

**WESTERN OREGON UNIVERSITY
DEVELOPMENT FOUNDATION
FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022**

WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION
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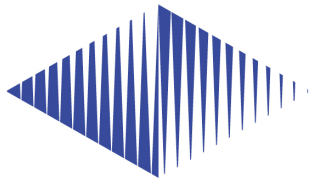
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GROVE, MUELLER & SWANK, P.C.

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Western Oregon University Development Foundation
345 N. Monmouth Avenue
Monmouth, Oregon 97361

Opinion

We have audited the financial statements of Western Oregon University Development Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Western Oregon University Development Foundation as of June 30, 2023 and 2022, 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Western Oregon University Development 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.

Emphasis of Matter

As discussed in the notes to the financial statements, the 2022 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

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 Western Oregon University Development Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's 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 auditor's 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 GAAS 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 GAAS, 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 Western Oregon University Development 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 Western Oregon University Development 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.

Grove, Mueller & Swank, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

October 4, 2023

WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u> <i>(Restated)</i>
ASSETS		
Cash and cash equivalents	\$ 524,961	\$ 606,385
Investments	25,612,535	22,124,591
Accounts receivable	2,352	31,292
Pledges receivable	166,905	99,286
Contributions receivable	-	833,000
Due from WOU	472,705	520,560
Prepays	78,940	-
Other current assets	6,467	20,734
Property and equipment, net of depreciation	127,803	130,645
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<i>Total Assets</i>	\$ 26,992,668	\$ 24,366,493
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LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 31,958	\$ 116,650
Annuities payable	651,613	633,826
	<hr/>	<hr/>
<i>Total Liabilities</i>	683,571	750,476
Net Assets		
Without Donor Restrictions		
Undesignated	3,890,058	3,989,392
Designated	763,220	629,950
With Donor Restrictions		
Purpose restrictions	6,403,109	4,301,851
Perpetual restrictions	15,252,710	14,694,824
	<hr/>	<hr/>
<i>Total Net Assets</i>	26,309,097	23,616,017
	<hr/>	<hr/>
<i>Total Liabilities and Net Assets</i>	\$ 26,992,668	\$ 24,366,493
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The accompanying notes are an integral part of the financial statements.

WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023		
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
REVENUE			
Contributions	\$ 853,968	\$ 1,976,969	\$ 2,830,937
Net investment return	(240,918)	2,400,404	2,159,486
Miscellaneous	10,040	359,893	369,933
<i>Total Revenue</i>	623,090	4,737,266	5,360,356
NET ASSETS RELEASED FROM RESTRICTIONS			
	2,078,122	(2,078,122)	-
EXPENSES			
University & scholarships program	1,999,534	-	1,999,534
Management & general	326,899	-	326,899
Fundraising	340,843	-	340,843
<i>Total Expenses</i>	2,667,276	-	2,667,276
CHANGE IN NET ASSETS	33,936	2,659,144	2,693,080
NET ASSETS, Beginning of year	4,619,342	18,996,675	23,616,017
NET ASSETS, End of year	\$ 4,653,278	\$ 21,655,819	\$ 26,309,097

2022 (Restated)

<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
\$ 663,818	\$ 2,005,147	\$ 2,668,965
(327,179)	(1,980,338)	(2,307,517)
10,085	293,338	303,423
346,724	318,147	664,871
2,688,611	(2,688,611)	-
1,942,159	-	1,942,159
357,447	-	357,447
419,565	-	419,565
2,719,171	-	2,719,171
316,164	(2,370,464)	(2,054,300)
4,303,178	21,367,139	25,670,317
<u>\$ 4,619,342</u>	<u>\$ 18,996,675</u>	<u>\$ 23,616,017</u>

The accompanying notes are an integral part of the financial statements.

WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2023 AND 2022

	2023			
	University & Scholarships Program	Management & General	Fundraising	Total
Grants	\$ 2,038	\$ -	\$ 2,900	\$ 4,938
Accounting fees	-	23,300	-	23,300
Legal fees	-	-	-	-
Supplies	103,108	858	12,855	116,821
Postage & shipping	6,739	-	3,367	10,106
Occupancy	107	6,996	-	7,103
Equipment rental & maintenance	20,907	5,701	1,221	27,829
Printing & publications	37,665	275	20,691	58,631
Travel	156,572	-	15,896	172,468
Sponsored events & activities	143,546	1,025	45,775	190,346
Depreciation	-	2,842	-	2,842
Personnel costs	79,414	279,809	223,059	582,282
Scholarships	1,002,895	-	-	1,002,895
University support	382,302	-	-	382,302
Office expense	-	6,093	-	6,093
Fees	64,047	-	14,903	78,950
Miscellaneous	194	-	176	370
	\$ 1,999,534	\$ 326,899	\$ 340,843	\$ 2,667,276

2022

<i>University & Scholarships Program</i>	<i>Management & General</i>	<i>Fundraising</i>	<i>Total</i>
\$ -	\$ -	\$ -	\$ -
-	15,750	-	15,750
-	300	-	300
110,916	1,535	3,159	115,610
2,262	-	2,477	4,739
246	6,556	-	6,802
5,875	58,076	128	64,079
14,551	11,057	4,538	30,146
63,077	429	6,091	69,597
136,810	-	34,144	170,954
3,826	651	-	4,477
60,604	252,539	230,792	543,935
1,004,501	-	-	1,004,501
455,421	-	-	455,421
1,331	10,554	77	11,962
82,739	-	138,159	220,898
-	-	-	-
\$ 1,942,159	\$ 357,447	\$ 419,565	\$ 2,719,171

The accompanying notes are an integral part of the financial statements.

WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

CASH FLOWS FROM OPERATING ACTIVITIES	2023	2022
Changes in net assets	\$ 2,693,080	\$ (2,054,300)
<i>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities</i>		
Endowment contributions	(516,672)	(351,603)
Depreciation	2,842	4,477
Investment (gains) losses, net	(2,159,486)	2,307,517
Actuarial change in annuity obligations	17,787	(304,853)
Changes in assets and liabilities:		
Accounts receivable	28,940	(31,292)
Pledges receivable	(63,687)	(63,918)
Other current assets	14,267	(20,734)
Due from WOU	47,855	(74,555)
Prepays	(78,940)	-
Accounts payable	(84,692)	86,435
<i>Net Cash Used in Operating Activities</i>	(98,706)	(502,826)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(6,400,141)	(4,753,863)
Proceeds from sale of investments	5,194,446	4,024,132
<i>Net Cash Used in Investing Activities</i>	(1,205,695)	(729,731)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from endowment gifts	1,222,977	1,296,319
NET CHANGE IN CASH AND CASH EQUIVALENTS	(81,424)	63,762
CASH AND CASH EQUIVALENTS, Beginning of year	606,385	542,623
CASH AND CASH EQUIVALENTS, End of year	\$ 524,961	\$ 606,385

The accompanying notes are an integral part of the financial statements.

WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

NATURE OF THE ORGANIZATION

Western Oregon University Development Foundation (“The Foundation”) is a not-for-profit corporation organized under the laws of the State of Oregon and is tax exempt under Section 501(c)(3) of the Internal Revenue Code. The organization assists Western Oregon University (“the University”) with its education, cultural, scientific and charitable endeavors by improving its public relations and financial support through gifts, grants and bequests. Foundation offices are on the campus of the University, located in Monmouth, Oregon.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting and in conformity with accounting principles generally accepted in the United States of America.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, the Foundation’s 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 restrictions. The governing board has designated, from net assets without donor restrictions, quasi-endowment funds not required to be retained and invested by the donors.

Net Assets With Donor Restrictions - Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed time and purpose 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.

Support and Revenue

Revenue is generally available for unrestricted use, unless specifically restricted by a donor or grantor.

Donor restricted contributions of cash and other assets that limit the use according to donor stipulations are reported as donor restricted support. Contributions with time or purpose restrictions are reported in the statement of activities as net assets released from restriction when time or purpose restrictions are met. Restricted contributions received in the same year in which the restrictions are met are recorded as released from restriction at the time of receipt. When a donor stipulates that the contribution is permanent, the Foundation is limited to spending only the earnings generated by the perpetually restricted amount.

Pledges Receivable

Contributions are recognized when the donor makes an unconditional promise to give to the Foundation. Contributions that are restricted by the donor are reported as increases in the net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When time and purpose restrictions expire, donor restricted net assets are reclassified.

WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
YEARS ENDED JUNE 30, 2023 AND 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges Receivable (Continued)

The Foundation uses the allowance method to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. At June 30, 2023 and 2022, no allowance was considered necessary.

Donated Materials and Services

A substantial number of volunteers have donated significant amounts of time to the Foundation's program services and fundraising campaigns. Also, food for program services and fundraisers is periodically donated by individuals and businesses in the community. However, no objective basis is available to measure the value of such services and materials and no amount is reflected in the financial statements.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments and Investment Income

Fair Value Measurements

FASB ASC 820 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1

Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments which would generally be included in Level 1 are listed equities and listed derivatives. Additionally, money market funds, certificates of deposit and other highly liquid investments with maturities of 90 days or less are reported at cost which approximates fair value because of short maturities. As required by FASB ASC 820, the Foundation does not adjust the quoted price for these investments even in situations where the Foundation holds a large position and a sale could reasonably impact the quoted price.

Level 2

Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1. Fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities, and certain over-the-counter derivatives.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and Investment Income (Continued)

Fair Value Measurements (Continued)

Level 3

Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant judgment or estimation. Investments that are included in this category generally include general and limited partnership interests in corporate private equity and real estate funds, debt funds, hedge funds, distressed debt and non-investment grade residual interests in securitizations and collateral debt obligations.

An asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques must maximize the use of observable inputs and minimize the use of unobservable inputs.

Reporting

Security transactions are recorded on a trade-date basis. Interest is recorded as earned and dividends are recorded as of the ex-dividend date. Investment income includes interest, dividends, and unrealized and realized gains and losses. Investment management and transaction fees are netted with investment income in the statement of activities. Investment income attributable to amounts held is reported in net assets without donor restrictions except for those amounts specified by donors which are to be added to endowment principal. Those earnings are reported in net assets with donor restrictions. Investment income attributable to amounts held for the benefit of trust beneficiaries is reported in obligations to trust beneficiaries.

Obligations Under Split-interest Agreements

Obligations under split-interest agreements (remainder trusts and gift annuities) are recorded when incurred at the present value of the disbursements to be made to the donor-designated beneficiaries. Disbursements under charitable remainder unitrusts are a specified percentage of the trust assets' fair value as determined annually, while disbursements under charitable remainder annuity trusts and gift annuities are fixed amounts. Disbursements are paid over the lives of the beneficiaries or another donor specified period. Present values are determined using discount rates established by the Internal Revenue Service and actuarially-determined expected lives of beneficiaries. Obligations under the split-interest agreement are revalued annually based on the fair value of investments on June 30. The net revaluation, together with any remaining recorded obligations after all trust or gift obligations under terminated agreements have been met, are reported as net changes in the value of split-interest agreement in donor restricted net assets, depending on donor stipulations.

Endowment Classification and Distributions

The Board has interpreted the Uniform Prudent Management of Institutional Funds Act, as enacted by Oregon House Bill 2905, (OR-UPMIFA) as requiring the long-term preservation of the fair value of the original gift amount as of the gift date of donor restricted endowment funds absent explicit donor stipulations to the contrary.

WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)

YEARS ENDED JUNE 30, 2023 AND 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment Classification and Distributions (Continued)

For financial statement presentation purposes, the Foundation classifies as net assets with donor restrictions (a) all funds and earnings explicitly stated by the donor to be retained permanently and continue to accumulate until the corpus reaches an amount designated by the donor and (b) absent such stipulation, the fair value on the date of gift for gifts donated to the permanent endowment. The remaining portion of the donor restricted endowment fund that is not classified as net assets with donor restrictions represents net unappropriated endowment investment income and is classified as restricted until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standards of prudence prescribed by OR-UPMIFA. If, as a result of investment losses or appropriations (Board authorized distributions), the fair value of endowment assets is less than the donor restricted amounts, the deficiencies are reported as reductions of net assets with donor restrictions in accordance with FASB Accounting Standards Update 2016-14 *Not-For-Profit Entities (Topic 958)*.

When considering appropriation for distribution or accumulation of endowment funds, absent a specifically stated requirement in the gift instrument, the Foundation makes a good faith application of the approved Foundation spending policy, considering (a) the duration and preservation of the endowment fund; (b) the purposes of the University and the endowment fund; (c) general economic conditions; (d) the possible effect of inflation or deflation; (e) the expected total return from income and the appreciation of investments; (f) other resources of the University; and (g) the investment policy of the Foundation. The good faith application of the approved Foundation spending policy may result in the fair value of endowment assets being below the level determined as net assets with donor restrictions for financial statement presentation purposes.

Student Loans

Loans to students are treated as expenses when made, and the receivables are fully reserved. Revenue is recognized when loan payments are received. Loans receivable were \$82,488 in 2023 and \$78,488 in 2022, and were fully offset by an allowance for uncollectible accounts.

Property and Equipment

Property and equipment purchases in excess of \$5,000 are capitalized. Property and equipment are stated at cost. Donated property and equipment are recorded at estimated fair market value on the date donated. Depreciation is recorded on property and equipment using the straight-line method. Buildings and improvements are depreciated over 28 - 30 years and furniture and equipment are depreciated over 3 - 15 years. Land, art objects, and museum displays are not depreciated.

Income Tax Status

The Foundation is exempt from federal income tax in accordance with the provisions of Internal Revenue Code Section 501(c)(3). Any unrelated business income tax is insignificant, and no tax provision has been made in the accompanying financial statements.

Contributions to the Foundation qualify for the charitable contribution tax deduction under Section 170(b)(1)(A)(vi); the Foundation has been classified as an organization that is not a private foundation.

The Foundation recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
YEARS ENDED JUNE 30, 2023 AND 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status (Continued)

The Foundation has no unrecognized tax benefits which would require an adjustment to the July 1, 2022 beginning balance of net assets and had no unrecognized tax benefits at June 30, 2023. The Foundation files an exempt organization tax return in the U.S. federal jurisdiction and applicable state agencies. Generally, the Foundation is no longer subject to income tax examinations by taxing authorities for years before 2020 for its federal and state filings.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting service of the Foundation. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits which are allocated based on estimates of the benefit received by the program or supporting service. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated to the program and supporting services benefited.

Use of Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make assumptions that result in estimates that affect the 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.

Subsequent Events

Management has evaluated subsequent events through October 4, 2023, the date on which the financial statements were available to be issued.

CASH AND CASH EQUIVALENTS

The Foundation has the following cash and cash equivalents:

	<u>2023</u>	<u>2022</u>
Petty cash	\$ 1,200	\$ 1,200
Cash in bank	301,506	384,040
Cash in money market	63,416	62,861
Cash in time certificate	158,839	158,284
	<u>\$ 524,961</u>	<u>\$ 606,385</u>

WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
YEARS ENDED JUNE 30, 2023 AND 2022

CASH AND CASH EQUIVALENTS (Continued)

Concentrations of Credit Risk

The Foundation maintains cash balances and other liquid investments with financial institutions located in Oregon. Cash balances are insured by the Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation up to legal limits. During 2023, the balances in such accounts at times were in excess of depository insurance. The Foundation has not experienced any losses from their accounts and does not believe they are exposed to significant risk.

LIQUIDITY AND AVAILABILITY

Financial assets are available for general expenses, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date are comprised of the following at June 30:

	<u>2023</u>	<u>2022 (Restated)</u>
Cash and cash equivalents	\$ 524,961	\$ 606,385
Investments	25,612,535	22,124,591
Accounts receivable	2,352	31,292
Pledges receivable	166,905	99,286
Contributions receivable	-	833,000
	<u>26,306,753</u>	<u>23,694,554</u>
Net assets:		
With donor restrictions	(21,655,819)	(18,996,675)
Board designated	(763,220)	(629,950)
	<u>\$ 3,887,714</u>	<u>\$ 4,067,929</u>

The Foundation has perpetually restricted donor endowment funds totaling \$15,252,710 and \$14,694,824 at June 30, 2023 and 2022, respectively. Earnings on these funds are either perpetually restricted or purpose-restricted based on donor specifications and Foundation policies and are not available for general use.

The Foundation also has purpose-restricted donor assets totaling \$6,403,109 and \$4,301,851 at June 30, 2023 and 2022, respectively. Earnings on these funds are also purpose-restricted based on donor specifications and Foundation policies and are not available for general use.

The Foundation's liquidity management plan is governed by their Short-Term Investment Management Policy for Non-Endowed Funds, which ensures adequate liquidity is always available to meet the needs of the Foundation, while ensuring that funds not necessary for short-term liquidity purposes be invested with an appropriate time horizon to enhance the total return of the non-endowed assets. The Foundation maintains amounts necessary to meet projected needs at local financial institutions for operational liquidity with amounts in excess thereof being invested in short and intermediate investments per this short-term investment policy. This amount was \$2,976,487 and \$2,846,245 at June 30, 2023 and 2022, respectively. In addition, the Board has invested a portion of excess cash as a quasi-endowment in long-term investments as part of the endowment pool investment account. Total funds designated in this account are \$613,263 and \$422,118 at June 30, 2023 and 2022, respectively.

WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
YEARS ENDED JUNE 30, 2023 AND 2022

INVESTMENTS

Fair value of assets measured on a nonrecurring basis at June 30 are as follows:

	2023			
	<i>Quoted Prices in Active Markets for Identical Assets (Level 1)</i>	<i>Significant Other Observable Inputs (Level 2)</i>	<i>Significant Unobservable Inputs (Level 3)</i>	<i>Total</i>
Without Donor Restrictions				
Marketable securities	\$ 2,624,639	\$ 777,674	\$ -	\$ 3,402,313
Money market funds and cash	69,836	-	-	69,836
Totals	2,694,475	777,674	-	3,472,149
With Donor Restrictions				
Marketable securities	19,943,971	1,806,089	-	21,750,060
Cash value of life insurance policies	-	-	56,451	56,451
Money market funds and cash	333,875	-	-	333,875
Totals	20,277,846	1,806,089	56,451	22,140,386
	\$ 22,972,321	\$ 2,583,763	\$ 56,451	\$ 25,612,535

	2022 (Restated)			
	<i>Quoted Prices in Active Markets for Identical Assets (Level 1)</i>	<i>Significant Other Observable Inputs (Level 2)</i>	<i>Significant Unobservable Inputs (Level 3)</i>	<i>Total</i>
Without Donor Restrictions				
Marketable securities	\$ 2,216,389	\$ 770,988	\$ -	\$ 2,987,377
Money market funds and cash	145,601	-	-	145,601
Totals	2,361,990	770,988	-	3,132,978
With Donor Restrictions				
Marketable securities	17,045,623	1,480,040	-	18,525,663
Cash value of life insurance policies	-	-	53,146	53,146
Money market funds and cash	412,804	-	-	412,804
Totals	17,458,427	1,480,040	53,146	18,991,613
	\$ 19,820,417	\$ 2,251,028	\$ 53,146	\$ 22,124,591

WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
YEARS ENDED JUNE 30, 2023 AND 2022

INVESTMENTS (Continued)

The table below presents information about fair value measurements that use significant unobservable inputs (Level 3):

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 53,146	\$ 49,442
Realized gains	<u>3,305</u>	<u>3,704</u>
Balance, end of year	<u>\$ 56,451</u>	<u>\$ 53,146</u>

The following schedule summarizes the investment return in the statement of activities for the fiscal years ending June 30:

	<u>2023</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividends	\$ 89,013	\$ 560,537	\$ 649,550
Realized gains (losses)	(25,709)	62,890	37,181
Unrealized gains (losses)	(288,511)	1,959,948	1,671,437
Annuity payments	-	(46,234)	(46,234)
Investment fees	(15,711)	(136,737)	(152,448)
	<u>\$ (240,918)</u>	<u>\$ 2,400,404</u>	<u>\$ 2,159,486</u>

	<u>2022 (Restated)</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividends	\$ 81,636	\$ 700,161	\$ 781,797
Realized gains (losses)	-	893,116	893,116
Unrealized gains (losses)	(394,243)	(3,383,753)	(3,777,996)
Annuity payments	-	(40,097)	(40,097)
Investment fees	(14,572)	(149,765)	(164,337)
	<u>\$ (327,179)</u>	<u>\$ (1,980,338)</u>	<u>\$ (2,307,517)</u>

WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
YEARS ENDED JUNE 30, 2023 AND 2022

DONOR RESTRICTED ENDOWMENT

The following schedule summarizes the changes in donor restricted endowments for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Endowment net assets, beginning of year	\$ 14,694,824	\$ 14,586,407
Contributions	516,672	351,603
Investment return:		
Investment income	81,305	125,862
Investment expenses	(24,001)	(28,153)
Net appreciation (depreciation) - realized and unrealized	<u>77,688</u>	<u>(328,511)</u>
Total investment return	134,992	(230,802)
Appropriation of expenditures	<u>(93,778)</u>	<u>(12,384)</u>
Endowment net assets, end of year	<u><u>\$ 15,252,710</u></u>	<u><u>\$ 14,694,824</u></u>

CONTRIBUTION RECEIVABLES

Per an Assignment Agreement with an effective date of May 8, 2020, a donor assigned thirty-three and one-third percent (33 1/3%) of their interest in future royalty payments to the Foundation. Following this assignment, the publisher and the Foundation entered into a Buy-Out agreement effective May 8, 2020 for which the Publisher will pay the Foundation \$1,000,000 on or about December 10, 2020, \$1,000,000 on or about December 10, 2021 and \$833,333 on or about December 10, 2022 for a total of \$2,833,333 for their assigned share. Per the direction of the donor, the \$2,833,333 is being endowed by the Foundation.

INTEREST IN FUNDS HELD BY OREGON COMMUNITY FOUNDATION

The Foundation is a beneficiary of funds held by the Oregon Community Foundation (“OCF”). These funds are not held in a depository account but rather are in an “endowment fund” that is legally owned by OCF. Under United States Treasury Regulations, all community foundation endowment fund agreements must include terms which grant the community foundation’s Board of Directors the authority to modify restrictions and conditions of the fund agreement under certain circumstances (often referred to as “variance power”). As a result, all component funds are considered to be part of a single public charity, in this case OCF.

WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
YEARS ENDED JUNE 30, 2023 AND 2022

INTEREST IN FUNDS HELD BY OREGON COMMUNITY FOUNDATION (Continued)

OCF variance power clause reads: “Whenever, in the sole judgment of the board of directors (without the necessity of the approval of any participating trustee, custodian or agent), any restriction or condition on the distribution of funds for any specified charitable, educational, or scientific purposes or to specified organizations or governmental units becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable, educational, and scientific needs of the State of Oregon, the board of directors may, by the affirmative vote of a majority of its members, order such modification of such restriction or condition and such application of the whole or any part of the principal or income of the funds as in its judgment is then necessary to serve more effectively the charitable, educational, and scientific purposes of the Corporation.”

OCF accounts for these funds in accordance with FASB ASC 958, *Not-for-Profit Entities*, which states that when a community foundation accepts a contribution from an agency and agrees to transfer those assets and/or the investment return on those assets back to the agency, then those contributions are presented as both an asset and a liability on the financial statements of the community foundation (i.e., OCF), but not as an asset on the financial statements of the agency (i.e., the Foundation).

The fair value of the endowments on which the Foundation is listed as the beneficiary was \$1,772,059 and \$1,797,816 at June 30, 2023 and 2022 respectively. The value of these investments is not included in the Foundation’s financial statements.

LONG-TERM INVESTMENT POOL

Endowment and other funds with long-term investment horizons are pooled in an externally managed long-term investment pool. The investment pool has the following objectives: (1) to provide an annual distribution for endowments, as determined by the Board of Trustees, to support designated University activities and (2) to achieve a long-term growth rate that maintains the purchasing power of the assets, as measured by the consumer price index.

The long-term investment pool was approximately 59% endowments and 41% other funds with long-term investment horizons at June 30, 2023, and 62% and 38% respectively at June 30, 2022.

EXTERNALLY MANAGED REMAINDER TRUSTS AND GIFT ANNUITIES

Remainder trust agreement assets are externally managed on an individual account basis. Gift annuity assets are externally managed as a pool.

PROPERTY AND EQUIPMENT

Physical plant, equipment and collections are stated at cost at the date of acquisition or fair value at the date of donation in the case of gifts.

WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
YEARS ENDED JUNE 30, 2023 AND 2022

PROPERTY AND EQUIPMENT (Continued)

The following is a summary of changes in property and equipment:

Fiscal year ended June 30, 2023

Cost	<i>Beginning of year</i>	<i>Additions</i>	<i>Deletions</i>	<i>End of year</i>
Land	\$ 40,000	\$ -	\$ -	\$ 40,000
Art collections	17,728	-	-	17,728
Buildings and improvements	169,930	-	-	169,930
Furniture and equipment	353,679	-	-	353,679
Total	581,337	-	-	581,337
Accumulated depreciation	(450,692)	(2,842)	-	(453,534)
Property and Equipment, net	<u>\$ 130,645</u>	<u>\$ (2,842)</u>	<u>\$ -</u>	<u>\$ 127,803</u>

Fiscal year ended June 30, 2022

Cost	<i>Beginning of year</i>	<i>Additions</i>	<i>Deletions</i>	<i>End of year</i>
Land	\$ 40,000	\$ -	\$ -	\$ 40,000
Art collections	17,728	-	-	17,728
Buildings and improvements	169,930	-	-	169,930
Furniture and equipment	353,679	-	-	353,679
Total	581,337	-	-	581,337
Accumulated depreciation	(446,215)	(4,477)	-	(450,692)
Property and Equipment, net	<u>\$ 135,122</u>	<u>\$ (4,477)</u>	<u>\$ -</u>	<u>\$ 130,645</u>

ANNUITIES PAYABLE

Annuities payable represent the present value of life annuities. Those values were \$651,613 and \$633,826 at June 30, 2023 and 2022, respectively. Total annual payments were \$46,234 in 2023 and \$40,097 in 2022. Annuities payable include both charitable gift annuities and trust agreements of \$70,187 and \$581,426 for the year ended June 30, 2023, and \$80,893 and \$552,933 for the year ended June 30, 2022.

UNIVERSITY SUPPORT AND EXPENSES

The costs of operating the Foundation have been allocated between Foundation administration and Foundation fundraising based on estimates of the time expended in each area. Academic program support pertains to activities initiated and conducted by affiliates, schools, and departments of the University in whole or in part. Foundation administrative expenses pertain to the general operating activities of the Foundation.

WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)

YEARS ENDED JUNE 30, 2023 AND 2022

UNIVERSITY SUPPORT AND EXPENSES (Continued)

The Foundation and the University have entered into an agreement that sets forth the manner in which the University and Foundation provide support to each other. For example, the University provides services to the Foundation which includes the free use of administrative office facilities, telephone, utilities, and certain other operating costs attributed to the Foundation. These costs are not material and are not included in the accompanying financial statements. The University also pays personnel costs for the Foundation. Payments of \$582,282 and \$543,935 in the fiscal years ended June 30, 2023 and 2022 have been recorded as contributions and personnel costs in the financial statements.

For its part, the Foundation's support of the University includes, but is not limited to, receiving, investing and administering the funds of, or funds held for the benefit of, the University; providing various financial and related services including receiving, acknowledging, receipting and processing all gifts; investing and managing all funds received on behalf of the University; administering endowment and funds held for the benefit of the University; disbursing funds in accordance with donor wishes; providing database management support; and holding and managing real property for the benefit of the University.

For the years ended June 30, 2023 and 2022, the Foundation respectively provided \$1,385,197 and \$1,459,922 to the University to be used for scholarships and University support. These amounts include balances at June 30, 2023 and 2022 for reimbursement requests made by the University to the Foundation, which have not been paid as of year-end, in the amounts of \$3 and \$87,188 (included in accounts payable), respectively, and for payments made by the Foundation to the University, but not yet spent by the University as of year-end, in the amounts of \$472,705 and \$520,560 (Due From WOU), respectively.

PRIOR PERIOD ADJUSTMENT

The information presented as of and for the year ended June 30, 2022, has been adjusted to reflect reclassifications of the allocation of the fair market value of investments between those without donor restrictions and those with donor restrictions, reducing the undesignated net assets and increasing the net assets with donor purpose restrictions by \$433,993 on the statement of net position as well as reducing the net investment return without donor restrictions and increasing the net investment return with donor restrictions on the statement of activities, by the same amount.