOTES TO FINANCIAL STATEMENTS

**NOTE G - ENDOWMENTS - CONTINUED**

Changes in endowment net assets for the year ended June 30, 2021 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance July 1, 2020	\$ 161,129	\$ 24,300,361	\$ 24,461,490
Interest and dividends, net of fees	(490)	(55,040)	(55,530)
Realized and unrealized gains	43,893	6,490,162	6,534,055
Contributions	-	1,482,836	1,482,836
Transfers	-	272,652	272,652
Amounts appropriated for expenditure	<u>-</u>	<u>(1,307,399)</u>	<u>(1,307,399)</u>
Balance June 30, 2021	<u>\$ 204,532</u>	<u>\$ 31,183,572</u>	<u>\$ 31,388,104</u>

Changes in endowment net assets for the year ended June 30, 2020 are as follows:

Balance July 1, 2019	\$ 437,248	\$ 23,757,684	\$ 24,194,932
Interest and dividends, net of fees	1,101	86,661	87,762
Realized and unrealized gains (losses)	(27,220)	423,468	396,248
Contributions	-	1,051,225	1,051,225
Transfers	-	710	710
Amounts appropriated for expenditure	<u>(250,000)</u>	<u>(1,019,387)</u>	<u>(1,269,387)</u>
Balance June 30, 2020	<u>\$ 161,129</u>	<u>\$ 24,300,361</u>	<u>\$ 24,461,490</u>

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 NUPMIFA requires the Foundation to retain as a fund of perpetual duration. As of June 30, 2021 endowment funds had no deficiencies.

**NOTE H - LIQUIDITY AND AVAILABILITY**

The Foundation manages its cash available to meet general expenditures following the general principles stipulated in the Statement of Investment Policy as established by the Executive Committee. These include a diversified portfolio managed in accordance with high standards of fiduciary duty and compliance with applicable laws and regulations. Standards for return, asset allocation and diversification shall be determined from a strategic perspective and measured over successive market cycles.

The policy also delegates the Audit/Finance Committee with the responsibility of working with the Foundation staff to develop an annual operating budget to recommend to the Executive Committee. This annual operating budget covers administrative and general expenses, fundraising expenses and certain program support. The table below presents financial assets available to meet that annual operating budget for the upcoming fiscal year.

## Wayne State Foundation

## NOTES TO FINANCIAL STATEMENTS

**NOTE H - LIQUIDITY AND AVAILABILITY - CONTINUED**

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 165,091	\$ 159,940
Investments	<u>3,904,895</u>	<u>2,747,747</u>
	<u>\$ 4,069,986</u>	<u>\$ 2,907,687</u>

**NOTE I - OPERATING LEASES**

On June 19, 2020, the Foundation entered into a 36-month operating lease for a vehicle. Under the terms of the lease, monthly rent payments are \$650.

Future minimum lease payments for the years following June 30, 2021 are:

2022	\$ 7,794
2023	7,144
	<u>\$ 14,938</u>

**NOTE J - LONG-TERM DEBT**

Long term debt consists of the following:

	<u>2021</u>	<u>2020</u>
Note payable, State Nebraska Bank & Trust	\$ 120,787	\$ 117,556
Less current maturities	<u>(1,150)</u>	<u>(54,809)</u>
	<u>\$ 119,637</u>	<u>\$ 62,747</u>

Note payable, State Nebraska Bank & Trust, dated April 14, 2020. Original amount of \$124,282, payable in 18 installments of \$6,994 beginning November 14, 2020, including interest at 1% per annum. The final payment is due April 14, 2022. This note was obtained through the Payroll Protection Program with the Small Business Administration. The loan may be eligible for partial or complete forgiveness when spent on qualified expenditures. This loan was completely forgiven on December 9, 2020.

Note payable, State Nebraska Bank & Trust, dated February 19, 2021. Original amount of \$120,787, payable in 45 installments of \$2,770 beginning June 19, 2022, including interest at 1% per annum. The final payment is due February 19, 2026. This note was obtained through the Payroll Protection Program with the Small Business Administration. The loan may be eligible for partial or complete forgiveness when spent on qualified expenditures.

Wayne State Foundation

NOTES TO FINANCIAL STATEMENTS

**NOTE K - RELATED PARTIES**

The Foundation provides support to the College to assist in fulfilling its mission of educating students. For the years ended June 30, 2021 and 2020, the Foundation provided support in the form of the following:

	<u>2021</u>	<u>2020</u>
Direct support		
Scholarships	\$ 1,584,272	\$ 970,967
Athletic scholarships	358,044	195,397
Capital improvements	712,500	855,975
Neihardt stipends	33,200	32,400
Athletics administration support	94,234	67,774
General budget support	81,453	21,685
Property gifted	-	276,956
Indirect support	<u>33,120</u>	<u>69,042</u>
	<u>\$ 2,896,823</u>	<u>\$ 2,490,196</u>

The Foundation also reimbursed the College for payroll and other operating expenses in the amount of \$637,922 and \$673,081 for the years ended June 30, 2021 and 2020, respectively.

The Foundation receives donated rent from the College. The estimated fair value of this expense was \$6,000 for the years ended June 30, 2021 and 2020, respectively. These amounts have been recognized in the financial statements.

**NOTE L - RETIREMENT**

The Foundation contributes to a defined contribution retirement plan. The plan provides contributions of 8% of the eligible employee's wages. The Foundation contributed \$37,310 and \$39,438 for the years ended June 30, 2021 and 2020, respectively.

**NOTE M - CONCENTRATIONS OF CREDIT RISK**

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist principally of checking, money market, and certificate of deposit accounts at financial institutions. Accounts at each institution are insured by the FDIC up to \$250,000. The bank accounts, at June 30, 2021 and 2020, exceeded federally insured limits by \$1,742,252 and \$1,703,890, respectively. The Foundation has not experienced any losses on such accounts.

Wayne State Foundation

NOTES TO FINANCIAL STATEMENTS

**NOTE N - CASH AND CASH EQUIVALENTS**

The following is a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows.

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents, unrestricted	\$ 165,091	\$ 159,940
Cash and cash equivalents, restricted	<u>2,834,921</u>	<u>1,979,354</u>
Total cash and cash equivalents shown in the statements of cash flows	<u>\$ 3,000,012</u>	<u>\$ 2,139,294</u>

See Note A for description of cash and cash equivalents presented above.

**NOTE O - EXTINGUISHED DEBT**

During 2020, the Foundation obtained a loan for \$117,556 through the Payroll Protection Program (PPP) with the Small Business Administration (SBA), which was established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The PPP provided loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses for qualifying businesses. The loan and accrued interest were forgivable as long as the borrower used the proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintained its payroll levels. On December 9, 2020, the Foundation received full forgiveness.

**NOTE P - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through the audit report date, the date that the financial statements were available to be issued.

On August 12, 2021, the Foundation obtained complete forgiveness of the State of Nebraska Bank & Trust note payable obtained through the Payroll Protection Program with the Small Business Administration.