

**TEXAS WOMAN'S UNIVERSITY
FOUNDATION, INC.**

FINANCIAL STATEMENTS
AND
AUDITORS' REPORT

FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report.....	1
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Cash Flows.....	5
Notes to the Financial Statements.....	6-12

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Texas Woman's University Foundation, Inc.
Denton, Texas

Opinion

We have audited the accompanying financial statements of Texas Woman's University Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and cash flows for the year 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 Texas Woman's University Foundation, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Texas Woman's University Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion.

Responsibilities of Management 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, 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 Texas Woman's University Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

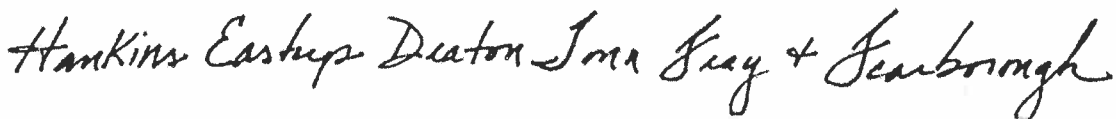
Auditors' Responsibilities for the Audit of the Financial Statements

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, misrepresentation, 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 judgement 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 Texas Woman's University Foundation, Inc.'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 Texas Woman's University Foundation, Inc.'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.



Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC
Denton, Texas

October 30, 2023

TEXAS WOMAN'S UNIVERSITY FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS

Cash and cash equivalents	\$ 19,596,642
Investments	82,196,817
Accrued investment income	169,250
Contributions and other receivables	5,774,407
Prepaid expenses	76,100
Inventory	53,800
Cash value - life insurance policies	227,259
Assets held under split-interest agreements	<u>4,599</u>
Total Assets	<u><u>\$ 108,098,874</u></u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable	\$ 2,034,353	
Liabilities under split-interest agreements	<u>3,309</u>	
Total Liabilities		<u>2,037,662</u>
Net Assets:		
Without donor restrictions:		
Undesignated	\$ 249,855	
Board designated endowments	14,022,859	
Board designated for reserves	<u>605,530</u>	
Total without donor restrictions		14,878,244
With donor restrictions:		
Purpose restrictions	6,108,526	
Perpetual in nature	<u>85,074,442</u>	
Total with donor restrictions		<u>91,182,968</u>
Total Net Assets		<u>106,061,212</u>
Total Liabilities and Net Assets		<u><u>\$ 108,098,874</u></u>

See accompanying notes to the financial statements.

TEXAS WOMAN'S UNIVERSITY FOUNDATION, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	TOTAL
<u>REVENUES, GAINS, AND OTHER SUPPORT:</u>			
Gifts	\$ 1,936,404	\$ 6,987,579	\$ 8,923,983
Net investment return	921,643	7,445,694	8,367,337
Other income	6,372	26	6,398
Special events	146,775	-	146,775
Change in value of split-interest agreements	(107)	(600)	(707)
Change in cash value of life insurance policies	-	13,481	13,481
Asset management fee income	821,606	-	821,606
Release of donor restrictions	6,157,490	(6,157,490)	-
Transfers/Changes in donor restrictions	684,323	(684,323)	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	10,674,506	7,604,367	18,278,873
<u>EXPENSES:</u>			
<u>PROGRAM SERVICES:</u>			
Support of Texas Woman's University:			
Scholarship and other program endowment distributions	2,642,377		2,642,377
Current program and scholarship distributions	3,292,324		3,292,324
Government relations	120,000		120,000
Special events expense	40,296		40,296
Other support provided	130,846		130,846
Internal management fees	821,606		821,606
TOTAL PROGRAM SERVICES	7,047,449		7,047,449
<u>MANAGEMENT & GENERAL EXPENSES:</u>			
Administrative services	125,000		125,000
Administrative expenses	5,053		5,053
Donor cultivation	113,170		113,170
Computer software	108,493		108,493
Professional fees	20,250		20,250
Publications	8,071		8,071
Bank charges and fees	21,684		21,684
TOTAL MANAGEMENT & GENERAL EXPENSES	401,721		401,721
TOTAL EXPENSES	7,449,170		7,449,170
CHANGE IN NET ASSETS	3,225,336	7,604,367	10,829,703
NET ASSETS, BEGINNING OF YEAR	11,652,908	83,578,601	95,231,509
NET ASSETS, END OF YEAR	\$ 14,878,244	\$91,182,968	\$ 106,061,212

See accompanying notes to the financial statements.

TEXAS WOMAN'S UNIVERSITY FOUNDATION, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

Cash Flows From Operating Activities	
Change in net assets	\$ 10,829,703
Adjustments to reconcile change in net assets to net cash provided by Operating activities:	
Realized and unrealized (gains)/losses on market value of investments	(6,554,576)
Increase in accrued investment income	(43,692)
Decrease in contributions and other receivables	1,213,318
Increase in prepaid expenses	(7,945)
Increase in inventory	700
Increase in accounts payable	2,031,521
Decrease in liabilities under split-interest agreements	(494)
Increase in cash value – life insurance	<u>(13,481)</u>
Net Cash Provided By Operating Activities	<u>7,455,054</u>
Cash Flows From Investing Activities	
Proceeds from sale of investments	16,121,736
Purchases of investments	<u>(20,480,666)</u>
Net Cash Provided (Used) By Investing Activities	<u>(4,358,930)</u>
Net Increase in Cash and Cash Equivalents	3,096,124
Cash and Cash Equivalents- Beginning of Year	<u>16,500,518</u>
Cash and Cash Equivalents- End of Year	<u><u>\$ 19,596,642</u></u>
Supplemental Data:	
Interest paid	-
Income taxes paid	-

See accompanying notes to the financial statements.

TEXAS WOMAN'S UNIVERSITY FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The Texas Woman's University Foundation, Inc. ("the Foundation") is a nonprofit organization with the purpose of providing financial support to Texas Woman's University. This purpose is accomplished by the Foundation receiving and managing donations (cash and non-cash) from individuals and organizations.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting.

Public Support and Revenue

Contributions are generally temporarily or permanently restricted by the donor to support specific programs within Texas Woman's University. Unconditional promises to give are recorded as received. Contributions receivable due in more than one year are recorded at their estimated net realizable value. Contributions receivable due in subsequent years are recorded at the present value of their net realizable value. An allowance for uncollectible promises to give has been provided based on management's evaluation of contributions receivable at the end of the fiscal period.

Contributions of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets.

Endowment contributions and investments are permanently restricted by the donor. Investment income available for distribution is recorded as donor restricted net assets because of program restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for operating reserves and board-designated endowments.

TEXAS WOMAN'S UNIVERSITY FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets - continued

Net Assets With Donor Restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Functional Allocation of Expenses

The costs of program and supporting services activities have been reported on a functional basis in the statements of activities in order to present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments, primarily checking and money market accounts, to be cash equivalents.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment expenses.

Inventory

Inventory consists of pieces of art donated to the Foundation and other miscellaneous personal property donated to the Foundation. The inventory was recorded at its fair value as of the date of the donation.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Subsequent Events

Subsequent events were evaluated through October 30, 2023, the date the financial statements were available to be issued.

TEXAS WOMAN'S UNIVERSITY FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets Held and Liabilities Under Split-Interest Agreements

Charitable Gift Annuities

Under charitable gift annuity contracts, we receive immediate title to contributed assets and agree to make fixed recurring payments over the stipulated period. Contributed assets are recorded at fair value on the date of receipt. The related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques. The excess of contributed assets over the annuity liability is recorded as a contribution with donor restrictions. In subsequent years, the liability for future annuity payments is reduced by payments made to the specified beneficiaries and is adjusted to reflect amortization of the discount and changes in actuarial assumptions at the end of the year. Upon termination of the annuity contract, the remaining liability is removed and recognized as income.

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 19,596,642
Cash and cash equivalents included in donor restricted funds	<u>(18,105,500)</u>
	<u>\$ 1,491,142</u>

Our endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes. Donor-restricted endowment funds are not available for general expenditure.

Our board-designated endowments of \$14,022,859 provide for annual distributions to Texas Woman's University. Although we do not intend to spend from these board-designated endowments for general expenditures, these amounts could be made available if necessary.

As part of our liquidity management plan, we invest cash in excess of daily requirements in short-term investments and money market funds.

TEXAS WOMAN'S UNIVERSITY FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 3 – FAIR VALUE MEASUREMENTS AND DISCLOSURES

We report certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 - Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset.

A significant portion of our investment assets are classified within Level 1 because they are comprised of publicly traded securities, exchange traded funds and open-end mutual funds with readily determinable fair values based on daily redemption values.

TEXAS WOMAN'S UNIVERSITY FOUNDATION, INC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 3 – FAIR VALUE MEASUREMENTS AND DISCLOSURES (Continued)

The following table presents investments measured at fair value on a recurring basis at June 30, 2023.

	Fair Value Measurements at June 30, 2023 Using			
	Total	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
U.S. and International Equities				
Securities and mutual funds	\$53,693,964	\$ 53,693,964	\$ -	\$ -
	<u>53,693,964</u>	<u>53,693,964</u>	<u>-</u>	<u>-</u>
U. S. Fixed Income				
U. S. Government/Agency bonds and ETF	17,562,124	14,799,610	2,762,514	-
Corporate and Municipal bonds	10,945,328	-	10,945,328	-
	<u>28,507,452</u>	<u>14,799,610</u>	<u>13,707,842</u>	<u>-</u>
Total Investments	82,201,416	\$ 68,493,574	\$ 13,707,842	\$ -
Less amount reported as assets held under split-interest agreements	<u>(4,599)</u>			
Investments per Statement of Financial Position	<u>\$82,196,817</u>			

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Generally accepted accounting principles requires disclosure of an estimate of fair value of certain financial instruments. The Foundation's significant financial instruments other than investments are cash and cash equivalents, contributions and other receivables, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

TEXAS WOMAN'S UNIVERSITY FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 5 – CONTRIBUTIONS RECEIVABLE

Contributions and other amounts receivable as of June 30, 2023 are as follows:

	June 30, 2023
Contributions receivable in less than one year	\$ 1,473,228
Contributions receivable in one to five years	4,446,516
Contributions receivable in six to ten years	-
Total Contributions Receivable	5,919,744
Less discounts to net present value	(350,911)
Less allowance for uncollectible amounts	(295,987)
Net Contributions Receivable	5,272,846
Other amounts receivable	501,561
Total Contributions and Other Receivables	\$ 5,774,407

Contributions receivable in more than one year have been discounted to net present value using an interest rate of three percent.

NOTE 6 –NET ASSETS WITHOUT DONOR RESTRICTIONS

The Foundation's Board of Directors has designated \$14,022,859 of net assets without donor restrictions as board-designated endowment funds. The funds will be used for scholarships and other programs within Texas Woman's University.

Although the Board retains the right to re-designate these funds for another purpose, the intent is to continue to support TWU students with these funds. Pursuant to FASB requirements, these endowments are included in Net Assets Without Donor Restrictions, however, these funds are not available for operating expenses.

Net assets without donor restrictions at June 30, 2023 also include \$605,530 which has been designated by the Foundation's Board of Directors as a reserve for future operations.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net Assets with donor restrictions were restricted for the following as of June 30, 2023:

TWU Department Gift & Fundraising Accounts	\$ 6,108,526
Endowments according to Donor agreement under Board Distribution Policy	84,845,893
Split-interest agreements net of liabilities	1,290
Cash value of life insurance policies	227,259
Total Net Assets with Donor Restrictions	\$ 91,182,968

TEXAS WOMAN'S UNIVERSITY FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 8 – LIFE INSURANCE POLICIES

Two endowments have been established which are to be funded or partially funded by life insurance policies for which the Foundation has been named owner and beneficiary. Premium payments made by the Foundation are reimbursed by the donors of the policies. As of June 30, 2023, there were two such policies with death benefits totaling \$610,234 and cash values totaling \$227,259.

NOTE 9 – INCOME TAX STATUS

The Foundation is organized as a Texas nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under IRC Sections 509(a)(1) and (3), respectively. The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entity is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. We have determined that the Foundation is not subject to unrelated business income tax and has not filed an Exempt Organization Business Tax Return (Form 990-T) with the IRS.

NOTE 10 – FINANCE INSTRUMENTS AND CREDIT RISK

The Foundation manages deposit concentration risk by placing cash and money market accounts with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Investments are made by diversified investment managers whose performance is monitored by us and the investment committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, we and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the organization.