

**BOISE STATE
UNIVERSITY
FOUNDATION**



Team Captains:
DJ Schramm, Fall '22, Mechanical Engineering, and
Riley Smith, Spring '22, Construction Management.
Both are Sixth Year Players.

FINANCE & AUDIT COMMITTEE MEETING

WEDNESDAY, SEP 6 | 8 - 10 A.M.



BOISE STATE UNIVERSITY



**BOISE STATE UNIVERSITY
FOUNDATION**

FINANCE & AUDIT COMMITTEE MEETING
Wednesday, September 6, 2023, 8:00 a.m.
AFC Room 406
[Join Zoom Meeting](#)

AGENDA

I. Call Meeting to Order	Glen Walker
II. Approval of Minutes from July 26, 2023 [VOTE]	Glen Walker
III. FY23 Audit Report [VOTE]	Anne Sorenson & Lee Miller
IV. FY23 YTD Financials	Paul Powell
V. Payments over \$25,000	Paul Powell
VI. University use of FY23 Budget	Paul Powell
VII. Finance & Audit Charter	Paul Powell
VIII. Other Business	Glen Walker
IX. Executive Session	Glen Walker
X. Adjournment	Glen Walker

Next Foundation Board of Directors meeting is 11/10/2023, 11 a.m. – 12 p.m., AFC Ballroom or Zoom

Volunteer Summit follows the Board Meeting on 11/10/2023, 12 p.m. – 5 p.m. AFC Ballroom.

Foundation Board of Directors Engagement Event is 11/11/2023, Big Blue Huddle

The next Finance and Audit Committee meeting 1/24/2024, 8 – 10 a.m., AFC 406 or Zoom



**BOISE STATE UNIVERSITY
FOUNDATION**

FINANCE & AUDIT COMMITTEE MEETING

Wednesday, July 26, 2023, 8:00 a.m.

AFC Room 406/Hybrid

Meeting Minutes

Directors Present

Glen Walker – Committee Chair

Brian Yeargain – Co-Chair

Chuck Hallett, Darren Kyle, Bruce Mohr, Ryan Relyea, Jennifer Seamons

Staff Attendees

Paul Powell, Anne Sorenson, Alison Bilgic

I. Call Meeting to Order

Glen Walker called the meeting to order.

II. Approval of Minutes from April 19, 2023 [VOTE]

After confirming there were no questions, comments, or changes, Mr. Walker requested a motion to approve the April 19, 2023 Finance and Audit Committee Meeting Minutes.

Motion by Brian Yeargain

Seconded by Jennifer Seamons.

Approved by unanimous vote.

III. FY23 Financials

Paul Powell provided a review of the Boise State University Foundation Financials as of 6/30/2023.

All Funds Balance Sheet

- Pledge receivables up \$6.6M from last year. Mr. Powell remarked on the significant recovery from three years ago, when that value was closer to \$1.6M.
- Total Investment are up \$14.4M from last fiscal year.
- \$225.8M in Total Net Assets.

Income Statement for All Funds

Mr. Powell explained to the new directors the differences between gift numbers on the income statement and total productivity numbers that Matthew Ewing will report at the board meeting.

- \$29.1M cash gifts and pledges, which is \$3.2M better than last year.
- Total Distribution to the University of \$21.4M, which is a fairly typical distribution.
- Overall great year.

Foundation Budget Report

Revenue



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- Cash Budget for the Foundation was projected at \$0.5M deficit. That was the fourth year of a deficit budget signaling that our revenue model was broken.
- Mr. Powell explained that historically the Foundation would provide University Advancement the Projected Net Income. In recent years we have shifted to a collaborative approach budgeting based on the needs of both operations.
- Mr. Powell reviewed the changes that were made to the Gift Fee Policy and highlighted the impact they've made. Advancement fee change put us \$680k better than planned, and unrestricted earnings \$400k better than planned. Total Revenue was \$894k better than planned, and we ended the year with a \$346k positive cashflow rather than a \$0.5M dollar deficit.

Expenses

- Unbudgeted items \$82K for University Advancement Consulting Services, which went towards the feasibility study done by JGA, and unbudgeted Software and Services for \$100k for the EverTrue project. These items were netted out of the distribution to University Advancement.
- Biggest expense for the Foundation is software, specifically our database. The Foundation is able to protect the confidentiality of our donor records by owning and licensing this technology.
- Biggest overbudget item is credit card fees, which continue to increase beyond our predictions.

Mr. Powell reiterated that it has been a great financial year, and that the policy changes that were made at the start of the fiscal year did exactly as projected; and FY24 is a Balanced Budget.

Unrestricted Balance Sheet

- Target reserve is 1.5X Budget, so need \$6.6M short-term funds (If there is a downturn in the market this represents ~3 years' worth of operating reserve).
- Since the Foundation sweeps earnings from the Short-term Funds, we also must account for the \$5M unrealized loss on the Clearwater Portfolio. Without booking those unrealized losses we would have ~\$6.3M in Short-term Funds which would increase the Foundation Net Assets accordingly.
- Foundation Net Assets were \$8.8M.

Mr. Walker highlighted the fact that we have agreed to fund the Capital Campaign and the Bridge for Student Scholarships, which will come from that balance. He remarked that it was time to use those funds, and shared his excitement for the Campaign and the Foundation's role in that endeavor.

IV. Payments over \$25,000

Mr. Powell reviewed Payments over \$25k to entities outside the university made from April 18 to June 30, 2023.

- \$45k payment to ANC Sports Enterprises, LLC for sales tax on the North Video Board.
- Payments to Chartwells Dining, and EventRent, for the Alumni Association/BAA Gala.

V. University use of FY23 Budget

Mr. Powell shared that we do not have an update yet due to the University's delayed year end close.

Action: Review this breakdown at the September 6 Finance & Audit Committee Meeting.



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FOUNDATION**

VI. Other Business

Glen Walker highlighted the fact that the Foundation runs very lean, and with the increase in activities with the campaign it may be time to consider the growth and development of the Foundation team.

- Current staff includes: Accountant, Sr. Accountant, and Anne (Finance Manger). This does not allow for succession planning, retention tied to professional development, or cross training.
- Hiring a new accountant is estimated to cost \$85k.
- Brian Yeargain brought up the fact that primary business manager for BAA retired at the end of June, which may also impact the workload for this team. Mr. Powell explained that BAA gift processing and financial management is being centralized.
- No recommendation for a staffing change, or budget amendment at this point, but worth further consideration.

Action: Continue the analysis, review peer research, and come back with a recommendation.

Jennifer Seamons commented the \$85k does not seem significantly material, and being too leanly staffed could create additional risks, plus there may be a significant value to having additional staff going into the Campaign. She was supportive of further exploration. Ryan Relyea, Darren Kyle, Chuck Hallett, and Glen Walker shared their agreement with these comments.

Brian Yeargain and Bruce Mohr highlighted the hiring challenges, and the need to address this sooner rather than later.

VII. Executive Session

No need for Executive Session

VII. Adjournment

Glen Walker adjourned the meeting.

Minutes Approved:

Glen Walker, Committee Chair

Foundation Board of Directors Engagement Event is 8/10/2023, 5:30 – 7:30 p.m. Hemingway Center

Next Foundation Board of Directors meeting is 8/11/2023, 9:30 a.m. - 1 p.m., AFC Ballroom/Zoom.

The next Finance & Audit Committee meeting is 9/6/2023, 8 - 10 a.m., AFC 406/Zoom

Boise State University Foundation
Financial Report Summary
as of 7/31/2023

I. Balance Sheet – All Funds

- Pledge Receivables increased \$1.2M for the month.
- Endowment Portfolio decrease of \$2.9M primarily due to transferring \$4.8M to stable value for scholarships and general endowment distributions.
- Total Net Assets of \$224.2M was essentially flat for the month.

II. Income Statement – All Funds

- Gifts of \$2M was in line with last year.
- Fair Value of Investments increased \$1.4M for the month.
- Ending Net Assets of \$224.2M was down \$168k for the month.

III. Foundation Budget Report

- Advancement Fee revenue was \$57k below plan, but July gifts are typically below average. All other revenue sources were essentially on plan.
- Operating Expenses were \$100k better than plan but that is all timing at this point in the year.
- The Q1 transfer to UA was based on the FY23 budget by mistake. The \$111k shortfall was paid in August.

IV. Balance Sheet – Unrestricted

- Investments in Short-Term Funds decreased \$840k this month primarily due to the quarterly distribution to University Advancement.
- Foundation Net Assets of \$8.2M continues to be impacted by absorbing \$5M of Unrealized Loss on the Clearwater Portfolio.

Boise State University Foundation, Inc.
Comparative Balance Sheet - All Funds

	7/31/2023	7/31/2022	Difference 7/31/2022	6/30/2023	Difference 6/30/2023
Assets					
Cash & Cash Equivalents					
Checking	686,089.78	1,079,229.86	(393,140.08)	1,311,123.01	(625,033.23)
Petty Cash	200.00	200.00	0.00	200.00	0.00
KBSU, BAA, Alumni Assn Accts	2,353,603.88	2,420,767.41	(67,163.53)	2,095,279.06	258,324.82
Total Cash & Cash Equivalents	3,039,893.66	3,500,197.27	(460,303.61)	3,406,602.07	(366,708.41)
Receivables					
Accrued Interest & Other Receivables	532,827.63	439,287.78	93,539.85	481,512.76	51,314.87
Pledges Receivable	15,546,401.55	9,455,933.34	6,090,468.21	14,386,003.95	1,160,397.60
Total Pledges Receivable	16,079,229.18	9,895,221.12	6,184,008.06	14,867,516.71	1,211,712.47
Investments					
Endowment Portfolio	142,782,068.79	137,566,918.49	5,215,150.30	145,702,594.82	(2,920,526.03)
Clearwater Portfolio	53,950,126.17	54,112,166.17	(162,040.00)	53,579,165.06	370,961.11
Other Investments	10,204,767.99	8,886,974.96	1,317,793.03	10,129,733.09	75,034.90
Total Investments	206,936,962.95	200,566,059.62	6,370,903.33	209,411,492.97	(2,474,530.02)
Other Misc. Assets					
Miscellaneous Other Assets - Endowment	418,441.89	397,127.92	21,313.97	418,441.89	0.00
Miscellaneous Other Assets - Restricted	462,429.92	406,306.61	56,123.31	462,429.92	0.00
Miscellaneous Other Assets - Land & Buildir	0.00	448,000.00	(448,000.00)	0.00	0.00
Total Other Misc. Assets	880,871.81	1,251,434.53	(370,562.72)	880,871.81	-
Construction In Progress					
South Video Board and CM Building	5,459,602.14	1,238,314.75	4,221,287.39	5,459,602.14	0.00
Total Construction in Progress	5,459,602.14	1,238,314.75	4,221,287.39	5,459,602.14	0.00
Total Assets	232,396,559.74	216,451,227.29	15,945,332.45	234,026,085.70	(1,629,525.96)
Liabilities and Net Assets					
Liabilities					
Payables	524,998.91	1,190,344.19	(665,345.28)	2,004,846.39	(1,479,847.48)
Prepaid Liabilities	1,729,688.02	1,718,966.17	10,721.85	1,690,853.35	38,834.67
Bonds/Loans Payable	3,000,000.00	3,000,000.00	0.00	3,000,000.00	0.00
Trust and Annuity Liabilities	2,914,234.89	2,720,006.32	194,228.57	2,934,504.21	(20,269.32)
Total Liabilities	8,168,921.82	8,629,316.68	(460,394.86)	9,630,203.95	(1,461,282.13)
Net Assets					
Net Assets - Endowment	138,732,278.28	133,406,262.03	5,326,016.25	141,753,404.19	(3,021,125.91)
Net Assets - Restricted	65,614,369.16	53,013,760.68	12,600,608.48	66,532,120.14	(917,750.98)
Net Assets - Unrestricted	10,848,705.33	12,368,442.19	(1,519,736.86)	11,230,792.00	(382,086.67)
Net Assets - Committed Scholarships	9,032,285.15	9,033,445.71	(1,160.56)	4,879,565.42	4,152,719.73
Total Net Assets	224,227,637.92	207,821,910.61	16,405,727.31	224,395,881.75	(168,243.83)
Total Liabilities and Net Assets	232,396,559.74	216,451,227.29	15,945,332.45	234,026,085.70	(1,629,525.96)

Boise State University Foundation, Inc.
Year-to-Date Income Statement - All Funds

	YTD Actuals to 7/31/2023	YTD Actuals to 7/31/2022	Difference
Income & Expenses for Operations			
Operating Revenues			
Gifts	1,995,613.97	2,057,667.37	(62,053.40)
BAA and Alumni Assn Membership & Parking Re	229,158.54	203,494.44	25,664.10
Non-Charitable Income	270,835.50	538,388.44	(267,552.94)
Interest and Dividends	369,012.22	292,071.07	76,941.15
Change in Split Interest Trusts	0.00	0.00	0.00
Change in Fair Value of Investments	1,437,959.82	7,983,122.86	(6,545,163.04)
Total Revenues	4,302,580.05	11,074,744.18	(6,772,164.13)
Operating Expenses			
Distribution of Scholarships and General Endowrn	(122,210.00)	(129,740.00)	7,530.00
Distribution of Funds for Academic Programs	(31,628.25)	(50,973.15)	19,344.90
Distribution of Funds for Athletic Programs	(3,024,098.56)	(2,043,301.42)	(980,797.14)
Non-Collectible Pledge Expense	(2,951.66)	(1,390.00)	(1,561.66)
Administrative Expense	(1,289,935.41)	(807,731.13)	(482,204.28)
Total Operating Expense	(4,470,823.88)	(3,033,135.70)	(1,437,688.18)
Total Operating Income (Expense)	(168,243.83)	8,041,608.48	(8,209,852.31)
Transfers and Account Adjustments			
Transfers Between Funds - Permanently Restricted	4,437,289.73	4,251,029.54	186,260.19
Transfers Between Funds - Temporarily Restricted	(162,360.00)	399,105.52	(561,465.52)
Transfers Between Funds - Unrestricted	0.00	(2,956.00)	2,956.00
Transfers Between Funds - Committed Scholarships	(4,274,929.73)	(4,647,179.06)	372,249.33
Total Transfers and Account Adjustments	0.00	0.00	0.00
NET SURPLUS/(DEFICIT)	(168,243.83)	8,041,608.48	(8,209,852.31)
BEGINNING NET ASSETS	224,395,881.75	199,780,302.13	24,615,579.62
ENDING NET ASSETS	224,227,637.92	207,821,910.61	16,405,727.31

Boise State University Foundation, Inc.
Year to Date Budget Report - Unrestricted Fund

	Total Budget	7/31/2023	YTD Budget to 7/31/23	YTD Variance	Total Budget Variance	Explanation of Significant Differences		
						Timing	Non-Timing	Comments
Revenue								
Advancement Assessment	1,966,511.00	168,595.34	163,875.00	4,720.34	(1,797,915.66)	4,720.34		July gifts are typically lower than average.
Advancement Fee	1,250,000.00	47,254.48	104,163.00	(56,908.52)	(1,202,745.52)	(56,908.52)		
Contributions & Misc. Income	5,000.00	66.00	417.00	(351.00)	(4,934.00)	(351.00)		
Restricted/Unrestricted Earnings	1,269,000.00	102,737.15	105,750.00	(3,012.85)	(1,166,262.85)	(3,012.85)		
Payout from Quasi-Endowment	219,880.00	219,880.00	219,880.00	0.00	0.00	-		
Payout from Brown Funds	122,210.00	122,210.00	122,210.00	0.00	0.00	-		
Total Revenue	4,832,601.00	660,742.97	716,295.00	(55,552.03)	(4,171,858.03)	(55,552.03)	0.00	
Expenses								
Personnel Expenses								
Salaries	420,099.00	32,318.40	32,328.00	9.60	387,780.60	9.60		Trello license
Fringe Benefits	139,746.00	10,928.22	11,102.00	173.78	128,817.78	173.78		
Total Personnel Expenses	559,845.00	43,246.62	43,430.00	183.38	516,598.38	183.38	0.00	
Operating Expenses								
Office Operations	13,050.00	175.04	1,825.00	1,649.96	12,874.96	1,649.96		
Staff Support	16,500.00	230.84	9,500.00	9,269.16	16,269.16	9,269.16		
Purchased Services	59,800.00	34.00	1,253.00	1,219.00	59,766.00	1,219.00		
UA Consulting - Unbudgeted	0.00	0.00	0.00	0.00	0.00	-		
Cultivation and Stewardship	17,500.00	503.80	163.00	(340.80)	16,996.20	(340.80)		
Software and Services	540,000.00	428,722.77	487,750.00	59,027.23	111,277.23	59,027.23		
UA Software & Services - Unbudgeted	0.00	959.92	0.00	(959.92)	(959.92)	(959.92)		
Equipment	3,500.00	0.00	3,500.00	3,500.00	3,500.00	3,500.00		
Travel	8,000.00	0.00	667.00	667.00	8,000.00	667.00		
Foundation Grants	15,000.00	0.00	15,000.00	15,000.00	15,000.00	15,000.00		
Board Expenses	47,300.00	0.00	13,099.00	13,099.00	47,300.00	13,099.00		
Credit Card Fees & Bank Charges	90,000.00	10,127.20	7,500.00	(2,627.20)	79,872.80	(2,627.20)		
Total Operating Expenses	810,650.00	440,753.57	540,257.00	99,503.43	369,896.43	99,503.43	0.00	
Total Expenses	1,370,495.00	484,000.19	583,687.00	99,686.81	886,494.81			
Net Income	3,462,106.00	176,742.78	132,608.00	44,134.78	(3,285,363.22)			
Transfers to the University								
Transfers for UA/President's Office Support	3,462,106.00	738,109.33	850,000.00	111,890.67	2,723,996.67	-	111,890.67	Q1 distribution to UA was based on FY23 budget by mistake. Additional \$111k paid in August.
Total Transfers	3,462,106.00	738,109.33	850,000.00	111,890.67	2,723,996.67	-	111,890.67	
Total Foundation and University Support Activity	0.00	(561,366.55)	(717,392.00)	156,025.45	(561,366.55)	44,134.78	111,890.67	

Boise State University Foundation, Inc.
Comparative Balance Sheet - Unrestricted

	<u>7/31/2023</u>	<u>7/31/2022</u>	<u>Difference 7/31/2023</u>	<u>6/30/2023</u>	<u>Difference 6/30/2023</u>
Assets					
Cash & Cash Equivalents					
Checking Account - Wells Fargo	789,623.37	97,717.09	691,906.28	474,254.50	315,368.87
Petty Cash Account	200.00	200.00	0.00	200.00	0.00
Due From BAA - Checking Account	(40,316.09)	553,714.71	(594,030.80)	(320,721.63)	280,405.54
Due From AA - Checking Account	(3,747.64)	86,580.00	(90,327.64)	15,357.11	(19,104.75)
Total Cash & Cash Equivalents	<u>745,759.64</u>	<u>738,211.80</u>	<u>7,547.84</u>	<u>169,089.98</u>	<u>576,669.66</u>
Receivables and Prepaid Expenses					
Interest Receivable	381,138.06	272,881.45	108,256.61	330,083.21	51,054.85
Prepaid Expense & Other receivables			0.00		0.00
Alumni Assn Lifetime Pledges Receivable	15,445.08	36,189.72	(20,744.64)	16,798.14	(1,353.06)
Less Uncollectible Lifetime Pledges	(10,000.00)	(10,000.00)	0.00	(10,000.00)	0.00
Total Accrued Interest & Other Receivables	<u>386,583.14</u>	<u>299,071.17</u>	<u>87,511.97</u>	<u>336,881.35</u>	<u>49,701.79</u>
Investments					
Investments-Endowment	6,579,111.75	6,530,725.09	48,386.66	6,730,735.26	(151,623.51)
Short-term Funds	462,132.05	2,684,852.78	(2,222,720.73)	1,304,410.95	(842,278.90)
Short-term Funds - BAA	2,627,679.21	2,048,582.97	579,096.24	2,620,732.69	6,946.52
Short-term Funds - BSUAA	411,606.76	413,043.07	(1,436.31)	408,550.96	3,055.80
Total Investments	<u>10,080,529.77</u>	<u>11,677,203.91</u>	<u>(1,596,674.14)</u>	<u>11,064,429.86</u>	<u>(983,900.09)</u>
Total Assets	<u><u>11,212,872.55</u></u>	<u><u>12,714,486.88</u></u>	<u><u>(1,501,614.33)</u></u>	<u><u>11,570,401.19</u></u>	<u><u>(357,528.64)</u></u>
Total Assets without BAA and AA	<u><u>8,212,205.23</u></u>	<u><u>9,586,414.41</u></u>	<u><u>(1,374,209.18)</u></u>	<u><u>8,839,683.92</u></u>	<u><u>(627,478.69)</u></u>
Liabilities and Net Assets					
Liabilities					
Accounts Payable	43,474.62	81,097.47	(37,622.85)	57,751.26	(14,276.64)
Deferred Revenue	0.00	0.00	0.00	0.00	0.00
Prepaid Revenue - BAA	320,692.60	264,947.22	55,745.38	281,857.93	38,834.67
Total Liabilities	<u>364,167.22</u>	<u>346,044.69</u>	<u>18,122.53</u>	<u>339,609.19</u>	<u>24,558.03</u>
Net Assets					
Net Assets	<u>10,848,705.33</u>	<u>12,368,442.19</u>	<u>(1,519,736.86)</u>	<u>11,230,792.00</u>	<u>(382,086.67)</u>
Total Net Assets	<u>10,848,705.33</u>	<u>12,368,442.19</u>	<u>(1,519,736.86)</u>	<u>11,230,792.00</u>	<u>(382,086.67)</u>
Total Liabilities and Net Assets	<u><u>11,212,872.55</u></u>	<u><u>12,714,486.88</u></u>	<u><u>(1,501,614.33)</u></u>	<u><u>11,570,401.19</u></u>	<u><u>(357,528.64)</u></u>
Total Liabilities and Net Assets without BAA and AA	<u><u>8,212,205.23</u></u>	<u><u>9,586,414.41</u></u>	<u><u>(1,374,209.18)</u></u>	<u><u>8,839,683.92</u></u>	<u><u>(627,478.69)</u></u>
Target Reserve:					
1.5 times FY2024 budget (\$4,832,601)	7,248,901.50				
Amount in cash, cash equivalents, short-term inv	1,251,955.42				
Unrealized (Gain)/Loss on Clearwater Portfolio	<u>5,091,909.41</u>				
Difference	<u>(905,036.67)</u>				
Foundation Net Assets	<u><u>8,172,419.63</u></u>				
BAA Net Assets	2,266,670.52				
BSUAA Net Assets	<u>409,615.18</u>				
Total Net Assets	<u><u>10,848,705.33</u></u>				

Boise State University Foundation, Inc.
 Audit Committee Review of Payment of \$25,000+
 Payments from Unrestricted Funds from 07/01/23 - 08/31/23

Vendor Name	Amount	Check Date	Description	Project Description	Check #
Blackbaud	\$15,552.55	7/11/2023	Blackbaud Guided Fundraising - 7.01.23-6.30.24	Foundation Operations	3662
Blackbaud	\$4,329.60	7/11/2023	FE NXT Learn More	Foundation Operations	3662
Blackbaud	\$9,000.00	7/11/2023	BB Perf Mgmt Complete 10 Users	Foundation Operations	3662
Blackbaud	\$87,803.31	7/11/2023	BB Perf Mgmt Comp 10 Users, BB Fund Perf Mgmt, Net Worth App	Foundation Operations	3662
Blackbaud	\$134.40	7/11/2023	Microsoft Bing Maps	Foundation Operations	3662
Blackbaud	\$105,932.91	7/11/2023	RE NXT Pro Offer & FE NXT	Foundation Operations	3662
Graduway Inc	\$167,000.00	7/12/2023	First Year: Graduway Enterprise Package	Foundation Operations	3668
Total Unrestricted	\$389,752.77				

Boise State University Foundation, Inc.
 Audit Committee Review of Payment of \$25,000+
 Payments from Restricted Funds from 07/01/23 - 08/31/23

Vendor Name	Amount	Check Date	Description	Project Description	Check #
Blackbaud	\$26,000.00	7/11/2023	Principle Giving, PP5M, Affluence Insight Standard	University Advancement Operations	3662
Platt	\$68,264.00	8/23/2023	Soccer Field Lighting	Athletics Capital Projects Fund	7701
Tri-State Electric, Inc.	\$125,325.00	8/23/2023	Albertsons Stadium Lighting	Athletics Capital Projects Fund	7702
Total Restricted	\$219,589.00				

**Univ Advancement-FY23 Expenses
(Foundation Funds)**

Salaries	\$ 1,744,515.78	
Fringe	\$ 598,894.02	
Fundraising Program/Activities	\$ 178,467.31	
Prospect Dev/Research	\$ 2,523.27	
Comms/Mrktng	\$ 12,381.28	
Donor Relations/Events	\$ 86,214.66	
Student Philanthropy Grants	\$ 12,500.00	
Suite/Promotional Expenses	\$ 48,886.00	
Campaign Planning - Salon	\$ 3,657.13	
Operating Exp/Computers	\$ 43,150.86	
Alumni/Constituent Eng Team	\$ 3,437.77	(Does not include Alumni Relations)
Adv Services Team	\$ 11,249.29	
<u>Professional Dev/Training</u>	<u>\$ 25,338.26</u>	
Total FY23 Expenses	\$ 2,771,215.63	



**BOISE STATE UNIVERSITY
FOUNDATION**

Memo

TO: Boise State Foundation Finance & Audit Committee

FROM: Paul Powell
Executive Director
Boise State University Foundation

SUBJECT: Finance & Audit Committee Charter

MEETING DATE for REVIEW: 9/6/2023

REFERENCE: Bylaws and current Finance & Audit Committee Charter.

Background:

In keeping with board policies to review Charters at least once every three years. This Charter was last reviewed, and/or updated on February 4, 2020, so is due for a review and possibly revision. In reviewing our current Charters, we noticed inconsistencies with format and level of detail which we believe should be addressed through the revision process. It may also be necessary to update objectives to fit with the current needs of the Board, the Foundation, and the University.

The attached redline version of the Finance & Audit Committee Charter highlights discrepancies between the language used in the Bylaws and what was written in the Charter. Suggested edits will show cohesion of those documents. Reformatting the sections will provide clarity on what is being outlined, and bring it more in line with other committee charters. Lastly it suggests edits that remove redundancies and bring the document up-to-date with current staffing.

(Note: Green text in the redline version just means that the text was not eliminated it was moved.)

BOISE STATE UNIVERSITY FOUNDATION, INC. FINANCE AND AUDIT COMMITTEE CHARTER

Effective Date: February 4, 2020

MISSION:

The Finance and Audit Committee ("Committee") is ~~appointed annually by the Board of Directors~~ ~~responsible for providing~~ assistance to the Foundation and the Board in fulfilling its financial oversight responsibilities. ~~Areas of Committee responsibility include:~~

- ~~• Oversee the integrity of the Foundation's financial accounting and reporting processes, systems of internal controls and use of assets;~~
- ~~• Oversee the engagement and performance of the independent auditors and the staff with accounting and finance responsibilities;~~
- ~~• Oversee the Foundation's compliance with legal and regulatory requirements;~~
- ~~• Oversee the operation of designated policies, including conflicts of interest and code of ethics;~~
- ~~• Provide an avenue of communication among the Foundation's independent auditors, management, staff and the Board of Directors.~~

APPOINTMENT COMPOSITION:

~~The Committee shall be comprised of three to five independent Board members in good standing. Independent members of the Board~~ The Board shall appoint a Finance and Audit Committee comprised of at least five (5) Directors, including the Committee Chair, as mandated by the Bylaws. Independent members of the Board:

- Are not members of the Foundation management team;
- Do not receive any compensation (either directly or indirectly) from the Foundation as a consultant for other professional services; and
- Are free from any relationship that would interfere with the exercise of his/her independent judgment or cause the appearance of a conflict of interest.
- The Board Chair will appoint a member of the Committee as Committee Chairperson who may serve in such position for no more than two consecutive two-year terms.
- Members of the Committee will have the financial competency to understand financial statements, evaluate proposals for the annual audit and make sound financial decisions as part of their fiduciary responsibilities.
- ~~• The Board Chair will appoint a member of the Committee as Committee Chairperson who may serve in such position for no more than two consecutive two-year terms. Members of the Committee will have the financial competency to understand financial statements, evaluate proposals for the annual audit and make sound financial decisions as part of their fiduciary responsibilities.~~

MEETINGS:

The Committee will meet as needed to address matters on its agenda, but not less frequently than four times each year.

**BOISE STATE UNIVERSITY FOUNDATION, INC.
FINANCE AND AUDIT COMMITTEE CHARTER**

COMMITTEE OBJECTIVES:

1. Oversee the integrity of the Foundation's financial accounting and reporting processes, systems of internal controls and use of assets.
 2. Oversee the engagement and performance of the independent auditors and the staff with accounting and finance responsibilities.
 3. Oversee the Foundation's compliance with legal and regulatory requirements.
 4. Oversee the operation of designated policies, including conflicts of interest and code of ethics.
- Provide an avenue of communication among the Foundation's independent auditors, management, staff and the Board of Directors. The Committee will meet as needed to address matters on its agenda, but not less frequently than four times each year. The Board Chair will appoint a member of the Committee as Committee Chairperson who may serve in such position for no more than two consecutive two-year terms. Members of the Committee will have the financial competency to understand financial statements, evaluate proposals for the annual audit and make sound financial decisions as part of their fiduciary responsibilities. The Executive Director and Finance Manager will provide staff support to the Committee.
5.

~~The Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the independent auditors as well as to anyone in the Foundation. The Committee has the authority to retain, at the Foundation's expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties, however the Committee will be prudent with any and all expenditures.~~

~~In carrying out its responsibilities, the Committee's policies and procedures should remain flexible in order to react to changing conditions and to ensure to the Board and public that the accounting and reporting practices of the Foundation are of the highest quality.~~

~~While the Committee has the responsibilities and powers set forth in this document, it is not the duty of the Committee to plan or conduct audits or to determine that the Foundation's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Management is responsible for the preparation, presentation, and integrity of the Foundation's financial statements and for the appropriateness of the accounting principles and reporting policies that are used by the Foundation. The independent auditors are responsible for auditing the Foundation's financial statements.~~

Responsibilities of the Finance and Audit Committee**ROLES & RESPONSIBILITIES:**

General:

Keep minutes of each Committee meeting.

Perform an evaluation of its performance on a periodic basis to determine whether it is functioning effectively, whether its charter is adequate, and recommend any proposed changes to the board for approval.

The Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the independent auditors as well as to anyone in the Foundation. The Committee has the authority to retain, at the Foundation's expense, special legal, accounting, or other

**BOISE STATE UNIVERSITY FOUNDATION, INC.
FINANCE AND AUDIT COMMITTEE CHARTER**

consultants or experts it deems necessary in the performance of its duties, however the Committee will be prudent with any and all expenditures.

In carrying out its responsibilities, the Committee's policies and procedures should remain flexible in order to react to changing conditions and to ensure to the Board and public that the accounting and reporting practices of the Foundation are of the highest quality.

Audit:

Conduct executive sessions with the outside auditors and Executive Director. Provide sufficient opportunity for the independent auditors to meet privately with the members of the Committee.

~~Has the authority to hire independent auditors, counsel or other consultants as necessary.~~

The Committee will recommend to the Board the appointment of independent auditors, establish audit fees, and approve any non-audit services provided by the independent auditors, including tax services, before the services are rendered.

Evaluate the independent auditors, and c

~~Consider changing auditors (partner or firm) every five years at a minimum.~~

Inquire of management and the independent auditors about significant risks or exposures facing the Foundation; assess the steps management has taken or proposes to take to minimize such risks; and periodically review compliance with such steps.

Establish and review with the independent auditors and Executive Director the audit scope and plan of the independent auditors.

Inquire as to the independence of the outside auditors and obtain from the outside auditors (at least annually) a formal written statement delineating all relationships between the outside auditors and the Foundation and University.

Review with the independent auditors and the Executive Director the adequacy of the Foundation's internal controls and any related significant findings and recommendations of the independent auditors, together with management's responses thereto. Obtain annually from the independent auditors a letter regarding the adequacy of internal controls.

Review with management and the independent auditors the effect of any regulatory and accounting initiatives as well as other unique transactions and financial relationships, if any.

Review with independent auditors:

- All critical accounting policies and practices used by the Foundation.
- All significant alternative treatments of financial information within generally accepted accounting principles that have been discussed with management of the Foundation, ramifications of each alternative and the treatment preferred by the Foundation.
- The quality and performance of the Foundation's finance and accounting personnel.

**BOISE STATE UNIVERSITY FOUNDATION, INC.
FINANCE AND AUDIT COMMITTEE CHARTER**

Review all material written communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences.

Review with management and the independent auditors:

- The Foundation's annual financial statements and related footnotes.
- The independent auditors' audit of the financial statements and their report thereon.
- The independent auditors' judgments about the quality, not just the acceptability, of the Foundation's accounting principles as applied in its financial reporting.
- Any significant changes required in the independent auditors' audit plan.
- Any serious difficulties or disputes with management during the audit.

~~Evaluate the independent auditors.~~

Assure that the audit is presented to the full Board of Directors with a recommendation by the Committee for or against acceptance by the full Board.

While the Committee has the responsibilities and powers set forth in this document, it is not the duty of the Committee to plan or conduct audits or to determine that the Foundation's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Management is responsible for the preparation, presentation, and integrity of the Foundation's financial statements and for the appropriateness of the accounting principles and reporting policies that are used by the Foundation. The independent auditors are responsible for auditing the Foundation's financial statements.

Budget:

The Committee will review the annual budget prepared by staff and recommend a final budget to the Executive Committee and Board.

Financial:

Review interim financial statements with the Executive Director. Be briefed on how management develops and summarizes interim financial information. Inquire about any unusual items.

Risk Management:

Review with management, independent auditors and legal counsel (as needed) the legal and regulatory matters that, in the opinion, of management, may have a material impact on the financial statements and related Foundation compliance policies.

Review the Foundation's risk management procedures and policies, ongoing and potential litigation matters and legal exposures, and insurance coverage for the Foundation.

~~Develop (if not already done) and periodically~~Periodically review the following Foundation policies:

- Conflict of Interest Policy
- Whistleblower Policy
- Document Retention Policy
- ~~Code of Conduct/Ethics~~

**BOISE STATE UNIVERSITY FOUNDATION, INC.
FINANCE AND AUDIT COMMITTEE CHARTER**

Review the procedures for the receipt, retention, and treatment of complaints received by the Foundation regarding accounting, internal accounting controls, or auditing matters that may be submitted by any party internal or external to the Foundation. Review any complaints that have been received, current status and resolution.

Review procedures for the confidential, anonymous submission by employees of the Foundation of concerns regarding questionable accounting or auditing matters.

STAFF:

Primary staff support for the Committee is provided by the ~~The Executive Director, and Finance Manager, and Director for Foundation and Board Operations.~~ ~~will provide staff support to the Committee.~~

September 9, 2023

To the Board of Directors
Boise State University Foundation, Inc.
Boise, Idaho

We have audited the financial statements of the Boise State University Foundation, Inc. (the Foundation) as of and for the year ended June 30, 2023, and have issued our report thereon dated September 9, 2023. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our letter dated February 28, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Foundation solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Foundation's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Foundation is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended June 30, 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimate affecting the financial statements are:

Management's estimate of the present value of the liability under split interest trust agreements is based on mortality tables. We evaluated the key factors and assumptions used to develop the present value estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the Foundation's financial statements relate to:

The disclosure of the fair value of assets and liabilities in Note 6 to the financial statements. The fair value for securities is determined by reference to quoted market prices. Investments in real estate are valued based on periodic appraisals of properties. Hedge fund values may be based on marketable securities or other periodic appraisal of assets. Certain private equity investments, liability under trust agreements and trust earnings payable have fair values estimated at the present value of expected future cash flows.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account

balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were no uncorrected or corrected misstatements identified as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. We did not identify and circumstances that affect the form and content of the auditor's report.

Representations Requested from Management

We have requested certain written representations from management that are included in the management representation letter dated September 9, 2023.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Foundation, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Foundation's auditors.

This report is intended solely for the information and use of the Board of Directors, and management of the Foundation and is not intended to be and should not be used by anyone other than these specified parties.

Boise, Idaho

DRAFT

Financial Statements
June 30, 2023 and 2022

Boise State University Foundation, Inc.

Independent Auditor’s Report.....	1
Financial Statements	
Statements of Financial Position.....	3
Statements of Activities.....	5
Statements of Functional Expenses.....	7
Statements of Cash Flows.....	9
Notes to Financial Statements.....	10

Independent Auditor's Report

To the Board of Directors
Boise State University Foundation, Inc.
Boise, Idaho

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Boise State University Foundation, Inc. (the Foundation), which comprise the statements of financial position as of June 30, 2023 and 2022, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the 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; 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 the Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities of the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Boise, Idaho
September 9, 2023

Boise State University Foundation, Inc.

Statements of Financial Position

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,406,602	\$ 3,585,655
Accrued interest and other receivables	332,633	248,850
Annuity Receivable	22,839	22,839
Promise to give, net, non-endowment	3,823,859	2,822,768
Promise to give, net, endowment	<u>393,282</u>	<u>323,406</u>
Total current assets	<u>7,979,215</u>	<u>7,003,518</u>
Noncurrent Assets		
Restricted cash and cash equivalents	3,502,340	7,725,535
Promises to give, net, non-endowment	9,461,722	5,732,825
Promises to give, net, endowment	707,141	578,777
Annuity receivable	126,041	140,703
Investments	203,329,197	184,765,651
Interest in perpetual trusts	2,579,956	2,526,639
Construction in Progress	5,459,602	1,235,945
Other assets	<u>880,871</u>	<u>803,434</u>
Total noncurrent assets	<u>226,046,870</u>	<u>203,509,509</u>
Total Assets	<u>\$ 234,026,085</u>	<u>\$ 210,513,027</u>

Boise State University Foundation, Inc.

Statements of Financial Position

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Liabilities And Net Assets		
Current Liabilities		
Accounts payable	\$ 1,528,960	\$ 2,682,281
Scholarships payable	115,221	115,221
Interest payable	15,000	15,000
Deferred suites revenue, current portion	357,552	301,088
Liability under split interest trust agreements	142,692	107,922
Trust earnings payable to trust beneficiaries	20,364	20,364
	<u>2,179,789</u>	<u>3,241,876</u>
Total current liabilities		
Noncurrent Liabilities		
Other long-term debt	3,000,000	3,000,000
Scholarships payable	345,665	460,886
Deferred suites revenue	1,333,301	1,417,878
Liability under split interest trust agreements	1,581,584	1,421,485
Amounts held in custody for others	1,114,757	1,110,560
Trust earnings payable to trust beneficiaries	75,107	80,039
	<u>7,450,414</u>	<u>7,490,848</u>
Total noncurrent liabilities		
Total liabilities	<u>9,630,203</u>	<u>10,732,724</u>
Net Assets		
With donor restriction		
Perpetual in nature	126,299,677	120,109,501
Purpose restrictions	73,943,506	61,169,539
Time-Restricted for future periods	13,285,581	8,555,593
Underwater endowments	(363,674)	(1,389,297)
	<u>213,165,090</u>	<u>188,445,336</u>
Without donor restriction		
Undesignated	4,500,057	4,895,209
Designated by Board for Endowment	6,730,735	6,439,758
	<u>11,230,792</u>	<u>11,334,967</u>
Total net assets	<u>224,395,882</u>	<u>199,780,303</u>
Total Liabilities And Net Assets	<u>\$ 234,026,085</u>	<u>\$ 210,513,027</u>

	Without Donor Restriction	With Donor Restriction	Total
Operating Revenues			
Gifts	\$ 596,318	\$ 27,099,529	\$ 27,695,847
Non-Cash gifts	59,704	448,000	507,704
Other income	4,239,524	4,405,006	8,644,530
Net Investment Income	1,212,415	12,962,827	14,175,242
Change in split interest trusts	-	(33,989)	(33,989)
Total revenues and gains	6,107,961	44,881,373	50,989,334
Net assets released from restrictions through satisfaction of:			
Program restrictions	19,956,066	(19,956,066)	-
Write-off of promise to give	149,975	(149,975)	-
Board and donor designated transfers	13,505	(13,505)	-
Total operating revenues	26,227,507	24,761,827	50,989,334
Operating Expenses			
Distribution of scholarships & general endowments	6,966,156	-	6,966,156
Distribution of funds for academic programs	4,241,214	-	4,241,214
Distribution of funds for athletic programs			
Program services	9,251,376	-	9,251,376
Management and general	695,914	-	695,914
Uncollectible promise to give expense	157,445	-	157,445
Administrative expense			
Program services	417,570	-	417,570
Fundraising expenses	2,844,605	-	2,844,605
Management and general	1,757,401	-	1,757,401
Total operating expenses	26,331,681	-	26,331,681
Operating (Loss) / Income	(104,174)	24,761,827	24,657,653
Nonoperating Expenses			
Loss on sale of real property	-	(42,073)	(42,073)
Total nonoperating expenses	-	(42,073)	(42,073)
Change In Net Assets	(104,174)	24,719,754	24,615,580
Net Assets—Beginning Of Year	11,334,966	188,445,336	199,780,302
Net Assets—End Of Year	\$ 11,230,792	\$ 213,165,090	\$ 224,395,882

	Without Donor Restriction	With Donor Restriction	Total
Operating Revenues			
Gifts	\$ 557,000	\$ 25,298,914	\$ 25,855,914
Non-Cash gifts	58,377	9,200	67,577
Other income	3,726,253	4,738,828	8,465,081
Net Investment Income	(4,648,149)	(20,890,072)	(25,538,221)
Change in split interest trusts	-	224,895	224,895
	<u>(306,519)</u>	<u>9,381,765</u>	<u>9,075,246</u>
Net assets released from restrictions through satisfaction of:			
Program restrictions	17,901,368	(17,901,368)	-
Write-off of promise to give	216,562	(216,562)	-
Board and donor designated transfers	(21,794)	21,794	-
	<u>17,789,617</u>	<u>(8,714,371)</u>	<u>9,075,246</u>
Operating Expenses			
Distribution of scholarships & general endowments	7,039,892	-	7,039,892
Distribution of funds for academic programs	2,581,386	-	2,581,386
Distribution of funds for athletic programs			
Program services	9,279,860	-	9,279,860
Management and general	353,089	-	353,089
Uncollectible promise to give expense	229,122	-	229,122
Administrative expense			
Program services	497,899	-	497,899
Fundraising expenses	2,508,337	-	2,508,337
Management and general	1,813,970	-	1,813,970
	<u>24,303,555</u>	<u>-</u>	<u>24,303,555</u>
Operating Loss	<u>(6,513,938)</u>	<u>(8,714,371)</u>	<u>(15,228,309)</u>
Change In Net Assets	(6,513,938)	(8,714,371)	(15,228,309)
Net Assets—Beginning Of Year	<u>17,848,904</u>	<u>197,159,707</u>	<u>215,008,611</u>
Net Assets—End Of Year	<u>\$ 11,334,966</u>	<u>\$ 188,445,336</u>	<u>\$ 199,780,302</u>

Boise State University Foundation, Inc.

Statement of Functional Expense

Year Ended June 30, 2023

	Program Expenses	Management and General	Fundraising and Development	Total
Grants and other assistance to governments and organization	\$ 14,029,548	\$ -	\$ -	\$ 14,029,548
Grants and other assistance to individuals	6,966,156	-	-	6,966,156
Compensation of officers and directors	-	212,057	-	212,057
Other salaries and wages	-	238,645	1,744,516	1,983,161
Pension plan contributions	-	27,453	-	27,453
Other employee benefits	-	41,702	598,894	640,596
Payroll taxes	-	28,468	-	28,468
Legal fees	-	5,036	-	5,036
Accounting fees	2,685	36,200	-	38,885
Professional fundraising fees	100,000	-	-	100,000
Banking/merchant fees	5,484	220,315	-	225,799
Other professional services	378,358	82,908	-	461,266
Office expenses	6,001	31,296	-	37,297
Information technology	-	723,600	-	723,600
Occupancy	79	59,704	-	59,783
Travel	-	4,630	-	4,630
Interest	30,000	-	-	30,000
Insurance	9,886	11,629	-	21,515
Uncollectable promise to give expense	157,445	-	-	157,445
Miscellaneous	-	675	501,195	501,870
Printing and publications	-	11,520	-	11,520
Dues, subscriptions and other benefits	-	19,176	-	19,176
All other expenses	44,033	2,387	-	46,420
	<u>\$ 21,729,675</u>	<u>\$ 1,757,401</u>	<u>\$ 2,844,605</u>	<u>\$ 26,331,681</u>
Total expenses by function				

Boise State University Foundation, Inc.

Statement of Functional Expense

Year Ended June 30, 2022

	Program Expenses	Management and General	Fundraising and Development	Total
Grants and other assistance to governments and organization	\$ 12,591,949	\$ -	\$ -	\$ 12,591,949
Grants and other assistance to individuals	7,039,892	-	-	7,039,892
Compensation of officers and directors	-	212,051	-	212,051
Other salaries and wages	-	212,410	1,648,355	1,860,765
Pension plan contributions	-	23,163	-	23,163
Other employee benefits	-	35,903	580,184	616,087
Payroll taxes	-	28,758	-	28,758
Legal fees	7,228	4,160	-	11,388
Accounting fees	1,580	34,900	-	36,480
Banking/merchant fees	8,325	212,871	-	221,196
Other professional services	50,019	76,137	-	126,156
Office expenses	1,104	28,271	-	29,375
Information technology	-	737,916	-	737,916
Occupancy	-	58,377	-	58,377
Travel	-	5,356	-	5,356
Interest	25,000	-	-	25,000
Insurance	11,226	11,603	-	22,829
Other expenses	-	8,100	-	8,100
Uncollectable promise to give expense	229,122	-	-	229,122
Miscellaneous	-	197	279,798	279,995
Printing and publications	-	5,771	-	5,771
Dues, subscriptions and other benefits	-	118,019	-	118,019
All other expenses	15,803	-	-	15,803
	<u>\$ 19,981,248</u>	<u>\$ 1,813,963</u>	<u>\$ 2,508,337</u>	<u>\$ 24,303,548</u>
Total expenses by function				

Boise State University Foundation, Inc.

Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Operating Activities		
Change in net assets	\$ 24,615,580	\$ (15,228,309)
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Non-cash contributions of property and investments	(4,618,613)	(1,560,666)
Change in value of split interest agreements	307,658	(238,747)
Loss (gain) on sale of property	42,073	-
Realized loss (gain) on investments	1,840,235	(3,764,436)
Unrealized loss (gain) on investments	(10,847,272)	33,991,392
Contributions restricted for endowment	(5,436,618)	(4,767,561)
(Increase)/Decrease in receivables:		
Accrued interest and other receivable, net	(83,783)	(21,904)
Promises to give, net	(4,928,228)	(3,167,075)
(Increase)/Decrease in value of other assets	(77,437)	53,738
Increase/(Decrease) in payables and liabilities		
Accounts payable and accrued liabilities	(1,273,474)	2,935,782
Prepaid parking, Suites, Benefits - BAA	(28,113)	483,021
Amounts held in custody for others	4,197	3,898
Net Cash from (used for) Operating Activities	<u>(483,795)</u>	<u>8,719,132</u>
Investing Activities		
Purchase of investments	(50,014,201)	(51,164,005)
Proceeds from sale of investments	44,340,153	36,784,460
(Increase)/Decrease in Annuity Receivable	14,662	(163,542)
Purchase of CIP (videoboards)	(4,223,657)	1,235,945
Proceeds from sale of property	405,926	-
Net Cash (used for) Investing Activities	<u>(9,477,117)</u>	<u>(13,307,143)</u>
Financing Activities		
Collections of contributions restricted to endowment	5,436,618	4,767,561
Payments to beneficiaries of split interest agreements	(112,789)	(142,743)
Proceeds from the establishment of split interest agreements	234,835	-
Proceeds from Trinity Health Loan	-	1,000,000
Net Cash from Financing Activities	<u>5,558,664</u>	<u>5,624,818</u>
Net Change in Cash And Cash Equivalents	(4,402,248)	(1,435,082)
Cash And Cash Equivalents - Beginning Of Year	<u>11,311,190</u>	<u>12,746,272</u>
Cash And Cash Equivalents - End Of Year	<u>\$ 6,908,942</u>	<u>\$ 11,311,190</u>

Note 1 - Organization and Summary of Significant Accounting Policies**Foundation Operations**

The Boise State University Foundation, Inc., (the Foundation) was established in 1964 to engage in activities to benefit and support Boise State University (the University), including receiving contributions and holding, protecting, managing and investing donated funds. The Foundation is a nonprofit corporation incorporated in accordance with the laws of the State of Idaho and managed by a volunteer Board of Directors. Under the Idaho State Board of Education's administrative rules, the Foundation must be independent of and cannot be controlled by the University. A memorandum of understanding between the Foundation and the University defines the relationship between the two entities in accordance with the State Board of Education's policies.

Cash and Cash Equivalents

For purposes of cash flows, the Foundation considers all cash on deposit in demand savings and time deposits with an original maturity date of three months or less to be cash equivalents. Cash and cash equivalents held by investment managers are considered investments and are shown as restricted cash and cash equivalents as the funds have been designated by the Foundation for investment purposes. Cash deposits at times during the years ended June 30, 2023 and 2022, exceeded FDIC insured limits.

Promises to Give

Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Management determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At June 30, 2023 and 2022, the allowance was \$260,000 and \$260,000, respectively.

Annuity Receivable

A Foundation charitable unitrust was initially funded in 1995 by three deferred annuities. These annuities generate earnings to fund quarterly payments to the charitable remainder unitrust's annuitant. During the year ended June 30, 2022, the Foundation annuitized one of the three deferred annuities valued at \$185,091 over ten years. The annual benefit payout is \$22,839. The present value of the annuities is shown as an annuity receivable on the statement of financial position.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment gains and losses are reported in the statements of activities and consist of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

Investments in equity and debt securities that have readily determinable fair values are recorded at quoted market prices. Investment securities without quoted market prices are valued at estimated fair value using appropriate valuation methods that consider the underlying assets and financial reports.

Investment securities are exposed to various risks, including interest rate risk, credit risk, and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the near term could materially affect account balances and the amounts reported in the accompanying financial statements.

Assets Held and Liabilities under Split-Interest Agreements

Charitable Trusts

The Foundation acts as trustee for various revocable and irrevocable trusts. These trusts are governed by the respective trust agreements, which generally provide for either an income stream or a future distribution of cash or other assets to the Foundation, in whole or in part, for a specified period or upon the occurrence of a specific event, respectively. If a trust is revocable, or if the maker of the trust reserves the right to replace the Foundation as the beneficiary of the trust, the Foundation records the assets placed in trust at fair value, with an equal and offsetting liability until such time the Foundation receives distributions from the trust in accordance with its terms. If the trust is irrevocable, the trust assets are recorded at fair value, and a related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would be using in pricing the liability. The excess of contributed assets over the trust liability is recorded as a contribution with donor restrictions until such amount is received via trust distribution or is expended in satisfaction of the donor-restricted purpose stipulated by the trust agreement, or both, if any. At that time, net assets with donor-imposed time or purpose restrictions are released to net assets without restrictions, and net assets with donor restrictions that are perpetual in nature are transferred to the endowment. In subsequent years, the liability for future trust payments to the donor is reduced by payments made to the donor and is adjusted to reflect changes in the fair value of the liability at the end of the year. Upon termination of the trust, the remaining liability is removed and recognized as income.

Charitable Gift Annuities

Under charitable gift annuity contracts, the Foundation receives immediate and unrestricted title to contributed assets and agrees to make fixed recurring payments over the stipulated period. Contributed assets are recorded at fair value on the date of receipt. The related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discounts rate designed to reflect the assumptions market participants would be using in pricing the liability. The excess of contributed assets over the annuity liability is recorded as a restricted contribution. In subsequent years, the liability for future payments to the donor is reduced by payments made to the donor and is adjusted to reflect changes in the fair value of the liability at the end of the year. Upon termination of the annuity contract, the remaining liability is removed and recognized as income.

Beneficial Interests in Charitable Trusts Held by Others

The Foundation has been named as an irrevocable beneficiary of several charitable trusts held and administered by independent trustees. These trusts were created independently by donors and are administered by outside agents designated by the donors. Therefore, the Foundation has neither possession nor control over the assets of the trusts. At the date the Foundation receives notice of a beneficial interest, a contribution with donor restriction is recorded in the statements of activities and a beneficial interest in charitable trusts held by others is recorded in the statements of financial position at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the expected distributions to be received under the agreement. Thereafter, beneficial interests in the trusts are reported at fair value in the statements of financial position, with trust distributions and changes in fair value recognized in the statements of activities.

Upon receipt of trust distributions and/or expenditures in satisfaction of the donor-restricted purpose, if any, net assets with donor-imposed time or purpose restrictions are released to net assets without donor restrictions. Trust distributions with donor-imposed restrictions that are perpetual in nature are transferred to the endowment in which case, net assets with donor-restrictions are not released.

Beneficial Interests in Perpetual Trusts

The Foundation has been named as an irrevocable beneficiary of several perpetual trusts held and administered by independent trustees. Perpetual trusts provide an annual distribution out of the trusts to the Foundation; however, the Foundation will never receive the assets of the trusts. At the date the Foundation receives notice of a beneficial interest, a contribution with donor restrictions of a perpetual nature is recorded in the statements of activities and a beneficial interest in perpetual trust is recorded in the statements of financial position at the fair value of the underlying trust assets. Thereafter, beneficial interests in the trusts are reported at the fair value of the trusts' assets in the statements of financial position, with trust distributions and changes in fair value recognized in the statements of activities.

Net Assets

The Foundation classifies net assets, revenues, gains, and other support and expenses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

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. The Foundation reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, with the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Net Assets without Donor Restrictions — Net assets available for use in general operations and are not subject to donor restrictions. The Board of Directors has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Revenue Recognition

Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. As of June 30, 2023, the Foundation had two promise to give agreements that were conditioned upon performance requirements that had not yet been met. Consequently, these conditional promises to give totaling \$1,800,000, for which no amounts have been received in advance, have not been recognized in the accompanying consolidated financial statement. There were no conditional promises to give as of June 30, 2022.

Noncash tangible assets, other than marketable securities, contributed to the Foundation are recorded on the date legal title passes at the appraised value when it is provided by an independent third party acceptable to the Foundation's management. If no such independent third-party appraisal is available, the asset is recorded using an objective, verifiable methodology which, in the judgment of the Foundation's management, represents a fair value to the Foundation for its purposes. If it is not practicable to determine an objective, verifiable valuation, the contribution is not recorded. Marketable securities contributed to the Foundation are recorded at the average of the high and low market value at the date of gift.

Revenues of the Foundation that are for its primary purposes, which are to support fundraising efforts for Boise State University and to manage and invest the resulting charitable gifts, are recorded as operating revenue. The amount shown as contributions and gifts represents only the monies that were donated through the Foundation. They do not represent all contributions to the University.

Bronco Athletic Association and other income is non-charitable revenue received through the Foundation for both the Bronco Athletic Association and the Foundation. This income includes priority seating revenue, membership revenue, event revenue, parking revenue and other miscellaneous revenue.

Priority seating revenue is paid by persons for the right to purchase football or basketball season tickets in a designated area of the stadium or arena. The amount of the payment varies by location in the stadium or arena and is a prerequisite for the purchase of season tickets. Priority seating revenue is recognized when received.

In-Kind Contributions

In-kind contributions include donated office space, food auction items, and other in-kind contributions which are recorded at the respective fair values of the goods or services received (Note 16). In addition to in-kind contributions, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

Administrative Fees

The Foundation charges administrative fees to individual Foundation endowed accounts as delineated in the Foundation Fee Policy. These fees are charged to financial assets held by the Foundation and proceeds are used to support the operations of the Foundation, the Department of University Advancement and certain marketing and communication projects at Boise State University.

Income Taxes

The Foundation is organized as an Idaho nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and (viii) and has been determined not to be a private foundation under Sections 509(a)(1) and (3), respectively. The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. Currently, the Foundation has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Foundation believes that it has appropriate support for tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates used in the financial statements relate to the present value of the pledges receivable, the fair market value of NAV investments, and the obligations under the split interest agreements.

Financial Instruments and Credit Risk

The Foundation manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Foundation has not experienced losses in any of these accounts. Investments are made by investment managers whose performance is monitored by its investment consultant, management and the Investment Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Investment Committee believe that the investment policies and guidelines assume a prudent level of risk consistent with the long-term welfare of the Foundation. Credit risk associated with promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, individuals, and other organizations supportive of the Foundation's mission.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, benefits, professional services, insurance, and other, which are allocated on the basis of estimates of time and effort.

Note 2 - Liquidity and Availability

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 date, comprise the following:

	2023	2022
Cash and cash equivalents	\$ 474,455	\$ 2,285
Interest receivable	330,083	245,985
Non-endowed investments	1,304,373	2,055,517
Endowment spending rate distributions and appropriations	219,880	218,050
Distributions from donor-designated endowment assets	122,210	129,740
	<u>\$ 2,451,001</u>	<u>\$ 2,651,577</u>
Total		

Foundation Endowment funds consist of donor-restricted endowment and funds designated by the board as endowments. Income from donor-restricted endowment 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.

A board-designated endowment of \$6.73 million is subject to an annual spending rate of 4% as described in Note 9. Although the Organization does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of our Boards annual budget approval and appropriation), these amounts could be made available if necessary.

Note 3 - Custodial, Credit, and Interest Rate Risk

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Foundation may not be able to recover its deposits or may not be able to recover securities that are in possession of an outside party. The custodial credit risk for investments is the risk that in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the Foundation will not be able to recover the value of its investment or collateral securities that are in possession of another party. The Foundation does not have a policy restricting the amount of deposits and investments subject to custodial credit risk.

As of June 30, 2023 and 2022, deposits that were uninsured and uncollateralized totaled \$7,840,720 and \$8,016,911, respectively.

Investments of the Foundation are uninsured and uncollateralized and held in the name of either the Foundation or the custodian.

Note 4 - Promises to Give

Unconditional promises to give are reflected at the present value of estimated future cash flows using a discount rate based on Treasury bond rates at the date of the pledge ranging from 0.05% to 5.41% as of June 30, 2023 and 2022, respectively, along with an allowance for uncollectible pledges based on past collection experience. Unconditional promises to give are estimated to be collected as follows at June 30, 2023 and 2022:

	2023	2022
Receivable in less than one year	\$ 4,217,141	\$ 3,146,174
Receivable in one to five years	10,613,211	6,461,393
Receivable in more than five years	913,513	556,650
	<u>15,743,865</u>	<u>10,164,217</u>
Less Allowance	(260,000)	(260,000)
Less Discount	<u>(1,097,861)</u>	<u>(446,441)</u>
Total promises to give	<u>\$ 14,386,004</u>	<u>\$ 9,457,776</u>

Note 5 - Investments

The following details each major category of investments and the related fair market values at June 30:

Investment Type	2023	2022	Percent of Total
US Treasury Bonds	\$ 19,122,382	\$ 11,852,347	9.4%
Corporate Bonds	35,970,358	32,346,210	17.7%
Bond Mutual Funds	38,083,409	42,159,252	18.7%
Domestic Equity Funds	50,110,640	43,322,705	24.6%
International Equity Funds	49,338,961	42,878,318	24.3%
Private Equity Investments	802,320	908,604	0.4%
Real & Specialty Assets	9,568,194	10,998,874	4.7%
Insurance Annuities	<u>332,933</u>	<u>299,341</u>	<u>0.2%</u>
Total Investment Securities	<u>\$ 203,329,197</u>	<u>\$ 184,765,651</u>	<u>100.0%</u>

Credit Risk

The risk that an issuer of debt securities or another counterparty to an investment will not fulfill its obligation is commonly expressed in terms of the credit quality rating issued by a nationally recognized statistical rating organization such as Moody's, Standard & Poor's, and Fitch's. The ratings below use the Moody's scale for balances as of June 30, 2023.

The Foundation has a legal agreement with its restricted investment fund manager which defines ratings acceptable to the Foundation and its policy defines benchmark indices by which to measure overall performance of these investments.

<u>Investment Type</u>	<u>US Bonds</u>	<u>Corporate Bonds</u>	<u>Bond Mutual Funds</u>	<u>Total</u>
Aaa	\$ 17,168,308	\$ 741,199	\$ 3,589,053	\$ 21,498,561
Aa2	-	-	50,483	50,483
Aa3	-	805,108	43,027	848,134
A1	-	2,056,255	27,476,385	29,532,641
A2	-	10,718,557	135,989	10,854,547
A3	-	6,418,337	76,013	6,494,350
Ba1	-	3,845,384	-	3,845,384
B2	-	-	6,633,076	6,633,076
Baa1	-	-	30,574	30,574
Baa2	-	4,867,877	9,598	4,877,475
Baa3	-	4,722,402	11,907	4,734,309
Ba1	-	626,927	-	626,927
B2	-	2,977,974	27,303	3,005,277
Unrated	-	144,411	-	144,411
	<u>\$ 17,168,308</u>	<u>\$ 37,924,431</u>	<u>\$ 38,083,408</u>	<u>\$ 93,176,149</u>

Interest Rate Risk

Investments in debt securities that are fixed for longer periods are likely to experience greater variability in their fair values due to future changes in interest rates. While the Foundation does not have a policy regarding maturities of investments, it invests restricted funds in pools with differing maturities and its policy defines benchmark indices by which to measure overall performance of these investments.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1 yr</u>	<u>1-3 Yr</u>	<u>3-10 Yr</u>	<u>>10 Yr</u>	<u>Total</u>
US Treasury/Agency Bonds	\$ 19,122,382	\$ 2,660,204	\$ 5,411,201	\$ 10,568,711	\$ 482,266	\$ 19,122,382
Corporate Bonds	35,970,358	2,234,941	16,707,775	16,308,244	719,399	35,970,358
Bond Mutual Funds	38,083,409	12,071	-	3,693,090	34,378,247	38,083,409
Total Rated Securities	<u>\$ 93,176,149</u>	<u>\$ 4,907,216</u>	<u>\$ 22,118,976</u>	<u>\$ 30,570,045</u>	<u>\$ 35,579,912</u>	<u>\$ 93,176,149</u>

Note 6 - Fair Value Measurements and Disclosures

Certain assets and liabilities are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk.

Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities that the Foundation can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the Foundation develops inputs using the best information available given the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Foundation's assessment of the quality, risk or liquidity profile of the asset or liability.

A significant portion of the Foundation's investment assets are classified within Level 1 because they are comprised of open-end mutual funds, exchange traded funds, or U.S. Government and debt obligations with readily determinable fair values based on daily redemption values. These are valued consistently by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions, and are classified within Level 1. Level 2 investments are comprised of insurance annuities which are tied either to the S&P 500 index or federal market interest rates of which there is a minimum payout of 5%. The fair values of beneficial interests in charitable and perpetual trusts are determined by management using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets, and are based on the fair values of trust investments as reported by the trustees. These are considered to be Level 3 measurements.

The Foundation uses Net Asset Value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, to estimate the fair values of certain private equity funds and limited partnerships which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

The following table presents assets and liabilities measured at fair value on a recurring basis, except those measured at cost as identified below, at June 30, 2023 and 2022:

June 30, 2023	Fair Value of Assets and Liabilities	Quoted Prices in Active Markets (Level1)	Other Observable (Level 2)	Unobservable Inputs (Level 3)	Investments Measured at Net Asset Value
Investments					
Growth Assets					
US Equities	\$ 50,110,640	\$ 50,110,640	\$ -	\$ -	\$ -
Intl Equities	49,338,961	49,338,961	-	-	-
Private Equity/Special Situation	802,320	-	-	-	802,320
Insurance annuities	332,933	-	332,933	-	-
Risk Reduction Assets					
Cash and cash equivalents	3,502,339	3,502,339	-	-	-
US/Global Fixed Income	93,176,149	93,176,149	-	-	-
Real Asset Investments	9,568,193	5,062,698	-	-	4,505,495
	<u>\$ 206,831,535</u>	<u>\$ 201,190,787</u>	<u>\$ 332,933</u>	<u>\$ -</u>	<u>\$ 5,307,815</u>
Investments in Perpetual Trusts					
Growth Assets					
US Equities	\$ 1,324,984	\$ 1,324,984	\$ -	\$ -	\$ -
Intl Equities	176,121	176,121	-	-	-
Risk Reduction Assets					
Cash and cash equivalents	66,379	66,379	-	-	-
US/Global Fixed Income	905,400	905,400	-	-	-
Real Asset Investments	107,072	107,072	-	-	-
	<u>\$ 2,579,956</u>	<u>\$ 2,579,956</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities					
Liability Under Trust Agreement	\$ 1,724,276	\$ -	\$ -	\$ 1,724,276	\$ -
Trust earnings payable to trust	95,471	-	-	95,471	-
	<u>\$ 1,819,747</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,819,747</u>	<u>\$ -</u>

June 30, 2022	Fair Value of Assets and Liabilities	Quoted Prices in Active Markets (Level1)	Other Observable (Level 2)	Unobservable Inputs (Level 3)	Investments Measured at Net Asset Value
Investments					
Growth Assets					
US Equities	\$ 43,322,705	\$ 43,322,705	\$ -	\$ -	\$ -
Intl Equities	42,878,318	42,878,318	-	-	-
Private Equity/Special Situation	908,604	-	-	-	908,604
Insurance annuities	299,341	-	299,341	-	-
Risk Reduction Assets					
Cash and cash equivalents	7,725,535	7,725,535	-	-	-
US/Global Fixed Income	86,370,853	69,030,443	-	-	17,340,410
Hedge funds	-	-	-	-	-
Real Asset Investments	10,985,830	5,543,776	-	-	5,442,054
	<u>\$ 192,491,186</u>	<u>\$ 168,500,777</u>	<u>\$ 299,341</u>	<u>\$ -</u>	<u>\$ 23,691,068</u>
Investments in Perpetual Trusts					
Growth Assets					
US Equities	\$ 1,360,748	\$ 1,360,748	\$ -	\$ -	\$ -
Intl Equities	150,488	150,488	-	-	-
Risk Reduction Assets					
Cash and cash equivalents	89,431	89,431	-	-	-
US/Global Fixed Income	861,003	861,003	-	-	-
Hedge funds	-	-	-	-	-
Real Asset Investments	64,969	64,969	-	-	-
	<u>\$ 2,526,639</u>	<u>\$ 2,526,639</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities					
Liability Under Trust Agreement	\$ 1,529,407	\$ -	\$ -	\$ 1,529,407	\$ -
Trust earnings payable to trust	100,403	-	-	100,403	-
	<u>\$ 1,629,810</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,629,810</u>	<u>\$ -</u>

Following is a reconciliation of activity of liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2023.

<u>June 30, 2023</u>	<u>Liabilities Under Split Interest Trust Agreement</u>	<u>Trust Earnings Payable to Trust Beneficiary</u>
Balance, Beginning of Year	\$ 1,529,407	\$ 100,403
New annuities	265,165	-
Payments on annuity payments	(112,789)	(20,364)
Adjustments to pledges or liability present value discounting	<u>42,493</u>	<u>15,432</u>
Balance, End of Year	<u>\$ 1,724,276</u>	<u>\$ 95,471</u>

Following is a reconciliation of activity of liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2022.

<u>June 30, 2022</u>	<u>Liabilities Under Split Interest Trust Agreement</u>	<u>Trust Earnings Payable to Trust Beneficiary</u>
Balance, Beginning of Year	\$ 1,910,897	\$ 130,775
Payments on annuity payments	(142,743)	(20,364)
Adjustments to pledges or liability present value discounting	<u>(238,747)</u>	<u>(10,008)</u>
Balance, End of Year	<u>\$ 1,529,407</u>	<u>\$ 100,403</u>

Gains and losses (realized and unrealized) included in changes in net assets for the period are reported in Net Investment Income in the statements of activities.

Investments in certain entities are measured at fair value using NAV per share as a practical expedient are as follows for June 30, 2023 and 2022:

	2023			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private Equity	\$ 802,320	\$ 532,881	Not available	n/a
Limited Partnership - Domestic Equity	4,505,495	-	Monthly	30 days
	<u>\$ 5,307,815</u>	<u>\$ 532,881</u>		
	2022			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private Equity	\$ 908,604	\$ 601,371	Not available	n/a
Limited Partnership - Domestic Equity	5,442,054	-	Monthly	30 days
Fixed Income	17,340,410	-	Daily	5 days
	<u>\$ 23,691,068</u>	<u>\$ 601,371</u>		

Private Equity – This category includes two secondary private equity funds that invest in a diversified portfolio of existing private equity partnerships. Although these investments cannot be redeemed, secondary funds tend to create distributions within the first 12 months of operation from the purchase of more mature funds. The funds have anticipated lives of nine to 14 years from the closing of the fund to additional investment.

Limited Partnership-Domestic Equity – This category invests in publicly traded companies that own energy infrastructure assets, including pipelines, terminals and storage assets. They generally own mid-stream assets used to transport, process and store natural gas, crude oil and refined petroleum.

Fixed Income Fund – This fund is a vehicle to invest in a diversified portfolio of debt securities. The objective of the fund is to outperform the Barclays Capital U.S. Aggregate Bond Index by 25 basis points over a full market cycle. The fund is primarily invested in U.S. Treasury and Agency issues and the investment grade U.S. corporate bonds. The effective duration of the fund must be within +/- 1 year of the duration of the benchmark. Liquidations are daily with 5 business days prior written notice. This fund was liquidated in Fiscal Year 2023.

Changes in Fair Value Levels

The availability of observable market data is monitored annually to assess the appropriate classifications of financial instruments within the fair value hierarchy. Changes in economic conditions or other factors may require transfer of financial instruments from one fair value level to another. During the year ended June 30, 2023 and 2022, NAV private equity had both capital additions and distributions. One Limited Partnership was fully liquidated. Any other changes in the fair value are a reflection of market valuations.

Investment Income

Per FASB reporting standards, net investment income and associated expenses are aggregated into Net Investment Income on the Statement of Activities. The details of the investment income for the years ended June 30, 2023 and 2022, are as follows:

	2023	2022
Interest and dividends	\$ 5,456,292	\$ 5,111,897
Gain (loss) on sale	(1,840,235)	3,764,436
Gain (loss) on market	10,847,273	(33,991,392)
Investment fees	(288,088)	(423,162)
Net Investment Income (Loss)	<u>\$ 14,175,242</u>	<u>\$ (25,538,221)</u>

Note 7 - Disclosure of Custodial and Investment Advisory Fees

The Foundation has various levels of fees paid for the ongoing investment of Foundation financial assets. Costs of investment include fees for investment consultant, custodial fees, and asset managers and fund fees. Due to the nature of the investments, some of the investment fees are included in the change in fair value of investments rather than recorded as an administrative expense. The annual fees paid for investment management and all associated costs are estimated to be \$468,635 and \$638,891, for 2023 and 2022, respectively.

Note 8 - Net Assets with Donor Restrictions

Net assets with donor restrictions assets are restricted for the following purposes or periods:

	2023	2022
Subject To Expenditure For Specified Purpose		
Scholarships	\$ 19,104,444	\$ 14,908,783
Administrative	7,236,588	7,085,083
Athletic	12,464,405	7,050,198
Capital projects	25,478,789	22,860,517
Research - Faculty	1,208,205	772,775
Research - Student	317,957	319,203
Special Purpose	6,026,403	5,343,489
Student Assistantship	398,941	267,289
Underwater Endowments	363,674	1,389,297
	<u>72,599,406</u>	<u>59,996,634</u>
Total subject to expenditure for specific purpose		
Promises to Give, The Proceeds Which Have Been Restricted By Donors		
Scholarship	688,666	999,692
Administrative	510,175	32,743
Athletic	9,986,024	5,574,425
Capital	683,054	504,707
Research-Faculty	46,436	46,325
Special Purpose	1,324,138	1,309,659
Student Assistantship	40,290	60,291
	<u>13,278,783</u>	<u>8,527,842</u>
Total promises to give		
Subject to the Passage of Time		
Assets Held under split interest agreements	<u>1,350,895</u>	<u>1,200,654</u>
Total assets held under split interest agreements	<u>1,350,895</u>	<u>1,200,654</u>
Endowments		
Subject to Endowment spending and appropriation		
Academic Scholarship	69,564,150	66,172,323
Other Academic Endowment	36,971,168	34,895,093
Athletic Scholarship	18,484,299	17,975,181
Other Athletic Endowment	179,640	164,721
Unconditional promises to give	1,100,423	902,183
	<u>126,299,680</u>	<u>120,109,501</u>
Total endowments	126,299,680	120,109,501
Underwater endowments	(363,674)	(1,389,297)
	<u>125,936,006</u>	<u>118,720,204</u>
Total endowments net of underwater		
	<u>\$ 213,165,090</u>	<u>\$ 188,445,334</u>

Net assets with donor restrictions released from restrictions consisted of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Scholarships and grants	\$ 6,966,156	\$ 7,039,892
Distribution of funds for academic programs	4,241,214	2,581,386
Distribution of funds for athletic programs		
Program services	5,794,950	5,366,359
Management and general	50,046	35,652
Uncollectable pledge expense	149,975	216,562
Management and general	<u>2,903,700</u>	<u>2,878,079</u>
 Total	 20,106,041	 18,117,930
 Board and donor designated transfers	 <u>13,505</u>	 <u>(12,450)</u>
 Total	 <u>\$ 20,119,546</u>	 <u>\$ 18,105,480</u>

Note 9 - Endowment

The Foundation's endowment (the Endowment) as of June 30, 2022 consists of approximately 1,219 individual funds established by donors to provide annual funding for specific activities and general operations. The Endowment also includes certain unrestricted net assets designated for quasi-endowment by the Board of Directors. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation's spending policy allows standard distributions from endowment funds as long as the fair market-value is greater than 90% of the historical gift value of donor-restricted endowment funds on the valuation date. This distribution rate is reduced if the market value is below 90% of historical gift value. Distribution rates may differ from this policy based on individual donor agreements. In accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the Foundation considers the following factors in determining the endowment spending policy of the donor-restricted funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

The composition of endowment net assets by fund type as of June 30, 2023 and 2022, is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	\$ -	\$ 105,966,388	\$ 105,966,388
Accumulated investment gains	-	19,969,618	19,969,618
Board-designated endowment	<u>6,730,735</u>	<u>-</u>	<u>6,730,735</u>
	<u>\$ 6,730,735</u>	<u>\$ 125,936,006</u>	<u>\$ 132,666,741</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	\$ -	\$ 105,414,704	\$ 105,414,704
Accumulated investment gains	-	13,305,500	13,305,500
Board-designated endowment	<u>6,439,759</u>	<u>-</u>	<u>6,439,759</u>
	<u>\$ 6,439,759</u>	<u>\$ 118,720,204</u>	<u>\$ 125,159,963</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted Uniform Prudent Management of Institutional Funds Act (UPMIFA) to permit spending from underwater endowment in accordance with prudent measures required under law. At June 30, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the Foundation must retain permanently. At June 30, 2023, funds with original gift values of \$13,646,985, fair value of \$13,283,312 and deficiencies of \$363,673 were reported in net assets with donor-restrictions. At June 30, 2022, funds with original gift values of \$37,864,161, fair value of \$36,474,864 and deficiencies of \$1,389,297 were reported in net assets with donor-restrictions.

Investment and Spending Policies

The Foundation has adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for scholarships and University initiatives while seeking to maintain the purchasing power of the endowment assets. Investment strategies are intended to provide long-term rates of return sufficient to maintain the purchasing power of the Endowment assets, to fund the spending policy and to cover the costs of managing the Endowment investments. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and interest and dividend income. A significant portion of the funds are invested to seek growth of principal over time.

In its Investment Policy Statement, the Foundation's "total return" spending policy is 4% of the 3-year rolling average of the ending market value on December 31 of each year (the valuation date) for each individual account. This spending rate drops to 2% if the fund balance is below 90% of historical gift value on the valuation date. The Foundation Fee Policy specifies that each endowed fund is assessed an annual administrative management fee of 1.5% of market value. In establishing these policies, the Foundation considered the long-term expected return on its endowment. Over the long term, the goal of the Foundation's investment strategy is to generate returns sufficient to support its spending policy, administrative fee and allow the fund to grow to include the effective rate of inflation. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Changes in Endowment Net Assets for the years ending June 30, 2023 and 2022, respectively, are as follows:

	2023		
	Without Donor Restriction	With Donor Restriction	Total
Endowment Net Assets, Beginning of Year	\$ 6,439,758	\$ 118,720,205	\$ 125,159,963
Investment Return, net	509,027	6,234,918	6,743,945
Gifts	-	5,983,215	5,983,215
Non-Charitable	-	(308,215)	(308,215)
Appropriation of endowment assets for expenditures	(218,050)	(4,828,223)	(5,046,273)
Other changes			
Transfers to create board designated funds	-	111,563	111,563
Change in value of insurance premiums	-	22,543	22,543
Endowment Net Assets, End of Year	<u>\$ 6,730,735</u>	<u>\$ 125,936,006</u>	<u>\$ 132,666,741</u>
	2022		
	Without Donor Restriction	With Donor Restriction	Total
Endowment Net Assets, Beginning of Year	\$ 5,241,193	\$ 140,103,549	\$ 145,344,742
Investment Return, net	(1,140,465)	(22,454,829)	(23,595,294)
Gifts	-	5,334,841	5,334,841
Non-Charitable	-	67,181	67,181
Appropriation of endowment assets for expenditures	(160,970)	(3,980,168)	(4,141,138)
Other changes			
Transfers to create board designated funds	2,500,000	(325,193)	2,174,807
Change in value of insurance premiums	-	(25,176)	(25,176)
Endowment Net Assets, End of Year	<u>\$ 6,439,758</u>	<u>\$ 118,720,205</u>	<u>\$ 125,159,963</u>

Return Objectives and Risk Parameters

Objective

The investment objective is to provide a rate of return sufficient to support in perpetuity the mission of the Foundation. It is particularly important to preserve the value of the assets in real terms to enable the Foundation to maintain the purchasing power of the spending on programs and administration without eroding the real value of the principal of the Foundation.

General Investment Considerations and Constraints:

- Risk: The Investment Committee will seek to limit the overall level of risk while attempting to achieve its long-term investment return objectives.
- Liquidity: At times, cash may be required to satisfy the needs of the Foundation. The Foundation should have sufficient liquid assets to meet such foreseeable requirements.
- Time Horizon: The Foundation has an infinite life. An investment Time Horizon of 20 years is appropriate.
- Taxes: The Foundation is tax-exempt.

Strategies Employed for Achieving Objectives

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

In recognition of these facts, the Foundation's Investment Committee will consider the Foundation's total return from both income and net realized and unrealized capital gains when recommending the Spending Rate Policy. When distributions are made, they will be withdrawn from the Foundation regardless of the portion of the total return that is from capital gains or from income, subject to applicable gift agreement restrictions.

Note 10 - Investment in Unconsolidated Affiliates

Deer Point Tower Venture, LLC was formed between the Foundation and three local radio and television broadcast entities. The common property is owned 20% by the Foundation; exclusive radio property is owned 33% by the Foundation and is accounted for under the equity method of accounting. The Foundation recognized losses of \$33,537 and \$49,016, during the fiscal years ended June 30, 2023 and 2022, respectively, which are included in the statements of activities under non-charitable income.

Summarized financial information (unaudited) as of June 30, 2023 and 2022, of Deer Point Tower Venture, L.L.C. is as follows:

	2023	2022
Total assets	\$ 2,599,934	\$ 2,583,096
Total liabilities	23,641	53,214
Total equity	2,576,293	2,529,882
Net loss	(356,001)	(358,072)

As of June 30, 2023 and 2022, the Foundation's equity investment in Deer Point Tower Venture, L.L.C. totaled \$446,216 and \$391,487, respectively, and is included in other assets on the statements of financial position.

Note 11 - Scholarship Loan Payable

The Foundation accepted a \$2 million loan during fiscal year 2012 from a large health care organization. The purpose of the loan is to use investment earnings to generate scholarships for students in the College of Health Sciences. In fiscal year 2017, this loan arrangement was renewed for an additional 5 years at an interest rate of 1% per year, with an option to automatically extend the term for an additional two years if the fair market value of the investments are less than the original borrowing. The Foundation guaranteed the scholarship payment of \$80,000 for five years to be made available from the fund annually. In fiscal year 2022, this loan was increased to \$3 million with an annual payout of \$120,000. The scholarships payable liability is reflected in the financials for June 30, 2023 and 2022, in the amount of \$460,886 and \$576,107, respectively. If the fair market value of the investments is less than the guaranteed payment, the Foundation will cover the deficit. As of June 30, 2023, the loan is in non-current liabilities on the Statement of Financial Position.

Note 12 - Videoboards and Construction in Progress

During the year ended June 30, 2022 the Foundation received funds totaling \$1,035,000 to upgrade Albertson Stadium north end videoboard. The north end videoboard was installed in 2013. Video panels were replaced in the year ended June 30, 2023 and the north end videoboard was expensed through the Foundation financial statements as payments to the University.

During the year ended June 30, 2022 the Foundation received funds totaling \$4,500,000 to construct a new south end videoboard. The south videoboard required a structure to be built for the new videoboard. The Foundation was issued a site license for construction and will fund construction mainly through donated funds restricted for the project. The construction is capitalized as construction in progress (CIP). At June 30, 2023, the CIP balance was \$5,240,000. Upon completion of the Board, the Foundation will convey the asset to the University. Expected completion is Fall 2023.

During the year ended June 30, 2023, the Foundation received a site license for construction of lights at the Boas Soccer Complex to be funded by Athletic Capital Project funds held at the Foundation. There was \$209,000 in costs capitalized into construction in progress on the light project during the year ended June 30, 2023.

Note 13 - Amounts Held in Custody for Others

The Boise State Public Radio (BSPR), an operating division of the University, transferred assets to the Foundation for investment and management, which are included in amounts held in custody for others. Support raised on behalf of BSPR was \$3,542 and \$3,787, at June 30, 2023 and 2022, respectively. Interest related to assets held on behalf of BSPR aggregated to \$655 and \$111, at June 30, 2023 and 2022, respectively. Included in amounts held in custody for others on behalf of BSPR are \$1,114,757 and \$1,110,560, at June 30, 2023 and 2022, respectively.

Note 14 - Commitments

The Foundation has an agreement to provide supplemental retirement income to a former University employee for life. The net present value of payments expected to be made under this agreement as of June 30, 2023 and 2022, discounted at 3.9% and 3.6%, respectively, are as follows:

<u>Years Ended June 30,</u>	<u>Contract Payments</u>
2024	\$ 20,364
2024	20,364
2026	20,364
2027	20,364
2028	20,364
Thereafter	<u>20,364</u>
	122,184
Less discount	<u>(6,349)</u>
Present Value of Commitment	<u>\$ 115,835</u>

The present value of this commitment is included as payable to trust beneficiaries in the accompanying statements of financial position. Investments totaling \$521,364 and \$518,180, at June 30, 2023 and 2022, respectively, are included in investments and are available to fund this obligation. Any excess of funds held over the required benefit payments will become unrestricted funds of the Foundation upon completion of the agreement.

Note 15 - Split Interest Agreement Obligations

The Foundation is currently the beneficiary of certain charitable remainder trusts. The charitable remainder trusts provide for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are available for use by the Foundation as specified by the grantor. The portion of the trust attributable to the present value of the future benefits to be received by the Foundation is recorded as a temporarily restricted

contribution in the period in which the trust is established. Investments held in the charitable remainder trusts are invested in equities and bonds and reported at fair value. The present value of the estimated annuity payments is calculated using discount rates of 4.2% for 2023 and 3.6% for 2022 and the applicable mortality tables and is shown in the table below. Assets held in the charitable remainder trusts \$1,768,764 and \$2,169,328, for June 30, 2023 and 2022, respectively, and are included in the investments in the accompanying statements of financial position.

The Foundation currently administers certain charitable gift annuities. The assets contributed under the charitable gift annuities are invested in equities and bonds and are carried at fair value and land which is carried at cost. Contribution support is recognized at the date the annuities are established after recording liabilities for the present value of the estimated future payments to be made to the donors and/or other beneficiaries. On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. Adjustments to reflect the valuation of the present value of the estimated annuity payments and changes in actuarial assumptions are included as a component of net investment return in the statements of activities. The present value of the estimated annuity payments associated with the gift annuities is calculated using discount rates of 4.2% for 2023 and 3.6% for 2022 and the applicable mortality tables and is shown in the table below. Assets held in the charitable gift annuities totaled \$1,509,661 and \$971,372, for June 30, 2023 and 2022, respectively, and are included in the investments and investments in real estate in the accompanying statements of financial position.

Estimated future maturities of annuity obligations for each of the next five years and in the aggregate are as follows:

Years Ended June 30,	Annuity Payments
2024	\$ 142,691
2025	378,329
2026	147,974
2027	139,774
2028	139,774
Thereafter	1,833,046
	2,781,588
Less Discount	(1,057,312)
Split Interest liability	\$1,724,276

Note 16 - In-Kind Contributions

For the years ended June 30, 2023, and 2022, in-kind contributions recognized within the consolidated statements of activities included the following:

	<u>2023</u>	<u>2022</u>
Office Space	\$ 59,704	\$ 58,377
Food	<u>83,433</u>	<u>-</u>
	143,137	58,377
Donated auction items	<u>120,450</u>	<u>-</u>
	<u>\$ 263,587</u>	<u>\$ 58,377</u>

Contributed office space is provided by Boise State University. It is valued at current market rates for comparable properties and is used for Foundation staff.

Contributed food is valued using food donation guidelines from an established hunger relief organization and is used in on-campus relief program services.

Contributed Land/Buildings is a residential condominium valued at the appraisal price at the time of donation. This property was sold with proceeds used to fund an endowment at the Foundation.

Note 17 - Concentrations

The Foundation received approximately 27.4% of total contributions from two donors during the year ended June 30, 2023 and approximately 35.4% of total contributions from eight donors during the year ended June 30, 2022.

Gross unconditional promises to give included a total of approximately 45.4% from six donors at June 30, 2023 and a total of approximately 31.2% from five donors at June 30, 2022.

Note 18 - Subsequent Events

The Foundation has evaluated subsequent events through September 9, 2023, the date the financial statements were available to be issued.

Boise State University Foundation, Inc.
Comparative Balance Sheet - All Funds

	6/30/2023 per Board Report	6/30/2023 Per Audited Financials	Change	Explanation
Assets				
Cash & Cash Equivalents				
Checking	1,311,123.01	1,311,123	-	
Petty Cash	200.00	200	-	
KBSU, BAA, Alumni Assn Accts	2,095,597.56	2,095,279	(319)	Update June Activity
Total Cash & Cash Equivalents	<u>3,406,921</u>	<u>3,406,602</u>	<u>(319)</u>	
Receivables				
Accrued Interest & Other Receivables	473,335.67	481,513	8,177	Yearend Accruals
	16,064,927.73			Write off \$1.8M Conditional
Pledges Receivable		14,386,004	(1,678,924)	pledge less discount
Total Receivables	<u>16,538,263</u>	<u>14,867,517</u>	<u>-</u>	
Investments				
Endowment Portfolio	145,702,594.82	145,702,595	0	
Clearwater Portfolio	53,579,165.06	53,579,165	-	
Other Investments	10,129,733.09	10,129,733	-	
Total Investments	<u>209,411,493</u>	<u>209,411,493</u>	<u>0</u>	
Other Misc. Assets				
Miscellaneous Other Assets - Endowment	395,922.16	418,442	22,520	Life ins value adj YE Entry-Deer Point equity adjust, Life insurance value
Miscellaneous Other Assets - Restricted Land - Restricted	<u>406,306.61</u> -	462,430 -	56,123 -	adj
Total Other Misc. Assets	<u>802,229</u>	<u>880,872</u>	<u>78,643</u>	
Construction in Progress	5,250,552.64	5,459,602	209,050	Soccer Stadium lights capitalized.
Total Construction in Progress	<u>5,250,553</u>	<u>5,459,602</u>	<u>209,050</u>	
Total Assets	<u>235,409,458</u>	<u>234,026,086</u>	<u>287,374</u>	
Liabilities and Net Assets				
Liabilities				
Payables	2,103,098	2,004,846	(98,252)	Additional AP received after stmt.
Prepaid Liabilities	1,735,712	1,690,853	(44,859)	Year End Entry - Recognize Net Amort-prepaid seating
Bonds/Loans Payable	3,000,000	3,000,000	-	
Trust and Annuity Liabilities	2,768,783	2,934,504	165,721	Annual adjustment to annuity liabilities
Total Liabilities	<u>9,607,593</u>	<u>9,630,204</u>	<u>22,611</u>	
Net Assets				
Net Assets - Endowment	141,745,884	141,753,404	7,520	
Net Assets - Restricted	67,945,535	66,532,120	(1,413,415)	
Net Assets - Unrestricted	11,230,881	11,230,792	(89)	
Net Assets - Committed Scholarships	4,879,565	4,879,565	-	
Total Net Assets	<u>225,801,865</u>	<u>224,395,882</u>	<u>(1,405,984)</u>	
Total Liabilities and Net Assets	<u>235,409,458</u>	<u>234,026,086</u>	<u>(1,383,373)</u>	

Boise State University Foundation, Inc.
Year-to-Date Income Statement - All Funds

	6/30/2023 per Board Report	6/30/2023 Per Audited Financials	Change	Explanation
Income & Expenses for Operations				
Operating Revenues				
Gifts	29,127,086.41	28,203,551.08	(923,535.33)	Reduced \$1.8M in pledge net of discount and added Auction contributions
Non-Cash Gifts	0.00		0.00	
BAA and Alumni Assn Membership & Parking R	3,529,048.05	3,528,429.55	(618.50)	misc adjustments
Non-Charitable Income	5,693,781.20	5,116,099.85	(577,681.35)	Auction contributions moved to gifts, Loss on sale of property moved to Non-operating
Interest and Dividends	5,448,124.49	5,456,292.15	8,167.66	Accrued interest
Change in Split Interest Trusts	23.43	(33,989.09)	(34,012.52)	Annual adjustments, Matured annuity, new annuity
Change in Fair Value of Investments	9,007,037.93	9,007,037.93	0.00	
Donation from Alumni Association	0.00		0.00	
Total Revenues	52,805,101.51	51,277,421.47	(1,527,680.04)	
Operating Expenses				
Distribution of Scholarships and General Endow	(7,081,376.56)	(6,966,155.52)	115,221.04	AP and accruals
Distribution of Funds for Academic Programs	(4,142,769.98)	(4,241,214.31)	(98,444.33)	AP and accruals
Distribution of Funds for Athletic Programs	(10,153,986.33)	(9,947,290.03)	206,696.30	AP and accruals
Non-Collectible Pledge Expense	(157,444.63)	(157,444.63)	0.00	
Administrative Expense	(5,247,960.83)	(5,307,664.58)	(59,703.75)	AP and accruals
Pledge of AFC Building & Land to Boise State University				
Total Operating Expense	(26,783,538.33)	(26,619,769.07)	163,769.26	
Total Operating Income (Expense)	26,021,563.18	24,657,652.40	(1,363,910.78)	
Nonoperating Revenues & Expenses				
Nonoperating Revenues				
Gain (Loss) on Sale of Other Assets	0.00	(42,072.78)	(42,072.78)	Moved from operating expenses
Total Nonoperating Revenues	0.00	(42,072.78)	(42,072.78)	
Transfers and Account Adjustments				
Transfers Between Funds - Permanently Restricted	5,128,349.37	5,130,295.00	1,945.63	Coding adjustments
Transfers Between Funds - Temporarily Restricted	127,012.44	125,066.81	(1,945.63)	Coding adjustments
Transfers Between Funds - Unrestricted	(13,504.60)	(13,504.60)	0.00	
Transfers Between Funds - Capital	0.00	0.00	0.00	
Transfers Between Funds - Committed Scholarship	(5,241,857.21)	(5,241,857.21)	0.00	
Total Transfers and Account Adjustments	0.00	0.00	0.00	
NET SURPLUS/(DEFICIT)	26,021,563.18	24,615,579.62	(1,405,983.56)	
BEGINNING NET ASSETS	199,780,302.13	199,780,302.13	0.00	
ENDING NET ASSETS	225,801,865.31	224,395,881.75	(1,405,983.56)	