

**WESTERN OREGON UNIVERSITY
DEVELOPMENT FOUNDATION
FINANCIAL STATEMENTS
Years Ended June 30, 2020 and 2019**

WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION
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Retired

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WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION
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Board Legal Counsel

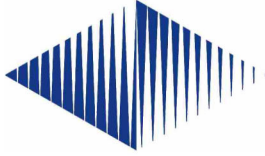
Theresa Wade
Legal Counsel, WOU Foundation
Attorney, Garrett, Hemann, Robertson, Et Al.

BOARD OF TRUSTEES (Continued)

Foundation Staff

Cara Groshong
Business Operations and Finance Director
Western Oregon University Development Foundation

Rosita Olalde '17
Board Assistant and Advancement Specialist
Western Oregon University Development Foundation



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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Western Oregon University Development Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Western Oregon University Development Foundation as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



CERTIFIED PUBLIC ACCOUNTANTS

September 12, 2020

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WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 450,531	\$ 502,902
Investments	18,589,967	17,004,392
Pledges receivable	60,871	37,238
Contributions receivable	2,833,333	-
Due from WOU	107,760	245,619
Property and equipment, net of depreciation	140,125	213,802
	<u> </u>	<u> </u>
<i>Total Assets</i>	<u>\$ 22,182,587</u>	<u>\$ 18,003,953</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 26,355	\$ 76,495
Annuities payable	846,502	892,169
Notes payable	-	75,888
	<u> </u>	<u> </u>
<i>Total Liabilities</i>	872,857	1,044,552
 Net Assets		
Without Donor Restrictions		
Undesignated	684,223	1,270,311
Designated	928,611	894,022
With Donor Restrictions		
Purpose restrictions	5,454,903	4,563,328
Perpetual restrictions	14,241,993	10,231,740
	<u> </u>	<u> </u>
<i>Total Net Assets</i>	<u>21,309,730</u>	<u>16,959,401</u>
	<u> </u>	<u> </u>
<i>Total Liabilities and Net Assets</i>	<u>\$ 22,182,587</u>	<u>\$ 18,003,953</u>

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

WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2020 AND 2019

	2020		
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
REVENUE			
Contributions	\$ 800,394	\$ 5,352,648	\$ 6,153,042
Net investment return	34,589	590,659	625,248
Miscellaneous	10,629	231,223	241,852
<i>Total Revenue</i>	845,612	6,174,530	7,020,142
NET ASSETS RELEASED FROM RESTRICTIONS			
	1,272,702	(1,272,702)	-
EXPENSES			
University and scholarships program	1,825,771	-	1,825,771
Management and general	400,005	-	400,005
Fundraising	444,037	-	444,037
<i>Total Expenses</i>	2,669,813	-	2,669,813
CHANGE IN NET ASSETS	(551,499)	4,901,828	4,350,329
NET ASSETS, Beginning of year	2,164,333	14,795,068	16,959,401
NET ASSETS, End of year	\$ 1,612,834	\$ 19,696,896	\$ 21,309,730

2019

<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
\$ 650,015	\$ 1,652,010	\$ 2,302,025
79,160	814,620	893,780
35,150	284,647	319,797
<hr/>	<hr/>	<hr/>
764,325	2,751,277	3,515,602
2,176,729	(2,176,729)	-
1,509,152	-	1,509,152
408,715	-	408,715
207,156	-	207,156
<hr/>	<hr/>	<hr/>
2,125,023	-	2,125,023
816,031	574,548	1,390,579
1,348,302	14,220,520	15,568,822
<hr/>	<hr/>	<hr/>
\$ 2,164,333	\$ 14,795,068	\$ 16,959,401
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The accompanying notes are an integral part of the financial statements.

WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2020 AND 2019

	2020			
	<i>University & Scholarships Program</i>	<i>Management & General</i>	<i>Fundraising</i>	<i>Total</i>
Grants	\$ -	\$ -	\$ -	\$ -
Accounting fees	-	13,000	-	13,000
Legal fees	12,006	1,108	-	13,114
Supplies	105,217	1,259	2,503	108,979
Telephone	908	-	-	908
Postage & shipping	2,836	-	5,211	8,047
Occupancy	6,468	5,321	-	11,789
Equipment rental & maintenance	22,905	51,737	462	75,104
Printing & publications	10,401	1,946	9,172	21,519
Travel	69,227	-	17,941	87,168
Sponsored events & activities	155,633	983	25,909	182,525
Interest expense	-	2,045	-	2,045
Depreciation	77,759	3,035	-	80,794
Personnel costs	91,801	277,642	305,434	674,877
Scholarships	1,109,838	-	-	1,109,838
University support	143,622	-	76,045	219,667
Office expense	4,454	8,772	53	13,279
Contract labor	1,100	-	-	1,100
Fees	11,596	33,157	1,007	45,760
Miscellaneous	-	-	300	300
	\$ 1,825,771	\$ 400,005	\$ 444,037	\$ 2,669,813

2019

<i>University & Scholarships Program</i>	<i>Management & General</i>	<i>Fundraising</i>	<i>Total</i>
\$ 8,690	\$ -	\$ -	\$ 8,690
-	13,000	-	13,000
1,075	1,488	-	2,563
79,271	2,092	32	81,395
1,115	-	-	1,115
2,168	-	-	2,168
8,809	6,010	-	14,819
44,191	14,596	-	58,787
16,685	1,179	-	17,864
90,318	-	5,031	95,349
143,820	184	6,517	150,521
-	1,400	-	1,400
-	89,900	-	89,900
72,245	261,152	195,351	528,748
695,445	-	-	695,445
293,293	-	-	293,293
2,275	7,860	-	10,135
566	-	-	566
49,186	9,854	-	59,040
-	-	225	225
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\$ 1,509,152	\$ 408,715	\$ 207,156	\$ 2,125,023

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

WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

CASH FLOWS FROM OPERATING ACTIVITIES	2020	2019
Change in net assets	\$ 4,350,329	\$ 1,390,579
<i>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities</i>		
Endowment contributions	(4,095,922)	(674,171)
Depreciation	80,794	89,900
Investment (gains) losses	(625,248)	(893,780)
Actuarial change in annuity obligations	(45,667)	14,137
Changes in assets and liabilities:		
Pledges receivable	(12,005)	67,331
Due from WOU	137,859	32,920
Accounts payable	(50,140)	5,354
<i>Net Cash Provided by (Used in) Operating Activities</i>	(260,000)	32,270
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(7,117)	-
Purchase of investments	(6,052,299)	(4,553,061)
Proceeds from sale of investments	5,094,188	4,050,617
<i>Net Cash Used in Investing Activities</i>	(965,228)	(502,444)
CASH FLOWS FROM FINANCING ACTIVITIES		
Debt proceeds	-	37,929
Payments on debt and annuity obligations	(75,888)	(190,971)
Proceeds from endowment gifts	1,248,745	674,171
<i>Net Cash Provided by Financing Activities</i>	1,172,857	521,129
NET CHANGE IN CASH AND CASH EQUIVALENTS	(52,371)	50,955
CASH AND CASH EQUIVALENTS, Beginning of year	502,902	451,947
CASH AND CASH EQUIVALENTS, End of year	\$ 450,531	\$ 502,902

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

WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Accounting

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

Net Assets

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

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, quasi-endowment funds not required to be retained and invested by the donors.

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

Support and Revenue

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

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

Pledges Receivable

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

WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
YEARS ENDED JUNE 30, 2020 AND 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges Receivable (Continued)

The Foundation uses the allowance method to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. At June 30, 2020 and 2019, no allowance was considered necessary.

Donated Materials and Services

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

Cash and Cash Equivalents

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

Concentrations of Credit Risk

The Foundation maintains cash balances and other liquid investments with financial institutions located in Oregon. Cash balances are insured by the Federal Deposit Insurance Corporation up to legal limits. During 2020, the balances in such accounts at times were in excess of FDIC insurance. The Foundation has not experienced any losses from their accounts and does not believe they are exposed to significant risk.

Investments and Investment Income

Fair Value Measurements

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

Level 1

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and Investment Income (Continued)

Fair Value Measurements (Continued)

Level 2

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

Level 3

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

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

Reporting

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

Obligations Under Split-interest Agreements

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

WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
YEARS ENDED JUNE 30, 2020 AND 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment Classification and Distributions

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

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

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

Student Loans

Loans to students are treated as expenses when made, and the receivables are fully reserved. Revenue is recognized when loan payments are received. Loans receivable were \$64,090 in 2020 and \$59,361 in 2019, and were fully offset by an allowance for uncollectible accounts.

Trust Remainder Values

The Foundation has a remainder interest in several trusts. A value of \$1 has been assigned to these remainder interests as the value of the remainder interest cannot be determined.

Property and Equipment

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

WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
YEARS ENDED JUNE 30, 2020 AND 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status

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

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

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

The Foundation has no unrecognized tax benefits which would require an adjustment to the July 1, 2019 beginning balance of net assets and had no unrecognized tax benefits at June 30, 2020. The Foundation files an exempt organization tax return in the U.S. federal jurisdiction and applicable state agencies. Generally, the Foundation is no longer subject to income tax examinations by taxing authorities for years before 2017 for its federal and state filings.

Functional Allocation of Expenses

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

Use of Accounting Estimates

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

New Revenue Recognition Accounting Pronouncement

FASB Accounting Standards Codification Topic 606, Revenue from Contracts with Customers, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. Implementation of this standard had no effect on the presentation of the financial statements.

WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
YEARS ENDED JUNE 30, 2020 AND 2019

LIQUIDITY AND AVAILABILITY

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

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 450,531	\$ 502,902
Investments	18,589,967	17,004,392
Pledges receivable	60,871	37,238
Contributions receivable	2,833,333	-
	<u>21,934,702</u>	<u>17,544,532</u>
Net assets:		
With donor restrictions	(19,696,896)	(14,795,068)
Board designated	(928,611)	(894,022)
	<u>\$ 1,309,195</u>	<u>\$ 1,855,442</u>

The Foundation has donor restricted endowment funds totaling \$14,241,993 and \$10,231,740 at June 30, 2020 and 2019, respectively. Income from donor restricted endowments is available for general use.

The Foundation also reported donor assets with purpose restrictions totaling \$5,454,903 and \$4,563,328 at June 30, 2020 and 2019. Donor restricted endowment funds and net assets with purpose restrictions are not available for general expenditure.

The Foundation's liquidity management plan is governed by their Short-Term Investment Management Policy for Non-Endowed Funds, which ensures adequate liquidity is always available to meet the needs of the Foundation, while ensuring that funds not necessary for short-term liquidity purposes be invested with an appropriate time horizon to enhance the total return of the non-endowed assets. The Foundation maintains amounts necessary to meet projected needs at local financial institutions for operational liquidity with amounts in excess thereof being invested in short and intermediate investments per this short-term investment policy. This amount was \$550,991 and \$810,326 at June 30, 2020 and 2019, respectively. In addition, the Board has invested a portion of excess cash as a quasi-endowment in long-term investments as part of the endowment pool investment account. Total funds designated in this account was \$401,433 and \$402,517 at June 30, 2020 and 2019, respectively.

WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
YEARS ENDED JUNE 30, 2020 AND 2019

INVESTMENTS (Continued)

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

	2020			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Without Donor Restrictions				
Marketable securities	\$ 648,846	\$ 139,744	\$ -	\$ 788,590
Money market funds and cash	39,094	-	-	39,094
Totals	687,940	139,744	-	827,684
With Donor Restrictions				
Marketable securities	15,430,418	1,413,409	-	16,843,827
Cash value of life insurance policies	-	-	45,737	45,737
Money market funds and cash	872,718	-	-	872,718
Trust remainder values	-	-	1	1
Totals	16,303,136	1,413,409	45,738	17,762,283
	\$ 16,991,076	\$ 1,553,153	\$ 45,738	\$ 18,589,967
2019				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Without Donor Restrictions				
Marketable securities	\$ 928,740	\$ 270,146	\$ -	\$ 1,198,886
Money market funds and cash	12,281	-	-	12,281
Totals	941,021	270,146	-	1,211,167
With Donor Restrictions				
Marketable securities	13,964,466	1,538,866	-	15,503,332
Cash value of life insurance policies	-	-	41,870	41,870
Money market funds and cash	248,022	-	-	248,022
Trust remainder values	-	-	1	1
Totals	14,212,488	1,538,866	41,871	15,793,225
	\$ 15,153,509	\$ 1,809,012	\$ 41,871	\$ 17,004,392

WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
YEARS ENDED JUNE 30, 2020 AND 2019

INVESTMENTS (Continued)

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

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 41,871	\$ 115,044
Redemptions	-	(77,151)
Realized gains	3,867	3,978
Balance, end of year	<u>\$ 45,738</u>	<u>\$ 41,871</u>

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

	<u>2020</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividends	\$ 25,690	\$ 416,424	\$ 442,114
Realized gains (losses)	44,089	250,186	294,275
Unrealized gains (losses)	(30,415)	102,356	71,941
Annuity payments	-	(49,021)	(49,021)
Investment fees	(4,775)	(129,286)	(134,061)
	<u>\$ 34,589</u>	<u>\$ 590,659</u>	<u>\$ 625,248</u>

	<u>2019</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividends	\$ 24,482	\$ 474,993	\$ 499,475
Realized gains (losses)	(1,132)	243,346	242,214
Unrealized gains (losses)	60,763	285,401	346,164
Annuity payments	-	(69,451)	(69,451)
Investment fees	(4,953)	(119,669)	(124,622)
	<u>\$ 79,160</u>	<u>\$ 814,620</u>	<u>\$ 893,780</u>

WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
YEARS ENDED JUNE 30, 2020 AND 2019

DONOR RESTRICTED ENDOWMENT

Changes in donor restricted endowments for the years ended June 30, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Endowment net assets, beginning of year	\$ 10,231,740	\$ 9,544,951
Contributions	4,095,922	674,171
Merchandise sales	100	-
Investment return:		
Investment income	72,615	91,163
Investment expenses	(24,711)	(25,260)
Net appreciation (depreciation) - realized and unrealized	<u>(53,433)</u>	<u>34,722</u>
Total investment return	14,322,233	10,319,747
Appropriation of expenditures	<u>(80,240)</u>	<u>(88,007)</u>
Endowment net assets, end of year	<u>\$ 14,241,993</u>	<u>\$ 10,231,740</u>

CONTRIBUTION RECEIVABLES

Per an Assignment Agreement with an effective date of May 8, 2020, a donor assigned thirty-three and one-third percent (33 1/3%) of their interest in future royalty payments to the Foundation. Following this assignment, the publisher and the Foundation entered into a Buy-Out agreement effective May 8, 2020 for which the Publisher will pay the Foundation \$1,000,000 on or about December 10, 2020, \$1,000,000 on or about December 10, 2021 and \$833,333 on or about December 10, 2022 for a total of \$2,833,333 for their assigned share. Per the direction of the donor, the \$2,833,333 is to be endowed by the Foundation and is included in the current year endowment contributions of \$4,095,922.

INTEREST IN FUNDS HELD BY OREGON COMMUNITY FOUNDATION

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

OCF variance power clause reads: “Whenever, in the sole judgment of the board of directors (without the necessity of the approval of any participating trustee, custodian or agent), any restriction or condition on the distribution of funds for any specified charitable, educational, or scientific purposes or to specified organizations or governmental units becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable, educational, and scientific needs of the State of Oregon, the board of directors may, by the affirmative vote of a majority of its

WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
YEARS ENDED JUNE 30, 2020 AND 2019

INTEREST IN FUNDS HELD BY OREGON COMMUNITY FOUNDATION (Continued)

members, order such modification of such restriction or condition and such application of the whole or any part of the principal or income of the funds as in its judgment is then necessary to serve more effectively the charitable, educational, and scientific purposes of the Corporation.”

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

The fair value of the endowments on which the Foundation is listed as the beneficiary was \$1,508,583 and \$1,594,132 at June 30, 2020 and 2019 respectively. The value of these investments is not included in the Foundation’s financial statements.

LONG-TERM INVESTMENT POOL

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

The long-term investment pool was approximately 61% endowments and 39% other funds with long-term investment horizons at June 30, 2020, and 60% and 40% respectively at June 30, 2019.

EXTERNALLY MANAGED REMAINDER TRUSTS AND GIFT ANNUITIES

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

PROPERTY AND EQUIPMENT

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

WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
YEARS ENDED JUNE 30, 2020 AND 2019

PROPERTY AND EQUIPMENT (Continued)

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

Fiscal year ended June 30, 2020

Cost	<i>Beginning of year</i>	<i>Additions</i>	<i>Deletions</i>	<i>End of year</i>
Land	\$ 40,000	\$ -	\$ -	\$ 40,000
Art collections	17,728	-	-	17,728
Buildings and improvements	169,930	-	-	169,930
Furniture and equipment	346,562	7,117	-	353,679
Total	574,220	7,117	-	581,337
Accumulated depreciation	(360,418)	(80,794)	-	(441,212)
Property and Equipment, net	\$ 213,802	\$ (73,677)	\$ -	\$ 140,125

Fiscal year ended June 30, 2019

Cost	<i>Beginning of year</i>	<i>Additions</i>	<i>Deletions</i>	<i>End of year</i>
Land	\$ 40,000	\$ -	\$ -	\$ 40,000
Art collections	17,728	-	-	17,728
Buildings and improvements	169,930	-	-	169,930
Furniture and equipment	346,562	-	-	346,562
Total	574,220	-	-	574,220
Accumulated depreciation	(270,518)	(89,900)	-	(360,418)
Property and Equipment, net	\$ 303,702	\$ (89,900)	\$ -	\$ 213,802

ANNUITIES PAYABLE

Annuities payable represent the present value of life annuities. Those values were \$846,502 and \$892,169 at June 30, 2020 and 2019, respectively. Total annual payments were \$49,021 in 2020 and \$69,451 in 2019. Annuities payable include both charitable gift annuities and trust agreements of \$115,258 and \$731,244 for the year ended June 30, 2020, and \$111,131 and \$781,038 for the year ended June 30, 2019.

WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
YEARS ENDED JUNE 30, 2020 AND 2019

NOTES PAYABLE

	<u>2020</u>	<u>2019</u>
LEAF Capital Financing, LLC loan (original amount \$45,575), monthly payments of \$1,402 including interest at 6.76%, maturing March 13, 2020. This loan is secured by equipment.	\$ -	\$ 12,272
LEAF Capital Financing, LLC loan (original amount \$190,849), monthly payments of \$5,301, 0% interest, maturing June 20, 2020. This loan is secured by equipment.	-	63,616
	<u>\$ -</u>	<u>\$ 75,888</u>

UNIVERSITY SUPPORT AND EXPENSES

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

The Foundation and the University have entered into an agreement that sets forth the manner in which the University and Foundation provide support to each other. For example, the University provides services to the Foundation which includes the free use of administrative office facilities, telephone, utilities, and certain other operating costs attributed to the Foundation. These costs are not material and are not included in the accompanying financial statements. The University also pays personnel costs for the Foundation. Payments of \$674,877 and \$528,748 in the fiscal years ended June 30, 2020 and 2019 have been recorded as contributions and personnel costs in the financial statements.

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

For the years ended June 30, 2020 and 2019, the Foundation respectively provided \$1,329,505 and \$988,738 to the University to be used for scholarships and University support. For the years ended June 30, 2020 and 2019, these payments included amounts scheduled to be disbursed by the University at a later date. Because the University and the Foundation work closely together, those unspent funds totaling \$107,760 and \$245,619 have been reported as due from the University at June 30, 2020 and 2019, respectively. These funds are used for scholarships and University support in the ensuing year.

WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
YEARS ENDED JUNE 30, 2020 AND 2019

SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 12, 2020, the date on which the financial statements were available to be issued. As a result of the recent coronavirus pandemic (COVID-19), numerous sectors of the economy are suffering damage and the long-term economic and business consequences of this remain unknown. The extent to which this will impact Western Oregon University Development Foundation is uncertain.