



**OREGON STATE UNIVERSITY FOUNDATION**

Consolidated Financial Statements

June 30, 2023 and 2022

(With Independent Auditors' Report Thereon)

# OREGON STATE UNIVERSITY FOUNDATION

## Table of Contents

	<b>Page(s)</b>
Independent Auditors' Report	1-2
Consolidated Financial Statements:	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4-5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7-28
<b>Supplementary Schedules</b>	
Schedule 1 – Consolidating Schedule of Financial Position – June 30, 2023	29
Schedule 2 – Consolidating Schedule of Activities – Year ended June 30, 2023	30



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## Independent Auditors' Report

The Board of Trustees  
Oregon State University Foundation:

### *Opinion*

We have audited the consolidated financial statements of Oregon State University Foundation and its subsidiaries (the Foundation), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

### *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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the 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 Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated 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 consolidated 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 consolidated 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 the 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information included in Schedule 1 and 2 are presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*KPMG LLP*

Portland, Oregon  
October 16, 2023

**OREGON STATE UNIVERSITY FOUNDATION**

Consolidated Statements of Financial Position

June 30, 2023 and 2022

<b>Assets</b>	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 8,912,201	7,423,590
Investments (including assets held for Oregon State University of \$56,352,572 and \$54,208,072, respectively)	949,415,841	887,834,015
Pledges receivable, net	101,058,161	106,230,220
Property and equipment, net	25,387,033	25,178,599
Assets held-for-sale	5,549,381	6,426,558
Assets held under split-interest agreements	53,414,942	53,446,880
Charitable trusts held outside the foundation	10,486,402	11,451,933
Other assets	6,097,232	6,023,684
Total assets	<u>\$ 1,160,321,193</u>	<u>1,104,015,479</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Obligations under split-interest agreements	\$ 23,720,072	24,201,323
Endowment assets held for Oregon State University	56,352,572	54,208,072
Other liabilities	37,910,142	12,909,750
Total liabilities	<u>117,982,786</u>	<u>91,319,145</u>
Net assets:		
Without donor restrictions	33,549,678	33,357,816
With donor restrictions	1,008,788,729	979,338,518
Total net assets	<u>1,042,338,407</u>	<u>1,012,696,334</u>
Total liabilities and net assets	<u>\$ 1,160,321,193</u>	<u>1,104,015,479</u>

See accompanying notes to consolidated financial statements.

**OREGON STATE UNIVERSITY FOUNDATION**

Consolidated Statement of Activities

Year ended June 30, 2023

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Revenue, gains, and other support:			
Contributions	\$ 967,937	80,347,901	81,315,838
Investment return, net of expenses	7,774,106	57,026,191	64,800,297
Other	25,347,352	3,892,494	29,239,846
Change in value of charitable annuities and trusts	—	1,245,305	1,245,305
Net assets released from restrictions and other transfers	113,061,680	(113,061,680)	—
	<u>147,151,075</u>	<u>29,450,211</u>	<u>176,601,286</u>
Expenses:			
Direct university support	109,031,820	—	109,031,820
Development	22,815,889	—	22,815,889
Management and general	15,111,504	—	15,111,504
	<u>146,959,213</u>	<u>—</u>	<u>146,959,213</u>
Change in net assets	191,862	29,450,211	29,642,073
Net assets, beginning of year	<u>33,357,816</u>	<u>979,338,518</u>	<u>1,012,696,334</u>
Net assets, end of year	<u>\$ 33,549,678</u>	<u>1,008,788,729</u>	<u>1,042,338,407</u>

See accompanying notes to consolidated financial statements.

**OREGON STATE UNIVERSITY FOUNDATION**

Consolidated Statement of Activities

Year ended June 30, 2022

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Revenue, gains, and other support:			
Contributions	\$ 643,298	194,602,239	195,245,537
Investment return, net of expenses	(14,478,991)	(67,886,384)	(82,365,375)
Other	23,597,117	4,129,956	27,727,073
Change in value of charitable annuities and trusts	—	(7,030,108)	(7,030,108)
Net assets released from restrictions and other transfers	110,755,435	(110,755,435)	—
	120,516,859	13,060,268	133,577,127
Expenses:			
Direct university support	103,873,654	—	103,873,654
Development	18,503,176	—	18,503,176
Management and general	13,579,045	—	13,579,045
	135,955,875	—	135,955,875
Change in net assets	(15,439,016)	13,060,268	(2,378,748)
Net assets, beginning of year	48,796,832	966,278,250	1,015,075,082
Net assets, end of year	\$ 33,357,816	979,338,518	1,012,696,334

See accompanying notes to consolidated financial statements.

**OREGON STATE UNIVERSITY FOUNDATION**

Consolidated Statements of Cash Flows

Years ended June 30, 2023 and 2022

	<b>2023</b>	<b>2022</b>
Cash flows from operating activities:		
Change in net assets	\$ 29,642,073	(2,378,748)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
(Gain) loss on investments	(67,814,794)	84,519,466
Noncash contributions	(15,351,180)	(27,952,366)
Proceeds from sale of noncash contributions	14,592,720	25,261,344
Investment (gains) losses on charitable gift annuity and remainder trust agreements	(772,569)	11,030,911
Depreciation and amortization	1,607,637	1,391,080
Provision for unfulfilled pledges, net	(4,471)	—
Change in cash surrender value of life insurance	37,359	58,111
Net change in value of charitable gift annuities and trusts	2,589,687	(5,376,788)
Contributions and income restricted for permanent endowments	(17,379,121)	(22,218,086)
Decrease (increase) in cash due to changes in assets and liabilities:		
Charitable trusts held outside the Foundation	676,355	1,957,006
Endowment assets held for Oregon State University	2,144,500	(6,906,415)
Pledges receivable	5,176,530	(65,310,672)
Other assets	(110,907)	(2,212,401)
Other liabilities	23,420,479	6,754,000
Net cash used in operating activities	(21,545,702)	(1,383,558)
Cash flows from investing activities:		
Proceeds from sale of investments	183,147,051	324,695,867
Purchase of investments	(177,025,076)	(342,684,372)
Proceeds from disposal of property, equipment, and assets held for sale	1,579,900	4,431,382
Purchases of property and equipment	(236,158)	(2,189,991)
Net cash provided by (used in) investing activities	7,465,717	(15,747,114)
Cash flows from financing activities:		
Additions to charitable gift annuity and remainder trust agreements	645,473	1,190,000
Payments on charitable gift annuity and remainder trust agreements	(2,455,998)	(1,182,996)
Contributions and income restricted for permanent endowments	17,379,121	22,218,086
Net cash provided by financing activities	15,568,596	22,225,090
Net increase in cash and cash equivalents	1,488,611	5,094,418
Cash and cash equivalents, beginning of year	7,423,590	2,329,172
Cash and cash equivalents, end of year	\$ 8,912,201	7,423,590

See accompanying notes to consolidated financial statements.



## OREGON STATE UNIVERSITY FOUNDATION

### Notes to Consolidated Financial Statements

June 30, 2023 and 2022

#### (1) Description of Organization and Summary of Significant Accounting Policies

##### (a) General

The Oregon State University Foundation (the Foundation) was incorporated in 1947 to encourage, receive, and administer gifts and bequests for the support of Oregon State University (the University). The Foundation is governed by a board of trustees, with a membership of 31 individuals at June 30, 2023.

During 1999, the Foundation implemented an agreement with the University to assume all fundraising responsibilities for the University. As a result, the Foundation has added to its investment management and fiduciary responsibilities those fundraising and related services, such as marketing, donor relations, and stewardship.

The Foundation is an organization exempt from taxation under Section 501(c)(3), 509(a)(1), and 170(b)(1)(a)(iv) of the Internal Revenue Code and is generally not subject to federal or state income taxes. However, the Foundation is subject to income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purposes for which it was granted exemption. No income tax provision has been recorded, as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the consolidated financial statements taken as a whole.

##### (b) Basis of Accounting

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

##### (c) Basis of Presentation and Principles of Consolidation

The financial statements of the Foundation and operating affiliates and associates have been consolidated and all significant intercompany amounts and transactions have been eliminated. The operating affiliates and associates consist of the Alumni Association, Oregon 4-H Foundation, Trysting Tree Golf Club, Inc., 4238 Research Way, LLC, and The Beaver Caucus.

In the accompanying consolidated financial statements, net assets that have similar characteristics have been combined into similar categories as follows:

- *Without donor restrictions* – Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes, such as board-designated or quasi-endowments, by action of the board of trustees or may otherwise be limited by contractual agreements with outside parties. Unless otherwise designated, net assets without donor restrictions are used for the support of university programs and operations of the Foundation.
- *With donor restrictions* – Net assets with donor restrictions are subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that can be fulfilled by actions of the Foundation pursuant to those stipulations or that expire with the passage of time. Other donor-imposed restrictions are to maintain resources permanently. Such assets consist primarily of the Foundation's permanent endowment funds. Generally, the donors of these assets permit the Foundation's use of all or part of the investment return on these assets.

## OREGON STATE UNIVERSITY FOUNDATION

### Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Revenue is reported as increases in net assets without donor restrictions unless its use is limited by donor-imposed restrictions. Expenses are generally reported as decreases in net assets without restrictions. Expirations of donor-imposed stipulations are reported as net assets released from donor restrictions.

#### **(d) Contributions and Pledges**

Contributions, including unconditional pledges and memberships, are recognized as revenue in the period received. Unconditional pledges that extend beyond one year are recorded at a discount rate as determined by the creditworthiness of the donor, which approximates fair value, and an allowance for doubtful accounts is established for those pledged contributions that have been identified as having potential collection problems. Conditional pledges are not recognized until they become unconditional; that is, when the donor-imposed conditions are substantially met. Contributions of assets other than cash are recorded at their estimated fair value on the date of gift.

#### **(e) Investments**

Investments in marketable debt and equity securities, mutual funds, partnerships, and real estate funds are stated at fair value. Collateralized mortgage obligations, directly held real estate, and other investments are stated at cost. Mortgage notes and contracts are initially recorded at face value and are collateralized by the associated real estate. Interest on mortgage notes receivable is recognized when earned. Mortgage notes and contracts are reviewed annually to assess credit risks. Uncollectible notes are written off upon approval of the board of trustees. As of June 30, 2023 and 2022, no mortgage notes or contracts were deemed to be uncollectible; therefore, no allowance for doubtful accounts was established.

Investment return, net of expenses, includes interest, dividends, and realized and unrealized gains and losses. Realized gains and losses from the sale of investments are computed based on the difference between the proceeds received and the carrying value of the asset. Unrealized gains and losses result from changes in the fair value of investments.

#### **(f) Pooled Investment Program**

The Foundation places certain investments with investment managers who invest the funds in an investment pool (Pooled Investment Program). Investment income and realized gains and losses on these pooled assets are allocated to the participating endowment funds. Each endowment fund is assigned a percentage of its prorated value to the fair value of all assets at the time of entry into or liquidation from the pool.

#### **(g) Charitable Trusts Held outside the Foundation**

Charitable trusts held outside the Foundation are trusts established and administered by a donor or a third party. These trusts may be a lead, remainder, or perpetual trust. Charitable lead trusts are trusts established and funded by donors that provide distributions to the Foundation over a specified period. Lead trusts are measured at the present value of the future distributions expected to be received by the Foundation. The Foundation is also the recipient for charitable remainder trusts. Upon termination of a charitable remainder trust, the assets of the trust are transferred to the Foundation. These trusts are measured at their fair value. Perpetual trusts provide the Foundation the right, in perpetuity, to the income earned on the assets of the trust. The Foundation's beneficial interest in a perpetual trust is

## OREGON STATE UNIVERSITY FOUNDATION

### Notes to Consolidated Financial Statements

June 30, 2023 and 2022

measured at fair value. Donors may restrict the use of lead, remainder, and perpetual trust contributions.

#### **(h) Property, Equipment, Right-of-Use Assets and Assets Held for Sale**

Real property, equipment, and assets held for sale are recorded at cost except for donated assets, which are recorded at fair value on the date of donation. Right-of-use assets are recorded at the present value of known lease payments, at inception. Depreciation is computed for purchased operating equipment of the Foundation based on the straight-line method over the estimated useful lives of the related assets. Amortization related to right-of-use assets is computed on a straight-line basis over the lease period. Real property and equipment held for sale or held for transfer to the University are not depreciated.

Management reviews the carrying value of capitalized assets whenever events or changes in circumstances indicate that the carrying value of an asset group may not be recoverable. This review considers, among other factors, (1) the net realizable value of each major classification of assets, (2) the cash flow associated with the asset, and (3) significant changes in the extent or manner in which major assets are used. Management believes the carrying value of assets is recoverable.

Management reviews right-of-use assets for potential impairment on an annual basis.

Realized gains and losses from the sale or disposal of real property, equipment, and other assets are computed based on the difference between the proceeds received and the net carrying value of the asset.

#### **(i) Assets Held under Split-Interest Agreements**

Charitable gift annuity and remainder trust agreements require periodic payment of either the income earned or a fixed percentage of the assets to designated beneficiaries and terminate either at a specific time or upon the death of the designated individual. A liability for each gift annuity and remainder trust, where the Foundation is a trustee, is established and calculated as the present value of future payments to be made to the designated beneficiaries. Upon termination, the remaining assets of the annuity or remainder trust are then available for use by the Foundation in accordance with the donor's intent. The Foundation uses an actuarial approach to determine both the contribution and liability amounts to be recognized. For gift annuities and remainder trusts entered into by the Foundation during the year ended June 30, 2023, the discount rate varied between 4.8% and 5.2%; during the year ended June 30, 2022, the discount rate varied between 1.2% and 1.6%. The discount rate varied between 0.4% and 10.6% for the Foundation's entire portfolio of gift annuities and remainder trusts at June 30, 2023 and 2022.

#### **(j) Other Liabilities**

Other liabilities consist of accrued reimbursements payable to the University, payroll and related liabilities, deferred revenue, right-of-use lease liabilities, and other accrued operational expenses of the Foundation.

## OREGON STATE UNIVERSITY FOUNDATION

### Notes to Consolidated Financial Statements

June 30, 2023 and 2022

#### **(k) Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### **(l) Recently Issued Accounting Standards**

In February 2016, the Financial Accounting Standard Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, which requires lessees to recognize a lease liability and a right-of-use (ROU) asset for all lease obligations with exception to short-term leases. The lease liability will represent the lessee's obligation to make lease payments arising from the lease measured on a discounted basis, and the ROU asset will represent the lessee's right to use or control the use of a specified asset for a lease term. In 2018, the FASB updated its guidance allowing entities to adopt the provisions of the standard prospectively without adjusting comparative periods.

The Foundation implemented ASC Topic 842 beginning on July 1, 2022. The consolidated financial statements for periods prior to July 1, 2022 were not modified for the application of the new lease accounting standard. Upon adoption of ASU No. 2016-02, the Foundation recorded \$1,530,344 of right-of-use assets, net of deferred and prepaid rent, associated with finance and operating leases in property and equipment, net, and \$1,530,344 of lease liabilities associated with those finance and operating leases in the consolidated balance sheet. The Foundation elected the practical expedient that allows lessees to choose not to separate lease and nonlease components by class of underlying asset and applied this expedient to all relevant asset classes. The Foundation also elected the package of practical expedients permitted under the transition guidance within ASU No. 2106-02 to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial indirect costs for existing leases.

#### **(2) Cash and Cash Equivalents**

For purposes of the consolidated financial statements, the Foundation considers short-term cash investments and highly liquid debt instruments, if any, purchased with an original maturity of three months or less, to be cash equivalents, except for amounts held as part for donor or trustee restrictions and amounts held in the investment portfolio.

The Foundation, on occasion, has short-term investments of cash, which may exceed depository insurance limits. The Foundation makes such investments with high-credit quality entities and has not incurred any credit-related losses.

**OREGON STATE UNIVERSITY FOUNDATION**

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

**(3) Investments**

At June 30, 2023 and 2022, the fair and cost values of investments were as follows:

	2023		2022	
	Fair value	Cost or amortized cost	Fair value	Cost or amortized cost
Global equities	\$ 392,077,829	310,046,775	369,628,532	337,474,766
Global fixed income	155,597,027	164,282,977	118,551,270	129,304,104
Absolute return	67,116,749	50,427,770	83,476,785	63,399,838
Real assets	57,915,095	65,213,518	60,126,489	68,373,585
Private equity partnerships	225,515,822	146,855,944	209,495,330	127,797,773
Investment receivable	448,760	448,760	333,960	333,960
Investment income receivable	151,030	151,030	(1,519,029)	(1,519,029)
Real estate, mortgages, and other	— (a)	9,031,800	— (a)	8,890,114
Cash equivalents	41,561,729	41,561,729	38,850,564	38,850,564
Total investments	\$ 940,384,041	788,020,303	878,943,901	772,905,675

(a) These investments do not list a fair value in the table as they are accounted for at cost. At June 30, 2023 total investments of \$949,415,841 equals total investments at fair value of \$940,384,041 plus real estate, mortgages and other assets at cost of \$9,031,800. At June 30, 2022 total investments of \$887,834,015 equals total investments at fair value of \$878,943,901 plus real estate, mortgages and other assets at cost of \$8,890,114.

At June 30, 2023 and 2022, the Foundation had \$647,790,158 and \$641,000,466, respectively, in investments with underlying investments that are not readily marketable that are held at fair value. These investments, which the Foundation refers to as alternative investments, include diversified arbitrage, distressed, and mezzanine debt, real estate, and private equity. Such investments represent approximately 68% and 72% of the total investments and approximately 62% and 63% of net assets at June 30, 2023 and 2022, respectively.

These investment instruments may contain elements of both credit and market risk. Such risks include, but are not limited to, limited liquidity, absence of regulatory oversight, dependence upon key individuals, emphasis on speculative investments (both derivatives and nonmarketable investments), and nondisclosure of full portfolio composition. Because these investments are not readily marketable, their estimated values are subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed. Such differences could be significant.

Included in investment expenses are internal costs of the endowment, which supports the development activities and ongoing operations of the Foundation.

## OREGON STATE UNIVERSITY FOUNDATION

### Notes to Consolidated Financial Statements

June 30, 2023 and 2022

#### **(4) Endowment and Quasi-Endowment Funds**

The Foundation's endowment pool at June 30, 2023 and 2022 consists of 2,729 and 2,626 individual funds, respectively, established for a variety of purposes. The Foundation's endowment includes contributed funds to be maintained in perpetuity, donor-restricted funds contributed for a specific purpose or term, and funds designated by the board of trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

##### **(a) Board Interpretation of Relevant Law**

The Board of Trustees of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies all amounts held in donor-restricted endowment funds as net assets with donor restrictions until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

- a. The duration and preservation of the fund
- b. The purposes of the Foundation and the donor-restricted endowment fund
- c. General economic conditions
- d. The possible effect of inflation and deflation
- e. The expected total return from income and the appreciation of investments
- f. Other resources of the Foundation
- g. The investment policies of the Foundation

Donor-restricted endowment funds are consolidated under the Pooled Investment Program. In addition to these funds, net assets with donor restrictions contains split-interest agreements (charitable gift annuities and remainder trusts) where the Foundation is the trustee. Donors may also establish split-interest agreements held outside the Foundation. The nonpooled endowments consist of real estate, note receivables, pledges, and equity interests outside the Pooled Investment Program. At the point proceeds are realized from these annuities, trusts, and nonpooled investments, they are transferred to the Pooled Investment Program unless otherwise designated by the donor.

**OREGON STATE UNIVERSITY FOUNDATION**

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Endowments by net asset classification by type of fund as of June 30, 2023 are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ —	718,519,434	718,519,434
Board-designated endowment funds	46,207,408	—	46,207,408
Assets held under split-interest agreements	—	25,672,793	25,672,793
Charitable trusts held outside the Foundation	—	8,579,899	8,579,899
Nonpooled endowment funds	—	17,617,978	17,617,978
Total endowment funds	<u>\$ 46,207,408</u>	<u>770,390,104</u>	<u>816,597,512</u>

Endowments by net asset classification by type of fund as of June 30, 2022 are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ —	660,994,264	660,994,264
Board-designated endowment funds	44,446,479	—	44,446,479
Assets held under split-interest agreements	—	25,318,481	25,318,481
Charitable trusts held outside the Foundation	—	9,510,203	9,510,203
Nonpooled endowment funds	—	21,224,356	21,224,356
Total endowment funds	<u>\$ 44,446,479</u>	<u>717,047,304</u>	<u>761,493,783</u>

**OREGON STATE UNIVERSITY FOUNDATION**

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Changes in endowments by net asset classification for the fiscal years ended June 30, 2023 and 2022 are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, end of the year, June 30, 2021	\$ 38,853,520	778,528,560	817,382,080
Investment return:			
Interest and dividends	—	6,568,001	6,568,001
Realized and unrealized losses	(6,532,801)	(61,265,203)	(67,798,004)
Contributions	69,842	30,862,601	30,932,443
Appropriation of endowment assets for expenditure	—	(27,226,321)	(27,226,321)
Change in value of assets held under split-interest agreements	—	(6,929,117)	(6,929,117)
Other changes	12,055,918	(3,491,217)	8,564,701
Endowment net assets, end of the year, June 30, 2022	\$ 44,446,479	717,047,304	761,493,783
Investment return:			
Interest and dividends	—	8,440,097	8,440,097
Realized and unrealized gains	1,799,134	63,671,988	65,471,122
Contributions	120,419	19,687,281	19,807,700
Appropriation of endowment assets for expenditure	—	(30,014,871)	(30,014,871)
Change in value of assets held under split-interest agreements	—	746,719	746,719
Other changes	(158,624)	(9,188,414)	(9,347,038)
Endowment net assets, end of the year, June 30, 2023	\$ <u>46,207,408</u>	<u>770,390,104</u>	<u>816,597,512</u>

Underwater endowment amounts were \$5,352,428 and \$8,089,488, along with the corresponding original gift amounts of \$65,303,565 and \$82,747,328 as of June 30, 2023 and 2022, respectively.

**(b) Return Objectives and Risk Parameters**

The Foundation has adopted investment and spending policies for pooled endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period, as well as board-designated funds. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to produce above-average, long-term total returns as measured against specific indexes within each investment asset allocation.



## OREGON STATE UNIVERSITY FOUNDATION

### Notes to Consolidated Financial Statements

June 30, 2023 and 2022

#### **(c) *Strategies Employed for Achieving Objectives***

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis monetarily on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

#### **(d) *Pooled Investment Program Spending Policy and How the Investment Objectives Relate to Spending Policy***

The Foundation has a policy of appropriating for distribution each year 4% of its pooled endowment fund's average fair value over the prior 12 quarters through the quarter-end that precedes the quarter in which the distribution occurs. In establishing this policy, the Foundation considered the long-term expected return on its endowment and its objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment returns. Spending distributions are monitored and potentially limited for individual endowment accounts if the fair value of that account is less than the corpus.

#### **(5) Fair Value Measurements**

Investments are reported at estimated fair value as determined by the Foundation, based upon a fair value hierarchy, which prioritizes the input techniques used to measure fair value. The hierarchy gives the highest priority to Level 1 measurements and the lowest priority to Level 3 measurements:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active

Level 3 – Inputs that are unobservable

Inputs are used in applying valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Other inputs may include liquidity factors and broad credit data. An investment's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Specific investments in the Foundation's portfolio have been classified within Level 3, as their values are based on unobservable inputs and they trade infrequently or not at all. For investments not traded on organized exchanges, fair value estimates are provided by investment managers. For applicable investments, manager-reported net asset value (NAV) is used as a practical expedient to estimate fair value. For investments where no NAV is available, and thus remain in Level 3, the market approach or the income approach is used to estimate the fair value of such Level 3 instruments. Within Level 3, the use of the market approach generally consists of using comparable market transactions, while the use of the income approach generally consists of net present value of estimated future cash flows, adjusted as appropriate for market and/or other risk factors.

**OREGON STATE UNIVERSITY FOUNDATION**

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

The following table presents the investments included on the consolidated statements of financial position by levels within valuation hierarchy as of June 30, 2023:

	<b>Assets at fair value as of June 30, 2023</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Pooled Investment Program:</b>				
Global equities	\$ 169,353,049	—	—	169,353,049
Global fixed income	33,286,401	—	—	33,286,401
Real asset funds	37,071,973	—	—	37,071,973
Investment and income receivable	588,788	—	—	588,788
Cash equivalents	41,466,074	—	—	41,466,074
<b>Assets held under split-interest agreements:</b>				
U.S. equity funds	17,182,964	—	—	17,182,964
International funds	10,997,598	—	—	10,997,598
Real estate funds	7,241,915	—	—	7,241,915
Fixed income funds	15,738,271	—	—	15,738,271
Cash equivalents	1,207,143	—	—	1,207,143
Total pooled investments	334,134,176	—	—	334,134,176
Charitable trusts held outside the Foundation	—	—	10,486,402	10,486,402
<b>Other nonpooled investments:</b>				
Global equities	8,694,992	—	—	8,694,992
Global fixed income	2,033,555	—	—	2,033,555
Investment income receivable	3,395	—	—	3,395
Cash equivalents	95,656	—	—	95,656
Total nonpooled investments	10,827,598	—	10,486,402	21,314,000
Real estate held for investment and other investments measured at cost				10,078,851
Investments measured at NAV				647,790,158
Total assets at fair value	\$ 344,961,774	—	10,486,402	1,013,317,185

**OREGON STATE UNIVERSITY FOUNDATION**

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

The following table presents the investments included on the consolidated statements of financial position by levels within valuation hierarchy as of June 30, 2022:

	<b>Assets at fair value as of June 30, 2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Pooled Investment Program:</b>				
Global equities	\$ 144,723,458	—	—	144,723,458
Global fixed income	9,691,034	—	—	9,691,034
Real asset funds	35,341,230	—	—	35,341,230
Investment and income receivable	(1,203,583)	—	—	(1,203,583)
Cash equivalents	38,817,624	—	—	38,817,624
<b>Assets held under split-interest agreements:</b>				
U.S. equity funds	16,438,116	—	—	16,438,116
International funds	10,734,666	—	—	10,734,666
Real estate funds	7,536,538	—	—	7,536,538
Fixed income funds	16,061,476	—	—	16,061,476
Cash equivalents	1,629,033	—	—	1,629,033
Total pooled investments	<u>279,769,592</u>	<u>—</u>	<u>—</u>	<u>279,769,592</u>
Charitable trusts held outside the Foundation	—	—	11,451,933	11,451,933
<b>Other nonpooled investments:</b>				
Global equities	8,341,300	—	—	8,341,300
Global fixed income	2,195,481	—	—	2,195,481
Investment income receivable	3,951	—	—	3,951
Cash equivalents	32,940	—	—	32,940
Total nonpooled investments	<u>10,573,672</u>	<u>—</u>	<u>11,451,933</u>	<u>22,025,605</u>
Real estate held for investment and other investments measured at cost				9,937,165
Investments measured at NAV				<u>641,000,466</u>
Total assets at fair value	<u>\$ 290,343,264</u>	<u>—</u>	<u>11,451,933</u>	<u>952,732,828</u>

The Foundation applies an accounting policy to record non-equity interest investments at cost, rather than fair value. These investments, consisting of real estate held for investment and mortgages, are included in the table above for internal consistency purposes and are not held at fair value.

## OREGON STATE UNIVERSITY FOUNDATION

### Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Charitable trusts held outside the Foundation are carried on the consolidated statements of financial position and are measured at fair value using Level 3 unobservable inputs.

The following table presents a rollforward of the amounts for the year ended June 30, 2023 for the investments classified within Level 3:

Investments of the Foundation:	
Balance at June 30, 2022	\$ 11,451,933
Purchases/issuances	—
Sales/settlements	(1,312,467)
Total net gains for the period	<u>346,936</u>
Balance at June 30, 2023	<u>\$ 10,486,402</u>

The following table presents a rollforward of the amounts for the year ended June 30, 2022 for the investments classified within Level 3:

Investments of the Foundation:	
Balance at June 30, 2021	\$ 13,841,177
Purchases/issuances	—
Sales/settlements	(350,791)
Total net losses for the period	<u>(2,038,453)</u>
Balance at June 30, 2022	<u>\$ 11,451,933</u>

The following table presents information for investments where the NAV was used as a practical expedient to measure fair value at June 30, 2023 and 2022:

	Fair value		Redemption frequency	Redemption notice period
	2023	2022		
Global equities	\$ 214,029,788	216,563,774	Weekly—annually	5–90 Days
Global fixed income	118,186,090	104,784,558	Daily—quarterly	5–60 Days
Absolute return	60,926,360	80,503,014	Monthly—annually	45–105 Days
Real asset funds	12,929,676	13,493,555	Monthly	30 Days
Private equity partnerships	<u>153,658,714</u>	<u>128,243,147</u>	Quarterly	90 Days
Total	<u>\$ 559,730,628</u>	<u>543,588,048</u>		

Additionally, the Foundation holds investments in private equity and real asset limited partnerships, where NAV was used as a practical expedient to measure fair value at June 30, 2023 and 2022. The funds have various vintage years and seek global exposure to the private asset subclasses of venture capital, buyouts, debt, real estate and real assets through diversified fund of funds. These partnerships do not allow for

## OREGON STATE UNIVERSITY FOUNDATION

### Notes to Consolidated Financial Statements

June 30, 2023 and 2022

periodic redemptions, but rather liquidate upon the termination date as stated in the partnership agreement. At June 30, 2023, \$71,857,107 of private equity partnerships, \$7,913,447 of real assets, \$6,197,996 of absolute return investments and \$2,090,980 of global fixed income had termination dates that ranged from 2023 to 2032. At June 30, 2022, \$81,252,183 of private equity partnerships, \$11,291,704 of real assets, \$2,988,333 of absolute return investments and \$1,880,197 of global fixed income had termination dates that ranged from 2022 to 2031.

#### (6) Derivative Instruments

The Foundation has executed master netting arrangements with the counterparties of the futures purchase and sale contracts whereby the financial instruments held by the same counterparty are legally offset as the instruments are settled. The following table presents gross investment derivative assets and liabilities reported on a net basis at fair value included in investments in the consolidated statement of financial position as of June 30:

	<u>2023</u>	<u>2022</u>
Derivative assets:		
Futures contracts	\$ <u>17,728,588</u>	<u>25,579,125</u>
Total derivative assets	\$ <u><u>17,728,588</u></u>	<u><u>25,579,125</u></u>
Derivative liabilities:		
Futures contracts	\$ <u>(17,728,588)</u>	<u>(25,579,125)</u>
Total derivative liabilities	\$ <u><u>(17,728,588)</u></u>	<u><u>(25,579,125)</u></u>

#### (7) Pledges Receivable

Unconditional promises are included in the consolidated financial statements as pledges receivable and revenue in the appropriate net asset category. An allowance for uncollectible pledges is provided based upon management's judgment, including such factors as prior collections history, type of contribution, and nature of fundraising activity. Pledges are considered past due if payment is not received by the date due. Annual giving pledges are charged off upon the start of the subsequent year's campaign; the need for charge offs for all other pledges is determined on a case-by-case basis.

**OREGON STATE UNIVERSITY FOUNDATION**

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Pledges receivable due in excess of one year are discounted between 3.75% and 8.25% based on past collection experience, which has indicated the creditworthiness of Oregon State University Foundation donors. The schedule of payments at June 30, 2023 and 2022 is as follows:

	<b>2023</b>	<b>2022</b>
In one year or less	\$ 29,921,653	25,709,012
Between one year and five years	65,951,801	64,159,380
More than five years	16,230,000	28,785,000
Total	112,103,454	118,653,392
Less:		
Allowance for uncollectible amounts	(479,259)	(474,788)
Discount to present value of future cash flows	(10,566,034)	(11,948,384)
Total reductions	(11,045,293)	(12,423,172)
Total pledges receivable, net	\$ 101,058,161	106,230,220

**(8) Property and Equipment**

Property, equipment and right-of-use assets consist of the following at June 30:

	<b>2023</b>	<b>2022</b>
Operating assets:		
Land and structures	\$ 31,628,436	31,786,181
Equipment and other	3,103,887	3,145,181
Finance lease right-of-use assets	131,912	—
Operating lease right-of-use assets	1,448,001	—
	36,312,236	34,931,362
Less:		
Accumulated depreciation	(10,690,418)	(9,752,763)
Accumulated amortization	(234,785)	—
Total property and equipment, net	\$ 25,387,033	25,178,599
Nonoperating assets:		
Land, structures, and timber held for sale	\$ 5,549,381	6,426,558
Total assets held for sale	\$ 5,549,381	6,426,558

For the years ended June 30, 2023 and 2022, respectively, depreciation was \$1,372,853 and \$1,391,080 and amortization was \$234,784 and \$0.

## OREGON STATE UNIVERSITY FOUNDATION

### Notes to Consolidated Financial Statements

June 30, 2023 and 2022

#### (9) Leases

The Foundation has historically entered into a number of lease arrangements under which the Foundation is the lessee. Specifically, the Foundation has four finance leases and three operating leases. Our finance leases are for property and equipment, while our operating leases are for office space, land, and property. We have elected the short-term lease practical expedient for qualifying leases.

As of June 30, 2023, we have no known leases that have yet to commence.

All leases include fixed rental payments but may include variable rental payments. We have elected the practical expedient not to separate lease and nonlease components for our building leases.

During 2023 the Foundation recognized expenses associated with our leases as follows:

	<u>2023</u>
Finance lease cost:	
Amortization of ROU assets	\$ 37,738
Interest expense	2,553
Operating lease cost:	
Amortization of ROU assets	\$ 197,046
Interest expense	18,171
Net lease cost	\$ 255,508

Amounts recognized as right-of-use assets related to both finance and operating leases are included in Property and Equipment, net in the accompanying statement of financial position, while related lease liabilities are included in Other Liabilities.

As of June 30, 2023, right-of-use assets and lease liabilities related to leases were as follows:

	<u>2023</u>
Finance lease ROU assets	\$ 131,912
Operating lease ROU assets	<u>1,448,001</u>
	<u>\$ 1,579,913</u>
Finance lease liabilities	\$ (92,678)
Operating lease liabilities	<u>(1,174,935)</u>
	<u>\$ (1,267,613)</u>

Because we generally do not have access to the rate implicit in a lease, we utilize our incremental borrowing rate as the discount rate. Rates related to lease term length are provided by our banking institution. The discount rate associated with finance leases for FY23 is approximately 6.67%, depending on the lease term.

**OREGON STATE UNIVERSITY FOUNDATION**

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

Supplemental cash flow information related to operating leases was as follows for the fiscal year ended June 30, 2023.

	<b>2023</b>
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash outflows for financing leases	\$ 40,291
Operating cash outflows for operating leases	215,217
Right-of-Use assets obtained in exchange for lease obligations:	
Operating leases	29,172
Financing leases	20,398
	\$ 305,078

Future minimum lease payments under these leases are as follows:

Year ending June 30:	
2024	\$ 351,165
2025	329,011
2026	312,113
2027	295,385
2028	298,779
Thereafter	103,803
Interest	(422,643)
Total lease commitments	\$ 1,267,613

Total lease expense amounted to approximately \$255,508 and \$380,853 for the years ended June 30, 2023 and 2022, respectively, which is included in either direct university support or management, general, and development expense depending on the intended use.



**OREGON STATE UNIVERSITY FOUNDATION**

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

As of June 30, 2022, future minimum payments required under the Foundation's operating leases were as follows:

Year ending June 30, 2022:		
2023	\$	335,569
2024		305,033
2025		312,552
2026		294,903
2027		284,705
Thereafter		<u>396,702</u>
Total lease commitments	\$	<u><u>1,929,464</u></u>

**(10) Net Assets With Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes as of June 30:

	<b>2023</b>	<b>2022</b>
Subject to expenditure for specified purposes:		
Facilities and equipment	\$ 25,906,336	45,404,330
Academic program support	54,936,734	57,301,778
Instruction and research	27,360,380	25,021,119
Student aid	26,249,429	24,514,705
Other activities	<u>1,900,470</u>	<u>1,996,752</u>
	<u>136,353,349</u>	<u>154,238,684</u>
Subject to passage of time:		
Facilities and equipment	77,626,564	92,199,667
Academic program support	25,692,193	19,339,199
Instruction and research	24,324,934	20,265,451
Student aid	19,295,905	18,766,076
Other activities	<u>477,642</u>	<u>(10,513,605)</u>
	<u>147,417,238</u>	<u>140,056,788</u>
Subject to endowment spending policy and appropriation:		
Facilities and equipment	12,786,629	12,072,073
Academic program support	186,815,524	186,835,906
Instruction and research	223,418,113	209,746,244
Student aid	291,574,472	266,101,163
Foundation-controlled activities	<u>10,423,404</u>	<u>10,287,660</u>
	<u>725,018,142</u>	<u>685,043,046</u>
Total	<u><u>\$ 1,008,788,729</u></u>	<u><u>979,338,518</u></u>

## OREGON STATE UNIVERSITY FOUNDATION

### Notes to Consolidated Financial Statements

June 30, 2023 and 2022

#### (11) Retirement Plan

Employees of the Foundation participate in a money purchase retirement plan covering substantially all employees with at least one year of service and vest generally after four years of service. The Foundation is obligated to contribute 17% of all eligible employees' salaries, including the six-month period prior to eligibility, up to federal limits. The Foundation's contributions to the employee-directed accounts amounted to approximately \$2,677,000 and \$2,381,000 for the years ended June 30, 2023 and 2022, respectively.

#### (12) Assets Held under Split-Interest Agreements

The Foundation receives certain planned gift donations in the form of charitable gift annuities and remainder trusts.

A charitable gift annuity is an arrangement between a donor and the Foundation in which the assets contributed by the donor are provided in exchange for a promise by the Foundation to pay a fixed amount for a period of time to the donor or designated beneficiary. Upon completion of the agreed term (usually the beneficiary's death), the remaining value of the gift annuity reverts to the Foundation to be used in accordance with the original annuity agreement.

The Foundation is also a remainderman and trustee to certain charitable remainder trusts. Assets contributed are established in a trust and invested. During the term of the trust, distributions are made to a designated beneficiary or beneficiaries. Upon the death of the beneficiary, the remaining assets revert to the Foundation to be used according to the donor's wishes.

At June 30, the fair value and cost of assets held under split-interest agreements were as follows:

	2023		2022	
	Fair value	Cost	Fair value	Cost
Gift annuities:				
Mutual funds:				
Small cap	\$ 283,780	167,954	278,184	179,479
Large cap	2,132,107	1,609,090	2,059,483	1,639,788
International	1,701,580	1,663,705	1,654,031	1,740,882
Real estate	1,176,074	1,181,562	1,168,720	1,078,893
High-quality/intermediate bonds	1,837,809	2,208,442	1,892,983	2,200,619
Mid-quality/intermediate bonds	723,948	879,196	715,809	867,168
Cash equivalents	135,777	135,777	147,852	147,852
Total gift annuities	<u>7,991,075</u>	<u>7,845,726</u>	<u>7,917,062</u>	<u>7,854,681</u>

**OREGON STATE UNIVERSITY FOUNDATION**

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

	2023		2022	
	Fair value	Cost	Fair value	Cost
Remainder trusts:				
Mutual funds:				
Small cap	\$ 2,517,197	1,823,145	2,512,283	1,943,046
Large cap	12,249,880	9,878,520	11,588,166	9,924,373
International	9,296,018	9,515,159	9,080,635	10,110,550
Real estate	6,065,841	6,648,968	6,367,818	6,479,176
High-quality/intermediate-long term	9,514,684	11,105,149	9,771,296	10,927,400
Mid-low quality/intermediate term	3,661,831	4,386,459	3,681,388	4,358,592
Mortgages and other	— (a)	1,047,051	— (a)	1,047,051
Cash equivalents	1,071,365	1,071,365	1,481,181	1,481,181
Total remainder trusts	44,376,816	45,475,816	44,482,767	46,271,369
Total gift annuities and remainder trusts	\$ 52,367,891	53,321,542	52,399,829	54,126,050

(a) These investments do not list a fair value in the table as they are accounted for at cost. At June 30, 2023 total Assets held under split-interest agreements of \$53,414,942 equals total gift annuities and remainder trusts at fair value of \$52,367,891 plus mortgages and other assets at cost of \$1,047,051. At June 30, 2022 total Assets held under split-interest agreements of \$53,446,880 equals total gift annuities and remainder trusts at fair value of \$52,399,829 plus mortgages and other assets at cost of \$1,047,051.

Obligations to beneficiaries under split-interest agreements at June 30 are as follows:

	2023	2022
Gift annuities	\$ 3,776,300	3,804,703
Remainder trusts	19,943,772	20,396,620
Total obligations under charitable gift annuities and remainder trusts	\$ 23,720,072	24,201,323

**(13) Functional Classification of Expenses**

The costs of program and supporting services activities have been summarized in the statements of activities. The expense analysis in the table below presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. The financial statements report certain categories of expenses that are attributed to more than one program or support function. The expenses that are allocated include salaries, wages, and employee benefits, which are allocated on the basis of actual time spent on fundraising or general and administrative

**OREGON STATE UNIVERSITY FOUNDATION**

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

tasks. Other costs are classified in each functional category based on the underlying purpose of each transaction.

<b>Year ended June 30, 2023</b>				
	<b>Direct university support</b>	<b>Development</b>	<b>Management and general</b>	<b>Total</b>
Events	\$ —	1,362,858	814,653	2,177,511
Maintenance and repairs	—	78,815	339,419	418,234
Occupancy	—	—	69,346	69,346
Professional services	—	2,673,179	1,669,172	4,342,351
Restricted distributions	109,031,820	—	—	109,031,820
Salaries and benefits	—	16,321,015	7,953,605	24,274,620
Travel	—	679,668	215,241	894,909
All other	—	1,700,354	4,050,068	5,750,422
	<u>\$ 109,031,820</u>	<u>22,815,889</u>	<u>15,111,504</u>	<u>146,959,213</u>

<b>Year ended June 30, 2022</b>				
	<b>Direct university support</b>	<b>Development</b>	<b>Management and general</b>	<b>Total</b>
Events	\$ —	30,163	15,992	46,155
Maintenance and repairs	—	565,404	1,228,135	1,793,539
Occupancy	—	—	292,645	292,645
Professional services	—	1,246,899	1,451,915	2,698,814
Restricted distributions	103,873,654	—	—	103,873,654
Salaries and benefits	—	14,350,452	7,123,178	21,473,630
Travel	—	346,532	75,922	422,454
All other	—	1,963,726	3,391,258	5,354,984
	<u>\$ 103,873,654</u>	<u>18,503,176</u>	<u>13,579,045</u>	<u>135,955,875</u>

**OREGON STATE UNIVERSITY FOUNDATION**

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

**(14) Other Liabilities**

Other liabilities consist of the following at June 30, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
Accounts payables	\$ 757,922	893,467
Accrued expenses	32,168,570	8,616,487
Accrued payroll and related liabilities	2,934,075	2,594,649
Deferred revenue	37,688	37,257
Other Foundation operational expenses	702,150	729,182
Unearned rent revenue	42,124	38,708
Lease liability – finance leases	92,678	—
Lease liability – operating leases	1,174,935	—
Total other liabilities	\$ 37,910,142	12,909,750

**(15) Liquidity and Availability**

The Foundation regularly monitors liquidity required to meet its operating needs, liabilities, and other obligations as they become due. The Foundation is substantially supported by management and advancement fees assessed on distributions from the endowment, gift fees, and support provided by the University. As the Foundation exists to benefit the University, the majority of the financial assets recorded by the Foundation are not available to support the Foundation's ongoing operating needs.

In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation endeavors to operate with a balanced budget and maintains board-designated quasi-endowment funds, which are considered net assets without donor restrictions and available to provide support as needed.

The following assets could readily be made available within one year of the date of the statement of financial position to meet general expenditures at June 30, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
Accounts receivable	\$ 1,903,184	556,052
Cash and cash equivalents	8,912,201	7,423,590
Invested funds	11,373,121	10,053,874
Financial assets available to meet cash needs for general expenditures within one year	\$ 22,188,506	18,033,516

## OREGON STATE UNIVERSITY FOUNDATION

### Notes to Consolidated Financial Statements

June 30, 2023 and 2022

#### (16) Commitments

The Foundation periodically enters into commitments to invest into domestic and international private equity partnerships. As of June 30, 2023, commitments in the amount of \$134,662,000 are still outstanding. The remaining funds will be invested as calls are made by the partnerships. The Foundation has invested the remaining portion of the commitments, until required, in corporate obligations and marketable securities.

#### (17) Related Party

The University is a related party of the Foundation. During the years ended June 30, 2023 and 2022, the Foundation recorded \$28,757,273 and \$28,059,594, respectively, as other revenue for fundraising, investment management, and other related services performed for the University.

Direct university support, included in expenses, consisted of the following for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Awards and scholarships	\$ 12,516,601	12,221,108
Capital programs	50,683,174	51,939,996
Instruction and research support	15,878,921	20,875,599
Other program support	26,614,204	12,202,426
Development support	<u>3,338,920</u>	<u>6,634,525</u>
Total direct university support	<u>\$ 109,031,820</u>	<u>103,873,654</u>

The amount payable or "due to" the University, including amounts in accrued expenses, totaled \$32,060,099 and \$8,437,062 as of June 30, 2023 and 2022, respectively, and is included in other liabilities in the consolidated statements of financial position.

As of June 30, 2023 the Foundation has approved disbursement of up to \$35M of funding to the University associated with the completion of Reser Stadium, in advance of receipt of related pledge payments by donors. On a monthly basis, interest is calculated on the advance balance, at a rate of 4.5%. As of June 30, 2023, the outstanding advances, including assessed interest, were \$6,227,161.

#### (18) Subsequent Events

The Foundation has evaluated subsequent events and transactions that occurred after June 30, 2023 through October 16, 2023, the date the consolidated financial statements were available to be issued.

## **SUPPLEMENTARY SCHEDULES**

## OREGON STATE UNIVERSITY FOUNDATION

## Consolidating Schedule of Financial Position

June 30, 2023

<b>Assets</b>	<b>Oregon State University Foundation</b>	<b>Oregon State University Alumni Association</b>	<b>Oregon 4-H Foundation</b>	<b>Trysting Tree</b>	<b>Consolidated</b>
Cash and cash equivalents	\$ 3,956,514	1,033,285	2,618,606	1,303,796	8,912,201
Investments (including assets held for Oregon State University of \$56,352,572)	921,072,964	13,113,993	15,228,884	—	949,415,841
Pledges receivable, net	101,048,477	—	9,684	—	101,058,161
Property and equipment, net	15,230,891	4,823,219	3,385,166	1,947,757	25,387,033
Assets held-for-sale	5,545,536	—	3,845	—	5,549,381
Assets held under split-interest agreements	52,111,612	—	1,303,330	—	53,414,942
Charitable trusts held outside the Foundation	9,682,881	—	803,521	—	10,486,402
Other assets	5,194,684	884,774	—	17,774	6,097,232
<b>Total assets</b>	<b>\$ 1,113,843,559</b>	<b>19,855,271</b>	<b>23,353,036</b>	<b>3,269,327</b>	<b>1,160,321,193</b>
<b>Liabilities and Net Assets</b>					
Liabilities:					
Obligations under split-interest agreements	\$ 23,055,874	—	664,198	—	23,720,072
Endowment assets held for Oregon State University	56,352,572	—	—	—	56,352,572
Other liabilities	37,497,917	277,590	—	134,635	37,910,142
<b>Total liabilities</b>	<b>116,906,363</b>	<b>277,590</b>	<b>664,198</b>	<b>134,635</b>	<b>117,982,786</b>
Net assets:					
Without donor restrictions	16,425,921	17,123,757	—	—	33,549,678
With donor restrictions	980,511,275	2,453,924	22,688,838	3,134,692	1,008,788,729
<b>Total net assets</b>	<b>996,937,196</b>	<b>19,577,681</b>	<b>22,688,838</b>	<b>3,134,692</b>	<b>1,042,338,407</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,113,843,559</b>	<b>19,855,271</b>	<b>23,353,036</b>	<b>3,269,327</b>	<b>1,160,321,193</b>

See accompanying independent auditors' report.



## OREGON STATE UNIVERSITY FOUNDATION

Consolidating Schedule of Activities

Year ended June 30, 2023

	<b>Oregon State University Foundation</b>	<b>Oregon State University Alumni Association</b>	<b>Oregon 4-H Foundation</b>	<b>Trysting Tree</b>	<b>Total</b>
Revenue, gains, and other support:					
Contributions	\$ 79,546,478	1,286,710	482,650	—	81,315,838
Investment returns, net of expenses	63,565,041	643,551	575,115	16,590	64,800,297
Other	24,009,410	3,104,943	237,046	1,888,447	29,239,846
Change in value of charitable annuities and trusts	1,224,176	—	21,129	—	1,245,305
Net assets released from restrictions and other transfers	(990,746)	493,090	537,656	(40,000)	—
	<u>167,354,359</u>	<u>5,528,294</u>	<u>1,853,596</u>	<u>1,865,037</u>	<u>176,601,286</u>
Expenses:					
Direct university support	106,501,863	80,832	705,653	1,743,472	109,031,820
Development	22,728,224	59,121	28,544	—	22,815,889
Management and general	10,528,250	4,459,971	123,283	—	15,111,504
	<u>139,758,337</u>	<u>4,599,924</u>	<u>857,480</u>	<u>1,743,472</u>	<u>146,959,213</u>
Change in net assets	27,596,022	928,370	996,116	121,565	29,642,073
Net assets, beginning of year	969,341,174	18,649,311	21,692,722	3,013,127	1,012,696,334
Net assets, end of year	<u>\$ 996,937,196</u>	<u>19,577,681</u>	<u>22,688,838</u>	<u>3,134,692</u>	<u>1,042,338,407</u>

See accompanying independent auditors' report.