

**ALBANY STATE UNIVERSITY
FOUNDATION, INC.
FINANCIAL REPORT**

JUNE 30, 2024



MAULDIN & JENKINS
CPAs & ADVISORS

**ALBANY STATE UNIVERSITY
FOUNDATION, INC.**

FINANCIAL REPORT

JUNE 30, 2024

ALBANY STATE UNIVERSITY FOUNDATION, INC.

FINANCIAL REPORT JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Trustees of
Albany State University
Foundation, Inc.
Albany, Georgia**

Opinion

We have audited the accompanying financial statements of the **Albany State University Foundation, Inc.** (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Albany State University Foundation, Inc. as of June 30, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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 generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Albany State University Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Albany State University Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is fluid and cursive, with "Mauldin" and "Jenkins" connected by a horizontal line, and "LLC" written in a smaller, separate area.

Atlanta, Georgia
October 30, 2024

ALBANY STATE UNIVERSITY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

| | 2024 | 2023 |
|--|--------------------------|-------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 4,800,111 | \$ 3,823,729 |
| Unconditional promises to give, net | 369,090 | 478,312 |
| Investments | 4,722,980 | 4,144,597 |
| Investments in real estate | <u>286,504</u> | <u>286,504</u> |
| Total assets | <u>\$ 10,178,685</u> | <u>\$ 8,733,142</u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable | \$ 33 | \$ - |
| Accounts payable - due to the University | <u>15,000</u> | <u>14,700</u> |
| Total liabilities | <u>15,033</u> | <u>14,700</u> |
| Net assets | | |
| Without donor restrictions: | | |
| Board designated | 2,212,574 | 2,236,742 |
| Undesignated | <u>603,111</u> | <u>352,775</u> |
| Total without donor restrictions | <u>2,815,685</u> | <u>2,589,517</u> |
| With donor restrictions | <u>7,347,967</u> | <u>6,128,925</u> |
| Total net assets | <u>10,163,652</u> | <u>8,718,442</u> |
| Total liabilities and net assets | <u>\$ 10,178,685</u> | <u>\$ 8,733,142</u> |

See Notes to Financial Statements.

ALBANY STATE UNIVERSITY FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

| | 2024 | | |
|---|---------------------------------------|------------------------------------|----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| REVENUES AND OTHER SUPPORT | | | |
| Contributions and special events | \$ 85,993 | \$ 1,518,615 | \$ 1,604,608 |
| In-kind contributions | 258,300 | - | 258,300 |
| Investment income, net of investment fees | 174,790 | 99,095 | 273,885 |
| Net realized and unrealized gains on investments | 72,436 | 393,211 | 465,647 |
| Other income | 1,161 | 12,814 | 13,975 |
| Net assets released from restrictions: | | | |
| Satisfaction of program restrictions | <u>804,693</u> | <u>(804,693)</u> | <u>-</u> |
| Total revenues and other support | <u>1,397,373</u> | <u>1,219,042</u> | <u>2,616,415</u> |
| EXPENSES | | | |
| Program services | | | |
| Academic and education | 457,785 | - | 457,785 |
| Student affairs | 42,644 | - | 42,644 |
| Other program support | 411,270 | - | 411,270 |
| Total program services | <u>911,699</u> | <u>-</u> | <u>911,699</u> |
| Supporting services | | | |
| Administration and general | 174,272 | - | 174,272 |
| Fundraising | 85,234 | - | 85,234 |
| Total supporting services | <u>259,506</u> | <u>-</u> | <u>259,506</u> |
| Total expenses | <u>1,171,205</u> | <u>-</u> | <u>1,171,205</u> |
| CHANGE IN NET ASSETS | | | |
| NET ASSETS, BEGINNING | <u>2,589,517</u> | <u>6,128,925</u> | <u>8,718,442</u> |
| NET ASSETS, ENDING | <u>\$ 2,815,685</u> | <u>\$ 7,347,967</u> | <u>\$ 10,163,652</u> |

See Notes to Financial Statements.

| 2023 | | |
|-------------------------------|----------------------------|---------------------|
| Without Donor Restrictions | With Donor Restrictions | Total |
| \$ 59,476 | \$ 1,385,251 | \$ 1,444,727 |
| 397,371 | - | 397,371 |
| 71,060 | 87,501 | 158,561 |
| 40,185 | 217,724 | 257,909 |
| 8,555 | 8,546 | 17,101 |
| <u>1,185,164</u> | <u>(1,185,164)</u> | <u>-</u> |
| <u>1,761,811</u> | <u>513,858</u> | <u>2,275,669</u> |
| 775,512 | - | 775,512 |
| 71,714 | - | 71,714 |
| <u>586,813</u> | <u>-</u> | <u>586,813</u> |
| <u>1,434,039</u> | <u>-</u> | <u>1,434,039</u> |
| 186,079 | - | 186,079 |
| <u>96,650</u> | <u>-</u> | <u>96,650</u> |
| <u>282,729</u> | <u>-</u> | <u>282,729</u> |
| <u>1,716,768</u> | <u>-</u> | <u>1,716,768</u> |
| <u>45,043</u> | <u>513,858</u> | <u>558,901</u> |
| <u>2,544,474</u> | <u>5,615,067</u> | <u>8,159,541</u> |
| <u>\$ 2,589,517</u> | <u>\$ 6,128,925</u> | <u>\$ 8,718,442</u> |

ALBANY STATE UNIVERSITY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

| | Program services | | | Supporting services | | | |
|--------------------------------------|------------------------|------------------|-----------------------|------------------------|----------------------------|------------------|---------------------|
| | Academic and education | Student affairs | Other program support | Total program services | Administration and general | Fundraising | |
| Contract services | \$ 145 | \$ - | \$ - | \$ 145 | \$ 1,305 | \$ - | \$ 1,450 |
| Donated material and supply expenses | - | - | 45,079 | 45,079 | - | - | 45,079 |
| Donated salary expenses | 41,538 | 41,538 | 41,538 | 124,614 | 41,538 | 41,538 | 207,690 |
| Donated rent expenses | 1,106 | 1,106 | 1,106 | 3,318 | 1,107 | 1,106 | 5,531 |
| Dues and subscriptions | - | - | - | - | 5,164 | - | 5,164 |
| Fundraising costs | - | - | - | - | - | 13,681 | 13,681 |
| Grants | - | - | 116,223 | 116,223 | - | - | 116,223 |
| Insurance | - | - | - | - | 3,245 | - | 3,245 |
| Marketing and promotions | - | - | 59,091 | 59,091 | 40,863 | 20,916 | 120,870 |
| Other operating expenses | - | - | - | - | 7,921 | - | 7,921 |
| Professional fees | - | - | 1,792 | 1,792 | 29,105 | - | 30,897 |
| Property taxes | - | - | - | - | 2,565 | - | 2,565 |
| Scholarships | 414,996 | - | - | 414,996 | - | - | 414,996 |
| Sponsorships | - | - | 6,836 | 6,836 | - | - | 6,836 |
| Supplies and office expenses | - | - | 139,605 | 139,605 | 8,122 | 7,993 | 155,720 |
| Travel, conferences, and meetings | - | - | - | - | 33,337 | - | 33,337 |
| Total expenses | <u>\$ 457,785</u> | <u>\$ 42,644</u> | <u>\$ 411,270</u> | <u>\$ 911,699</u> | <u>\$ 174,272</u> | <u>\$ 85,234</u> | <u>\$ 1,171,205</u> |

See Notes to Financial Statements.

ALBANY STATE UNIVERSITY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

| | Program services | | | Supporting services | | | Total |
|--|------------------------|------------------|-----------------------|------------------------|----------------------------|------------------|---------------------|
| | Academic and education | Student affairs | Other program support | Total program services | Administration and general | Fundraising | |
| Bank and processing fees | \$ - | \$ - | \$ - | \$ - | \$ 64 | \$ - | \$ 64 |
| Contract services | 1,904 | - | - | 1,904 | 17,134 | - | 19,038 |
| Donated material and supply expenses | - | - | 38,800 | 38,800 | - | - | 38,800 |
| Donated salary expenses | 70,083 | 70,083 | 70,083 | 210,249 | 70,083 | 70,083 | 350,415 |
| Donated rent expenses | 1,631 | 1,631 | 1,632 | 4,894 | 1,631 | 1,631 | 8,156 |
| Dues and subscriptions | - | - | - | - | 4,186 | - | 4,186 |
| Fundraising costs | - | - | - | - | - | 11,593 | 11,593 |
| Grants | - | - | 226,800 | 226,800 | - | - | 226,800 |
| Insurance | - | - | - | - | 3,043 | - | 3,043 |
| Marketing and promotions | - | - | 50,100 | 50,100 | 9,107 | 8,502 | 67,709 |
| Other operating expenses | - | - | 25,441 | 25,441 | 4,195 | - | 29,636 |
| Professional fees | - | - | 1,152 | 1,152 | 35,343 | - | 36,495 |
| Property taxes | - | - | - | - | 2,661 | - | 2,661 |
| Repairs, maintenance, equipment rental | - | - | 6,056 | 6,056 | - | - | 6,056 |
| Scholarships | 701,894 | - | - | 701,894 | - | - | 701,894 |
| Sponsorships | - | - | 23,266 | 23,266 | - | - | 23,266 |
| Supplies and office expenses | - | - | 143,483 | 143,483 | 23,831 | 4,841 | 172,155 |
| Travel, conferences, and meetings | - | - | - | - | 14,801 | - | 14,801 |
| Total expenses | <u>\$ 775,512</u> | <u>\$ 71,714</u> | <u>\$ 586,813</u> | <u>\$ 1,434,039</u> | <u>\$ 186,079</u> | <u>\$ 96,650</u> | <u>\$ 1,716,768</u> |

See Notes to Financial Statements.

ALBANY STATE UNIVERSITY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

| | 2024 | 2023 |
|---|---------------------|---------------------|
| OPERATING ACTIVITIES | | |
| Change in net assets | \$ 1,445,210 | \$ 558,901 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Net realized and unrealized (gains) on investments | (465,647) | (257,909) |
| Donation of investment in real estate | - | 3,000 |
| Contributions restricted for long-term investments | (93,938) | (147,496) |
| Decrease in unconditional promises to give, net | 109,222 | 83,186 |
| Increase (decrease) in accounts payable | 33 | (2,104) |
| Increase (decrease) in accounts payable - related party | 300 | (258,379) |
| Net cash provided by operating activities | <u>995,180</u> | <u>(20,801)</u> |
| INVESTING ACTIVITIES | | |
| Proceeds from contributions restricted for investment in endowment | 93,938 | 147,496 |
| Net purchases of investments | <u>(112,736)</u> | <u>(98,871)</u> |
| Net cash (used in) investing activities | <u>(18,798)</u> | <u>48,625</u> |
| Net increase in cash and cash equivalents | 976,382 | 27,824 |
| Cash and cash equivalents, at beginning of year | <u>3,823,729</u> | <u>3,795,905</u> |
| Cash and cash equivalents, at end of year | <u>\$ 4,800,111</u> | <u>\$ 3,823,729</u> |

See Notes to Financial Statements.

ALBANY STATE UNIVERSITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of activities:

Albany State University Foundation, Inc. (the “Foundation”) is a nonprofit foundation exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3). The Foundation was formed and incorporated under the laws of the state of Georgia in 1969. The purpose of the Foundation is to support Albany State University (the “University”) located in Albany, Georgia. The Foundation’s support comes primarily from contributions and grants from alumni, corporations, foundations, other individuals and from leasing activities with Albany State University.

Significant accounting policies:

Basis of presentation:

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

The Foundation presents its financial statements in accordance with the Financial Accounting Standards Board (FASB)’s *Not-For-Profit* presentation and disclosure guidance. Under this guidance, the Foundation is required to report information regarding its financial position and activities according to two categories of net assets: net assets without donor restriction and net assets with donor restriction.

Net assets without donor restrictions consists of net assets that are not subject to donor-imposed stipulations, which are used to account for resources available to carry out the purposes of the Foundation. The principal sources of funds generated for net assets without donor restrictions are contributions and program revenues. Board-designated net assets are without donor restriction but are designated by the Board to be spent for specific purposes. As of June 30, 2024 and 2023, board-designated net assets totaled \$2,212,574 and \$2,236,742, respectively.

Net assets with donor restrictions consists of net assets that are 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 may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies: (Continued)

Contributions:

Contributions received, including unconditional promises to give, are recognized as revenues in the period received at their estimated fair value. Conditional promises to give are recognized when the conditions are substantially met. The allowance for doubtful pledges is based on specifically identified amounts that the Foundation believes to be uncollectible, plus certain percentages of aged pledged receivables, which are determined based on historical experience and management's assessment of the general financial conditions affecting the Foundation's donor base. If actual collection experience changes, revisions to the allowance may be required.

Cash and cash equivalents:

Cash and cash equivalents include cash and highly liquid investments that are readily convertible into cash and have a maturity of ninety days or less when purchased.

Excluded are amounts held for specific purposes or amounts which are included in the Foundation's long-term investment strategies.

Property and equipment:

Property and equipment are stated at historical cost. All property is made up of golf cart vehicles that have useful lives of five years. Depreciation is computed on the straight-line method over the estimated useful lives.

Maintenance and repair items are charged to operations and major improvements are capitalized.

Change in donor intent:

During the years ended June 30, 2024 and 2023, there were no changes in donor intent.

In-kind contributions:

Donated goods and services are reflected as contributions in the accompanying financial statements at their estimated values at the date of receipt. Donated goods and services expense, which primarily represents salaries, supplies, and rents paid by the University on behalf of the Foundation, is reflected under supporting services as administration and general and fundraising expenses in the accompanying statement of activities. Donated goods and services totaled \$258,300 and \$397,371 for the years ended June 30, 2024 and 2023, respectively.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies: (Continued)

Investments:

Investments, including investments held by trustees, consist primarily of money market accounts, mutual funds, fixed income securities, equity securities, and pooled funds. Investments are carried at fair value. Investment expenses incurred totaled \$4,130 and \$3,853 for the years ended June 30, 2024 and 2023, respectively.

Donated investments are recorded at fair value on the date received. Realized and unrealized gains and losses on the portfolio are recognized as income or loss.

Investment securities are exposed to various risks, such as interest rate risk, market risk, and credit risk.

Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the accompanying financial statements.

Investments in real estate:

Investment in real estate consists of donated real estate property that the Foundation has received and intends to sell. Donated investments in real estate are recorded at fair value on the date received. Realized and unrealized gains and losses on the portfolio are recognized as income or loss.

Use of estimates:

The Foundation prepares its financial statements in accordance with generally accepted accounting principles which require management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements, as well as the amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies: (Continued)

Fair value of financial instruments:

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents - The carrying amount approximates fair value because of the short-term maturity of these instruments.

Investments - Investments are carried at fair value based on quoted market prices for those or similar investments.

Other receivables and payables - The carrying amount approximates fair value because of the short-term maturity of these instruments.

The Foundation follows FASB's fair value measurements and disclosure guidance, which provides a framework for measuring fair value under generally accepted accounting principles. This guidance applies to all financial instruments that are being measured and reported on a fair value basis.

As defined in the FASB issued guidance, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Foundation uses various methods including market, income, and cost approaches. Based on these approaches, the Foundation often utilizes certain assumptions that market participants would use in pricing the assets or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs.

The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques the Foundation is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Valuations for assets and liabilities traded in active markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies: (Continued)

Fair value of financial instruments: (Continued)

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker-traded transactions.

Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of these instruments.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

For the years ended June 30, 2024 and 2023, the application of valuation techniques applied to similar assets and liabilities has been consistent. The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers.

Income tax status:

The Foundation qualifies as a tax-exempt organization as described in Internal Revenue Code Section 501(c)(3) and has been classified by the Internal Revenue Service as a publicly supported organization and not as a private foundation. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income.

Campus Facilities I, LLC is treated as a single member LLC for federal and state income tax purposes. Since the Foundation is the sole member of this LLC, all income, losses, and credits are reported on the Foundation's income tax returns.

The Foundation follows the statutory requirements for its income tax accounting and generally avoids risks associated with potentially problematic tax positions that may be challenged upon examination. Management believes any liability resulting from taxing authorities imposing additional income taxes from activities deemed to be unrelated to the Foundation's tax-exempt status would not have a material effect on the Foundation's financial statements.

The Foundation files the Form 990 in the U.S. federal jurisdiction and the state of Georgia.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies: (Continued)

Functional allocation of expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis on the statements of activities and statements of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Furthermore, all other costs have been allocated among the programs and supporting services benefited as required by FASB's *Not-for-Profit* presentation and disclosure guidance. Contract services, donated salary expenses, donated rent expenses, marketing and promotion, professional fees, and supplies and office expenses are allocated based on the department and the percentage of time that the department supports the various programs and supporting services.

NOTE 2. LIQUIDITY AND AVAILABILITY

The Foundation manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of the Foundation are expected to be met on a monthly basis from the program service revenues generated and contributions. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position as of June 30, 2024 and 2023, comprise the following:

| | 2024 | 2023 |
|--|---------------------|---------------------|
| Cash and cash equivalents | \$ 2,383,181 | \$ 1,574,465 |
| Unconditional promises to give, net | 203 | 1,368 |
| Board-designated endowment | | |
| distributions and appropriations | 615 | 604 |
| Endowment distributions and appropriations | 19,699 | 34,835 |
| Investments | 159,266 | 804,165 |
| | <u>\$ 2,562,964</u> | <u>\$ 2,415,437</u> |

Endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments (quasi-endowments). Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

As of June 30, 2024 and 2023, the board-designated endowment of \$2,212,574 and \$2,236,742, respectively, is subject to an annual spending rate (generally not to exceed 5% of the fair value each year as described in Note 9).

NOTES TO FINANCIAL STATEMENTS

NOTE 2. LIQUIDITY AND AVAILABILITY (Continued)

Although the Foundation does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

As part of a liquidity management plan, the Foundation invests cash in excess of daily requirements in short-term investments, mainly money market funds.

NOTE 3. CONCENTRATION OF CREDIT RISK

Cash is maintained at multiple financial institutions, and as a result, credit exposure to any one institution is limited. The Federal Deposit Insurance Corporation (FDIC) secures accounts in insured institutions up to \$250,000 per depositor.

At times, the balance of the Foundation's accounts may exceed the federally insured limits. As of June 30, 2024 and 2023, the Foundation's uninsured cash balances totaled \$4,300,111 and \$3,727,073, respectively. The Foundation has not experienced any losses on its cash balances and believes it is not exposed to any significant credit risk on cash.

NOTE 4. UNCONDITIONAL PROMISES TO GIVE

At June 30, 2024 and 2023, unconditional promises to give consisted of the following:

| | 2024 | 2023 |
|--|-------------------|-------------|
| Unconditional promises to give without donor restrictions | \$ 602 | \$ 1,368 |
| Unconditional promises to give with donor restrictions | 409,386 | 532,231 |
| Endowment unconditional promises to give | 6,000 | 6,000 |
| Unconditional promises to give before discount and allowance for uncollectible promises to give | 415,988 | 539,599 |
| Less unamortized discount | 5,148 | 31,036 |
| Subtotal | 410,840 | 508,563 |
| Less allowance for uncollectible promises to give | 41,750 | 30,251 |
| Unconditional promises to give, net | \$ 369,090 | \$ 478,312 |

NOTES TO FINANCIAL STATEMENTS

NOTE 4. UNCONDITIONAL PROMISES TO GIVE (Continued)

| | 2024 | 2023 |
|--------------------|--------------------------|--------------------------|
| Amount due in: | | |
| Less than one year | \$ 171,588 | \$ 111,200 |
| One to three | 195,400 | 128,950 |
| More than three | 49,000 | 299,449 |
| | <u>\$ 415,988</u> | <u>\$ 539,599</u> |

At June 30, 2024 and 2023, the discount rate used was 4.36 and 3.25%, respectively, as a risk-free interest rate.

NOTE 5. CONDITIONAL PROMISES TO GIVE

The Foundation received a conditional grant award of \$1,958,750 in the year ended June 30, 2024. As prescribed under FASB's *Not-for-Profit* contribution and grant guidance, the Foundation considers the incurred project construction invoice date to be when the conditions have been substantially met and the revenue is recognized. The Foundation did not recognize any grant revenue related to this grant award for the year ended June 30, 2024. In September 2024, the Foundation met all conditions and recognized the grant revenue in the year ended June 30, 2025.

NOTE 6. FAIR VALUE MEASUREMENTS

As of June 30, 2024, investments consist primarily of pooled diversified funds in the amount of \$4,687,776. The pooled diversified funds include investments in funds that invest primarily in money markets, fixed income securities, and equity securities. There are no unfunded commitments in the pooled funds as of June 30, 2024.

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of June 30, 2024:

| | Level 1 | Level 2 | Level 3 | Total |
|---------------------------------|-------------------------|----------------------------|--------------------------|----------------------------|
| Equity securities | \$ 35,204 | \$ - | \$ - | \$ 35,204 |
| Investments in real estate | - | - | 286,504 | 286,504 |
| Pooled diversified funds: | | | | |
| Money market funds | - | 133,115 | - | 133,115 |
| Fixed income | - | 3,978,553 | - | 3,978,553 |
| Equity funds | - | 576,108 | - | 576,108 |
| Total investments at fair value | <u>\$ 35,204</u> | <u>\$ 4,687,776</u> | <u>\$ 286,504</u> | <u>\$ 5,009,484</u> |

For the year ended June 30, 2024, there were no changes in the fair value of the Foundation's Level 3 assets.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. FAIR VALUE MEASUREMENTS (Continued)

As of June 30, 2023, investments consist primarily of pooled diversified funds in the amount of \$4,109,393. The pooled diversified funds include investments in funds that invest primarily in money markets, fixed income securities, and equity securities. There are no unfunded commitments in the pooled funds as of June 30, 2023.

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of June 30, 2023:

| | Level 1 | | Level 2 | | Level 3 | | Total |
|-------------------------------------|----------------|------------------|----------------|----------------|----------------|----------------|------------------|
| Equity securities | \$ 35,204 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 35,204 |
| Investments in real estate | - | - | - | 286,504 | - | - | 286,504 |
| Pooled diversified funds: | | | | | | | |
| Money market funds | - | 109,280 | | | - | - | 109,280 |
| Fixed income | - | 3,471,955 | | | - | - | 3,471,955 |
| Equity funds | - | 528,158 | | | - | - | 528,158 |
| Total investments at fair value | \$ 35,204 | \$ 4,109,393 | \$ 286,504 | \$ 286,504 | \$ 286,504 | \$ 286,504 | \$ 4,431,101 |

For the year ended June 30, 2023, there were no changes in the fair value of the Foundation's Level 3 assets. Level 3 assets in the amount of \$3,000 were donated during the year ended June 30, 2023, and is included in the accompanying statement of activities.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2024 and 2023:

| | 2024 | 2023 |
|--|---------------------|---------------------|
| Subject to expenditure for specified purpose: | | |
| Chair and professorship | \$ 5,899 | \$ 4,040 |
| Program support | 1,417,576 | 865,519 |
| Scholarship | 3,120,123 | 2,548,934 |
| Total subject to expenditure for specified purpose | <u>4,543,598</u> | <u>3,418,493</u> |
| Perpetual in nature: | | |
| Chair and professorship | 9,804 | 9,804 |
| Program support | 23,012 | 23,012 |
| Scholarship | 2,771,553 | 2,677,616 |
| Total perpetual in nature | <u>2,804,369</u> | <u>2,710,432</u> |
| Total net assets with donor restrictions | <u>\$ 7,347,967</u> | <u>\$ 6,128,925</u> |

Net assets with donor restrictions consisted of the following as of June 30, 2024 and 2023:

| | 2024 | 2023 |
|--|---------------------|---------------------|
| Subject to expenditure for specified purpose: | | |
| Cash | \$ 2,332,618 | \$ 1,595,173 |
| Unconditional promises to give, net | 361,323 | 470,944 |
| Investments | 1,849,657 | 1,352,376 |
| Total subject to expenditure for specified purpose | <u>4,543,598</u> | <u>3,418,493</u> |
| Endowments (perpetual in nature and purpose restrictions): | | |
| Cash | 84,312 | 716,376 |
| Unconditional promises to give, net | 6,000 | 6,000 |
| Investments | 2,714,057 | 1,988,056 |
| Total endowments | <u>2,804,369</u> | <u>2,710,432</u> |
| Total net assets with donor restrictions | <u>\$ 7,347,967</u> | <u>\$ 6,128,925</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 8. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during 2024 and 2023 by incurring expenses satisfying the restricted purposes specified by donors as follows:

Purpose restrictions accomplished:

| | 2024 | 2023 |
|-------------------------|-------------------|---------------------|
| Chair and professorship | \$ 13 | \$ 12 |
| Program support | 487,722 | 595,164 |
| Scholarships | 316,958 | 589,988 |
| | \$ 804,693 | \$ 1,185,164 |

NOTE 9. ENDOWMENT

Interpretation of Relevant Law

In approving endowment, spending and related policies, as part of the prudent and diligent discharge of its duties, the Board of Trustees of the Foundation, as authorized by the UPMIFA, has relied upon the actions, reports, information, advice and counsel taken or provided by its duly constituted committees and the duly appointed officers of the Foundation and in doing so has interpreted the law to require the preservation of the historic dollar value of donor-restricted endowment funds, absent explicit donor directions to the contrary.

As a result of this interpretation, for accounting and financial statement purposes, the Foundation classifies as permanently restricted net assets the historic dollar value of assets held as donor-restricted endowment, including any subsequent gifts and any accumulations to donor-restricted endowments made in accordance with the direction of the applicable gift instruments.

The portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified for accounting and financial statement purposes in accordance with requirements of the Financial Accounting Standards Board and the law.

Funds with Deficiencies

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with FASB's *Not-For-Profit* presentation and disclosure guidance, deficiencies of this nature are reported in without donor restriction net assets. At June 30, 2024 there were no funds with deficiencies. At June 30, 2023, funds with original gift values of \$250,000, fair values of \$232,653, and deficiencies of \$17,347 were reporting in net assets with donor restrictions

NOTES TO FINANCIAL STATEMENTS

NOTE 9. ENDOWMENT (Continued)

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the historic dollar value of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity as well as board-designated funds.

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 to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Related to Spending Policy

The Foundation's Board of Trustees determines the method to be used to appropriate endowment funds for expenditure. The Foundation has a spending policy whereby a certain percentage (generally not to exceed 5% of the fair value of endowment net assets each year) may be distributed for purposes of supporting without donor restriction and with donor restriction activities.

The endowment net asset composition by type of fund as of June 30, 2024 is as follows:

| <u>June 30, 2024</u> | <u>Quasi- Endowment (Without Donor Restrictions)</u> | <u>Endowment (With Donor Restrictions)</u> | <u>Total</u> |
|---|--|--|--------------|
| Board-designated endowment funds | \$ 952,269 | \$ - | \$ 952,269 |
| Donor-restricted endowment funds | | | |
| Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor | - | 2,804,369 | 2,804,369 |
| Accumulated investment gains | - | 1,419,247 | 1,419,247 |
| Endowment net assets, end of year | \$ 952,269 | \$ 4,223,616 | \$ 5,175,885 |

NOTES TO FINANCIAL STATEMENTS

NOTE 9. ENDOWMENT (Continued)

The endowment net asset composition by type of fund as of June 30, 2023, is as follows:

| June 30, 2023 | Quasi- Endowment (Without Donor Restrictions) | Endowment (With Donor Restrictions) | Total |
|---|--|--|---------------------|
| Board-designated endowment funds | \$ 862,242 | \$ - | \$ 862,242 |
| Donor-restricted endowment funds | | | |
| Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor | - - | 2,710,432 | 2,710,432 |
| Accumulated investment gains | - - | 946,611 | 946,611 |
| Endowment net assets, end of year | <u>\$ 862,242</u> | <u>\$ 3,657,043</u> | <u>\$ 4,519,285</u> |

The changes in endowment net assets for the year ended June 30, 2024 are:

| | Quasi- Endowment (Without Donor Restrictions) | Endowment (With Donor Restrictions) | Total |
|---|--|--|---------------------|
| Endowment net assets, beginning of year | <u>\$ 862,242</u> | <u>\$ 3,657,043</u> | <u>\$ 4,519,285</u> |
| Investment return (including investment income, realized and unrealized net gains) | 90,642 | 492,334 | 582,976 |
| Contributions | - - | 93,938 | 93,938 |
| Appropriation of endowment assets for expenditure | (615) | (19,699) | (20,314) |
| Endowment net assets, end of year | <u>\$ 952,269</u> | <u>\$ 4,223,616</u> | <u>\$ 5,175,885</u> |

The changes in endowment net assets for the year ended June 30, 2023 are:

| | Quasi- Endowment (Without Donor Restrictions) | Endowment (With Donor Restrictions) | Total |
|---|--|--|---------------------|
| Endowment net assets, beginning of year | <u>\$ 804,583</u> | <u>\$ 3,238,464</u> | <u>\$ 4,043,047</u> |
| Investment return (including investment income, realized and unrealized net gains) | 58,263 | 305,918 | 364,181 |
| Contributions | - - | 147,496 | 147,496 |
| Appropriation of endowment assets for expenditure | (604) | (34,835) | (35,439) |
| Endowment net assets, end of year | <u>\$ 862,242</u> | <u>\$ 3,657,043</u> | <u>\$ 4,519,285</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RELATED-PARTY TRANSACTIONS

At June 30, 2024 and 2023, the Foundation had payables to the University for awarded scholarship and program support payments in the amount of \$15,000 and \$14,700, respectively.

For the year ended June 30, 2024, the Foundation paid the University \$414,996 in scholarships and \$275,004 in other program support.

For the year ended June 30, 2023, the Foundation paid the University \$701,894 in scholarships and \$401,270 in other program support.

NOTE 11. IN-KIND CONTRIBUTIONS

For the years ended June 30, 2024 and 2023, contributed nonfinancial assets recognized within the statement of activities included:

| | 2024 | 2023 | Usage |
|------------------------|-------------------|-------------------|----------------------------|
| Salaries | \$ 124,614 | \$ 210,249 | Program services |
| Salaries | 41,538 | 70,083 | Administration and general |
| Salaries | 41,538 | 70,083 | Fundraising |
| Rent | 3,318 | 4,894 | Program services |
| Rent | 1,107 | 1,631 | Administration and general |
| Rent | 1,106 | 1,631 | Fundraising |
| Materials and supplies | 45,079 | 38,800 | Program services |
| | <u>\$ 258,300</u> | <u>\$ 397,371</u> | |

The Foundation recognized contributed nonfinancial assets within revenue, including contributed salaries and rent. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed salaries and rent were used in academic and education, other program support, administration and general, and fundraising services.

In valuing contributed services and rent, the Foundation estimated fair value based on current rates for similar services.

NOTE 12. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events occurring through October 30, 2024, the date on which the financial statements were available to be issued.