

**OLE MISS ATHLETICS FOUNDATION**

**Audited Financial Statements  
and Supplementary Information**

**Years Ended  
June 30, 2022 and 2021**

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## INDEPENDENT AUDITORS' REPORT

Board of Governors  
Ole Miss Athletics Foundation

### **Opinion**

We have audited the accompanying financial statements of Ole Miss Athletics Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ole Miss Athletics Foundation as of June 30, 2022 and 2021, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ole Miss Athletics Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ole Miss Athletics Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Ole Miss Athletics Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ole Miss Athletics Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Report on Supplementary Information**

Our audit was 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 27 through 31 is presented for purposes of additional analysis and is 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 audit 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.

Ridgeland, Mississippi  
October 20, 2022

**OLE MISS ATHLETICS FOUNDATION**  
**Statements of Financial Position**  
**June 30, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b><u>ASSETS</u></b>		
Current Assets:		
Cash Without Donor Restrictions	\$ 2,285,813	\$ 12,952,632
Cash With Donor Restrictions	7,576,233	2,311,145
Investments	9,419,114	4,605,941
University of Mississippi Foundation Receivable	515,512	1,641,765
Pledges Receivable, Current Portion	11,083,524	5,984,748
Capital Gift Agreements Pledges Receivable, Net	21,380	37,845
Annual Fund Pledges Receivable	4,023,922	3,374,985
Note Receivable, Current Portion	-	897,865
Other Receivables	224,579	47,892
Prepaid Expenses	133,624	106,714
<b>Total Current Assets</b>	<b>35,283,701</b>	<b>31,961,532</b>
Long-Term Pledges Receivable, Net of Current Portion	29,480,117	20,474,053
Charitable Trust	1,281,897	1,593,780
Property and Equipment, Net	30,376,566	22,102,108
Endowment	88,925	93,346
Other Assets	25,000	25,000
Cash Surrender Value of Life Insurance	529,080	512,366
<b>Total Assets</b>	<b>\$ 97,065,286</b>	<b>\$ 76,762,185</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Current Liabilities:		
Current Installments of Long-Term Debt	\$ 4,507,638	\$ 1,922,999
Accounts Payable	5,344,256	522,971
Payroll and Taxes Payable	128,817	96,991
Deferred Liability, Current Portion	2,195,629	2,087,676
Deferred Revenue, Current Portion	44,549	73,205
University of Mississippi Payable	2,947,540	782,727
<b>Total Current Liabilities</b>	<b>15,168,429</b>	<b>5,486,569</b>
Long-Term Debt, Net of Current Installments:	19,816,860	24,459,936
Less Debt Issuance Costs, Net	(24,204)	(30,658)
<b>Net Long-Term Debt</b>	<b>19,792,656</b>	<b>24,429,278</b>
Deferred Liability, Net of Current Portion	1,280,862	3,401,491
Deferred Revenue, Net of Current Portion	41,199	85,749
<b>Total Liabilities</b>	<b>36,283,146</b>	<b>33,403,087</b>
Net Assets:		
Net Assets Without Donor Restrictions	17,158,397	14,039,877
Net Assets With Donor Restrictions	43,623,743	29,319,221
<b>Total Net Assets</b>	<b>60,782,140</b>	<b>43,359,098</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 97,065,286</b>	<b>\$ 76,762,185</b>

The Notes to Financial Statements are an integral part of these statements.

**OLE MISS ATHLETICS FOUNDATION**  
**Statement of Activities**  
**Year Ended June 30, 2022**

	<b>Net Assets Without Donor Restrictions</b>	<b>Net Assets With Donor Restrictions</b>	<b>Total</b>
Revenues and Support:			
Annual Fund Contributions	\$ 22,257,005	\$ -	\$ 22,257,005
Other Contributions	-	31,273,570	31,273,570
Gifts In Kind	413,748	16,685	430,433
Other Revenues	2,334,693	(246,995)	2,087,698
Net Assets Released from Restrictions	16,738,738	(16,738,738)	-
<b>Total Revenues and Support</b>	<u>41,744,184</u>	<u>14,304,522</u>	<u>56,048,706</u>
Expenses:			
Program Expenses			
Athletics Department Administration	26,600,696	-	26,600,696
Team Programs	710,609	-	710,609
Other Program Restricted Expenses	9,016,055	-	9,016,055
Fundraising Expenses	1,665,844	-	1,665,844
Management and General Expenses	632,460	-	632,460
<b>Total Expenses</b>	<u>38,625,664</u>	<u>-</u>	<u>38,625,664</u>
<b>Change in Net Assets</b>	3,118,520	14,304,522	17,423,042
<b>Net Assets at Beginning of Year</b>	<u>14,039,877</u>	<u>29,319,221</u>	<u>43,359,098</u>
<b>Net Assets at End of Year</b>	<u>\$ 17,158,397</u>	<u>\$ 43,623,743</u>	<u>\$ 60,782,140</u>

**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>
<b>Revenues and Support:</b>			
Annual Fund Contributions	\$ 8,410,909	\$ -	\$ 8,410,909
Other Contributions	-	21,997,286	21,997,286
Gifts in Kind	196,527	19,250	215,777
Other Revenues	12,770,189	350,284	13,120,473
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>
<b>Expenses:</b>			
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 Functional Expenses**  
**Year Ended June 30, 2022**

	<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	\$ 3,125	\$ -	\$ -	\$ -	\$ -	\$ 3,125
Accounting	-	-	-	-	40,620	40,620
Advertising	-	-	-	69,504	-	69,504
Annual Report	-	-	-	2,319	-	2,319
Athletics Director	32,096	-	-	-	-	32,096
Auto Stipends and Expenses	182,945	-	-	29,969	-	212,914
Consulting	70,146	-	-	35,000	-	105,146
Credit Card Fees	438,395	-	-	-	-	438,395
Depreciation	1,721,738	-	-	6,821	2,274	1,730,833
Donations and Sponsorships	-	-	-	-	40,560	40,560
Donor Gifts	-	-	-	126,903	-	126,903
Dues, Conferences, and Subscriptions	-	-	-	-	14,555	14,555
Expendable Equipment	1,190,950	-	-	-	-	1,190,950
Facility Improvements	249,446	-	4,074,069	-	-	4,323,515
Former Student Athlete Relations	30,839	-	-	-	-	30,839
Gameday RV Parking	50,961	-	-	-	-	50,961
Gifts in Kind Expense and Credits	724,273	-	-	-	-	724,273
Grove Tent Vendors	94,232	-	-	-	-	94,232
Insurance	132,679	-	-	-	131,855	264,534
Interest Expense	56,031	-	602,080	-	-	658,111
Legal	14,144	-	-	-	-	14,144
Marketing	153,886	-	-	-	-	153,886
Media Relations	37,522	-	-	-	-	37,522
Off-Campus Property	9,715	-	-	-	-	9,715
Office Administration	18,806	-	-	22,872	53,368	95,046
Other	-	-	-	-	5,785	5,785
Personnel Compensation and Benefits	15,732,998	-	-	929,629	309,877	16,972,504
Philanthropic Events, Stewardship and Cultivation	-	-	-	280,207	-	280,207
Postage	-	-	-	9,485	9,486	18,971
Post Season	108,486	-	-	-	-	108,486
Priority Seating and Gameday	1,779,829	-	-	-	-	1,779,829
Provision for Uncollectible Pledges	-	-	4,270,596	-	-	4,270,596
Scholarships and Support	2,495,222	-	69,310	-	-	2,564,532
Team Programs	-	710,609	-	-	-	710,609
Telephone	24,684	-	-	6,020	24,080	54,784
Ticketing and Technology	916,576	-	-	-	-	916,576
Travel and Entertainment	330,972	-	-	147,115	-	478,087
	<u>\$ 26,600,696</u>	<u>\$ 710,609</u>	<u>\$ 9,016,055</u>	<u>\$ 1,665,844</u>	<u>\$ 632,460</u>	<u>\$ 38,625,664</u>

See accompanying notes to financial statements.



**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>

**OLE MISS ATHLETICS FOUNDATION**  
**Statements of Cash Flows**  
**Years Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 17,423,042	\$ 24,946,574
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	1,730,833	1,713,698
Amortization of Debt Issuance Costs	6,454	6,454
Gain from Extinguishment of Commitment	-	(2,477,537)
Bad Debt Expense	2,072,817	938,585
Provision for Uncollectible Pledges Restricted for Long-Term Purposes	1,324,750	(314)
Amortization of Discount on Pledges Restricted for Long-Term Purposes	1,029,783	75,653
Contributions Restricted for Long-Term Purposes	(30,804,972)	(22,484,496)
Unrealized and Realized (Gain) Loss on Sale of Investments	1,671,005	(449,375)
Cash Surrender Value of Life Insurance	(16,714)	(38,501)
(Increase) Decrease in:		
University of Mississippi Foundation Receivable	1,126,253	(1,120,155)
Pledges Receivable	2,755,061	723,961
Capital Gift Agreement Pledges Receivable	30,598	(17,642)
Annual Fund Pledges Receivable	(648,937)	568,367
Prepaid and Other Assets	(203,597)	(32,392)
Increase (Decrease) in:		
Accounts Payable	4,821,285	266,326
Other Current Liabilities	31,826	(25,570)
Deferred Liabilities	(2,012,676)	(1,906,867)
Deferred Revenue	(73,206)	(164,819)
University of Mississippi Payable	2,164,813	(4,724,243)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>2,428,418</u>	<u>(4,202,293)</u>
Cash Flows From Investing Activities:		
Proceeds from Sale of Investments	112,932	546,056
Payments Received on Notes Receivable	897,865	1,777,956
Purchases of Property and Equipment and Construction in Progress	(10,005,291)	(53,516)
Purchase of Investments	(6,274,806)	(56,644)
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u>(15,269,300)</u>	<u>2,213,852</u>
Cash Flows From Financing Activities:		
Contributions Restricted for Long-Term Purposes	9,497,588	10,136,339
Proceeds from Long-Term Debt	4,953,636	-
Payments on Long-Term Debt	(7,012,073)	(1,613,129)
<b>Net Cash Provided by Financing Activities</b>	<u>7,439,151</u>	<u>8,523,210</u>
<b>Net Change in Cash and Cash Equivalents</b>	<u>(5,401,731)</u>	<u>6,534,769</u>
<b>Cash and Cash Equivalents, at Beginning of Year</b>	<u>15,263,777</u>	<u>8,729,008</u>
<b>Cash and Cash Equivalents, at End of Year</b>	<u>\$ 9,862,046</u>	<u>\$ 15,263,777</u>

The Notes to Financial Statements are an integral part of these statements.

**OLE MISS ATHLETICS FOUNDATION**  
**Statements of Cash Flows**  
**Years Ended June 30, 2022 and 2021**

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	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents, at End of Year:		
Cash Without Donor Restrictions	\$ 2,285,813	\$ 12,952,632
Cash With Donor Restrictions	<u>7,576,233</u>	<u>2,311,145</u>
	<u>\$ 9,862,046</u>	<u>\$ 15,263,777</u>
Supplemental Disclosures of Cash Flow Information:		
Cash Paid For:		
Interest, Including Capitalized Interest; 2022, \$107,619; 2021, \$0	<u>\$ 727,647</u>	<u>\$ 969,899</u>

**OLE MISS ATHLETICS FOUNDATION**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

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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, 2022, the Foundation adopted the Financial Accounting Standards Board (FASB) ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This guidance requires an entity to disclose contributed nonfinancial assets as a separate line in the statement of activities and include additional disclosures in the footnotes, including a summary of assets by type, description of any donor-imposed restrictions, description of the valuation method used to arrive at fair value, and additional qualitative information. The standard was adopted as of July 1, 2021. Implementation of this standard did not have a material effect on the financial statements.

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.

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, 2022 and 2021**

**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, 2022 and 2021, are available for the following purposes:

	<b>2022</b>	<b>2021</b>
Facility Improvements	\$ 41,314,691	\$ 26,808,832
Team Programs	938,230	823,263
Total Time and Purpose Restrictions	42,252,921	27,632,095
Investments in Perpetuity		
The Income From Which is Expendable to Support:		
Football, Basketball, Women's Athletics	88,925	93,346
Scholarships	1,281,897	1,593,780
Total Perpetual Restrictions	1,370,822	1,687,126
Total Net Assets With Donor Restrictions	\$ 43,623,743	\$ 29,319,221

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, 2022 and 2021**

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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, 2022 and 2021, 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, 2022, periods for tax years 2021, 2020, and 2019 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**  
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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, 2022, 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. 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 receiving 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.

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. If an asset is provided that does not allow the Foundation to utilize it in its normal course of business, the asset will be sold at its fair market value.

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.

See *Note 20, Gifts in Kind*, for further discussion.

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 \$1,281,897 and \$1,593,780, as of June 30, 2022 and 2021, 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 2022 and 2021, were \$69,504 and \$42,024, 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, 2022 and 2021, was \$6,454 for each year.

Future amortization expense is noted to be:

<u>Year Ending June 30,</u>	
2023	\$       6,454
2024	6,454
2025	6,454
2026	<u>4,842</u>
	<u>\$       24,204</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 20, 2022, 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**

University of Mississippi Foundation Receivable

Cash contributions are received directly by the Foundation with the University of Mississippi Foundation (UMF) maintaining donor records for tax receipt purposes. Contributions to the Foundation in the form of securities are received directly by the UMF. Funds associated with contributions in the form of securities are transferred to the Foundation immediately after being processed and recorded. Receivable balances from the UMF of \$10,642 and \$1,136,895 at June 30, 2022 and 2021, respectively, represent amounts to be received in the beginning of fiscal years 2022 and 2021, respectively.

The remaining receivable balance of \$504,870 at June 30, 2022 and 2021, from the UMF, represents land and other interests contributed to the Foundation to be sold.

**OLE MISS ATHLETICS FOUNDATION**  
**Notes to Financial Statements**  
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**NOTE 4 PLEDGES RECEIVABLE**

The Foundation obtains pledges through fundraising programs in support of various activities. At June 30, 2022, 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, 2022 and 2021, is as follows:

	<u>2022</u>	<u>2021</u>
Receivable in One Year	\$ 11,104,904	\$ 6,022,593
Receivable in Two to Five Years	30,502,523	18,469,160
Receivable in More Than Five Years	4,045,232	4,718,000
	<u>\$ 45,652,659</u>	<u>\$ 29,209,753</u>
Pledges Receivable Without Donor Restrictions	\$ 1,087,500	\$ 1,193,384
Pledges Receivable With Donor Restrictions	44,565,159	28,016,369
	45,652,659	29,209,753
Less: Allowance for Doubtful Pledges Receivable	<u>(3,634,502)</u>	<u>(2,309,753)</u>
	42,018,157	26,900,000
Less: Unamortized Discount (2.93% and 0.62% at June 30, 2022 and 2021, respectively)	<u>(1,433,136)</u>	<u>(403,354)</u>
Net Pledges Receivable	<u>\$ 40,585,021</u>	<u>\$ 26,496,646</u>
Pledges Receivable, Current Portion	\$ 11,083,524	\$ 5,984,748
Capital Gift Agreement Pledges Receivable, Net	21,380	37,845
Long-Term Pledges Receivable, Net of Current Portion	<u>29,480,117</u>	<u>20,474,053</u>
	<u>\$ 40,585,021</u>	<u>\$ 26,496,646</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, 2022 and 2021:

<u>2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity and Futures	\$ 4,222,845	\$ -	\$ -	\$ 4,222,845
Fixed Income	4,790,602	-	-	4,790,602
Other Investments	<u>405,667</u>	-	-	<u>405,667</u>
Total Investments	9,419,114	-	-	9,419,114
Pooled Investments -				
Endowment	88,925	-	-	88,925
Charitable Trust	<u>1,281,897</u>	-	-	<u>1,281,897</u>
	<u>\$ 10,789,936</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,789,936</u>
<u>2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity and Futures	\$ 428,060	\$ -	\$ -	\$ 428,060
Fixed Income	360,206	-	-	360,206
Other Investments	<u>3,817,675</u>	-	-	<u>3,817,675</u>
Total Investments	4,605,941	-	-	4,605,941
Pooled Investments -				
Endowment	93,346	-	-	93,346
Charitable Trust	<u>1,593,780</u>	-	-	<u>1,593,780</u>
	<u>\$ 6,293,067</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,293,067</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>June 30, 2022</b>		
Interest and Dividend Income From Marketable Securities, Cash and Cash Equivalents	\$ 193,416	\$ (18,943)
Investment Expenses	(28,802)	(84,130)
Net Realized and Unrealized Losses	<u>(1,412,800)</u>	<u>(219,232)</u>
Total Investment Loss, Net	<u>\$ (1,248,186)</u>	<u>\$ (322,305)</u>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>
<b>June 30, 2021</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	<u>101,505</u>	<u>107,452</u>
Total Investment Income, Net	<u>\$ 174,351</u>	<u>\$ 286,450</u>

**NOTE 6 PROPERTY AND EQUIPMENT**

A summary of property and equipment at June 30, 2022 and 2021 is as follows:

	<b>2022</b>	<b>2021</b>
Office Equipment and Furniture	\$ 84,348	\$ 74,338
Automobiles	320,155	164,141
Manning Center	30,778,778	30,778,778
Video Boards and Audio	10,925,403	10,925,403
Construction in Process	9,882,517	43,250
Condominium	<u>160,881</u>	<u>160,881</u>
<b>Total Property and Equipment at Cost</b>	52,152,082	42,146,791
Less Accumulated Depreciation	<u>(21,775,516)</u>	<u>(20,044,683)</u>
<b>Property and Equipment, Net</b>	<u>\$ 30,376,566</u>	<u>\$ 22,102,108</u>

Depreciation expense for the years 2022 and 2021 totaled \$1,730,833 and \$1,713,698, respectively. The Manning Center, video boards, and audio systems are currently pledged as collateral on indebtedness.

**NOTE 7 UNIVERSITY OF MISSISSIPPI 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. For the fiscal year ended June 30, 2022 the year-end support amount was \$837,198 to provide a supplement for operating needs of the Athletics Department. No amount due to the Athletics Department was outstanding on June 30, 2021.

**OLE MISS ATHLETICS FOUNDATION**  
**Notes to Financial Statements**  
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**NOTE 7 UNIVERSITY OF MISSISSIPPI ATHLETICS DEPARTMENT PAYABLE**  
**(CONTINUED)**

As a supplement for facilities improvements, the Foundation had an additional payable of \$2,055,515 to the Athletics Department for major renovations to existing facilities at June 30, 2022. No amount was outstanding at June 30, 2021 to supplement for facilities improvements.

The remaining balances of University of Mississippi Payable as of June 30, 2022 and 2021 on the Statement of Financial Position relate to payables due to other departments other than the Athletics Department.

**NOTE 8 LONG-TERM DEBT**

	<b>2022</b>	<b>2021</b>
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.	\$ 12,356,700	\$ 15,585,791
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. The loan was amended on July 5, 2022 to include an interest rate of SOFR plus 100 basis points floating. The interest rate was 2.595% at June 30, 2022. Collateral for the loan includes all equipment and property purchased with loan proceeds and a pledge of revenues.	4,514,161	5,797,144
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 interest rate at June 30, 2022 was 1.133%. 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. The loan was amended on September 5, 2022 to include an interest rate of SOFR plus 174 basis points floating and a maturity of December 31, 2025.	2,500,000	5,000,000
On December 10, 2021, the Foundation entered into a loan agreement to finance improvements to athletic facilities in the amount of \$20,077,040. The first twenty-four months of the loan term are a non-revolving line of credit phase. The line of credit will become a permanent term loan on March 30, 2024 with an interest rate of 3.49% with quarterly installments due of \$351,295.78 of principal and interest. The loan has a maturity date of December 29, 2028. The loan is collateralized by a deed of trust on the Manning Center.	4,953,637	-
Gross Notes Payable	24,324,498	26,382,935
Debt Issuance Costs, Net	(24,204)	(30,658)
	24,300,294	26,352,277
Current Installments of Long-Term Debt	(4,507,638)	(1,922,999)
Net Long-Term Debt Excluding Current Installments	\$ 19,792,656	\$ 24,429,278

**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>
2023	\$ 4,507,638
2024	2,693,123
2025	3,414,814
2026	11,985,492
Thereafter	<u>1,723,431</u>
	<u>\$ 24,324,498</u>

See Note 26, *Subsequent Events*, for further discussion of loan amendments made subsequent to June 30, 2022.

**NOTE 9 ENDOWMENTS**

The UMF 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 UMF. Funds that amounted to \$4,431,869 and \$4,910,958 at June 30, 2022 and 2021, respectively, are managed by the UMF and are not included in these financial statements. Funds that amounted to \$88,925 and \$93,346 at June 30, 2022 and 2021, respectively, are managed by the UMF 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, 2022 and 2021 were \$529,080 and \$512,366, respectively.

**NOTE 11 CONCENTRATIONS OF CREDIT RISK**

The total cash held by the Foundation at June 30, 2022 and 2021 included \$9,112,046 and \$14,291,410, 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.

In May 2022, the Foundation entered into a dry lease agreement for private airplane usage. The initial term is for five years, and thereafter on a month-to-month basis. Lease payments are based on hourly usage, and there is no minimum requirement.

Rental expenses for these leases amounted to \$536,808 in fiscal year 2022 and \$331,801 in fiscal year 2021.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of June 30, 2022 are:

<u>Year Ending June 30,</u>	
2023	\$ 625,190
2024	623,150
2025	<u>613,485</u>
	<u>\$ 1,861,825</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, 2022 and 2021, was \$13,811,033 and \$8,111,467, respectively. The amount expected to be paid in fiscal year 2023 exceeds \$13,334,806. 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, 2022 and 2021, was \$1,758,210 and \$3,671,249, respectively. The amount expected to be paid in fiscal year 2023 is \$2,242,500.

**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. No amounts were allocated separately for the fiscal years ended June 30, 2022 or 2021.

**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, 2022 and 2021 were \$214,152 and \$220,149, respectively. The board member recused himself from all proceedings and did not participate in the decision in any way. As of June 1, 2022, the property was sold to an unrelated party.

**NOTE 17 NET ASSETS RELEASED FROM RESTRICTIONS**

For the years ended June 30, 2022 and 2021, net assets with donor restrictions were released from restrictions for the following purposes:

	<u>2022</u>	<u>2021</u>
Support for Team Programs and Other	\$ 779,920	\$ 440,033
Facility Improvements	4,074,069	730,651
Interest Expense	602,080	799,044
Provision for Uncollectible Pledges	4,270,596	316,297
Principal Payments on Capital Debt	7,012,073	1,613,129
Total Net Assets Released From Restrictions	<u>\$ 16,738,738</u>	<u>\$ 3,899,154</u>

**OLE MISS ATHLETICS FOUNDATION**  
**Notes to Financial Statements**  
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**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 expenses incurred by the Foundation for the years ended June 30, 2022 and 2021 were \$156,085 and \$127,014, 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, 2022 and 2021, are detailed as shown:

	<u>2022</u>	<u>2021</u>
Net Assets Designated by Board as a Reserve	\$ 878,297	\$ 739,377
Net Assets Without Board Designation	16,280,100	13,300,500
<b>Total Net Assets Without Donor Restrictions</b>	<u>\$ 17,158,397</u>	<u>\$ 14,039,877</u>

**NOTE 20 GIFTS IN KIND**

The Foundation did not receive donated real property during the years ended June 30, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Event Supplies	\$ 14,017	\$ 8,979
Vehicle Use	141,035	-
Equipment	29,786	27,548
Advertising	160,000	160,000
<b>Total Donated Personal Property</b>	<u>\$ 344,838</u>	<u>\$ 196,527</u>

Personal property received, utilized, and recognized as contributions from donated personal property in each respective year are as follows:

The Foundation received donated flowers with an estimated fair market value of \$14,017 and \$8,979 for the years ended June 30, 2022 and 2021, respectively. The floral arrangements were used for events hosted or gifts made by the Foundation.

The vehicle and equipment were donated to the Foundation for general use by the Athletics department. The fair value was determined by current market price at the time of donation.

Advertising services were donated to the Foundation in return for tickets and parking passes to various athletic events. The value of the donated advertising was based on current market prices at time of donation.

All personal property received by the Foundation for the years ended June 30, 2022 and 2021 were considered without donor restrictions and were able to be used by the Foundation as determined by the board of directors and management.



**OLE MISS ATHLETICS FOUNDATION**  
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**NOTE 20 GIFTS IN KIND (CONTINUED)**

Donated services received, utilized, and recognized as contributions from donated services in each respective year are as follows:

<u>2022</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Airplane Services	\$ 68,910	\$ -	\$ 68,910
Bus Services	-	16,685	16,685
<b>Total Donated Services</b>	<u>\$ 68,910</u>	<u>\$ 16,685</u>	<u>\$ 85,595</u>
<u>2021</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Bus Services	\$ -	\$ 19,250	\$ 19,250
<b>Total Donated Services</b>	<u>\$ -</u>	<u>\$ 19,250</u>	<u>\$ 19,250</u>

Use of donor airplanes were gifted to the Foundation on an as-needed basis for use on recruiting, fundraising, and private travel as part of some employee contracts.

The bus services were donated with donor restrictions only allowing use for Athletics team travel.

The value of these services are based on market price at time of donation.

**NOTE 21 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, 2022 and 2021 to be recognized as revenue per the following schedule.

<u>Year Ending June 30,</u>	
2023	\$ 44,549
2024	20,600
2025	20,599
<b>Total Deferred Revenue</b>	<u>\$ 85,748</u>

**NOTE 22 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**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

**NOTE 22 LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)**

	<b>2022</b>	<b>2021</b>
Cash Without Donor Restrictions	\$ 2,285,813	\$ 12,952,632
Investments	9,419,114	4,605,941
UM/UMF Receivable, Cash Portion	10,642	1,136,895
Annual Fund Pledges Receivable	4,023,922	3,374,985
Notes Receivable, Current Portion	-	897,865
Other Receivables	224,579	47,892
Less Those Unavailable for General Expenditures Within One Year, Due to:		
Investments - Board-Designated Restrictions	(878,297)	(739,377)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 15,085,773	\$ 22,276,833

In addition to the assets shown above, at June 30, 2022, the Foundation had \$7,576,233 and \$2,311,145 of cash and \$11,104,904 and \$6,022,593 of pledges receivable within one year with restrictions as to their use, each respectively at June 30, 2022 and 2021. These funds may not be used to cover general expenditures of the Foundation. The Foundation also had \$878,297 and \$739,377 of short-term investments at June 30, 2022 and 2021, 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 23 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:

<b>Year Ending June 30,</b>	
2023	\$ 2,195,629
2024	1,280,862
	\$ 3,476,491

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 were received in the fiscal year ended June 30, 2022.

**OLE MISS ATHLETICS FOUNDATION**  
**Notes to Financial Statements**  
**June 30, 2022 and 2021**

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**NOTE 24 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 25 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 26 SUBSEQUENT EVENTS**

On July 5, 2022, a loan with Trustmark was amended to include a loan interest rate to a rate equal to SOFR plus 100 basis points, floating.

On September 5, 2022, a line of credit with Trustmark was amended to extend the maturity date to December 31, 2025. This amendment also modified the loan interest rate to a rate equal to SOFR plus 174 basis points, floating.

## **Supplementary Information**

**OLE MISS ATHLETICS FOUNDATION**  
**Schedules of Revenues**  
**Years Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Donor Contributions Without Restrictions:		
Baseball Annual Fund	\$ 3,361,515	\$ 1,459,011
Basketball Annual Fund	2,084,828	919,951
Football Annual Fund	16,456,389	5,696,622
General Annual Fund	<u>354,273</u>	<u>335,325</u>
<b>Total Donor Contributions Without Restrictions</b>	<u>22,257,005</u>	<u>8,410,909</u>
Contributions Restricted by Donor:		
Baseball	124,269	91,078
Capital Gift Agreements	30,501	138,741
Facility and Capital Improvements - Other	6,000	1,967
Football	27,345	10,775
Forward Together - Vaught Society	30,428,176	21,204,772
Men's Basketball	131,981	128,413
Men's Golf	17,150	172,850
Men's and Women's Tennis	63,078	26,025
Men's and Women's Track	8,900	6,715
Other Restricted Contributions	179,622	30,593
Student-Athlete Development	40,000	26,986
Women's Athletics	50,250	-
Women's Basketball	142,490	123,475
Women's Golf	4,925	550
Women's Rifle	3,859	5,022
Women's Soccer	6,424	13,394
Women's Softball	4,600	7,655
Women's Volleyball	<u>4,000</u>	<u>8,275</u>
<b>Total Contributions Restricted by Donor</b>	<u>31,273,570</u>	<u>21,997,286</u>

**OLE MISS ATHLETICS FOUNDATION**  
**Schedules of Revenues**  
**Years Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Gifts in Kind :		
Without Donor Restrictions	413,748	196,527
With Donor Restrictions	16,685	19,250
<b>Total Gifts in Kind</b>	<u>430,433</u>	<u>215,777</u>
Other Revenue Without Donor Restrictions:		
Investment Income, Net of Investment Expenses	164,614	72,846
Gameday RV Parking	126,598	82,136
Grove Tent Vendors	69,390	-
Realized/Unrealized Gains (Losses)	(1,412,800)	101,505
Other Income	3,376,197	11,320,370
Contributions - Vaught Society	10,694	1,193,332
<b>Total Other Revenue Without Donor Restrictions</b>	<u>2,334,693</u>	<u>12,770,189</u>
Other Revenue with Donor Restrictions:		
Investment Income (Loss), Net of Investment Expenses	(103,073)	178,998
Endowment Gifts	6,000	3,100
Potts Trust	69,310	60,734
Realized Gains (Losses)	(219,232)	107,452
<b>Total Other Revenue With Donor Restrictions</b>	<u>(246,995)</u>	<u>350,284</u>
<b>Total Revenue</b>	<u><u>\$ 56,048,706</u></u>	<u><u>\$ 43,744,445</u></u>

**OLE MISS ATHLETICS FOUNDATION**  
**Schedules of Expenses**  
**Years Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
General and Administrative Expenses:		
Accounting	\$ 40,620	\$ 37,685
Advertising	69,504	42,024
Annual Report	2,319	4,945
Auto Stipends and Maintenance	29,969	26,041
Consulting	35,000	-
Depreciation	9,095	6,064
Donations and Sponsorships	40,560	35,900
Donor Gifts	126,903	3,673
Dues, Conferences, and Subscriptions	14,555	976
Insurance	131,855	122,307
Office Administration	76,241	73,584
Other	5,785	113
Personnel Benefits	207,217	169,271
Personnel Compensation and Tax	1,032,288	760,638
Philanthropic Events, Stewardship and Cultivation	280,207	41,551
Postage	18,971	1,079
Telephone	30,100	30,770
Travel	147,115	52,642
<b>Total Fundraising, General, and Administrative Expenses</b>	<u>2,298,304</u>	<u>1,409,263</u>
Support for Athletics Department Administration:		
Academic Services	3,125	832
Athletics Director	32,096	42,246
Auto Stipends and Leases	182,945	150,588
Consulting	70,146	48,000
Credit Card Fees	438,395	560,921
Depreciation	1,721,738	1,707,634
Expendable Equipment	1,190,950	188,224
Former Student Athlete Relations	30,839	-
Facilities Support	249,446	236,261
Gameday RV Parking	50,961	18,108
Gifts in Kind Expense and Credits	724,273	402,576
Grove Tent Vendors	94,232	27,500
Insurance	132,679	140,544
Interest	56,031	101,319

**OLE MISS ATHLETICS FOUNDATION**  
**Schedules of Expenses**  
**Years Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Support for Athletics Department Administration: (Continued)		
Legal	14,144	104,492
Marketing	153,886	-
Media Relations	37,522	88,115
Off-Campus Property	9,715	9,302
Office Administration	18,806	12,822
Personnel Compensation and Tax	15,732,998	11,666,702
Post Season	108,486	14,339
Priority Seating and Gameday	1,779,829	930,846
Scholarships and Support	2,495,222	199,479
Telephone	24,684	13,794
Ticketing and Technology	916,576	782,292
Travel and Entertainment	330,972	133,184
<b>Total Support for Athletics Department Administration</b>	<u>26,600,696</u>	<u>17,580,120</u>
Support for Team Programs:		
Baseball	62,130	26,273
Football	10,545	20,143
Gifts in Kind	16,685	19,250
Men's Basketball	161,304	54,206
Men's Golf	60,226	191,478
Men's and Women's Tennis	79,405	150
Men's and Women's Track	16,336	95
Other Restricted Expenses	17,024	15,206
Spirit Groups	104,829	2,213
Student-Athlete Development	17,866	-
Women's Athletics	451	-
Women's Basketball	130,911	36,029
Women's Golf	4,142	2,461
Women's Rifle	4,009	2,874
Women's Soccer	16,505	1,311
Women's Softball	6,760	2,501
Women's Volleyball	1,481	5,109
<b>Total Support for Team Programs</b>	<u>710,609</u>	<u>379,299</u>



**OLE MISS ATHLETICS FOUNDATION**  
**Schedules of Expenses**  
**Years Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Other Restricted Expenses:		
Facility Improvements	4,074,069	730,651
Interest Expense	602,080	799,044
Scholarships	69,310	60,734
Provision for Uncollectible Pledges	4,270,596	316,297
<b>Total Other Program Restricted Expenses</b>	<u>9,016,055</u>	<u>1,906,726</u>
<b>Total Expenses</b>	<u>\$ 38,625,664</u>	<u>\$ 21,275,408</u>