

**WESTERN OREGON UNIVERSITY  
DEVELOPMENT FOUNDATION  
FINANCIAL STATEMENTS  
*Years Ended June 30, 2021 and 2020***

**WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION**  
**BOARD OF TRUSTEES**

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**Trustee**

Cori Frauendiener '67  
Chair, WOU Foundation  
Retired

Mike Morgan '70  
Vice-Chair, WOU Foundation  
Retired

Mark Humphreys  
Treasurer, WOU Foundation  
Senior Vice President and Senior Credit Officer, US Bank

Pat Stineff '77 '83  
Secretary, WOU Foundation  
Retired

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Trustee-at-Large, WOU Foundation  
Senior Right-of-Way Agent, Epic Land Solutions, Inc.

Gayle Caldarazzo  
Trustee-at-Large, WOU Foundation

Judith Corwin '96  
Trustee-at-Large, WOU Foundation  
JayCor Marketing & Communications

Tony Crawford '80  
Trustee-at-Large, WOU Foundation  
Academic Dean, Modern American School of Egypt

Rob Findtner '95  
Staff Senate, Representative  
Director, Admissions Office, Western Oregon University

Dr. Patricia Flatt  
Faculty Senate, Representative  
WOU Associate Professor, Chemistry

Vonnie Good  
Smith Fine Arts, Representative  
Environmental Health Specialist, Salem-Keizer Public Schools

Scott Hamersly  
Trustee-at-Large, WOU Foundation  
Owner, Oregon Wealth Management

**WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION**  
**BOARD OF TRUSTEES (Continued)**

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**Trustee**

Bill Hansen  
Emeritus Society, Representative  
Retired

Madison Knox  
ASWOU Representative  
ASWOU Office

Cristian Mendez-Garcia '08  
Trustee-at-Large, WOU Foundation  
Team Manager, T-Mobile

Carly Neal  
Trustee-at-Large, WOU Foundation  
Retired

Betty Pataccoli  
Trustee-at-Large, WOU Foundation  
Owner, Redhawk Winery

Victoria Scholerman '04  
Alumni Representative  
Teacher, Salem-Keizer Public Schools

Dr. Rex Fuller  
WOU President  
Western Oregon University

Erin McDonough  
Executive Director  
Western Oregon University Development Foundation

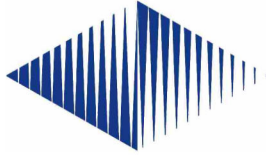
**Board Legal Counsel**

Michael Keane  
Legal Counsel, WOU Foundation  
Attorney, Garrett, Hemann, Robertson, Et Al.

**Foundation Staff**

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

Jessica Roberts  
Board Assistant and Advancement Specialist  
Western Oregon University Development Foundation



## GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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### ***INDEPENDENT AUDITOR'S REPORT***

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

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, 2021 and 2020, 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**

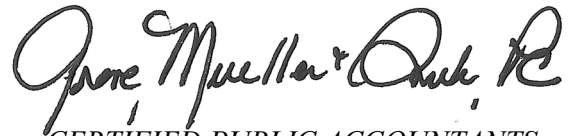
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2021 and 2020, 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 14, 2021

**WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020 (Restated)</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 542,623	\$ 450,531
Investments	23,638,238	18,589,967
Pledges receivable	43,890	60,871
Contributions receivable	1,833,333	2,833,333
Due from WOU	446,005	107,760
Property and equipment, net of depreciation	135,122	140,125
	<hr/>	<hr/>
<i>Total Assets</i>	\$ 26,639,211	\$ 22,182,587
	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 30,216	\$ 26,355
Annuities payable	938,679	846,502
	<hr/>	<hr/>
<i>Total Liabilities</i>	968,895	872,857
<b>Net Assets</b>		
Without Donor Restrictions		
Undesignated	3,669,041	522,019
Designated	634,136	928,611
With Donor Restrictions		
Purpose restrictions	6,780,732	5,617,132
Perpetual restrictions	14,586,407	14,241,968
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<i>Total Net Assets</i>	25,670,316	21,309,730
	<hr/>	<hr/>
<i>Total Liabilities and Net Assets</i>	\$ 26,639,211	\$ 22,182,587
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*The accompanying notes are an integral part of the financial statements.*

**WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	<b>2021</b>		
	<b><i>Without Donor Restrictions</i></b>	<b><i>With Donor Restrictions</i></b>	<b><i>Total</i></b>
<b>REVENUE</b>			
Contributions	\$ 684,076	\$ 1,360,148	\$ 2,044,224
Net investment return	206,710	4,383,693	4,590,403
Miscellaneous	14,648	71,577	86,225
<i>Total Revenue</i>	905,434	5,815,418	6,720,852
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
	4,307,379	(4,307,379)	-
<b>EXPENSES</b>			
University and scholarships program	1,758,301	-	1,758,301
Management and general	291,206	-	291,206
Fundraising	310,758	-	310,758
<i>Total Expenses</i>	2,360,265	-	2,360,265
<b>CHANGE IN NET ASSETS</b>	2,852,548	1,508,039	4,360,587
<b>NET ASSETS, Beginning of year</b>	1,450,629	19,859,100	21,309,729
<b>NET ASSETS, End of year</b>	\$ 4,303,177	\$ 21,367,139	\$ 25,670,316

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*2020 (Restated)*

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<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
\$ 800,394	\$ 5,352,648	\$ 6,153,042
34,589	590,659	625,248
10,629	231,223	241,852
<hr/> 845,612	<hr/> 6,174,530	<hr/> 7,020,142
1,259,506	(1,259,506)	-
1,825,771	-	1,825,771
400,005	-	400,005
444,037	-	444,037
<hr/> 2,669,813	<hr/> -	<hr/> 2,669,813
(564,695)	4,915,024	4,350,329
<hr/> 2,015,325	<hr/> 14,944,076	<hr/> 16,959,401
<hr/> <hr/> \$ 1,450,630	<hr/> <hr/> \$ 19,859,100	<hr/> <hr/> \$ 21,309,730

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



**WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	<b>2021</b>			
	<b>University &amp; Scholarships Program</b>	<b>Management &amp; General</b>	<b>Fundraising</b>	<b>Total</b>
Grants	\$ -	\$ -	\$ 102	\$ 102
Accounting fees	-	15,000	-	15,000
Legal fees	-	-	-	-
Supplies	67,729	(116)	2,898	70,511
Telephone	38	-	-	38
Postage & shipping	4,323	-	2,267	6,590
Occupancy	1,487	5,960	-	7,447
Equipment rental & maintenance	21,640	49,674	-	71,314
Printing & publications	12,060	50	3,166	15,276
Travel	9,331	-	2,377	11,708
Sponsored events & activities	5,715	1,270	15,926	22,911
Interest expense	-	-	-	-
Depreciation	4,173	830	-	5,003
Personnel costs	102,729	210,467	269,195	582,391
Scholarships	1,180,519	-	-	1,180,519
University support	289,502	-	-	289,502
Office expense	34,971	8,071	-	43,042
Contract labor	5,000	-	-	5,000
Fees	19,084	-	15,127	34,211
Miscellaneous	-	-	(300)	(300)
	<b>\$ 1,758,301</b>	<b>\$ 291,206</b>	<b>\$ 310,758</b>	<b>\$ 2,360,265</b>

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**2020**

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<b><i>University &amp; Scholarships Program</i></b>	<b><i>Management &amp; General</i></b>	<b><i>Fundraising</i></b>	<b><i>Total</i></b>
\$ -	\$ -	\$ -	\$ -
-	13,000	-	13,000
12,006	1,108	-	13,114
105,217	1,259	2,503	108,979
908	-	-	908
2,836	-	5,211	8,047
6,468	5,321	-	11,789
22,905	51,737	462	75,104
10,401	1,946	9,172	21,519
69,227	-	17,941	87,168
155,633	983	25,909	182,525
-	2,045	-	2,045
77,759	3,035	-	80,794
91,801	277,642	305,434	674,877
1,109,838	-	-	1,109,838
143,622	-	76,045	219,667
4,454	8,772	53	13,279
1,100	-	-	1,100
11,596	33,157	1,007	45,760
-	-	300	300
<hr/>	<hr/>	<hr/>	<hr/>
\$ 1,825,771	\$ 400,005	\$ 444,037	\$ 2,669,813
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*The accompanying notes are an integral part of the financial statements.*

**WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>2021</b>	<b>2020</b>
Change in net assets	\$ 4,360,587	\$ 4,350,329
<i>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities</i>		
Endowment contributions	(41,794)	(4,095,922)
Depreciation	5,004	80,794
Investment (gains) losses, net	(4,590,403)	(625,248)
Actuarial change in annuity obligations	92,177	(45,667)
Changes in assets and liabilities:		
Pledges receivable	7,940	(12,005)
Due from WOU	(338,245)	137,859
Accounts payable	3,861	(50,140)
 <i>Net Cash Provided by (Used in) Operating Activities</i>	 (500,873)	 (260,000)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	-	(7,117)
Purchase of investments	(6,482,786)	(6,052,299)
Proceeds from sale of investments	6,030,994	5,094,188
 <i>Net Cash Used in Investing Activities</i>	 (451,792)	 (965,228)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on debt and annuity obligations	-	(75,888)
Proceeds from endowment gifts	1,044,757	1,248,745
 <i>Net Cash Provided by Financing Activities</i>	 1,044,757	 1,172,857
 <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	 92,092	 (52,371)
 <b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	 450,531	 502,902
 <b>CASH AND CASH EQUIVALENTS, End of year</b>	 \$ 542,623	 \$ 450,531

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

**WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION**  
*NOTES TO FINANCIAL STATEMENTS*  
*YEARS ENDED JUNE 30, 2021 AND 2020*

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**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, 2021 AND 2020*

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***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, 2021 and 2020, 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 2021, 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.

**WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
*YEARS ENDED JUNE 30, 2021 AND 2020*

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***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, 2021 AND 2020*

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### **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 \$67,850 in 2021 and \$64,090 in 2020, and were fully offset by an allowance for uncollectible accounts.

#### *Property and Equipment*

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

#### *Income Tax Status*

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

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

**WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION**

NOTES TO FINANCIAL STATEMENTS (Continued)

YEARS ENDED JUNE 30, 2021 AND 2020

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Income Tax Status (Continued)*

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, 2020 beginning balance of net assets and had no unrecognized tax benefits at June 30, 2021. 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 2018 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.

**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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 542,623	\$ 450,531
Investments	23,638,238	18,589,967
Pledges receivable	43,890	60,871
Contributions receivable	1,833,333	2,833,333
	<u>26,058,084</u>	<u>21,934,702</u>
Net assets:		
With donor restrictions	(21,367,139)	(19,859,100)
Board designated	(634,136)	(928,611)
	<u>\$ 4,056,809</u>	<u>\$ 1,146,991</u>



**WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

**LIQUIDITY AND AVAILABILITY (Continued)**

The Foundation has donor restricted endowment funds totaling \$14,586,407 and \$14,241,968 at June 30, 2021 and 2020, respectively. Income from donor restricted endowments is available for general use.

The Foundation also reported donor assets with purpose restrictions totaling \$6,780,732 and \$5,617,132 at June 30, 2021 and 2020. 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 \$2,559,845 and \$550,991 at June 30, 2021 and 2020, 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 \$484,091 and \$401,433 at June 30, 2021 and 2020, respectively.

**INVESTMENTS**

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

	<b>2021</b>			
	<i>Quoted Prices in Active Markets for Identical Assets (Level 1)</i>	<i>Significant Other Observable Inputs (Level 2)</i>	<i>Significant Unobservable Inputs (Level 3)</i>	<i>Total</i>
<b>Without Donor Restrictions</b>				
Marketable securities	\$ 2,209,408	\$ 696,952	\$ -	\$ 2,906,360
Money market funds and cash	17,733	-	-	17,733
Totals	2,227,141	696,952	-	2,924,093
<b>With Donor Restrictions</b>				
Marketable securities	19,094,040	1,351,999	-	20,446,039
Cash value of life insurance policies	-	-	49,442	49,442
Money market funds and cash	218,664	-	-	218,664
Totals	19,312,704	1,351,999	49,442	20,714,145
	\$ 21,539,845	\$ 2,048,951	\$ 49,442	\$ 23,638,238

**WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

**INVESTMENTS (Continued)**

	<b>2020</b>			<b>Total</b>
	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	
<b>Without Donor Restrictions</b>				
Marketable securities	\$ 648,846	\$ 139,744	\$ -	\$ 788,590
Money market funds and cash	39,094	-	-	39,094
Totals	687,940	139,744	-	827,684
<b>With Donor Restrictions</b>				
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
	<u>\$ 16,991,076</u>	<u>\$ 1,553,153</u>	<u>\$ 45,738</u>	<u>\$ 18,589,967</u>

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

	<b>2021</b>	<b>2020</b>
Balance, beginning of year	\$ 45,738	\$ 41,871
Realized gains	3,704	3,867
Balance, end of year	<u>\$ 49,442</u>	<u>\$ 45,738</u>

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

	<b>2021</b>		<b>Total</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	
Interest and dividends	\$ 29,068	\$ 426,122	\$ 455,190
Realized gains (losses)	7,510	856,167	863,677
Unrealized gains (losses)	177,268	3,277,389	3,454,657
Annuity payments	-	(36,441)	(36,441)
Investment fees	(7,136)	(139,544)	(146,680)
	<u>\$ 206,710</u>	<u>\$ 4,383,693</u>	<u>\$ 4,590,403</u>

**WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION**

NOTES TO FINANCIAL STATEMENTS (Continued)

YEARS ENDED JUNE 30, 2021 AND 2020

**INVESTMENTS (Continued)**

	<b>2020</b>		
	<b><i>Without Donor Restrictions</i></b>	<b><i>With Donor Restrictions</i></b>	<b><i>Total</i></b>
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>

**DONOR RESTRICTED ENDOWMENT**

Changes in donor restricted endowments for the years ended June 30, 2021 and 2020 were as follows:

	<b><u>2021</u></b>	<b><u>2020</u></b>
Endowment net assets, beginning of year	\$ 14,241,993	\$ 10,231,740
Contributions	41,794	4,095,922
Merchandise sales	-	100
Investment return:		
Investment income	112,655	72,615
Investment expenses	(27,481)	(24,711)
Net appreciation (depreciation) - realized and unrealized	<u>326,592</u>	<u>(53,433)</u>
Total investment return	14,695,553	14,322,233
Appropriation of expenditures	<u>(109,121)</u>	<u>(80,240)</u>
Endowment net assets, end of year	<u>\$ 14,586,432</u>	<u>\$ 14,241,993</u>

**CONTRIBUTION RECEIVABLES**

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

**WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION**

*NOTES TO FINANCIAL STATEMENTS (Continued)*

*YEARS ENDED JUNE 30, 2021 AND 2020*

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***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 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 \$1,985,441 and \$1,508,583 at June 30, 2021 and 2020 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 54% endowments and 46% other funds with long-term investment horizons at June 30, 2021, and 61% and 39% respectively at June 30, 2020.

***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.

**WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION**

NOTES TO FINANCIAL STATEMENTS (Continued)

YEARS ENDED JUNE 30, 2021 AND 2020

**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.

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

Fiscal year ended June 30, 2021

Cost	<i>Beginning of year</i>	<i>Additions</i>	<i>Deletions</i>	<i>End of year</i>
Land	\$ 40,000	\$ -	\$ -	\$ 40,000
Art collections	17,728	-	-	17,728
Buildings and improvements	169,930	-	-	169,930
Furniture and equipment	353,679	-	-	353,679
Total	581,337	-	-	581,337
Accumulated depreciation	(441,212)	(5,003)	-	(446,215)
Property and Equipment, net	\$ 140,125	\$ (5,003)	\$ -	\$ 135,122

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

**ANNUITIES PAYABLE**

Annuities payable represent the present value of life annuities. Those values were \$938,679 and \$846,502 at June 30, 2021 and 2020, respectively. Total annual payments were \$36,441 in 2021 and \$49,021 in 2020. Annuities payable include both charitable gift annuities and trust agreements of \$95,269 and \$843,410 for the year ended June 30, 2021, and \$115,258 and \$731,244 for the year ended June 30, 2020.

**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

**WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION**

*NOTES TO FINANCIAL STATEMENTS (Continued)*

*YEARS ENDED JUNE 30, 2021 AND 2020*

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**UNIVERSITY SUPPORT AND EXPENSES (Continued)**

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 \$582,391 and \$674,877 in the fiscal years ended June 30, 2021 and 2020 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, 2021 and 2020, the Foundation respectively provided \$1,470,021 and \$1,329,505 to the University to be used for scholarships and University support. For the years ended June 30, 2021 and 2020, 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 \$446,005 and \$107,760 have been reported as due from the University at June 30, 2021 and 2020, respectively. These funds are used for scholarships and University support in the ensuing year.

**PRIOR PERIOD RESTATEMENT**

Journal entries were posted in prior years which were not properly allocated between unrestricted, temporarily restricted and permanently restricted general ledger accounts, resulting in an overstatement of net assets released from restrictions on the statement of activities. \$13,196 was overstated in the fiscal year ending June 30, 2020 and has been reflected in the restated amount of net assets released from restrictions for that fiscal year. An additional \$149,008 was overstated in fiscal years prior to June 30, 2020 and has been reflected in the restated beginning net assets for the fiscal year ending June 30, 2020. In addition, \$162,204 of undesignated net assets and \$25 of perpetually restricted net assets were reclassified to net assets with purpose restrictions.

**RISKS AND UNCERTAINTIES**

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 the Foundation is uncertain.

**WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
*YEARS ENDED JUNE 30, 2021 AND 2020*

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***SUBSEQUENT EVENTS***

Management has evaluated subsequent events through September 14, 2021, the date on which the financial statements were available to be issued. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.