

**OLE MISS ATHLETICS FOUNDATION**

**Audited Financial Statements  
and Supplementary Information**

**Years Ended  
June 30, 2021 and 2020**

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## **INDEPENDENT AUDITORS' REPORT**

Board of Governors  
Ole Miss Athletics Foundation

We have audited the accompanying financial statements of the Ole Miss Athletics Foundation (a nonprofit organization) 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ole Miss Athletics 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.

## Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of revenues and schedules of expenses on pages 26 through 30 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink, reading "Grantham Poole Puc".

Ridgeland, Mississippi  
October 15, 2021

**OLE MISS ATHLETICS FOUNDATION**  
**Statements of Financial Position**  
**June 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b><u>ASSETS</u></b>		
Current Assets:		
Cash Without Donor Restrictions	\$ 12,952,632	\$ 3,596,090
Cash With Donor Restrictions	2,311,145	5,132,918
Investments	4,605,941	4,931,814
UM/UMF Receivable	1,641,765	521,610
Pledges Receivable, Current Portion	5,984,748	6,808,709
CGA Pledges Receivable, Net	37,845	31,101
Annual Fund Pledges Receivable	3,374,985	3,943,352
Note Receivable, Current Portion	897,865	1,777,958
Other Receivables	47,892	48,434
Prepaid Expenses	106,714	73,780
<b>Total Current Assets</b>	<b>31,961,532</b>	<b>26,865,766</b>
Long-Term Pledges Receivable, Net of Current Portion	20,474,053	9,032,022
Long-Term Note Receivable, Net of Current Portion	-	897,863
Charitable Trust	1,593,780	1,328,172
Property and Equipment, Net	22,102,108	23,762,290
Endowment	93,346	70,018
Other Assets	25,000	25,000
Cash Surrender Value of Life Insurance	512,366	473,865
<b>Total Assets</b>	<b>\$ 76,762,185</b>	<b>\$ 62,454,996</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Current Liabilities:		
Current Installments of Long-Term Debt	\$ 1,922,999	\$ 1,296,314
Accounts Payable	522,971	256,645
Payroll and Taxes Payable	96,991	122,561
Deferred Liability, Current Portion	2,087,676	1,981,868
Deferred Revenue, Current Portion	73,205	164,819
UM Payable	782,727	7,984,507
<b>Total Current Liabilities</b>	<b>5,486,569</b>	<b>11,806,714</b>
Long-Term Debt, Net of Current Installments:	24,459,936	26,699,750
Less Debt Issuance Costs, Net	(30,658)	(37,112)
<b>Net Long-Term Debt</b>	<b>24,429,278</b>	<b>26,662,638</b>
Deferred Liability, Net of Current Portion	3,401,491	5,414,166
Deferred Revenue, Net of Current Portion	85,749	158,954
<b>Total Liabilities</b>	<b>33,403,087</b>	<b>44,042,472</b>
Net Assets:		
Net Assets Without Donor Restrictions	14,039,877	7,560,969
Net Assets With Donor Restrictions	29,319,221	10,851,555
<b>Total Net Assets</b>	<b>43,359,098</b>	<b>18,412,524</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 76,762,185</b>	<b>\$ 62,454,996</b>

**OLE MISS ATHLETICS FOUNDATION**

**Statement of Activities**

**Year Ended June 30, 2021**

	<b>Net Assets Without Donor Restrictions</b>	<b>Net Assets With Donor Restrictions</b>	<b>Total</b>
Revenues and Support:			
Annual Fund Contributions	\$ 8,410,909	\$ -	\$ 8,410,909
Other Contributions	-	21,997,286	21,997,286
Other Revenues	12,966,716	369,534	13,336,250
Net Assets Released from Restrictions	3,899,154	(3,899,154)	-
<b>Total Revenues and Support</b>	<b>25,276,779</b>	<b>18,467,666</b>	<b>43,744,445</b>
Expenses:			
Program Expenses			
Support for Athletics Department Administration	17,580,120	-	17,580,120
Support for Team Programs	379,299	-	379,299
Other Restricted Expenses Including Facilities	1,906,726	-	1,906,726
Fundraising Expenses	901,603	-	901,603
Management and General Expenses	507,660	-	507,660
<b>Total Expenses</b>	<b>21,275,408</b>	<b>-</b>	<b>21,275,408</b>
Gain from Extinguishment of Commitment	2,477,537	-	2,477,537
<b>Change in Net Assets</b>	<b>6,478,908</b>	<b>18,467,666</b>	<b>24,946,574</b>
<b>Net Assets at Beginning of Year</b>	<b>7,560,969</b>	<b>10,851,555</b>	<b>18,412,524</b>
<b>Net Assets at End of Year</b>	<b>\$ 14,039,877</b>	<b>\$ 29,319,221</b>	<b>\$ 43,359,098</b>

**OLE MISS ATHLETICS FOUNDATION**

**Statement of Activities  
Year Ended June 30, 2020**

	<b>Net Assets Without Donor Restrictions</b>	<b>Net Assets With Donor Restrictions</b>	<b>Total</b>
Revenues and Support:			
Annual Fund Contributions	\$ 17,961,103	\$ -	\$ 17,961,103
Other Contributions	-	7,421,869	7,421,869
Other Revenues	1,850,780	130,625	1,981,405
Net Assets Released from Restrictions	8,486,402	(8,486,402)	-
<b>Total Revenues and Support</b>	<u>28,298,285</u>	<u>(933,908)</u>	<u>27,364,377</u>
Expenses:			
Program Expenses			
Support for Athletics Department Administration	33,200,070	-	33,200,070
Support for Team Programs	470,284	-	470,284
Other Restricted Expenses Including Facilities	6,422,457	-	6,422,457
Fundraising Expenses	1,138,468	-	1,138,468
Management and General Expenses	523,798	-	523,798
<b>Total Expenses</b>	<u>41,755,077</u>	<u>-</u>	<u>41,755,077</u>
<b>Change in Net Assets</b>	(13,456,792)	(933,908)	(14,390,700)
<b>Net Assets at Beginning of Year</b>	<u>21,017,761</u>	<u>11,785,463</u>	<u>32,803,224</u>
<b>Net Assets at End of Year</b>	<u><u>\$ 7,560,969</u></u>	<u><u>\$ 10,851,555</u></u>	<u><u>\$ 18,412,524</u></u>

**OLE MISS ATHLETICS FOUNDATION**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2021**

	<b>Athletics Department Administration</b>	<b>Team Programs</b>	<b>Other Program Restricted Expenses</b>	<b>Fundraising</b>	<b>Management and General</b>	<b>Total</b>
Academic Services	\$ 832	\$ -	\$ -	\$ -	\$ -	\$ 832
Accounting	-	-	-	-	37,685	37,685
Advertising	-	-	-	42,024	-	42,024
Annual Report	-	-	-	4,945	-	4,945
Athletics Director	42,246	-	-	-	-	42,246
Auto Stipends and Expenses	150,588	-	-	26,041	-	176,629
Consulting	48,000	-	-	-	-	48,000
Credit Card Fees	560,921	-	-	-	-	560,921
Depreciation	1,707,634	-	-	4,548	1,516	1,713,698
Donations and Sponsorships	-	-	-	-	35,900	35,900
Donor Gifts	-	-	-	3,673	-	3,673
Dues, Conferences, and Subscriptions	-	-	-	-	976	976
Expendable Equipment	188,224	-	-	-	-	188,224
Facility Improvements	236,261	-	730,651	-	-	966,912
Gameday RV Parking	18,108	-	-	-	-	18,108
Gifts in Kind Expense and Credits	402,576	-	-	-	-	402,576
Grove Tent Vendors	27,500	-	-	-	-	27,500
Insurance	140,544	-	-	-	122,307	262,851
Interest Expense	101,319	-	799,044	-	-	900,363
Legal	104,492	-	-	-	-	104,492
Media Relations	88,115	-	-	-	-	88,115
Off-Campus Property	9,302	-	-	-	-	9,302
Office Administration	12,822	-	-	22,075	51,509	86,406
Other	-	-	-	-	113	113
Personnel Compensation and Benefits	11,666,702	-	-	697,432	232,477	12,596,611
Philanthropic Events, Stewardship and Cultivation	-	-	-	41,551	-	41,551
Postage	-	-	-	518	561	1,079
Post Season	14,339	-	-	-	-	14,339
Priority Seating and Gameday	930,846	-	-	-	-	930,846
Provision for Uncollectible Pledges	-	-	316,297	-	-	316,297
Scholarships and Support	199,479	-	60,734	-	-	260,213
Team Programs	-	379,299	-	-	-	379,299
Telephone	13,794	-	-	6,154	24,616	44,564
Ticketing and Technology	782,292	-	-	-	-	782,292
Travel and Entertainment	133,184	-	-	52,642	-	185,826
	<u>\$ 17,580,120</u>	<u>\$ 379,299</u>	<u>\$ 1,906,726</u>	<u>\$ 901,603</u>	<u>\$ 507,660</u>	<u>\$ 21,275,408</u>

See accompanying notes to financial statements.



**OLE MISS ATHLETICS FOUNDATION**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2020**

	<b>Athletics Department Administration</b>	<b>Team Programs</b>	<b>Other Program Restricted Expenses</b>	<b>Fundraising</b>	<b>Management and General</b>	<b>Total</b>
Academic Services	\$ 3,236	\$ -	\$ -	\$ -	\$ -	\$ 3,236
Accounting	-	-	-	-	42,535	42,535
Advertising	-	-	-	26,129	-	26,129
Annual Report	-	-	-	6,223	-	6,223
Athletics Director	44,025	-	-	-	-	44,025
Auto Stipends and Expenses	149,935	-	-	32,288	-	182,223
Consulting	54,192	-	-	-	-	54,192
Credit Card Fees	292,360	-	-	-	-	292,360
Depreciation	1,708,267	-	-	13,729	4,576	1,726,572
Donations and Sponsorships	-	-	-	-	35,750	35,750
Donor Gifts	-	-	-	82,894	-	82,894
Dues, Conferences, and Subscriptions	-	-	-	-	4,966	4,966
Expendable Equipment	468,404	-	-	-	-	468,404
Facility Improvements	242,568	-	4,912,687	-	-	5,155,255
Gameday RV Parking	23,684	-	-	-	-	23,684
Gifts in Kind Expense and Credits	709,818	-	-	-	-	709,818
Grove Tent Vendors	37,817	-	-	-	-	37,817
Insurance	104,956	-	-	-	84,545	189,501
Interest Expense	65,090	-	1,012,302	-	-	1,077,392
Legal	89,332	-	-	-	-	89,332
Marketing	2,073	-	-	-	-	2,073
Media Relations	100,158	-	-	-	-	100,158
Off-Campus Property	9,595	-	-	-	-	9,595
Office Administration	20,381	-	-	24,658	57,850	102,889
Other	3,009	-	-	-	2,975	5,984
Personnel Compensation and Benefits	25,392,296	-	-	794,542	264,847	26,451,685
Philanthropic Events, Stewardship and Cultivation	-	-	-	110,543	-	110,543
Postage	-	-	-	512	2,047	2,559
Post Season	10,538	-	-	-	-	10,538
Priority Seating and Gameday	1,613,834	-	-	-	-	1,613,834
Provision for Uncollectible Pledges	-	-	1,370,681	-	-	1,370,681
Scholarships and Support	417,167	-	62,056	-	-	479,223
Team Programs	-	470,284	-	-	-	470,284
Telephone	7,746	-	-	5,927	23,707	37,380
Ticketing and Technology	611,926	-	-	-	-	611,926
Travel and Entertainment	82,394	-	-	41,023	-	123,417
Net Restricted Expenses Allocated	935,269	-	(935,269)	-	-	-
	<u>\$ 33,200,070</u>	<u>\$ 470,284</u>	<u>\$ 6,422,457</u>	<u>\$ 1,138,468</u>	<u>\$ 523,798</u>	<u>\$ 41,755,077</u>

See accompanying notes to financial statements.

**OLE MISS ATHLETICS FOUNDATION**  
**Statements of Cash Flows**  
**Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 24,946,574	\$ (14,390,700)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:		
Depreciation	1,713,698	1,726,572
Amortization of Debt Issuance Costs	6,454	6,454
Gain from Extinguishment of Commitment	(2,477,537)	-
Bad Debt Expense	938,585	1,370,681
Provision for Uncollectible Pledges Restricted for Long-Term Purposes	(314)	(1,124)
Amortization of Discount on Pledges Restricted for Long-Term Purposes	75,653	(105,792)
Contributions Restricted for Long-Term Purposes	(22,484,496)	(7,813,599)
Unrealized and Realized Gain/Loss on Sale of Investments	(449,375)	(88,605)
Cash Surrender Value of Life Insurance	(38,501)	(18,535)
(Increase) Decrease in:		
UM/UMF Receivable	(1,120,155)	555,751
Pledges Receivable	723,961	2,172,560
CGA Pledge Receivable	(17,642)	(9,666)
Annual Fund Pledges Receivable	568,367	549,962
Prepaid and Other Assets	1,745,564	45,713
Increase (Decrease) in:		
Accounts Payable	266,326	(5,527)
Other Current Liabilities	(25,570)	47,800
Deferred Liabilities	(1,906,867)	4,695,213
Deferred Revenue	(164,819)	(577,577)
UM Payable	(4,724,243)	(5,073,379)
<b>Net Cash Used in Operating Activities</b>	<u>(2,424,337)</u>	<u>(16,913,798)</u>
Cash Flows From Investing Activities:		
Proceeds from Sale of Investments	546,056	6,345,828
Purchases of Property and Equipment and Construction in Progress	(53,516)	(6,453)
Purchase of Investments	(56,644)	(544,551)
<b>Net Cash Provided by Investing Activities</b>	<u>435,896</u>	<u>5,794,824</u>
Cash Flows From Financing Activities:		
Contributions Restricted for Long-Term Purposes	10,136,339	6,567,310
Proceeds from Long-Term Debt	-	5,000,000
Payments on Long-Term Debt	(1,613,129)	(1,593,661)
<b>Net Cash Provided by Financing Activities</b>	<u>8,523,210</u>	<u>9,973,649</u>
<b>Net Change in Cash and Cash Equivalents</b>	<u>6,534,769</u>	<u>(1,145,325)</u>
<b>Cash and Cash Equivalents, at Beginning of Year</b>	<u>8,729,008</u>	<u>9,874,333</u>
<b>Cash and Cash Equivalents, at End of Year</b>	<u><u>\$ 15,263,777</u></u>	<u><u>\$ 8,729,008</u></u>

**OLE MISS ATHLETICS FOUNDATION**  
**Statements of Cash Flows**  
**Years Ended June 30, 2021 and 2020**

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	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents, at End of Year:		
Cash Without Donor Restrictions	\$ 12,952,632	\$ 3,596,090
Cash With Donor Restrictions	<u>2,311,145</u>	<u>5,132,918</u>
	<u>\$ 15,263,777</u>	<u>\$ 8,729,008</u>
Supplemental Disclosures of Cash Flow Information:		
Cash Paid For:		
Interest, Including Capitalized Interest; 2021, \$0; 2020, \$25,911	<u>\$ 969,899</u>	<u>\$ 1,077,392</u>
Non-Cash Financing Activities:		
Note Receivable Issued	\$ -	\$ (3,555,916)
Less: Payments Received from Payroll Withholding	<u>1,777,956</u>	<u>880,095</u>
Note Receivable, Net	<u>\$ 1,777,956</u>	<u>\$ (2,675,821)</u>

**OLE MISS ATHLETICS FOUNDATION**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

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**NOTE 1    NATURE OF ORGANIZATION**

The Ole Miss Athletics Foundation (the Foundation) is a Mississippi nonprofit corporation whose mission is to provide resources for the Department of Intercollegiate Athletics (the Athletics Department) at the University of Mississippi (the University). Formerly known as the Ole Miss Loyalty Foundation and the UMAA Foundation, the Foundation adopted amended and restated articles of incorporation and bylaws effective March 1, 2013, and the name was formally changed. The currently effective bylaws were amended and restated March 26, 2021. The Foundation has an affiliation agreement with the University that defines arrangements between the two organizations concerning services, facilities, premises, activities, and other miscellaneous provisions. The agreement currently in effect commenced on January 1, 2020 and is set to expire on December 31, 2024. Among other terms, the affiliation agreement calls for the Foundation and the Athletics Department to agree on an amount of financial support for scholarships, facilities, compensation, and other support provided by the Foundation each year.

**NOTE 2    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Adoption of Accounting Pronouncements

During the year ended June 30, 2021, the Foundation adopted the Financial Accounting Standards Board (FASB) ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This guidance requires an entity to 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 those goods or services. The standard was adopted using the modified retrospective transition method to all contracts not completed as of July 1, 2020. Implementation of this standard did not have a material effect on the financial statements.

During the year ended June 30, 2020, the Foundation adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (ASC Topic 605)*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Foundation has implemented the provisions of ASU 2018-08 applicable to contributions received in the financial statements for priority seating under a modified prospective basis to all agreements with contributors that either were not completed as of July 1, 2019, or were entered into after that date. There is no material effect on net assets in connection with the implementation of ASU 2018-08. See Revenue Recognition section for more details.

Net Assets

In accordance with ASU 2016-14, the Foundation reports net assets in two categories as follows:

Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. Contributions gifted for recurring programs are generally not considered “restricted” under accounting principles generally accepted in the United States of America (GAAP). Net assets restricted solely through the actions of the Board, if any, are reported as net assets without donor restrictions, board designated.

**OLE MISS ATHLETICS FOUNDATION**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

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**NOTE 2    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Net Assets (Continued)

With Donor Restrictions – Net assets subject to donor-imposed stipulations that are more restrictive than the Foundation's general purpose. 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. Donor-imposed restrictions are released when the 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenditures are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as release from restriction between the two classes of net assets.

Income and realized and unrealized gains and losses on investments of net assets with donor restrictions are reported as follows:

- as increases in net assets with donor restrictions if the terms of the gift or the Foundation's interpretation of relevant state law require that gains be added to the principal of a permanent endowment fund; as increases or decreases in net assets with donor restrictions if the terms of the gift impose restrictions on their use;
- as increases or decreases in net assets without donor restrictions in all other cases.

Net assets with donor restrictions as of June 30, 2021 and 2020, are available for the following purposes:

	<u><b>2021</b></u>	<u><b>2020</b></u>
Facility Improvements	\$ 26,808,832	\$ 8,920,370
Team Programs	823,263	532,995
Total Time and Purpose Restrictions	<u>27,632,095</u>	<u>9,453,365</u>
Investments in Perpetuity		
The Income From Which is Expendable to Support:		
Football, Basketball, Women's Athletics	93,346	70,018
Scholarships	<u>1,593,780</u>	<u>1,328,172</u>
Total Perpetual Restrictions	<u>1,687,126</u>	<u>1,398,190</u>
Total Net Assets With Donor Restrictions	<u><u>\$ 29,319,221</u></u>	<u><u>\$ 10,851,555</u></u>

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Such estimates include the present value discount rates applied to pledges receivable, the allowance for uncollectible pledges and estimated useful lives and salvage values of property and equipment. Accordingly, actual results could differ significantly from those estimates.

**OLE MISS ATHLETICS FOUNDATION**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

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**NOTE 2    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Fixed Assets

The Foundation records equipment, furniture and fixtures, buildings, improvements, and land at cost if purchased or at fair market value if donated. The Foundation capitalizes all fixed asset acquisitions over \$1,000. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Cash and Cash Equivalents

In general, for purposes of the statement of cash flows, the Foundation considers all highly-liquid investments available for current use with maturities of three months or less to be cash equivalents.

Income Tax Status

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except for taxes on income from activities unrelated to its exempt purpose.

Accordingly, no provision for income taxes has been made in the accompanying financial statements.

GAAP outlines the accounting for uncertainty in income taxes in an entity's financial statements and prescribes a recognition threshold and measurement attribute for tax positions taken or expected to be taken on a tax return including the entity's status as a tax-exempt entity. Additionally, GAAP provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, and disclosure. The Foundation had no significant uncertain tax positions at June 30, 2021 and 2020, respectively. If interest and penalties are incurred related to uncertain tax positions, such amounts are recognized as income tax expense in the statement of activities. As of June 30, 2021, periods for tax years 2020, 2019, and 2018 remain open to examination by the federal and state taxing jurisdictions to which the Foundation is subject.

Fair Value Measurements

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This 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 measurements that involve significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- a) Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets that are observable at the measurement date;
- b) Level 2: Significant observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or other inputs that are observable or can be corroborated by observable market data; and
- c) Level 3: Significant unobservable inputs for the asset or liability that reflects the reporting entity's own estimates about the assumptions that market participants would use in pricing the asset or liability.

**OLE MISS ATHLETICS FOUNDATION**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

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**NOTE 2    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Fair Value Measurements (Continued)

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based upon the lowest level input that is significant to the fair value measurement in its entirety. In accordance with Accounting Standards Update (ASU) 2009-12, *Investments that can be redeemed at Net Asset Value on the Measurement Date or in the Near Term*, such investments may be classified as Level 2. NAV is used as a practical expedient to estimate the fair value of such investments unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2021, the Foundation had no plans or intentions to sell investments at amounts different from NAV.

Investments

Investments are recorded at fair value. The fair values of all investments and trusts are based on quoted market prices and other observable inputs such as quoted prices for similar assets, quoted prices in inactive markets, or inputs corroborated by observable market data. Both realized and unrealized gains and losses are included in the change in net assets. Real estate and other properties donated to the Foundation and held by the University of Mississippi Foundation (the UM Foundation) are also carried at fair value based on appraisal values at the date of receipt and as subsequently updated.

The Foundation's investments include commodities, a charitable trust, equity securities, fixed income and pooled accounts. These investments are exposed to several risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the fair value of these investments will occur in the near term and such changes could materially affect the amounts reported in the Foundation's financial statements.

Revenue Recognition

Priority seats in the football stadium, basketball arena and baseball stadium require annual donations separate from the cost of the tickets. The donation amounts are set by the Foundation. Capital gift agreements may be signed to secure priority seats for football and basketball seasons. This unconditional revenue is restricted for the Forward Together capital campaign. These donations fall under ASC Topic 605 because they include an exchange transaction in addition to a contribution. See Adoption of Accounting Pronouncements. A portion of the seating annual donation and capital gift agreement revenue is recognized in the period the pledge is made and the remainder is recognized when the exchange transaction is completed. The exchange transaction is completed when the donor is able to purchase the tickets corresponding to the priority seating. For annual donation revenue, the amount recognized when received often corresponds with the year in which the sport season occurs. Unconditional contributions not tied to seating are recognized in full when the pledge is made. Other unpledged revenue is recognized in the period received.

The Tax Cuts and Jobs Acts amended Internal Revenue Code Section 170(l) that previously allowed for up to an 80% charitable deduction for donations to or for the benefit of an institution of higher learning that resulted, directly or indirectly, in the right to purchase tickets for seating in an athletic venue of such institution, to no longer allow such a deduction. This amendment was signed into law in December 2017 and went into effect January 1, 2018. The Foundation implemented the change as of January 1, 2018 and began receipting the total amount of donations of this type as non-charitable.

**OLE MISS ATHLETICS FOUNDATION**  
**Notes to Financial Statements**  
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**NOTE 2    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue Recognition (Continued)

Unconditional promises to give that are expected to be collected in future years are reported at the present value of their future cash flows. The discounts on these amounts are computed using risk-free interest rates applicable to the years in which the promises are scheduled to be received. Accretion of the discounts is included in contribution revenues. The Foundation uses the allowance method to determine uncollectible pledges receivable. The allowance is based on management's judgment, including such factors as prior collection history, the nature of the fund-raising activity, and the type of contributions made.

Donated Property and Services

Donations of real property received are recorded as gift-in-kind contributions at their estimated fair values at the date of donation. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. All real property donations to the Foundation are held by the UM Foundation until such properties are sold. Proceeds are subsequently transferred to the Foundation. The Foundation did not receive donated real property during the years ended June 30, 2021 and 2020.

Donations of personal property received, such as automobiles, equipment and apparel are recorded as gift-in-kind contributions at estimated fair value at the date of donation. For the years ended June 30, 2021 and 2020, \$36,527 and \$130,726, respectively, were recognized as contributions from donated personal property.

Donated services received are recognized as contributions if the services either (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people or entities with those skills, and would otherwise be purchased by the Foundation. For the years ended June 30, 2021 and 2020, \$179,250 and \$192,113, respectively, were recognized as donated services.

Charitable Trust

The Foundation is the beneficiary under an irrevocable charitable remainder unitrust with a local bank as trustee. Under the terms of the trust agreement, the Foundation receives distributions from the trust based on a formula using the lesser of the net income of the trust or 7% of the fair market value of the trust assets at the beginning of the trust taxable year. The trustee performs this calculation and makes the distribution. Expenses of the trust, such as taxes and administrative fees, are paid from the trust assets. The remaining principal of the trust is reported as a net asset with donor restrictions, perpetual in nature, per the terms of the trust agreement. Assets of the trust are reported at fair market value in the statements of financial position at \$1,593,780 and \$1,328,172, as of June 30, 2021 and 2020, respectively.

Advertising

Advertising costs are expensed as incurred and include annual priority seating information, promotional items for members, listings in gameday programs, and other marketing material related to Foundation memberships and donations. Advertising expenses for 2021 and 2020, were \$42,024 and \$26,129, respectively.



**OLE MISS ATHLETICS FOUNDATION**  
**Notes to Financial Statements**  
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**NOTE 2    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Debt Issuance Costs

The Foundation incurred debt issuance costs pursuant to a financial agreement in 2019. Such costs will be amortized based on the straight-line method which is not materially different from the effective interest method over the seven-year life of the debt. The total cost was \$45,180. Amortization expense included in interest expense for the years ended June 30, 2021 and 2020, was \$6,454 for each year.

Future amortization expense is noted to be:

<u>Year Ending June 30,</u>	
2022	\$ 6,454
2023	6,454
2024	6,454
2025	6,454
Thereafter	<u>4,842</u>
	<u>\$ 30,658</u>

Functional Allocation of Expenses

The financial statements present expenses by functional classification in accordance with the overall mission and activities of the Foundation. Each functional classification displays all expenses related to the underlying operations by natural classification. Accordingly, certain costs have been allocated among program, fundraising and management and general services.

Subsequent Events

Management has evaluated subsequent events through October 15, 2021, the date the financial statements were available to be issued.

Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation.

**NOTE 3    ACCOUNTS RECEIVABLE**

UM and UM Foundation Receivable

Cash contributions are received directly by the Foundation with the UM Foundation maintaining donor records for tax receipt purposes. Contributions to the Foundation in the form of securities are received directly by the UM Foundation. Funds associated with contributions in the form of securities are transferred to the Foundation immediately after being processed and recorded. Receivable balances from the University and the UM Foundation of \$1,136,895 and \$16,740 at June 30, 2021 and 2020, respectively, represent amounts to be received in the beginning of fiscal years 2021 and 2020, respectively.

The remaining receivable balance of \$504,870 at June 30, 2021 and 2020, from the UM Foundation, represents land and other interests contributed to the Foundation to be sold.

**OLE MISS ATHLETICS FOUNDATION**  
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**NOTE 4    PLEDGES RECEIVABLE**

The Foundation obtains pledges through fundraising programs in support of various activities. At June 30, 2021, pledges for the Vaught Society are scheduled to mature at various dates through 2030. The Capital Gift Agreements receipts are due primarily in the next year.

A summary of the pledges receivable as of June 30, 2021 and 2020, is as follows:

	<b>2021</b>	<b>2020</b>
Receivable in One Year	\$ 6,022,593	\$ 6,839,810
Receivable in Two to Five Years	18,469,160	9,940,391
Receivable in More Than Five Years	4,718,000	790,500
	<u>\$ 29,209,753</u>	<u>\$ 17,570,701</u>
 Pledges Receivable Without Donor Restrictions	 \$ 1,193,384	 \$ 50,000
Pledges Receivable With Donor Restrictions	28,016,369	17,520,701
	29,209,753	17,570,701
Less: Allowance for Doubtful Pledges Receivable	<u>(2,309,753)</u>	<u>(1,371,168)</u>
	26,900,000	16,199,533
 Less: Unamortized Discount (0.62% and 0.43% at June 30, 2021 and 2020, respectively)	   <u>(403,354)</u>	   <u>(327,701)</u>
Net Pledges Receivable	<u>\$ 26,496,646</u>	<u>\$ 15,871,832</u>
 Pledges Receivable, Current Portion	 \$ 5,984,748	 \$ 6,808,709
CGA Pledges Receivable, Net	37,845	31,101
Long-Term Pledges Receivable, Net of Current Portion	20,474,053	9,032,022
	<u>\$ 26,496,646</u>	<u>\$ 15,871,832</u>

**NOTE 5    INVESTMENTS AND CHARITABLE TRUST**

The following table presents the financial assets carried at fair value within the valuation hierarchy as of June 30, 2021 and 2020:

<b>2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equity and Futures	\$ 428,060	\$ -	\$ -	\$ 428,060
Fixed Income	360,206	-	-	360,206
Other Investments	3,817,675	-	-	3,817,675
Total Investments	4,605,941	-	-	4,605,941
Pooled Investments -				
Endowment	93,346	-	-	93,346
Charitable Trust	1,593,780	-	-	1,593,780
	<u>\$ 6,293,067</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,293,067</u>
<b>2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equity and Futures	\$ 365,952	\$ -	\$ -	\$ 365,952
Fixed Income	4,529,576	-	-	4,529,576
Other Investments	36,286	-	-	36,286
Total Investments	4,931,814	-	-	4,931,814
Pooled Investments -				
Endowment	70,018	-	-	70,018
Charitable Trust	1,328,172	-	-	1,328,172
	<u>\$ 6,330,004</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,330,004</u>

**OLE MISS ATHLETICS FOUNDATION**  
**Notes to Financial Statements**  
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**NOTE 5 INVESTMENTS AND CHARITABLE TRUST (CONTINUED)**

Investment return is summarized as follows for each year:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>
<b><u>June 30, 2021</u></b>		
Interest and Dividend Income From Marketable Securities, Cash and Cash Equivalents	\$ 88,334	\$ 262,106
Investment Expenses	(15,488)	(83,108)
Net Realized and Unrealized Gains	101,505	107,452
Total Investment Income, Net	<u>\$ 174,351</u>	<u>\$ 286,450</u>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>
<b><u>June 30, 2020</u></b>		
Interest and Dividend Income From Marketable Securities, Cash and Cash Equivalents	\$ 174,239	\$ 101,124
Investment Expenses	(18,690)	(72,374)
Net Realized and Unrealized Gains	110,965	(22,360)
Total Investment Income, Net	<u>\$ 266,514</u>	<u>\$ 6,390</u>

**NOTE 6 PROPERTY AND EQUIPMENT**

A summary of property and equipment at June 30, 2021 and 2020 is as follows:

	<b><u>2021</u></b>	<b><u>2020</u></b>
Office Equipment and Furniture	\$ 74,338	\$ 64,072
Automobiles	164,141	164,141
Manning Center	30,778,778	30,778,778
Video Boards and Audio	10,925,403	10,925,403
Construction in Process	43,250	-
Condominium	160,881	160,881
<b>Total Property and Equipment at Cost</b>	42,146,791	42,093,275
Less Accumulated Depreciation	<u>(20,044,683)</u>	<u>(18,330,985)</u>
<b>Property and Equipment, Net</b>	<u>\$ 22,102,108</u>	<u>\$ 23,762,290</u>

Depreciation expense for the years 2021 and 2020 totaled \$1,713,698 and \$1,726,572, respectively. The Manning Center, video boards, and audio systems are currently pledged as collateral on indebtedness.

**NOTE 7 UM ATHLETICS DEPARTMENT PAYABLE**

In addition to support throughout the year for Athletics Department activities and team programs, the Foundation is committed to providing a year-end supplement to meet the needs of the Athletics Department. The support amount payable at June 30, 2020 was \$2,357,662. Of this amount, \$2,248,592 was satisfied by the Athletics Department during fiscal year 2021, and the remaining balance was paid to the Athletics Department. No amount was outstanding at June 30, 2021.

**OLE MISS ATHLETICS FOUNDATION**  
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**NOTE 7 UM ATHLETICS DEPARTMENT PAYABLE (CONTINUED)**

As a supplement for facilities improvements, the Foundation had a payable of \$5,626,845 on June 30, 2020 to the Athletics Department. Of this amount, \$3,149,308 was paid to the university during fiscal year 2021. The remaining amount outstanding for this supplement was satisfied by the Athletics Department during fiscal year 2021. No amount was outstanding on June 30, 2021.

**NOTE 8 LONG-TERM DEBT**

	<u>2021</u>	<u>2020</u>
On February 1, 2021, the terms were changed on a loan for capital facilities in the amount of \$15,907,655. The original loan amount was \$30,000,000 and was obtained on October 30, 2012, with interest amortized over thirteen years and a maturity date of March 30, 2019. The revised loan terms include an interest rate of 3.90% and quarterly installments due of \$308,643 of principal and interest. Interest is amortized over a period of eighteen years, and the loan has a maturity date of March 25, 2026. The loan is collateralized by a deed of trust on the Manning Center.	\$ 15,585,791	\$15,899,826
On November 15, 2015, the Foundation obtained a loan to finance improvements to various athletics facilities including Vaught-Hemingway Stadium in the amount of \$11,500,000. The first twelve months of the loan term were a non-revolving line of credit phase. The line of credit became a permanent term loan on November 5, 2016, with a maturity date of November 5, 2025, and with an interest rate equal to 30 day Libor plus 100 basis points floating. The interest rate was 1.15% at June 30, 2021. Collateral for the loan includes all equipment and property purchased with loan proceeds and a pledge of revenues.	5,797,144	7,096,238
On August 5, 2019, the Foundation entered into a loan agreement for a revolving line of credit not to exceed \$5,000,000 with a variable interest rate equal to LIBOR plus 174 basis points and a maturity date of December 31, 2022. The purpose of the line of credit is to assist with operating needs. The loan agreement was amended on September 18, 2020 to increase the credit amount to \$12,500,000.	<u>5,000,000</u>	<u>5,000,000</u>
Gross Notes Payable	26,382,935	27,996,064
Debt Issuance Costs, Net	<u>(30,658)</u>	<u>(37,112)</u>
	26,352,277	27,958,952
Current Installments of Long-Term Debt	<u>(1,922,999)</u>	<u>(1,296,314)</u>
Net Long-Term Debt Excluding Current Installments	<u>\$ 24,429,278</u>	<u>\$26,662,638</u>

**OLE MISS ATHLETICS FOUNDATION**  
**Notes to Financial Statements**  
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**NOTE 8 LONG-TERM DEBT (CONTINUED)**

A summary of the debt maturities is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 1,922,999
2023	6,963,043
2024	2,004,256
2025	2,046,677
2026	13,445,960
	<u>\$ 26,382,935</u>

There are debt covenants that include a requirement to issue financials, audited by a certified public accountant, no later than 120 days after the end of the fiscal year and to maintain a debt to asset ratio less than 1.0, which is required to be tested annually. As of June 30, 2021, the Foundation has complied with these covenants.

**NOTE 9 ENDOWMENTS**

The UM Foundation holds certain funds that are considered permanent endowments and scholarship funds. These endowments are created for the benefit of the Athletics Department, and any contributions to the Foundation that are designated for these funds are transferred to the UM Foundation. Funds that amounted to \$4,910,958 and \$3,825,849 at June 30, 2021 and 2020, respectively, are managed by the UM Foundation and are not included in these financial statements. Funds that amounted to \$93,346 and \$70,018 at June 30, 2021 and 2020, respectively, are managed by the UM Foundation and are included in investments. These endowments were created for the benefit of the Foundation.

**NOTE 10 LIFE INSURANCE POLICIES**

The Foundation has been gifted life insurance policies for which it has been named owner and beneficiary. The face amounts of life insurance policies in excess of cash surrender values held by the Foundation are recognized as revenue only when collected. The cash surrender values of such policies at June 30, 2021 and 2020 were \$512,366 and \$473,865, respectively.

**NOTE 11 CONCENTRATIONS OF CREDIT RISK**

The total cash held by the Foundation at June 30, 2021 and 2020 included \$14,291,410 and \$7,699,188, respectively in monies that were not covered by insurance provided by the Federal Deposit Insurance Corporation. The risk is minimized by the fact that cash is held in high quality financial institutions.

**NOTE 12 LEASES**

The Foundation leases office space from the University at no cost, in accordance with the affiliation agreement. The Foundation leases from the University the land upon which the Manning Center is located, and the Foundation subleases the Manning Center back to the University for operations at a net cost of zero.

In August 2019, the Foundation entered into two thirty-six-month automobile leases for the benefit of the Athletics Department. These leases contain options to purchase at the end of the lease and require the Foundation to pay all executory costs such as taxes, maintenance, and insurance.

**OLE MISS ATHLETICS FOUNDATION**  
**Notes to Financial Statements**  
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**NOTE 12 LEASES (CONTINUED)**

The Foundation leased a copier in September 2019 under a sixty-month cost per copy lease agreement. This agreement provided for a stated cost per copy over the life of the lease with an established monthly minimum payment.

In June 2014, the Foundation entered into a lease agreement for retail and office space off campus. The lease term is for eleven years and is payable monthly at \$19,185 per month.

In April 2017 and August 2019, the Foundation entered into a dry lease agreement for private airplane usage. The initial term was for one year, and thereafter went to a month-to-month basis. Lease payments are based on hourly usage, and there is no minimum requirement other than the days the aircraft is occupied by the Foundation, at which time the minimum is two hours per day.

In July 2021, the Foundation entered into a four-year lease agreement for campus equipment. The lease is payable annually at \$383,265 per year. See *Note 25, Subsequent Events*.

Rental expenses for these leases amounted to \$331,801 in fiscal year 2021 and \$289,356 in fiscal year 2020.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of June 30, 2021 are:

<u>Year Ending June 30,</u>	
2022	\$ 629,350
2023	619,150
2024	617,110
2025	<u>607,445</u>
	<u>\$ 2,473,055</u>

**NOTE 13 COMMITMENTS**

Pursuant to its affiliation agreement with the University, the Foundation and the Athletics Department agree on an amount of support provided by the Foundation each year. In the absence of an agreed upon amount in any given year, the Foundation will provide a minimum of \$8 million, per the terms of the affiliation agreement.

As part of annual support, the Foundation has agreed to supplement the compensation paid to several employees of the University's Athletics Department under their state employment contracts with the University. The University and Board of Trustees of Mississippi Institutions of Higher Learning have no obligations under the terms of these supplemental compensation agreements. The amount paid for these supplemental compensation and incentive packages for the years ending June 30, 2021 and 2020, was \$8,111,467 and \$12,070,647, respectively. The amount expected to be paid in fiscal year 2022 exceeds \$12,756,453. The Foundation has also agreed to support severance and separation agreements with former Athletics Department personnel. The amount paid for these agreements for the fiscal years ended June 30, 2021 and 2020, was \$3,671,249 and \$8,622,462, respectively. The amount expected to be paid in fiscal year 2022 is \$3,141,419.

**OLE MISS ATHLETICS FOUNDATION**  
**Notes to Financial Statements**  
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**NOTE 13 COMMITMENTS (CONTINUED)**

For the fiscal year ended June 30, 2022, the Foundation has committed to provide support for scholarships and other operating needs of the Athletics Department. The Foundation has also committed to provide financial support for specific projects undertaken for constructing and improving Athletics facilities.

**NOTE 14 CONTINGENT LIABILITY**

The University of Mississippi Educational Building Corporation (UMEBC) and Foundation were co-obligors on indebtedness on the Pavilion at Ole Miss and a parking facility, both of which are now owned by the UMEBC. Construction of these facilities and the related bond financing were arranged and subsidized by the Foundation. In July 2016, ownership of the facilities transferred to the UMEBC. The capital leases that were in place between the Foundation and the University were terminated at the time of transfer. In October 2019, the UMEBC issued revenue refunding bonds for majority of the outstanding debt on the Pavilion at Ole Miss and the parking facility. The Foundation remained co-obligor for a portion of the debt not refunded, in the amount of \$1,331,298 on June 30, 2020, until the debt was settled during fiscal year 2021. As part of the Foundation's mission for the Athletics Department, the Foundation provides funds to the University for the debt service payments on this indebtedness. Such payments are expensed in the accompanying statements of activities as other restricted expenses.

**NOTE 15 RESTRICTED EXPENSES ALLOCATED**

Administration and fundraising costs for the capital campaign are paid from Foundation operating funds. To cover these costs and other needs in operating funds as a result of the campaign, campaign funds of \$2,782,436 were allocated for the year ended June 30, 2020. A portion of annual seating donations in newly constructed areas goes toward paying for the cost of the facility construction. That amount for the year ended June 30, 2020 was \$1,347,107. No amounts were allocated separately for the fiscal year ended June 30, 2021. These allocations combined with other internal transfers total the net restricted expenses allocated of \$935,269 for the year ended June 30, 2020.

**NOTE 16 RELATED PARTY**

In June 2014, the Foundation entered into a lease for commercial office space with a third-party landlord, a company in which a member of the board of governors of the Foundation has an interest. The term of the lease is for eleven years and commenced on July 1, 2014. The agreement calls for monthly payments of \$19,185. The total amounts paid to the related party for the lease and related expenses for the years ending June 30, 2021 and 2020 was \$220,149 each year. The board member excused himself from all proceedings and did not participate in the decision in any way.

**NOTE 17 NET ASSETS RELEASED FROM RESTRICTIONS**

For the years ended June 30, 2021 and 2020, net assets with donor restrictions were released from restrictions for the following purposes:

**OLE MISS ATHLETICS FOUNDATION**  
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**NOTE 17 NET ASSETS RELEASED FROM RESTRICTIONS (CONTINUED)**

	<u>2021</u>	<u>2020</u>
Support for Team Programs and Other	\$ 440,033	\$ 532,340
Facility Improvements	730,651	4,912,687
Interest Expense	799,044	1,012,302
Net Restricted Expenses Allocated	-	(935,269)
Provision for Uncollectible Pledges	316,297	1,370,681
Principal Payments on Capital Debt	1,613,129	1,593,661
Total Net Assets Released From Restrictions	<u>\$ 3,899,154</u>	<u>\$ 8,486,402</u>

**NOTE 18 RETIREMENT PLAN**

The Foundation sponsors a SEP IRA plan for all employees. The Foundation makes a contribution to the Plan each year equal to 17.4% of each employee's compensation up to the maximum prescribed by the Internal Revenue Service. The expense incurred by the Foundation for the years ended June 30, 2021 and 2020 was \$127,014 and \$141,201, respectively.

The Foundation also sponsors a 403b Plan for employee deferrals only.

**NOTE 19 NET ASSETS WITHOUT DONOR RESTRICTIONS**

Net assets without donor restrictions as of June 30, 2021 and 2020, are detailed as shown:

	<u>2021</u>	<u>2020</u>
Net Assets Designated by Board as a Reserve	\$ 739,377	\$ 624,067
Net Assets Without Board Designation	13,300,500	6,936,902
Total Net Assets Without Donor Restrictions	<u>\$ 14,039,877</u>	<u>\$ 7,560,969</u>

**NOTE 20 DEFERRED REVENUE**

As discussed in Note 2, the passage of the Tax Cuts and Jobs Acts eliminated the charitable deduction for contributions made for priority seating beginning January 1, 2018. The Foundation allowed members to make donations for priority seating for future years before January 1, 2018, and the payments are shown as deferred revenue at June 30, 2021 and 2020 to be recognized as revenue per the following schedule.

<u>Year Ending June 30,</u>	
2022	\$ 73,205
2023	44,549
2024	20,600
2025	20,600
Total Deferred Revenue	<u>\$ 158,954</u>

**NOTE 21 LIQUIDITY AND AVAILABILITY OF RESOURCES**

The table that follows presents the Foundation's financial assets at June 30 that are available to meet obligations for general expenditures that may arise within one year of the balance sheet date.



**OLE MISS ATHLETICS FOUNDATION**  
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**NOTE 21 LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)**

	<u>2021</u>	<u>2020</u>
Cash Without Donor Restrictions	\$ 12,952,632	\$ 3,596,090
Investments	4,605,941	4,931,814
UM/UMF Receivable, Cash Portion	1,136,895	16,740
Annual Fund Pledges Receivable	3,374,985	3,943,352
Notes Receivable, Current Portion	897,865	1,777,958
Other Receivables	47,892	48,434
Less Those Unavailable for General Expenditures		
Within One Year, Due to:		
Investments - Board-Designated Restrictions	<u>(739,377)</u>	<u>(624,067)</u>
Financial Assets Available to Meet Cash Needs		
for General Expenditures Within One Year	<u>\$ 22,276,833</u>	<u>\$ 13,690,321</u>

In addition to the assets shown above, at June 30, 2021, the Foundation had \$2,311,145 and \$5,132,918 of cash and \$6,022,593 and \$6,839,810 of pledges receivable within one year with restrictions as to their use, each respectively at June 30, 2021 and 2020. These funds may not be used to cover general expenditures of the Foundation. The Foundation also had \$739,377 and \$624,067 of short-term investments at June 30, 2021 and 2020, respectively, that have been designated by the board of governors to be held in reserve for contractual purposes. These funds could be drawn upon for immediate liquidity following approval by the board.

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due. The Foundation's cash flows vary throughout the year due to the timing of receipt of pledge receivables and contributions from donors. To assist in managing liquidity, the Foundation has a line of credit with a commercial bank with borrowing limits of \$12.5 million in the aggregate that can be drawn upon as needed to manage cash flow.

**NOTE 22 DEFERRED LIABILITY AND NOTES RECEIVABLE**

A severance agreement with a former coach was entered into by the Foundation in December 2019. The agreement states that a total of \$8,872,500 will be paid through December 31, 2023 at varying monthly amounts. A discount rate of 2% was used to determine the present value of future payments. The amounts due in future years are as follows:

<u>Year Ending June 30,</u>	
2022	\$ 2,087,676
2023	2,195,629
2024	<u>1,205,862</u>
	<u>\$ 5,489,167</u>

A promissory note in the amount of \$3,555,916 related to income tax due on the severance contract was signed by the former coach in December 2019. The promissory note bears interest at 2% with monthly installments of \$151,270 being withheld by the Foundation from each monthly severance payment made to the coach through December 31, 2021 for principal and interest payments. The balance of the loan receivable at June 30, 2021 was \$897,865. The remaining principal amounts will be received in the fiscal year ended June 30, 2022.

**OLE MISS ATHLETICS FOUNDATION**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

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**NOTE 23 RECENT ACCOUNTING PRONOUNCEMENTS**

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The adoption of this standard was postponed again and is now effective on July 1, 2022, with early adoption permitted. The Foundation is in the process of evaluating the impact of this new guidance.

**NOTE 24 UNCERTAINTIES**

On March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The extent of the impact of COVID-19 on the Foundation's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Foundation's customers, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Foundation's financial condition or results of operations are uncertain.

**NOTE 25 SUBSEQUENT EVENTS**

In July 2021, the Foundation entered into a four-year lease agreement for campus equipment with a total future commitment of \$1,533,060. See *Note 12, Leases*.

## **Supplementary Information**

**OLE MISS ATHLETICS FOUNDATION**  
**Schedules of Revenues**  
**Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Donor Contributions Without Restrictions:		
Baseball Annual Fund	\$ 1,459,011	\$ 2,319,640
Basketball Annual Fund	919,951	2,277,283
Football Annual Fund	5,696,622	13,041,275
General Annual Fund	335,325	322,905
<b>Total Donor Contributions Without Restrictions</b>	<u>8,410,909</u>	<u>17,961,103</u>
Contributions Restricted by Donor:		
Baseball	91,078	91,438
Capital Gift Agreements	138,741	207,590
Facility and Capital Improvements - Other	1,967	17,643
Football	10,775	28,588
Forward Together - Other	-	34,820
Forward Together - Vaught Society	21,204,772	6,641,897
Men's Basketball	128,413	162,330
Men's Golf	172,850	61,600
Men's and Women's Tennis	26,025	10,000
Men's and Women's Track	6,715	7,300
Other Restricted Contributions	30,593	56,582
Student-Athlete Development	26,986	53,524
Women's Basketball	123,475	27,250
Women's Golf	550	7,500
Women's Rifle	5,022	4,932
Women's Soccer	13,394	5,375
Women's Softball	7,655	300
Women's Volleyball	8,275	3,200
<b>Total Contributions Restricted by Donor</b>	<u>21,997,286</u>	<u>7,421,869</u>

**OLE MISS ATHLETICS FOUNDATION**  
**Schedules of Revenues**  
**Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Other Revenue Without Donor Restrictions:		
Investment Income, Net of Investment Expenses	72,846	155,549
Gameday RV Parking	82,136	84,797
Grove Tent Vendors	-	73,029
Media/Website	-	3,096
Realized/Unrealized Gains (Losses)	101,505	110,965
Other Income	11,320,370	176,183
Contributions - Vaught Society	1,193,332	986,500
Gifts in Kind	<u>196,527</u>	<u>260,661</u>
<b>Total Other Revenue Without Donor Restrictions</b>	<u>12,966,716</u>	<u>1,850,780</u>
Other Revenue with Donor Restrictions:		
Gifts in Kind	19,250	62,179
Investment Income, Net of Investment Expenses	178,998	28,750
Endowment Gifts	3,100	-
Potts Trust	60,734	62,056
Realized Gains (Losses)	<u>107,452</u>	<u>(22,360)</u>
<b>Total Other Revenue With Donor Restrictions</b>	<u>369,534</u>	<u>130,625</u>
<b>Total Revenue</b>	<u><u>\$ 43,744,445</u></u>	<u><u>\$ 27,364,377</u></u>

**OLE MISS ATHLETICS FOUNDATION**  
**Schedules of Expenses**  
**Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
General and Administrative Expenses:		
Accounting	\$ 37,685	\$ 42,535
Advertising	42,024	26,129
Annual Report	4,945	6,223
Auto Stipends and Maintenance	26,041	32,288
Depreciation	6,064	18,305
Donations and Sponsorships	35,900	35,750
Donor Gifts	3,673	82,894
Dues, Conferences, and Subscriptions	976	4,966
Insurance	122,307	84,545
Office Administration	73,584	82,508
Other	113	2,975
Personnel Benefits	169,271	184,816
Personnel Compensation and Tax	760,638	874,573
Philanthropic Events, Stewardship and Cultivation	41,551	110,543
Postage	1,079	2,559
Telephone	30,770	29,634
Travel	52,642	41,023
<b>Total Fundraising, General, and Administrative Expenses</b>	<u>1,409,263</u>	<u>1,662,266</u>
Support for Athletics Department Administration:		
Academic Services	832	3,236
Athletics Director	42,246	44,025
Auto Stipends and Leases	150,588	149,935
Consulting	48,000	54,192
Credit Card Fees	560,921	292,360
Depreciation	1,707,634	1,708,267
Expendable Equipment	188,224	468,404
Facilities Support	236,261	242,568
Gameday RV Parking	18,108	23,684
Gifts in Kind Expense and Credits	402,576	709,818
Grove Tent Vendors	27,500	37,817
Insurance	140,544	104,956
Interest	101,319	65,090

**OLE MISS ATHLETICS FOUNDATION**  
**Schedules of Expenses**  
**Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Support for Athletics Department Administration: (Continued)		
Legal	104,492	89,332
Marketing	-	2,073
Media Relations	88,115	100,158
Off-Campus Property	9,302	9,595
Office Administration	12,822	20,381
Other	-	3,009
Personnel Compensation and Tax	11,666,702	25,392,296
Post Season	14,339	10,538
Priority Seating and Gameday	930,846	1,613,834
Scholarships and Support	199,479	417,167
Telephone	13,794	7,746
Ticketing and Technology	782,292	611,926
Travel and Entertainment	133,184	82,394
Net Restricted Expenses Allocated	-	935,269
<b>Total Support for Athletics Department Administration</b>	<u>17,580,120</u>	<u>33,200,070</u>
Support for Team Programs:		
Baseball	26,273	81,893
Football	20,143	49,816
Football Fantasy Camp	-	39,253
Gifts in Kind	19,250	62,179
Men's Basketball	54,206	133,781
Men's Golf	191,478	20,254
Men's and Women's Tennis	150	10,608
Men's and Women's Track	95	8,705
Other Restricted Expenses	15,206	20,592
Spirit Groups	2,213	1,737
Student-Athlete Development	-	7,871
Women's Basketball	36,029	18,055
Women's Golf	2,461	8,822
Women's Rifle	2,874	188
Women's Soccer	1,311	4,773
Women's Softball	2,501	540
Women's Volleyball	5,109	1,217
<b>Total Support for Team Programs</b>	<u>379,299</u>	<u>470,284</u>

**OLE MISS ATHLETICS FOUNDATION**  
**Schedules of Expenses**  
**Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Other Restricted Expenses:		
Facility Improvements	730,651	4,912,687
Interest Expense	799,044	1,012,302
Net Restricted Expenses Allocated	-	(935,269)
Scholarships	60,734	62,056
Provision for Uncollectible Pledges	316,297	1,370,681
<b>Total Other Restricted Expenses</b>	<u>1,906,726</u>	<u>6,422,457</u>
 <b>Net Assets Released from Restrictions for Expenses</b>	 <u>2,286,025</u>	 <u>6,892,741</u>
 <b>Total Expenses</b>	 <u><u>\$ 21,275,408</u></u>	 <u><u>\$ 41,755,077</u></u>