

THE OHIO UNIVERSITY FOUNDATION AND SUBSIDIARIES  
ATHENS COUNTY  
REGULAR AUDIT  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021



OHIO AUDITOR OF STATE  
KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
IPARepor@ohioauditor.gov  
(800) 282-0370

Board of Trustees  
The Ohio University Foundation and Subsidiaries  
19 East Circle Drive  
Athens, Ohio 45701

We have reviewed the *Independent Auditor's Report* of The Ohio University Foundation and Subsidiaries, Athens County, prepared by Crowe LLP, for the audit period July 1, 2021 through June 30, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Ohio University Foundation and Subsidiaries is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

November 04, 2022

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# **The Ohio University Foundation and Subsidiaries**

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**Consolidated Financial Statements as of and  
for the Years Ended June 30, 2022 and 2021  
with Supplementary Schedules as of and  
for the Year Ended June 30, 2022 and  
Independent Auditor's Report**

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# The Ohio University Foundation and Subsidiaries

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
The Ohio University Foundation and Subsidiaries  
Athens, Ohio

**Report on the Audit of the Financial Statements*****Opinion***

We have audited the consolidated financial statements of The Ohio University Foundation and Subsidiaries (“the Foundation”), a discretely presented component unit of Ohio University, which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2022 and 2021, and the results of its operations 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) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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(Continued)

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

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(Continued)

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2022 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

*Crowe LLP*

Crowe LLP

Columbus, Ohio  
October 17, 2022

# The Ohio University Foundation and Subsidiaries

## Consolidated Statements of Financial Position June 30, 2022 and 2021

	2022	2021
<b>Assets</b>		
Cash and cash equivalents	\$ 29,695,056	\$ 26,970,334
Accounts receivable - net	383,995	139,108
Receivable from Ohio University - net	18,882	3,769,541
Pledges receivable - net	9,327,433	8,860,923
Bequests receivable	9,371,873	10,715,463
Interest and dividends receivable	824,527	760,740
Prepaid expenses	580,209	490,310
Investments	565,122,718	639,657,233
Assets held for sale	2,876,392	-
Life insurance cash surrender value	1,165,466	1,232,908
Charitable gift annuities	1,665,614	3,012,461
Charitable trusts	15,714,318	18,765,129
Beneficial interest in assets held by others	687,526	779,413
Property and equipment - net	9,788,807	12,506,034
Other assets	147,155	133,863
Total assets	<u>\$ 647,369,971</u>	<u>\$ 727,793,460</u>
<b>Liabilities and net assets</b>		
<b>Liabilities</b>		
Accounts payable:		
Ohio University	\$ 3,862,027	\$ 904
Trade and other	1,416,310	969,448
Deposits held in custody for others	411,294	398,340
Annuities payable	1,179,287	1,672,734
Charitable trusts obligations	2,518,281	3,091,457
Notes payable:		
Ohio University	-	1,320,559
Other	199,940	-
Other liabilities	2,351,846	2,399,507
Total liabilities	<u>11,938,985</u>	<u>9,852,949</u>
<b>Net assets</b>		
Without donor restrictions	128,979,120	156,422,727
With donor restrictions	506,451,866	561,517,784
Total net assets	<u>635,430,986</u>	<u>717,940,511</u>
Total liabilities and net assets	<u>\$ 647,369,971</u>	<u>\$ 727,793,460</u>

## The Ohio University Foundation and Subsidiaries

### Consolidated Statements of Activities Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and other support</b>			
Gifts and contributions			
Contributions of cash and financial assets	\$ 1,670,619	\$ 24,148,720	\$ 25,819,339
Contributions of nonfinancial assets	85,496	15,138,318	15,223,814
University support	3,263,158	-	3,263,158
Income from investments:			
Interest and dividends	2,386,549	4,437,621	6,824,170
Realized gain (loss)	7,285,932	14,330,314	21,616,246
Unrealized gain (loss)	(34,014,053)	(68,364,645)	(102,378,698)
Revenues from sales and events	6,468,276	2,068	6,470,344
Gain (loss) on split-interest agreements	-	(2,554,110)	(2,554,110)
Other	50,984	(34,455)	16,529
Related entity revenues	62,173	(62,173)	-
Net assets released from restrictions	42,107,576	(42,107,576)	-
<b>Total revenues and other support</b>	<b>29,366,710</b>	<b>(55,065,918)</b>	<b>(25,699,208)</b>
<b>Expenses</b>			
Program services:			
Academic support	5,903,899	-	5,903,899
Alumni relations	3,396,272	-	3,396,272
Institutional support	166,725	-	166,725
Instruction	12,027,643	-	12,027,643
Intercollegiate athletics	1,752,952	-	1,752,952
Public service	957,079	-	957,079
Research	5,196,246	-	5,196,246
Student aid	9,380,420	-	9,380,420
Student services	1,303,610	-	1,303,610
Support services:			
Fundraising and development	7,617,008	-	7,617,008
Management and general	2,233,656	-	2,233,656
Related entity operations	6,874,807	-	6,874,807
<b>Total expenses</b>	<b>56,810,317</b>	<b>-</b>	<b>56,810,317</b>
<b>Changes in net assets</b>	<b>(27,443,607)</b>	<b>(55,065,918)</b>	<b>(82,509,525)</b>
<b>Net assets - beginning of year</b>	<b>156,422,727</b>	<b>561,517,784</b>	<b>717,940,511</b>
<b>Net assets - end of year</b>	<b>\$ 128,979,120</b>	<b>\$ 506,451,866</b>	<b>\$ 635,430,986</b>

## The Ohio University Foundation and Subsidiaries

### Consolidated Statements of Activities (Continued) Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and other support</b>			
Gifts and contributions			
Contributions of cash and financial assets	\$ 1,740,824	\$ 32,508,506	\$ 34,249,330
Contributions of nonfinancial assets	-	9,343,092	9,343,092
University support	3,460,441	-	3,460,441
Income from investments:			
Interest and dividends	2,162,012	3,915,906	6,077,918
Realized gain (loss)	3,774,452	7,152,371	10,926,823
Unrealized gain (loss)	45,801,942	87,372,504	133,174,446
Revenues from sales and events	4,387,403	955	4,388,358
Gain (loss) on split-interest agreements	-	2,060,170	2,060,170
Other	65,164	40,628	105,792
Related entity revenues	58,175	(58,175)	-
Net assets released from restrictions	33,505,410	(33,505,410)	-
<b>Total revenues and other support</b>	<b>94,955,823</b>	<b>108,830,547</b>	<b>203,786,370</b>
<b>Expenses</b>			
Program services:			
Academic support	940,330	-	940,330
Alumni relations	3,287,341	-	3,287,341
Institutional support	375,066	-	375,066
Instruction	10,637,263	-	10,637,263
Intercollegiate athletics	2,060,559	-	2,060,559
Public service	732,321	-	732,321
Research	4,084,224	-	4,084,224
Student aid	8,623,782	-	8,623,782
Student services	614,108	-	614,108
Support services:			
Fundraising and development	7,548,917	-	7,548,917
Management and general	2,074,716	-	2,074,716
Related entity operations	5,445,814	-	5,445,814
<b>Total expenses</b>	<b>46,424,441</b>	<b>-</b>	<b>46,424,441</b>
<b>Changes in net assets</b>	<b>48,531,382</b>	<b>108,830,547</b>	<b>157,361,929</b>
<b>Net assets - beginning of year</b>	<b>107,891,345</b>	<b>452,687,237</b>	<b>560,578,582</b>
<b>Net assets - end of year</b>	<b>\$ 156,422,727</b>	<b>\$ 561,517,784</b>	<b>\$ 717,940,511</b>

# The Ohio University Foundation and Subsidiaries

## Consolidated Statements of Cash Flows Years Ended June 30, 2022 and 2021

	2022	2021
<b>Cash Flows from Operating Activities</b>		
Changes in net assets	\$ (82,509,525)	\$ 157,361,929
Adjustments to reconcile changes in net assets to net cash from operating activities		
Realized investment (gains) losses - net	(21,616,246)	(10,926,823)
Noncash items:		
Depreciation and amortization	1,157,042	1,196,502
Unrealized investment gains - net	102,378,698	(133,174,446)
(Increase) decrease in cash surrender value of life insurance policies	67,442	(26,484)
(Increase) decrease in investments subject to annuity agreements	104,644	(656,707)
(Increase) decrease in charitable remainder trust assets	2,195,670	(2,709,406)
(Increase) decrease in beneficial interest in assets held by others	57,887	(87,127)
Decrease in annuity obligations	(493,447)	(81,975)
Increase (decrease) in trust obligations	(573,176)	448,514
Contributions of securities	(2,066,320)	(1,266,415)
Contributions of property and equipment	-	(470,000)
Contributions restricted for endowment investments	(13,888,864)	(16,541,037)
Changes in current assets and liabilities:		
(Increase) decrease in accounts receivable	3,505,772	(3,662,929)
Decrease in pledges receivable	(466,510)	(1,061,463)
(Increase) decrease in bequests receivable	1,343,590	(8,573,266)
(Increase) decrease in interest and dividends receivable	(63,787)	312,586
Decrease in prepaid expenses	(89,899)	(258,193)
Increase in other assets	(13,292)	(3,924)
Increase (decrease) in accounts payable	4,307,985	(594,606)
Increase (decrease) in other liabilities	(47,661)	1,153,989
Increase (decrease) in deposits held in custody for others	12,954	(42,292)
Net cash used in operating activities	<u>(6,697,043)</u>	<u>(19,663,573)</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	(1,316,207)	(1,415,813)
Purchases of investments	(144,061,784)	(428,334,061)
Proceeds from sales of investments	139,900,167	448,986,560
Contributions to new charitable gift annuities	-	(40,000)
Distributions from charitable gift annuities	1,242,203	298,503
Contributions to new charitable remainder trusts	(23,177)	(248,049)
Distributions from charitable remainder trusts	878,318	852,669
Transfers to The Columbus Foundation	-	(711,386)
Distributions from The Columbus Foundation	34,000	19,100
Net cash provided by (used in) investing activities	<u>(3,346,480)</u>	<u>19,407,523</u>
<b>Cash Flows from Financing Activities</b>		
Contributions restricted for endowment investment	13,888,864	16,541,037
Payments on notes and bonds payable	(1,329,079)	(543,196)
Issuance of long-term debt	208,460	-
Net cash provided by financing activities	<u>12,768,245</u>	<u>15,997,841</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	2,724,722	15,741,791
<b>Cash and Cash Equivalents - Beginning of year</b>	<u>26,970,334</u>	<u>11,228,543</u>
<b>Cash and Cash Equivalents - End of year</b>	<u>\$ 29,695,056</u>	<u>\$ 26,970,334</u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid during the year for interest	\$ 62,421	\$ 73,864
Cash paid during the year for income taxes	175,000	(64,084)
<b>Supplemental Disclosure of Non-Cash Activities</b>		
Contributions of securities	\$ 2,066,320	\$ 1,266,415
Contributions of property and equipment	-	470,000

### Note 1 - Organization and Operation

The Ohio University Foundation (the "Foundation"), a component unit of Ohio University, was incorporated in Ohio in October 1945 to support the educational undertakings of Ohio University (the "University"). The Foundation is authorized to solicit and receive gifts and contributions for the benefit of the University and to ensure that funds and property received are applied to the uses specified by the donor.

The Foundation's wholly owned subsidiary, Inn-Ohio of Athens, Inc. (the "Inn"), owns and operates a 139-room hotel and restaurant facility in Athens, Ohio known as The Ohio University Inn and Conference Center (see Note 14).

The Sugar Bush Foundation ("Sugar Bush") is an Ohio not-for-profit corporation, and is a supporting organization as defined in Code Section 509(a)(3). Sugar Bush has pledged to commit all of its charitable distributions to The Foundation. Upon dissolution of Sugar Bush and payment of all Sugar Bush liabilities, all of its assets shall be transferred to the Foundation, provided the Foundation is then recognized as a nonprofit Ohio corporation and as a tax-exempt organization under Section 501(c)(3) of the Code. The Foundation consolidates this supporting organization that is deemed to be financially interrelated (see Note 15).

The Russ LLCs are four limited liability companies (Fritz J. and Dolores H. Russ Holdings LLC, Russ North Valley Road LLC, Russ Research Center LLC and Russ Center North LLC) created to receive and hold property distributions from The Dolores H. Russ Trust for the benefit of the Russ College of Engineering. The limited liability companies are treated as disregarded entities for federal income tax purposes. The Foundation is the sole member of Fritz J. and Dolores H. Russ Holdings LLC. Fritz J. and Dolores H. Russ Holdings LLC is the sole member of Russ North Valley Road LLC, Russ Research Center LLC, and Russ Center North LLC (see Note 16).

Ohio University Foundation Real Estate LLC (the "Real Estate LLC") was established during fiscal year 2022 to provide for a separate entity to receive gifts and other transfers of real property to be held, transferred, or sold for the benefit of the Foundation and its purposes. The Foundation is the sole member of the LLC (see Note 17).

### Note 2 - Summary of Significant Accounting Policies

**Basis of Accounting and Presentation-** The consolidated financial statements of the Foundation have been prepared in conformance with accounting principles generally accepted in the United States of America. The accompanying consolidated financial statements present the financial position and results of activities of the Foundation and its wholly owned subsidiary and other related entities - the Inn, one supporting organization, and five limited liability companies. All intercompany transactions have been eliminated.



**Note 2 - Summary of Significant Accounting Policies (Continued)**

Financial statements of not-for-profit organizations measure aggregate net assets and net asset activity based on the absence or existence of donor-imposed restrictions. Brief definitions of the two net asset classes are presented below:

*Net Assets Without Donor Restrictions* – Net assets derived from gifts and other institutional resources that are not subject to explicit donor-imposed restrictions. Net assets without donor restrictions also include board designated funds functioning as endowment.

*Net Assets With Donor Restrictions* – Net assets that are subject to explicit donor-imposed restrictions on the expenditure of contributions or income and gains on contributed assets and net assets from endowments not yet appropriated for spending by the Foundation. In addition, net assets with donor restrictions include restricted contributions from donors classified as funds functioning as endowment. The Foundation records as net assets with donor restrictions the original amount of gifts which donors have given to be maintained in perpetuity. Restrictions include support of specific schools or departments of the University, for professorships, research, faculty support, scholarships and fellowships, building construction and other purposes. When time and purpose restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions.

## The Ohio University Foundation and Subsidiaries

### Notes to Consolidated Financial Statements June 30, 2022 and 2021

#### Note 2 - Summary of Significant Accounting Policies (Continued)

**Liquidity and Availability of Resources** – The Foundation’s financial assets available within one year of the Statements of Financial Position for general expenditure as of June 30 are as follows:

	2022	2021
Total assets, at year end	\$ 647,369,971	\$ 727,793,460
Less nonfinancial assets:		
Prepaid expenses	580,209	490,310
Assets held for sale	2,876,392	-
Property and equipment, net of depreciation	9,788,807	12,506,034
Other assets	147,155	133,863
Financial assets, at year end	633,977,408	714,663,253
Less those unavailable for general expenditure within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	77,639,900	69,105,786
Donor-restricted permanent endowments subject to appropriation and satisfaction of donor restrictions	365,454,512	415,895,435
Board-designated (quasi) endowments created with donor-restricted funds	38,655,874	45,859,463
Life insurance cash surrender value	1,165,466	1,232,908
Investments held in annuities and trusts	17,379,932	21,777,590
Beneficial interest in assets held by others	687,526	779,413
Financial assets held by Foundation subsidiaries	8,672,950	9,966,937
Board designations:		
Quasi-endowment funds without donor restrictions	112,280,710	135,518,485
Quasi-endowment spending account balances without donor restrictions	1,002,150	739,701
Subtotal of amounts unavailable for general expenditure within one year	622,939,020	700,875,718
Plus endowment distributions made available for general expenditure within one year due to:		
Endowment distributions without purpose restrictions	48,667	43,680
Endowment management fee	8,015,016	7,821,337
Subtotal of endowment distributions without donor restrictions or board designations	8,063,683	7,865,017
Financial assets available to meet cash needs for general expenditures	\$ 19,102,071	\$ 21,652,552

**Note 2 - Summary of Significant Accounting Policies (Continued)**

The Foundation is substantially supported by restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in various short- and long-term investments. These investment pools offer sufficient liquidity to enable the Foundation to access funds, as necessary, to cover any immediate cash needs.

Additionally, the Foundation had board-designated (quasi) endowment funds created with donor-restricted funds, with accumulated earnings of \$112,280,710 and \$135,518,485 for the years ended June 30, 2022 and 2021, respectively. Although the Foundation does not intend to spend from this endowment, other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment funds could be made available if and when necessary. Note 10 further describes spending from endowments.

Reserve funds in the amount of \$2,805,495 and \$7,853,792 were accumulated for the years ended June 30, 2022 and 2021, respectively, in accordance with the Foundation's Contingency and Operating Reserves Policy, as adopted in February 2014. The reserve is intended to stabilize the Foundation's finances and may be used for significant legal settlements, a large unanticipated loss in funding, or one-time, nonrecurring expenses that will build long-term capacity, such as projects addressing critical needs or unique opportunities deemed to be consistent with the mission of the University. The Foundation also realizes that there could be unanticipated liquidity needs.

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

**Reclassifications** - Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications had no effect on previously reported changes in net assets or total net assets.

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Concentration of Credit Risk** - Financial instruments, which potentially subject the Foundation to a concentration of credit risk, consist principally of pledges receivable, investments for the Foundation, and receivables related to operations of the Inn and Russ Research Center LLC. Exposure to losses on pledges receivable is principally dependent on each donor's financial condition. The Foundation monitors the exposure for credit losses and maintains allowances for anticipated losses on receivables.

Investments are recorded at fair value. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the Foundation's consolidated statements of financial position and activities.

The management company that operates the Inn is responsible for collection of receivables and it provides a reserve for any estimated uncollectible balances, as appropriate. The property management staff that operates the Russ Research Center LLC is responsible for collection of receivables and provides a reserve for any estimated uncollectible balances, as appropriate.

**Cash** - The Foundation's cash and cash equivalents were \$29,695,056 and \$26,970,334 as of June 30, 2022 and 2021, respectively, the majority of which are bank balances. Of the bank balances, \$28,955,453 and \$25,949,042 as of June 30, 2022 and 2021, respectively, was uninsured by the Federal Deposit Insurance Corporation (FDIC) but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

**Cash Equivalents** - The Foundation considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

**Intentions** - The Foundation receives communications from donors indicating that the Foundation has been included in the donor's will or life insurance policy as beneficiary, representing intentions to give rather than promises to give. Such communications are not unconditional promises to give because the donors retain the ability to modify their wills and insurance policies during their lifetimes. The total realizable value of these intended gifts has not been established, nor have the intended gifts been recognized as an asset or contribution revenue. Such gifts are recorded when the Foundation is notified of the donor's death, the will is declared valid by a probate court, and the proceeds are measurable.

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Investments** - Investments in securities are recorded at fair value based on quoted market values, with changes in market value during the year reflected in the consolidated statements of activities. Investments not publicly traded are either stated at cost, which approximates market, or at appraised market values when applicable. Alternatives are recorded at their most recent available valuation as provided by the investment custodian. Purchases and sales of investments are accounted for as of the trade date. See Note 4 for the valuation policy for alternative investments.

**Cash Surrender Value of Insurance Policies** - The Foundation records as an asset the cash surrender value of insurance policies for which it is the owner and beneficiary.

**Property and Equipment** - Property and equipment are recorded at the estimated fair value, if received as a gift, or at the purchase cost, plus any expenditures for improvements.

Depreciation of buildings is recorded over periods ranging from 20 to 40 years using the straight-line method. Depreciation and amortization of other property, equipment, and improvements are recorded over periods ranging from 2 to 15 years using the straight-line method.

Annually, or more frequently if events or circumstances change, a determination is made by management to ascertain whether property and equipment and intangibles have been impaired based on the sum of expected future undiscounted cash flows from operating activities. If the estimated net cash flows are less than the carrying amount of such assets, the Foundation will recognize an impairment loss in an amount necessary to write down the assets to a fair value as determined from expected future discounted cash flows. Based upon its most recent analysis, the Foundation has determined that no impairment to the carrying value of its long-lived assets existed as of June 30, 2022 and 2021.

**Assets Held for Sale** - During the fiscal year ended June 30, 2022, the Foundation approved a plan to sell the Russ Research Center. As a result, a majority of the Russ Research Center's fixed assets have been reclassified to from Property and equipment – net to Assets held for sale and are valued at net book value. See Note 16 for more information.

**Gifts and Contributions** - Contributions are recorded at their fair value on the date of receipt. All contributions are considered to be without donor restrictions unless specifically restricted by the donor. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as revenue with donor restrictions. When a donor restriction expires (when a stipulated time restriction ends or the purpose of restriction is accomplished), net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Contributed property is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used or restrict the use of such assets for a specific purpose, the contributions are recorded as donor-restricted support. In the absence of such stipulations, contributions of property are recorded as support without donor restrictions.

**Note 2 - Summary of Significant Accounting Policies (Continued)**

Contributions of charitable gift annuities are reduced by the actuarially determined liability resulting from acceptance of the gift. Contributions are held in charitable trusts at the present value of their estimated future benefits to be received when the trust assets are distributed upon notification of the donor's death (see Note 5).

**Income from Investments** - Investment income earned is credited to net assets with donor restrictions if restricted by the donor or by state law. Otherwise, investment income earned is credited to net assets without donor restrictions. All investment income is recorded net of investment management fees.

**Revenues from Sales and Events** - Revenues from merchandise sales and event registration fees are recognized as earned. Revenue is recognized from the Inn's room, restaurant, and beverage facilities and services as earned on the close of business each day. Rental income is recognized when rent becomes due over the terms of the Russ Research Center LLC's tenant leases. Rental payments received in advance of the rental income recognition are recorded as deferred income in the accompanying statements of financial position.

**Functional Allocation of Expenses** - The costs of providing the various programs and support services have been summarized on a functional basis in the consolidated statements of activities. Certain costs have been allocated among the programs and support services benefited. Salaries and benefits are allocated based on the functions of the employees being paid. Supplies, services, and travel expenses are allocated on the basis of the program or support service incurring those costs. Occupancy, maintenance and repairs expense is allocated on the basis of the program or support service which uses the space being maintained. Depreciation is allocated on the basis of the program or support service which uses the fixed asset. Although methods of allocation used are considered appropriate, other methods could be used that would produce different amounts. See Note 13 for additional details describing the how costs are distributed by both function and natural expense.

**Income Taxes** - The Internal Revenue Service has determined that the Foundation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code, except for taxes on unrelated income. The provision for income taxes for the Inn, a for-profit corporation, including deferred tax expense (recovery), totaled \$(66,583) and \$(46,462) for the years ended June 30, 2022 and 2021, respectively. The provision is primarily comprised of federal and city taxes. Of these amounts, \$24,172 and \$(7,362) represent current tax expense for the years ended June 30, 2022 and 2021, respectively. The deferred taxes are a result of differences between book and tax depreciation and are presented as long-term other liabilities on the statements of financial position. There are no income taxes on the Russ LLCs as they are disregarded entities.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and to recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon

**Note 2 - Summary of Significant Accounting Policies (Continued)**

examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Foundation and has concluded that as of June 30, 2022 and 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the consolidated financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes that it is no longer subject to income tax examinations for years prior to June 30, 2019.

**Recently Adopted Accounting Pronouncements** – In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. The objective of the ASU is to increase transparency about contributed nonfinancial assets such as fixed assets, intangibles and services. The ASU requires that contributed nonfinancial assets be presented as a separate line in the statement of activities, apart from contributions of cash and other financial assets. In addition, the ASU requires disclosure about the how the assets are used or monetized, including any associated donor/grantor restrictions and how they are valued at initial recognition. The ASU has been applied retrospectively to all periods presented, with no effect on net assets or previously issued financial statements.

**Upcoming Accounting Pronouncements** – The FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which will supersede the current lease requirements in ASC 840. This guidance is intended to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases that extend more than twelve months. Key provisions in this guidance include additional disclosures surrounding the amount, timing and uncertainty of cash flows arising from leases. Application of the new lease standard is not expected to have a significant effect on the Foundation's financial statements. The new lease guidance will be effective for the Foundation's year ending June 30, 2023 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented.

**Subsequent Events** - The consolidated financial statements and related disclosures include evaluation of events up through and including October 14, 2022, which is the date the consolidated financial statements were available to be issued.

**Note 3 - Pledges Receivable**

Pledges receivable consist of the following unconditional promises to give as of June 30, 2022 and 2021:

	2022	2021
Purpose:		
Endowment	\$ 3,079,639	\$ 3,805,161
Capital purposes	1,208,051	5,103,108
Operating programs	6,108,077	4,339,525
Pledges receivable, gross	10,395,767	13,247,794
Less: Discount to present value	(257,905)	(495,315)
Less: Allowance for uncollectible accounts	(810,429)	(3,891,556)
Pledges receivable, net	<u>\$ 9,327,433</u>	<u>\$ 8,860,923</u>
Amounts due in:		
Less than one year	\$ 6,489,010	\$ 5,298,087
One to five years	2,584,212	3,320,481
More than five years	254,211	242,355
	<u>\$ 9,327,433</u>	<u>\$ 8,860,923</u>

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount on those amounts is computed using an assumed inflation rate at the time the pledge is made. The discount rate utilized was 2.31 for pledges made during the year ended June 30, 2022 and 2.27 percent for the year ended June 30, 2021. Amortization of the discounts is included in contribution revenue. Unconditional promises to give, which are silent as to the due date, are presumed to be time restricted by the donor until received and are reported as net assets with donor restrictions. Conditional promises to give are not included as support until the conditions on which they depend are substantially met.

The allowance for uncollectible pledges is a general valuation based on the percentage of prior years' pledge write-offs. Specific pledges deemed to be uncollectible are charged against the allowance for uncollectible pledges in the period in which the determination is made. Both the general allowance and the specific write-offs are reported as a loss on fair value of pledges receivable in the statements of activities, unless the general allowance is insufficient to absorb the write-off. In that case, specific write-offs are reported as a fundraising expense in the statements of activities.

As of June 30, 2022, the Foundation has approximately \$131.7 million in numerous outstanding commitments that are considered to be intentions to give and are contingent upon future events. These commitments are not accrued as pledges receivable or recognized as revenue because they do not represent unconditional promises to give.



**Note 4 - Fair Value Measurements**

The Foundation's investments include endowed funds, as well as a portion of working capital funds. The Foundation's investment policy provides that the long-term objective of the investment pool is to maximize the real return, or the nominal return less inflation, of the assets over a complete market cycle with emphasis on preserving capital and reducing volatility through prudent diversification. Furthermore, the investment strategy seeks to provide real growth of assets in excess of endowment spending requirements plus inflation.

The Foundation reports investments, split-interest agreements and beneficial interest in assets held by others at estimated fair value, in accordance with the fair value hierarchy prescribed by Financial Accounting Standards Board Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*. The framework for determining fair value is based on a hierarchy that prioritizes the valuation techniques and inputs used to measure fair value, as follows:

**Level 1** - Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access. The Foundation's Level 1 assets consist primarily of fixed-income or equity mutual funds, publicly traded large- and small-cap stocks, and REITs. Prices for these investments are widely available through major financial reporting services.

**Level 2** - Inputs other than quoted prices that are observable, either directly or indirectly. These may include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals. The Foundation's Level 2 assets include bonds and bond mutual funds.

**Level 3** - Inputs that are unobservable, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability. The Foundation's Level 3 assets include private real estate. They also include split-interest agreements that are valued using an actuarial approach. The Foundation has processes in place to select the appropriate valuation technique and unobservable inputs to perform Level 3 fair value measurements.

Certain assets are measured at net asset value (NAV) as a practical expedient for establishing fair value.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the least observable input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. The Foundation's fair value assets, by level, at June 30, 2022 and 2021 are summarized in the following tables:

# The Ohio University Foundation and Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2022 and 2021

### Assets Measured at Fair Value on a Recurring Basis at June 30, 2022

	Fair Value at Reporting Date Using				June 30, 2022 Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)	
<u>Investments</u>					
Fixed-income investments:					
Money market mutual funds	\$ 13,129,849	\$ -	\$ -	\$ -	\$ 13,129,849
Bonds and bond mutual funds	92,367,967	-	-	-	92,367,967
Subtotal fixed income	105,497,816	-	-	-	105,497,816
Public equity investments:					
Domestic large-cap equity (1)	169,090,275	-	-	22,829,581	191,919,856
Domestic small-cap equity	17,178,834	-	-	-	17,178,834
Developed international equity (2)	54,301,179	-	-	31,304,837	85,606,016
Emerging markets international equity (3)	24,728,460	-	-	13,643,296	38,371,756
Public real assets funds	27,868,579	-	-	-	27,868,579
Subtotal public equity	293,167,327	-	-	67,777,714	360,945,041
Alternative investments:					
Hedge funds (4)	-	-	-	33,663,013	33,663,013
Private capital funds (5)	-	-	-	64,888,968	64,888,968
Private real estate funds (6)	-	-	127,880	-	127,880
Subtotal alternative investments	-	-	127,880	98,551,981	98,679,861
Total investments by fair value level	\$ 398,665,143	\$ -	\$ 127,880	\$ 166,329,695	\$ 565,122,718
<u>Split-Interest Agreements</u>					
Charitable gift annuity assets:					
Money market mutual funds	\$ 25,417	\$ -	\$ -	\$ -	\$ 25,417
Bonds and bond mutual funds	699,564	-	-	-	699,564
Domestic equity	421,398	-	-	-	421,398
International equity	271,708	-	-	-	271,708
Public real assets funds	247,527	-	-	-	247,527
Total charitable gift annuity assets	\$ 1,665,614	\$ -	\$ -	\$ -	\$ 1,665,614
Charitable trust assets:					
Money market mutual funds	515,764	-	-	-	515,764
Bonds and bond mutual funds	8,604,498	-	-	-	8,604,498
Domestic equity	2,479,344	-	-	-	2,479,344
International equity	1,668,541	-	-	-	1,668,541
Public real assets funds	2,268,943	-	-	-	2,268,943
Other (6)	-	-	177,228	-	177,228
Total charitable trust assets	\$ 15,537,090	\$ -	\$ 177,228	\$ -	\$ 15,714,318
Total split-interest agreements	\$ 17,202,704	\$ -	\$ 177,228	\$ -	\$ 17,379,932
<u>Beneficial interest in assets held by others</u>					
Assets held at The Columbus Foundation (7)	\$ -	\$ -	\$ 687,526	\$ -	\$ 687,526
Total fair value measurements	\$ 415,867,847	\$ -	\$ 992,634	\$ 166,329,695	\$ 583,190,176

# The Ohio University Foundation and Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2022 and 2021

### Assets Measured at Fair Value on a Recurring Basis at June 30, 2021

	Fair Value at Reporting Date Using				June 30, 2021 Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)	
<b>Investments</b>					
Fixed-income investments:					
Money market mutual funds	\$ 27,787,772	\$ -	\$ -	\$ -	\$ 27,787,772
Bonds and bond mutual funds	101,498,255	-	-	-	101,498,255
Subtotal fixed income	129,286,027	-	-	-	129,286,027
Public equity investments:					
Domestic large-cap equity (1)	196,877,879	-	-	25,817,806	222,695,685
Domestic small-cap equity	23,089,420	-	-	-	23,089,420
Developed international equity (2)	65,693,750	-	-	35,625,421	101,319,171
Emerging markets international equity (3)	31,055,480	-	-	19,292,352	50,347,832
Public real assets funds	12,746,006	-	-	-	12,746,006
Subtotal public equity	329,462,535	-	-	80,735,579	410,198,114
Alternative investments:					
Hedge funds (4)	-	-	-	31,541,390	31,541,390
Private capital funds (5)	-	-	-	68,503,822	68,503,822
Private real estate funds	-	-	127,880	-	127,880
Subtotal alternative investments	-	-	127,880	100,045,212	100,173,092
Total investments by fair value level	\$ 458,748,562	\$ -	\$ 127,880	\$ 180,780,791	\$ 639,657,233
<b>Split-Interest Agreements</b>					
Charitable gift annuity assets:					
Money market mutual funds	\$ 16,949	\$ -	\$ -	\$ -	\$ 16,949
Bonds and bond mutual funds	983,954	268,169	-	-	1,252,123
Domestic equity	786,548	-	-	-	786,548
International equity	502,609	-	-	-	502,609
Public real assets funds	454,232	-	-	-	454,232
Total charitable gift annuity assets	\$ 2,744,292	\$ 268,169	\$ -	\$ -	\$ 3,012,461
Charitable trust assets:					
Money market mutual funds	529,223	-	-	-	529,223
Bonds and bond mutual funds	10,084,992	38,062	-	-	10,123,054
Domestic equity	2,966,042	-	-	-	2,966,042
International equity	1,988,031	-	-	-	1,988,031
REITs	2,730,557	-	-	-	2,730,557
Private real estate (6)	-	-	208,000	-	208,000
Other (6)	-	-	220,222	-	220,222
Total charitable trust assets	\$ 18,298,845	\$ 38,062	\$ 428,222	\$ -	\$ 18,765,129
Total split-interest agreements	\$ 21,043,137	\$ 306,231	\$ 428,222	\$ -	\$ 21,777,590
<b>Beneficial interest in assets held by others</b>					
Assets held at The Columbus Foundation (7)	\$ -	\$ -	\$ 779,413	\$ -	\$ 779,413
Total fair value measurements	\$ 479,791,699	\$ 306,231	\$ 1,335,515	\$ 180,780,791	\$ 662,214,236

### Note 4 - Fair Value Measurements (Continued)

- (1) Domestic large cap equity funds include a commingled fund which invests in U.S. stocks with the objective of achieving over time a total return that exceeds that of the S&P 500 Composite Index. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.
- (2) Developed international equity mutual funds include an international large cap fund which uses a bottom up, research driven value strategy that focuses on maximizing intrinsic value. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.
- (3) Emerging markets international equity mutual funds include a fund which seeks to achieve total return in excess of the MSCI Emerging Markets Index through investing in the world's emerging stock markets. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.
- (4) Hedge funds include both absolute and total return funds that are broadly diversified across managers, investment strategies, and investment venues. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.
- (5) Private capital funds are broadly diversified across managers, investment stages, geography, industry sectors, and company size. This asset category includes private equity, private debt, private real estate and venture capital funds. It includes individual fund investments, as well as fund of funds investments. The fair values of the investments in this class have been estimated using the net asset value of the Organization's ownership interest in partners' capital. The investments in the private capital asset class cannot be redeemed with the funds. Distributions from each fund will be received only as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the fund will be liquidated over the next one to eleven years.
- (6) Level 3 assets represent real estate assets held in trust, as well as the present value of the revenue expected to be received from charitable trusts where the Foundation does not serve as trustee. The Foundation estimates the fair value of these assets based upon the present value of the expected future cash flows using management's best estimates of key assumptions including life expectancies of beneficiaries, payment periods, and a discount rate commensurate with market conditions and other risks involved. Significant changes in these key assumptions would result in a significantly lower or higher fair value measurement.
- (7) The beneficial interest in assets held at The Columbus Foundation has been valued, as a practical expedient, at the fair value of The Ohio University Foundation's share of The Columbus Foundation's investment pool as of the measurement date. The Columbus Foundation values securities and other financial instruments on a fair value basis of accounting. The Ohio University Foundation's share of The Columbus Foundation's investments are composed entirely of mutual fund investments that offer approximately 67 percent exposure to public equities and 33 percent exposure to bonds, with broad diversification across economic sectors. The beneficial interest in assets held at The Columbus Foundation is not redeemable by The Ohio University Foundation as described in Note 6.

Investments are reported as Level 3 assets if the valuation is based on significant unobservable inputs. Often, these assets trade infrequently, or not at all. For some Level 3 assets, both observable and unobservable inputs may be used to determine fair value. As a result, the unrealized gains and losses presented in the tables below may include changes in fair value that were attributable to both observable and unobservable inputs.

The Foundation's policy is to recognize transfers between levels of the fair value hierarchy as of the beginning of the reporting period. For the fiscal years ended June 30, 2022 and June 30, 2021, there were no transfers between levels of the fair value hierarchy.

# The Ohio University Foundation and Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2022 and 2021

Additional information on the changes in Level 3 assets is summarized in the tables below as of June 30, 2022 and 2021:

### Changes in Level 3 Assets Measured at Fair Value on a Recurring Basis for the Year Ended June 30, 2022

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
	Charitable Trust			
	Investments - Private Real Estate Funds	Assets - Private Real Estate	Charitable Trust Assets - Other	Beneficial Interest in Assets Held by Others
Beginning balance	\$ 127,880	\$ 208,000	\$ 220,222	\$ 779,413
Change in value of split-interest agreements included in changes in net assets:				
Payments to beneficiaries	-	-	(33,000)	-
Sale of trust investments	-	(229,511)	-	-
Realized gain (loss) on sale of trust investments	-	21,511	-	-
Change in actuarial estimate	-	-	(9,994)	-
Total change in value	-	(208,000)	(42,994)	-
Change in value of beneficial interest in assets held by others included in changes in net assets				
Investment income	-	-	-	34,000
Gains (losses) on beneficial interest in assets held at The Columbus Foundation, net of investment income recorded	-	-	-	(125,887)
Total change in value	-	-	-	(91,887)
Ending balance	\$ 127,880	\$ -	\$ 177,228	\$ 687,526

### Changes in Level 3 Assets Measured at Fair Value on a Recurring Basis for the Year Ended June 30, 2021

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
	Charitable Trust			
	Investments - Private Real Estate Funds	Assets - Private Real Estate	Charitable Trust Assets - Other	Beneficial Interest in Assets Held by Others
Beginning balance	\$ 127,880	\$ -	\$ 254,468	\$ -
Change in value of split-interest agreements included in changes in net assets:				
Contributions of new split-interest agreements	-	208,000	-	-
Payments to beneficiaries	-	-	(33,000)	-
Change in actuarial estimate	-	-	(1,246)	-
Total change in value	-	208,000	(34,246)	-
Change in value of beneficial interest in assets held by others included in changes in net assets				
Additional amounts invested	-	-	-	711,386
Investment income	-	-	-	19,100
Gains (losses) on beneficial interest in assets held at The Columbus Foundation, net of investment income recorded	-	-	-	48,927
Total change in value	-	-	-	779,413
Ending balance	\$ 127,880	\$ 208,000	\$ 220,222	\$ 779,413

**Note 4 - Fair Value Measurements (Continued)**

**Investments in Entities that Calculate Net Asset Value per Share**

The Foundation holds shares or interests in investment companies at year end whereby the fair value of the investment held is estimated based on the net asset value per share (or its equivalent) of the investment company.

The following table provides additional information regarding the fair value, liquidity, and unfunded commitment for investments where the NAV was used as a practical expedient.

	Investments Reported at Net Asset Value				
	June 30, 2022	June 30, 2021	June 30, 2022		
	Fair Value	Fair Value	Unfunded Commitment	Redemption Frequency, if Eligible	Redemption Notice Period
Domestic large cap equity	\$ 22,829,581	\$ 25,817,806	\$ -	Monthly	10 days
Developed international equity	31,304,837	35,625,421	-	Monthly	10 days
Emerging markets international equity	13,643,296	19,292,352	-	Monthly	5-30 days
Hedge funds	33,663,013	31,541,390	8,076,422	Quarterly or Annually	45-90 days
Private capital funds	64,888,968	68,503,822	93,289,149	None	None
Total	<u>\$ 166,329,695</u>	<u>\$ 180,780,791</u>	<u>\$ 101,365,571</u>		

**Note 5 - Split-interest Agreements**

**Charitable Gift Annuities** - Under charitable gift annuity agreements, all assets are held by the Foundation. Therefore, the Foundation has recorded the donated assets at fair value and the liabilities to the donor or his/her beneficiaries discounted to the present value of the estimated future payments to be distributed by the Foundation to such individuals. The amount of the contribution is the difference between the asset and liability and is recorded as contribution revenue. The Foundation uses the Internal Revenue Service (IRS) discount rate, or Applicable Federal Rate, to determine net present value of the liability. This rate is published monthly and represents the annual rate of return that the IRS assumes the gift assets will earn during the gift term. The discount rate for each charitable gift annuity is established at the beginning of the agreement. The discount rate applied to gift annuities held as of June 30, 2022 and 2021 ranged from 0.04 to 8.2 percent.

**Note 5 - Split-interest Agreements (Continued)**

**Charitable Remainder Trusts** - Under charitable remainder trust agreements, the Foundation serves as the remainderman and will receive the net assets of the trust upon death of the donor's beneficiary. During the life of the trust, the donor, or the donor-designated beneficiary, will receive regular payments as established by the trust.

In instances where the donor has not specifically reserved the right to change the remainderman, and all assets of the charitable remainder trust are maintained by a third-party trustee in an irrevocable trust for the benefit of the Foundation, the Foundation recognizes as contribution revenue the present value of the estimated future benefits to be received when the trust assets are distributed. The Foundation also recognizes a charitable trust asset at fair value, using as inputs the trust's investment market values, as well as the present value of the estimated future benefits to be received from the trust. The fair values of these trusts are disclosed as Level 3 assets in Note 4. The trustee disburses income earned on the assets of the charitable remainder trust to the donor or donor-designated beneficiaries.

In instances where the donor has not specifically reserved the right to change the remainderman, and the Foundation serves as the trustee, the Foundation will recognize the fair market value of the assets of the trust, as well as a liability for the net present value of future payments to be distributed by the Foundation to the donor or his/her designated beneficiaries. The amount of the contribution is the difference between the asset and liability at the inception of the trust. The Foundation uses the IRS discount rate, or Applicable Federal Rate, to determine net present value of the liability. This rate is published monthly and represents the annual rate of return that the IRS assumes the gift assets will earn during the gift term. The discount rate for each charitable remainder trust is established at the beginning of the agreement. The discount rate applied to charitable remainder trusts held at June 30, 2022 and 2021 ranged from 1.2 to 8.2 percent.

Certain charitable remainder trust transactions are not reported on the consolidated statements of financial position or the consolidated statements of activities as, in these cases, the remainderman can be changed by the donor prior to his/her death.

Adjustments to the charitable trust asset to reflect amortization of the discount, revaluation of the present value of the estimated future payments to the donor-designated beneficiaries, and changes in actuarial assumptions during the term of the trust are recognized as changes in the value of split-interest agreements. Upon the death of the donor-designated beneficiaries, the receivable is closed, the assets received from the trust are recognized at fair value, and any difference is reported as a change in the value of split-interest agreements.

**Note 5 - Split-interest Agreements (Continued)**

**Lead Trusts** - Charitable lead trusts provide an income stream to the Foundation for a set period of time established by the donor. The income stream is recorded at the net present value of the payments. Once the set period of time ends, the Foundation will no longer receive the income stream and the remaining principal is transferred back to the donor. If the Foundation serves as trustee, an asset and a liability will be recorded for the trust. The asset is booked at the fair market value. The liability is recorded at fair market value less the net present value of the income stream. If the Foundation does not serve as trustee, only the asset, at the net present value of the income stream, will be recorded for the trust. The Foundation uses the IRS discount rate, or Applicable Federal Rate, to determine net present value of the income stream. This rate is published monthly and represents the annual rate of return that the IRS assumes the gift assets will earn during the gift term. The discount rate for each charitable lead trust is established at the beginning of the agreement. The discount rate applied to the lead trusts held at June 30, 2022 and 2021 was 1.07 percent.

**Perpetual and Other Trusts** - Perpetual trusts are those trusts that provide a perpetual income stream to the Foundation but are held by a third party. An asset and revenue are recorded for the fair market value of the instrument. Each year, the net change in fair market value to the asset is recorded as an increase or decrease in revenue.

**Revocable Trusts** - Under revocable trust agreements, the Foundation serves as the remainderman and will receive the net assets of the trust upon death of the donor's beneficiary. All assets of the trust may be maintained by a third-party trustee for the benefit of the Foundation, or by the Foundation if named as a trustee. The trustee disburses income earned on the assets of the trust to the donor or donor-designated beneficiaries. Under revocable trust agreements, the donor maintains the ability to legally dissolve the trusts and may or may not reserve the right to change the remainderman. For these reasons, the Foundation does not report revocable trust transactions on the consolidated statements of financial position or the consolidated statements of activities if the trust is held by a third-party trustee.

**Note 6 – Beneficial Interest in Assets Held by Others**

During fiscal year 2021, the Foundation irrevocably transferred \$1,394,874 to The Columbus Foundation. This gift created a fund (the Fund) as provided for in the Amended Articles of Incorporation of The Columbus Foundation and any amendments or additions thereto at any time made. The variance power set forth in the Amended Articles of Incorporation shall apply if the purpose of the fund becomes unnecessary, undesirable, impractical or impossible to fulfill.



## The Ohio University Foundation and Subsidiaries

### Notes to Consolidated Financial Statements June 30, 2022 and 2021

#### Note 6 – Beneficial Interest in Assets Held by Others (Continued)

The Fund established is known as The Gates Foundation – Ross County Scholars’ Fund of The Ohio University Foundation of The Columbus Foundation. At least 51% of the net income and/or principal from this Fund shall be distributable for the benefit of Ohio University students, while the remaining 49% of such net income and/or principal may be distributable to other U.S. higher education institutions, for scholarships to deserving Ross County, Ohio students in either case.

The Foundation records the fair value of the Fund as Beneficial interest in assets held by others in the Statement of Financial Position and reports distributions received as investment income. Changes in the Fund for the years ended June 30, 2022 and June 30, 2021 are as follows:

	2022	2021
Valuations at the Foundation's share of 51%		
Balance at beginning of year	\$ 779,413	\$ -
Transfers to The Columbus Foundation	-	711,386
Share of appreciation of fund	(57,887)	87,127
Distributions	(34,000)	(19,100)
Balance at end of year	<u>\$ 687,526</u>	<u>\$ 779,413</u>

#### Note 7 - Property and Equipment

As of June 30, 2022 and 2021, property and equipment are as follows:

	2022	2021	Depreciable Life - Years
Land	\$ 2,460,874	\$ 3,293,174	
Land improvements	1,152,914	978,480	5-15
Building and building improvements	10,407,372	15,461,433	20-40
Furnishings, fixtures, and equipment	6,510,144	6,291,751	3-10
Depreciable gifted collections	1,550,000	1,550,000	30
Tenant improvements	-	541,709	2-5
Construction in progress	<u>814,710</u>	<u>551,906</u>	
Subtotal	22,896,015	28,668,455	
Less accumulated depreciation	<u>(13,107,208)</u>	<u>(16,162,421)</u>	
Property and equipment - Net	<u>\$ 9,788,807</u>	<u>\$ 12,506,034</u>	

Total depreciation expense of \$1,157,042 and \$1,196,502 was recorded in fiscal years 2022 and 2021, respectively.

## The Ohio University Foundation and Subsidiaries

Notes to Consolidated Financial Statements  
June 30, 2022 and 2021

### Note 7 - Property and Equipment (Continued)

During the fiscal year ended June 30, 2022, the Foundation approved a plan to sell the Russ Research Center. As a result, a majority of the Russ Research Center's fixed assets have been reclassified to from Property and equipment – net to Assets held for sale (See Note 16).

### Note 8 - Related-Party Debt

In March 2019, the Foundation entered into an internal loan agreement for \$1,712,750 with Ohio University to fund the renovation of the Konneker Alumni Center, which is owned by the Foundation. Both the University and Foundation Boards of Trustees approved the project and funding it through an internal loan. The loan was to be repaid over a period of no more than 10 years. The interest rate was 4.75 percent, compounded quarterly, and was variable based on the blended cost of the University's outstanding debt plus an administrative fee. The loan, which had a balance of \$1,320,559 as of June 30, 2021, was retired during the fiscal year ended June 30, 2022, following approval from the Foundation Board of Trustees at its March 2022 meeting.

### Note 9 - Net Assets

The Foundation's net assets, by restriction, as of June 30, 2022 and 2021, include:

	2022	2021
With Donor Restrictions:		
Donor-restricted endowments, perpetual in nature	\$ 365,454,512	\$ 415,895,435
Beneficial interest in assets held by others	687,526	779,413
Board-designated (quasi) endowments created with donor-restricted funds	38,655,874	45,859,463
Property, plant and equipment	1,454,500	1,506,167
Planned gift expectancies	30,873,955	34,110,003
Unexpended gift balances	63,856,843	56,500,114
Net assets held by Sugar Bush	5,468,656	6,867,189
Net assets with donor restrictions	<u>506,451,866</u>	<u>561,517,784</u>
Without Donor Restrictions:		
Earnings on board-designated (quasi) endowments	112,280,710	135,518,485
Equity in the Inn	5,955,695	5,233,756
Net assets held by Russ LLCs	4,305,281	4,377,325
Net assets held by Real Estate LLC	2,629,789	-
Property, plant and equipment	-	2,699,668
Unspent board-designated endowment distributions	1,002,150	739,701
Undesignated	2,805,495	7,853,792
Net assets without donor restrictions	<u>128,979,120</u>	<u>156,422,727</u>
Total net assets	<u>\$ 635,430,986</u>	<u>\$ 717,940,511</u>

**Note 9 - Net Assets (Continued)**

The Foundation's net assets, by purpose, as of June 30, 2022 and 2021, include:

	2022	2021
Net assets with donor restrictions:		
Discretionary and general support	\$ 102,040,818	\$ 113,530,284
Chairs and professorships	63,835,125	72,169,860
Research	20,524,429	23,326,523
Scholarships, fellowships and awards	209,658,920	224,083,805
Capital improvements and renovations	4,087,457	3,577,731
Other	106,305,117	124,829,581
Total net assets with donor restrictions	<u>506,451,866</u>	<u>561,517,784</u>
Net assets without donor restrictions	<u>128,979,120</u>	<u>156,422,727</u>
Total net assets	<u><u>\$ 635,430,986</u></u>	<u><u>\$ 717,940,511</u></u>

**Note 10 - Donor-restricted and Board-designated Endowments**

The Foundation's endowment includes both donor-restricted endowment funds and board-designated (quasi) endowment funds created with net assets with donor restrictions. The Foundation's board-designated (quasi) endowments have been created with gifts that were restricted by the donor for the benefit of a particular college within the University. These quasi endowments have been included in the following schedules because they have been invested to provide income for a long, but unspecified period in accordance with board-imposed restrictions. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions or board-imposed restrictions.

**Interpretation of Relevant Law** - The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the contributed value of the original gift of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as endowment corpus, and presented within net assets with donor restrictions, (a) the original value of gifts donated to the endowment corpus, (b) the original value of subsequent gifts to the endowment corpus, and (c) accumulations to the endowment corpus made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as endowment corpus is classified as accumulated endowment gains and presented within net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

**Note 10 - Donor-restricted and Board-designated Endowments (Continued)**

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to distribute or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the gifting organization or individual 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

**Endowment Net Asset Composition by Type of Fund as of June 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment	\$ -	\$ 365,454,512	\$ 365,454,512
Board designated (quasi) endowment created with donor restricted funds	<u>112,280,710</u>	<u>38,655,874</u>	<u>150,936,584</u>
Total funds	<u>\$ 112,280,710</u>	<u>\$ 404,110,386</u>	<u>\$ 516,391,096</u>

**Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets - Beginning of the year	\$ 135,518,485	\$ 461,754,898	\$ 597,273,383
Net realized and unrealized gains and losses and investment income	(20,153,924)	(47,112,406)	(67,266,330)
Contributions	-	13,888,864	13,888,864
Spending policy transfer	(460,253)	(17,429,412)	(17,889,665)
Transfers from board-designated (quasi) endowments	-	(1,792,855)	(1,792,855)
Endowment management fee	<u>(2,623,598)</u>	<u>(5,198,703)</u>	<u>(7,822,301)</u>
Net Assets - End of the year	<u>\$ 112,280,710</u>	<u>\$ 404,110,386</u>	<u>\$ 516,391,096</u>

Note 10 - Donor-restricted and Board-designated Endowments (Continued)

Endowment Net Asset Composition by Type of Fund as of June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment	\$ -	\$ 415,895,435	\$ 415,895,435
Board-designated (quasi) endowment created with donor-restricted funds	<u>135,518,485</u>	<u>45,859,463</u>	<u>181,377,948</u>
Total funds	<u>\$ 135,518,485</u>	<u>\$ 461,754,898</u>	<u>\$ 597,273,383</u>

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets - Beginning of the year	\$ 95,152,150	\$ 373,023,345	\$ 468,175,495
Net realized and unrealized gains and losses and investment income	43,566,160	97,080,767	140,646,927
Contributions	-	16,541,037	16,541,037
Spending policy transfer	(407,851)	(17,113,215)	(17,521,066)
Transfers from board-designated (quasi) endowments	-	(1,117,758)	(1,117,758)
Transfers to other foundations	-	(1,375,735)	(1,375,735)
Endowment management fee	<u>(2,791,974)</u>	<u>(5,283,543)</u>	<u>(8,075,517)</u>
Net Assets - End of the year	<u>\$ 135,518,485</u>	<u>\$ 461,754,898</u>	<u>\$ 597,273,383</u>

**Accumulated Investment Income** – The endowment tables above include both original investments, as well as accumulated investment income. For the fiscal year ended June 30, 2022, the \$365.5 million reported as donor-restricted endowments with donor restrictions includes donor-restricted endowment corpus of \$267.8 million and accumulated investment income of \$97.7 million. The \$150.9 million reported as board-designated (quasi) endowment created with donor restricted funds includes donor-restricted original investment of \$38.6 million and accumulated investment income without donor restrictions of \$112.3 million. For the fiscal year ended June 30, 2021, the \$415.9 million reported as donor-restricted endowments with donor restrictions includes donor-restricted endowment corpus of \$253.7 million and accumulated investment income of \$162.2 million. The \$181.4 million reported as board-designated (quasi) endowment created with donor restricted funds includes donor-restricted original investment of \$45.9 million and accumulated investment income without donor restrictions of \$135.5 million. As of the fiscal years ended June 30, 2022 and 2021, the Foundation did not have any board-designated (quasi) endowment funds that were created with funds without donor restrictions.

**Note 10 - Donor-restricted and Board-designated Endowments (Continued)**

**Funds with Deficiencies** - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the contributed value that the donor or UPMIFA requires the Foundation to retain as the corpus. These funds are known as “underwater accounts.” These deficiencies resulted from unfavorable market fluctuations and allowable distributions made over time. The Foundation held 142 and 3 underwater endowment funds at June 30, 2022 and 2021, respectively. The detail of the underwater accounts’ deficiency at June 30, 2022 and 2021 is as follows:

	2022	2021
Fair value of underwater endowment funds	\$ 15,808,847	\$ 8,915
Contributed value of gifts of underwater endowment funds	16,863,686	28,430
Deficiency	<u>\$ (1,054,839)</u>	<u>\$ (19,515)</u>

**Return Objectives and Risk Parameters** - The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the long-term purchasing power of the endowment assets. Endowment assets include donor-restricted funds that are held in perpetuity or for donor-specified periods, as well as board-designated funds. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to outperform, over rolling 36-month periods, a composite benchmark of appropriately weighted indices, while maintaining acceptable risk levels. The Foundation anticipates that the endowment funds will provide average annual rates of return of approximately 7.5 percent in the long-term and 6.7 percent in the intermediate-term, net of investment management fees approximately 0.6 percent. Actual returns in any given year may vary from this amount.

**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 return objectives within prudent risk constraints.

**Spending Policy** - For the fiscal year ended June 30, 2022, the Foundation’s spending policy stipulated that 5.8 percent of a three-year moving average of the market value of the endowment was available to spend, with 1.8 percent of the amount being allocated to support the Foundation’s administrative expenses. The spending rate applied to all endowments with market values that were at least ninety percent of the historic gift value. Underwater endowments with a market value of at least eighty percent but less than ninety percent of the historic gift value distributed 4.0 percent of a three-year moving average of the market value of the endowment, with 1.0 percent of the amount being allocated to support the Foundation’s administrative expenses. Underwater endowments with a market value of less than eighty percent of the historic gift value distributed

1.0 percent of a three-year moving average of the market value of the endowment, with none of that amount being allocated to support the Foundation’s administrative expenses. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow the endowment to grow at an average of 1.7 percent annually. 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 investment returns and new gifts.

**Note 11 – Contributions of Nonfinancial Assets**

For the years ended June 30, 2022 and June 30, 2021, contributed nonfinancial assets recognized within the statement of activities included the following:

	<u>2022</u>	<u>2021</u>
Software licenses	\$ 11,244,776	\$ 8,838,276
Artwork	3,780,500	470,000
Equipment	100,500	-
Instructional supplies	4,174	34,816
Other supplies	93,864	-
Total contributions of nonfinancial assets	<u>\$ 15,223,814</u>	<u>\$ 9,343,092</u>

The Foundation recognized contributed nonfinancial assets within revenue, including software licenses, artwork, equipment, instructional supplies and other supplies. The Foundation’s policy provides that, unless otherwise specified as a condition of the gift, the Foundation, in assuring that the donor’s intent for the gift is honored, may retain the gift, transfer it to the University, or liquidate it for the University’s benefit. Unless otherwise noted, contributed nonfinancial assets were subject to donor-imposed restrictions.

Contributed software licenses were restricted by the donor to be used by students and faculty for instructional and research purposes in the Geological Sciences Department and the Russ College of Engineering. Contributions of software are booked at the retail value less any available educational discount, or the value the Foundation would have paid if purchasing the software from the vendor.

Contributed artwork includes transparencies, negatives, prints and ephemera to be used for the benefit of University Libraries and ceramics to be used for the benefit of the Kennedy Museum of Art. The Foundation estimated the fair value on the basis of comparable sales prices available in the market for similar works of art.

**Note 11 – Contributions of Nonfinancial Assets (Continued)**

Contributed equipment includes corrosion testing equipment for the benefit of the Russ College of Engineering and light microscopes for the benefit of the Heritage College of Osteopathic Medicine. The Foundation estimated the fair value on the basis of comparable sales prices available in the market for similar used equipment items.

Instructional supplies included academic and scholarly books and medical supplies which were restricted by donors to support programs in the University College, and the Heritage College of Osteopathic Medicine. Contributions of new instructional supplies are booked at the retail value less any available educational discount, or the value the Foundation would have paid if purchasing the item from a vendor.

Other supplies included masks and hand sanitizer, which were not restricted by the donors and were used for the benefit of Ohio University students. Other supplies also included promotional items and banners that were restricted by the donors to support certain University events, as well as food for the benefit of the Cats' Cupboard food pantry. Contributions of new supplies are booked at the retail value less any available educational discount, or the value the Foundation would have paid if purchasing the item from a vendor. Contributions of food for the benefit of Cats' Cupboard are booked at the wholesale values that would be received for selling similar products in the United States.

**Note 12 - Support from Related Organizations**

During 2022 and 2021, the University paid certain payroll costs amounting to \$3,201,645 and \$3,430,755 and additional costs of \$61,513 and \$29,686, respectively, for the Foundation's Development Office, Office of Alumni Relations, and Accounting Office. The support costs paid by the University are reflected in the consolidated statements of activities as University support, with a like amount included in expenses.

The University provides office space and the use of certain common facilities and services to the Foundation at no cost. These costs have not been recorded as University support because they are not considered to be significant to the results of activities of the Foundation.

The University processes expenses on behalf of the Foundation during the year for operations including scholarship awards, professional fees, travel costs and office supplies. The Foundation reimburses the University for these expenses. The Foundation had a payable of \$3,862,027 and \$904 outstanding, respectively, as of June 30, 2022 and 2021. Additionally, the University collected and deposited certain rental revenues on behalf of the Real Estate LLC and rented a parking lot from the Real Estate LLC during the year. The Foundation had a receivable of \$18,882 as of June 30, 2022 due to these rental payments exceeding the amounts paid by the University on behalf of the Real Estate LLC.



**Note 12 - Support from Related Organizations (Continued)**

The Foundation manages an investment portfolio on behalf of itself and the University. Certain University investments, including endowment investments and long-term working capital investments, are pooled with the Foundation's investments, and held in the Foundation's name. The receivable from Ohio University in the amount of \$3,769,541 as of June 30, 2021, reflects the movement of investments between the University's and the Foundation's respective shares of the long-term investment pool near the end of the fiscal year.

The Foundation has a noncontrolling economic interest in Ohio South East Enterprise Development Fund, Inc. (SEED), a tax-exempt organization under Code Section 501(c)(4). SEED was created in July 1994 for the purpose of supporting the scientific and technological research, educational activities, and economic development of Ohio University. Currently, the Foundation is the named beneficiary of SEED's assets in the event that the entity is dissolved. Distributions from SEED are reflected in the consolidated statements of activities as gifts and contributions in the year they are received. SEED did not make any distributions to the Foundation during 2022 or 2021.

# The Ohio University Foundation and Subsidiaries

## Notes to Consolidated Financial Statements June 30, 2022 and 2021

### Note 13 – Functional and Natural Classification of Expenses

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions such as Instruction, Research and Fundraising. The following table provides further detail of these expenses, by showing both the functional and natural classification (Salaries, Maintenance, etc.) of each category of expenses for the years ended June 30, 2022 and June 30, 2021, respectively:

Year Ended June 30, 2022		Occupancy, Maintenance, Travel & Entertainment, Other						Total
Expenses by function:	Salaries & Benefits	Student Aid	Supplies & Services	Maintenance & Repairs	Travel & Entertainment	Other	Total	
<b>Program services:</b>								
Academic support	\$ 680,766	\$ -	\$ 1,089,596	\$ 3,979,056	\$ 154,123	\$ 358	\$ 5,903,899	
Alumni relations	2,221,371	-	831,938	121,278	148,884	72,801	3,396,272	
Institutional support	118,323	-	11,121	192	35,252	1,836	166,724	
Instruction	1,930,936	33,210	9,408,509	417,662	237,250	76	12,027,643	
Intercollegiate athletics	22,154	-	30,986	1,545,323	154,435	54	1,752,952	
Public service	568,027	529	339,329	28,962	20,211	21	957,079	
Research	836,619	8,620	539,217	3,696,941	114,837	12	5,196,246	
Student aid	161,221	9,205,455	1,061	-	1,810	10,873	9,380,420	
Student services	448,204	49,782	390,754	80,533	334,169	168	1,303,610	
Total program services	6,987,621	9,297,596	12,642,511	9,869,947	1,200,971	86,199	40,084,845	
<b>Support services:</b>								
Fundraising and development	5,986,322	-	1,116,089	196,769	316,518	1,310	7,617,008	
Management and General	1,848,452	-	320,574	29,208	34,550	872	2,233,656	
Total support services	7,834,774	-	1,436,663	225,977	351,068	2,182	9,850,664	
Related entity operations	2,810,689	-	968,255	2,249,146	50,297	796,420	6,874,807	
Total expenses	\$ 17,633,084	\$ 9,297,596	\$ 15,047,429	\$ 12,345,070	\$ 1,602,336	\$ 884,801	\$ 56,810,316	
<b>Year Ended June 30, 2021</b>								
Expenses by function:	Salaries & Benefits	Student Aid	Supplies & Services	Maintenance & Repairs	Travel & Entertainment	Other	Total	
<b>Program services:</b>								
Academic support	\$ 550,500	\$ 33,052	\$ 242,924	\$ 103,460	\$ 10,120	\$ 274	\$ 940,330	
Alumni relations	2,372,472	-	713,413	160,836	(44,770)	85,390	3,287,341	
Institutional support	145,505	4,094	1,558	225,766	1,743	(3,600)	375,066	
Instruction	1,711,968	2,418	8,864,414	52,648	5,654	161	10,637,263	
Intercollegiate athletics	19,924	4,368	39,595	1,997,565	(893)	-	2,060,559	
Public service	332,354	116	340,242	57,084	2,525	-	732,321	
Research	893,670	2,327	520,599	2,657,236	10,374	18	4,084,224	
Student aid	853,489	7,748,140	1,831	-	(1,587)	21,909	8,623,782	
Student services	389,732	11,325	174,545	(9,448)	47,953	1	614,108	
Total program services	7,269,614	7,805,840	10,899,121	5,245,147	31,119	104,153	31,354,994	
<b>Support services:</b>								
Fundraising and development	6,088,866	-	1,239,907	189,057	23,785	7,302	7,548,917	
Management and General	1,754,573	-	261,211	58,035	897	-	2,074,716	
Total support services	7,843,439	-	1,501,118	247,092	24,682	7,302	9,623,633	
Related entity operations	2,145,637	-	756,327	2,107,686	34,610	401,554	5,445,814	
Total expenses	\$ 17,258,690	\$ 7,805,840	\$ 13,156,566	\$ 7,599,925	\$ 90,411	\$ 513,009	\$ 46,424,441	

## The Ohio University Foundation and Subsidiaries

### Notes to Consolidated Financial Statements June 30, 2022 and 2021

#### Note 14 - Inn-Ohio of Athens, Inc.

The Inn-Ohio of Athens, Inc. (the "Inn") was purchased by the Foundation on August 30, 1986. The primary purpose for which the Foundation invested in the Inn was to provide affordable and convenient housing, dining, and conference facilities for University employees, alumni, and guests. As a significant portion of the Inn's revenue is derived from these customers, the Foundation is committed to financially supporting the Inn.

The Inn's business is subject to all of the risks inherent in the lodging industry. These risks include, among other factors, varying levels of demand for rooms and related services, adverse effects of general and local economic and market conditions, changes in governmental regulations that influence wages or prices, changes in interest rates, the availability of credit, changes in real estate taxes and other operating expenses, and the recurring need for renovation, refurbishment, and improvements.

**Operations** - The Inn's operations for the years ended June 30, 2022 and 2021 are summarized below:

	2022	2021
Revenues:	\$ 6,263,447	\$ 3,844,332
Expenses:		
Operating and general expenses	4,797,600	3,483,977
Interest expense	8,438	12,895
Depreciation	708,058	735,524
Provision for income taxes	27,412	(66,583)
Total expenses	5,541,508	4,165,813
Net income	<u>\$ 721,939</u>	<u>\$ (321,481)</u>

For fiscal years ended June 30, 2022 and 2021, the Inn did not make any distributions to the Foundation.

The Foundation has entered into a management agreement with a property manager to operate the Inn. The manager's compensation is a base fee plus 15 percent of the hotel's net available operating profit as defined in the management agreement.

In fiscal years 2022 and 2021, base management fees incurred by the Inn with respect to the manager were \$100,000 per year and incentive fees were \$86,917 and \$0, respectively.

## The Ohio University Foundation and Subsidiaries

### Notes to Consolidated Financial Statements June 30, 2022 and 2021

#### Note 14 - Inn-Ohio of Athens, Inc. (Continued)

**Property and Equipment** - Property and equipment of the Inn as of June 30, 2022 and June 30, 2021 consist of the following:

	2022	2021	Depreciable Life - Years
Land	\$ 323,978	\$ 323,978	
Land improvements	1,152,914	978,480	5-15
Buildings	8,347,262	7,897,029	30-40
Furnishings, fixtures, and equipment	6,419,961	6,031,266	3-10
Construction in progress	814,710	551,906	
Total property and equipment	17,058,825	15,782,659	
Less accumulated depreciation	(12,275,198)	(11,567,139)	
Property and equipment - Net	<u>\$ 4,783,627</u>	<u>\$ 4,215,520</u>	

The Inn's depreciation expense for the years ended June 30, 2022 and 2021 totaled \$708,058 and \$735,524, respectively.

**Long-Term Debt** - Long-term debt of the Inn as of June 30, 2022 and June 30, 2021 consists of the following:

	2022	2021
Paycheck Protection Program Loan	\$ 199,940	\$ -
Less current portion	(47,117)	-
Total long-term debt	<u>\$ 152,823</u>	<u>\$ -</u>

Principal payments on the PPP Loan ranging from \$4,300 to \$4,400 are due in monthly installments through May 2026. The interest rate on the PPP Loan is fixed at 1.0 percent.

Maturities of long-term debt are as follows as of June 30, 2022:

<u>Years Ending</u>	<u>Amount</u>
2023	\$ 47,117
2024	51,895
2025	52,417
2026	48,511
Total	<u>\$ 199,940</u>

**Note 15 - Sugar Bush Foundation**

The Foundation entered into an agreement with The Sugar Bush Foundation (Sugar Bush), an Ohio not-for-profit corporation, in August 2005. Sugar Bush works with Ohio University and local communities to improve the quality of life in Appalachian Ohio by encouraging civic engagement and by fostering sustainable environmental, socioeconomic and human development.

**Operations** - Sugar Bush’s operations for the years ended June 30, 2022 and 2021 are summarized below:

	<u>2022</u>	<u>2021</u>
Revenue:		
Interest and dividends	\$ 63,440	\$ 54,651
Realized gain (loss)	126,143	259,444
Unrealized gain (loss)	<u>(1,215,076)</u>	<u>1,237,778</u>
Total income	<u>(1,025,493)</u>	<u>1,551,873</u>
Expenses:		
Distribution to Foundation	<u>373,039</u>	<u>349,054</u>
Change in net assets	<u>\$ (1,398,533)</u>	<u>\$ 1,202,819</u>

**Note 16 - Russ LLCs**

During fiscal year 2009, the Foundation created three limited liability companies to receive property distributions from The Dolores H. Russ Trust (the “Trust”) for the benefit of the Russ College of Engineering. A fourth limited liability company was established during fiscal year 2016. The four limited liability companies are the Fritz J. and Dolores H. Russ Holdings LLC, which is the sole member of the other LLCs; the Russ Research Center LLC, which operates a research park in Beavercreek, Ohio; the Russ North Valley Road LLC, which received and subsequently liquidated a real estate gift received from the Trust; and the Russ Center North LLC, which was established for the purpose of purchasing and holding property adjacent to the Russ Research Center LLC. The four LLCs were converted from for-profit LLCs to not-for-profit LLCs on April 20, 2020.

**Note 16 - Russ LLCs (Continued)**

**Operations** – Russ LLCs’ operations for the years ended June 30, 2022 and 2021 are summarized below:

	2022	2021
Revenue:		
Rental income	\$ 840,361	\$ 695,821
Donated Services	331,014	326,424
Total revenues and other support	<u>1,171,375</u>	<u>1,022,245</u>
Expenses:		
Operating and general expenses	789,282	784,573
Depreciation and amortization	320,314	360,415
Real estate taxes	133,823	135,013
Total expenses	<u>1,243,419</u>	<u>1,280,001</u>
Change in net assets	<u>\$ (72,044)</u>	<u>\$ (257,756)</u>

**Going Concern** – In recent fiscal years, leases with tenants responsible for a significant amount of revenue expired and were not renewed. The decrease in revenue resulted in a net loss for the years ended June 30, 2022 and 2021. These factors raised substantial doubt about the Russ Research Center LLC’s (the “Center”) ability to continue as a going concern within one year after the date that the financial statements are issued.

While current cash levels and anticipated rental receipts may be sufficient to cover the Center’s recurring operational costs, the Center lacks sufficient resources to fund deferred maintenance and tenant improvement projects that would be necessary to attract additional tenants and strategic partners. To that end, in September 2020, the Foundation’s Board of Trustees adopted a resolution approving the use of up to \$3,000,000 in support of tenant improvements and deferred maintenance projects that have been approved by the Center’s Board of Directors. As of June 30, 2022, none of the authorized \$3,000,000 had been used.

Additionally, over the past several fiscal years, management has collaborated with various professional organizations in and around the Dayton/Beavercreek area to forge new and expanded research partnerships. However, as these efforts did not result in a substantial increase in occupancy at the Center, the Foundation also analyzed various options for the Center’s future, ultimately concluding that the Center should be marketed for sale.

To that end, the Foundation approved in November 2021 a plan to sell the property. A real estate broker was retained, and marketing activities commenced during June 2022. During September 2022, the Center executed a purchase and sale agreement with a prospective buyer. Management

## The Ohio University Foundation and Subsidiaries

### Notes to Consolidated Financial Statements June 30, 2022 and 2021

#### Note 16 - Russ LLCs (Continued)

believes that the Center will be sold during the fiscal year ended June 30, 2023 and has reclassified the majority of the Center's fixed assets from Property and equipment – net to Assets held for sale in the accompanying Statements of Financial Position.

**Property and Equipment** - Property and equipment of the Russ LLCs as of June 30, 2022 and June 30, 2021 consist of the following:

	2022	2021	Depreciable Life - Years
Land	\$ 875,492	\$ 1,707,792	
Tenant improvements	-	541,709	2-5
Buildings	-	5,515,574	20
Machinery and equipment	90,183	260,486	5-10
Total property and equipment	965,675	8,025,561	
Less accumulated depreciation	(48,941)	(3,940,882)	
Property and equipment - Net	<u>\$ 916,734</u>	<u>\$ 4,084,679</u>	

The Russ LLCs' depreciation expense for the years ended June 30, 2022 and 2021 totaled \$320,314 and \$360,415, respectively.

#### Note 17 – Ohio University Foundation Real Estate LLC

Ohio University Foundation Real Estate LLC was established during fiscal year 2022 to provide for a separate entity to receive gifts and other transfers of real property to be held, transferred, or sold for the benefit of the Foundation and its purposes.

**Property and Equipment** - Property and equipment of the Ohio University Foundation Real Estate LLC as of June 30, 2022 and June 30, 2021 consist of the following:

	2022	2021	Depreciable Life - Years
Land	\$ 1,261,404	\$ -	
Buildings	2,060,112	-	30-40
Total property and equipment	3,321,516	-	
Less accumulated depreciation	(687,570)	-	
Property and equipment - Net	<u>\$ 2,633,946</u>	<u>\$ -</u>	

The Ohio University Foundation Real Estate LLC's depreciation expense for the years ended June 30, 2022 and 2021 totaled \$43,879 and \$0, respectively

## **Supplementary Information**

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# The Ohio University Foundation and Subsidiaries

## Consolidating Schedule of Financial Position

As of June 30, 2022

	The Foundation	Inn-Ohio of Athens, Inc.	Russ LLCs	Real Estate LLC	Sugar Bush Foundation	Eliminations	Total
<b>Assets</b>							
Cash and cash equivalents	\$ 27,850,371	\$ 1,013,068	\$ 831,617	\$ -	\$ -	\$ -	\$ 29,695,056
Accounts receivable - net	30,130	343,668	10,197	-	-	-	383,995
Receivable from Ohio University - net	-	-	-	18,882	-	-	18,882
Pledges receivable - net	9,327,433	-	-	-	-	-	9,327,433
Bequests receivable	9,371,873	-	-	-	-	-	9,371,873
Interest and dividends receivable	824,527	-	-	-	-	-	824,527
Prepaid expenses	502,389	72,206	5,614	-	-	-	580,209
Investments	559,654,062	986,862	-	-	5,468,656	(986,862)	565,122,718
Investment in Inn-Ohio of Athens, Inc.	5,955,695	-	-	-	-	(5,955,695)	-
Assets held for sale	-	-	2,876,392	-	-	-	2,876,392
Life insurance cash surrender value	1,165,466	-	-	-	-	-	1,165,466
Charitable gift annuities	1,665,614	-	-	-	-	-	1,665,614
Charitable trusts	15,714,318	-	-	-	-	-	15,714,318
Beneficial interest in assets held by others	687,526	-	-	-	-	-	687,526
Property and equipment - net	1,454,500	4,783,627	916,734	2,633,946	-	-	9,788,807
Other assets	61,871	85,284	-	-	-	-	147,155
Total assets	\$634,265,775	\$ 7,284,715	\$ 4,640,554	\$ 2,652,828	\$ 5,468,656	\$(6,942,557)	\$647,369,971
<b>Liabilities</b>							
Accounts payable:							
Ohio University	\$ 3,829,615	\$ -	\$ 32,412	\$ -	\$ -	\$ -	\$ 3,862,027
Trade and other	1,253,271	131,181	31,826	32	-	-	1,416,310
Deposits held in custody for others	1,359,784	-	38,372	-	-	(986,862)	411,294
Annuities payable	1,179,287	-	-	-	-	-	1,179,287
Charitable trusts obligations	2,518,281	-	-	-	-	-	2,518,281
Notes payable:							
Other	-	199,940	-	-	-	-	199,940
Other liabilities	1,098,277	997,899	232,663	23,007	-	-	2,351,846
Total liabilities	11,238,515	1,329,020	335,273	23,039	-	(986,862)	11,938,985
<b>Net assets</b>							
Without donor restrictions	122,044,050	-	4,305,281	2,629,789	-	-	128,979,120
With donor restrictions	500,983,210	-	-	-	5,468,656	-	506,451,866
Total net assets	623,027,260	-	4,305,281	2,629,789	5,468,656	-	635,430,986
<b>Stockholders' equity</b>							
Common stock	-	3,429,192	-	-	-	(3,429,192)	-
Additional paid-in capital	-	4,266,632	-	-	-	(4,266,632)	-
Retained earnings	-	(1,740,129)	-	-	-	1,740,129	-
Total stockholders' equity	-	5,955,695	-	-	-	(5,955,695)	-
Total liabilities and net assets	\$634,265,775	\$ 7,284,715	\$ 4,640,554	\$ 2,652,828	\$ 5,468,656	\$(6,942,557)	\$647,369,971

# The Ohio University Foundation and Subsidiaries

## Consolidating Schedule of Activities Year Ended June 30, 2022

	Without Donor Restrictions						With Donor Restrictions				Total	
	The Foundation	Inn-Ohio of Athens, Inc.	Russ LLCs	Real Estate LLC	Sugar Bush Foundation	Eliminations	Total Without Donor Restictions	The Foundation	Sugar Bush Foundation	Eliminations		Total With Donor Restictions
<b>Revenues and other support</b>												
Gifts and contributions												
Contributions of cash and financial assets	\$ 782,100	\$ 888,519	\$ -	\$ -	\$ -	\$ -	\$ 1,670,619	\$ 24,148,720	\$ -	\$ -	\$ 24,148,720	\$ 25,819,339
Contributions of nonfinancial assets	85,496	-	-	-	-	-	85,496	15,138,318	-	-	15,138,318	15,223,814
University support	3,076,015	-	331,014	-	-	(143,871)	3,263,158	-	-	-	-	3,263,158
Income from investments:												
Interest and dividends	2,364,686	21,863	-	-	-	-	2,386,549	4,374,181	63,440	-	4,437,621	6,824,170
Realized gain (loss)	7,277,857	8,075	-	-	-	-	7,285,932	14,204,171	126,143	-	14,330,314	21,616,246
Unrealized gain (loss)	(33,880,027)	(134,026)	-	-	-	-	(34,014,053)	(67,149,568)	(1,215,077)	-	(68,364,645)	(102,378,698)
Revenues from sales and events	340,729	5,452,592	840,361	71,232	-	(236,638)	6,468,276	2,068	-	-	2,068	6,470,344
Gain (loss) on split-interest agreements	-	-	-	-	-	-	-	(2,554,110)	-	-	(2,554,110)	(2,554,110)
Other	24,560	26,424	-	-	-	-	50,984	(34,455)	-	-	(34,455)	16,529
Related entity revenues	824,575	-	-	2,666,544	-	(3,428,946)	62,173	310,866	-	(373,039)	(62,173)	-
Net assets released from restrictions	42,107,576	-	-	-	373,039	(373,039)	42,107,576	(42,107,576)	(373,039)	373,039	(42,107,576)	-
<b>Total revenues and other support</b>	<b>23,003,567</b>	<b>6,263,447</b>	<b>1,171,375</b>	<b>2,737,776</b>	<b>373,039</b>	<b>(4,182,494)</b>	<b>29,366,710</b>	<b>(53,667,385)</b>	<b>(1,398,533)</b>	<b>-</b>	<b>(55,065,918)</b>	<b>(25,699,208)</b>
<b>Expenses</b>												
Program services:												
Academic support	5,941,235	-	-	-	-	(37,336)	5,903,899	-	-	-	-	5,903,899
Alumni relations	3,451,636	-	-	-	-	(55,364)	3,396,272	-	-	-	-	3,396,272
Institutional support	297,012	-	-	-	-	(130,287)	166,725	-	-	-	-	166,725
Instruction	12,057,088	-	-	-	-	(29,445)	12,027,643	-	-	-	-	12,027,643
Intercollegiate athletics	1,755,855	-	-	-	-	(2,903)	1,752,952	-	-	-	-	1,752,952
Public service	957,079	-	-	-	-	-	957,079	-	-	-	-	957,079
Research	5,202,334	-	-	-	-	(6,088)	5,196,246	-	-	-	-	5,196,246
Student aid	9,380,420	-	-	-	-	-	9,380,420	-	-	-	-	9,380,420
Student services	1,317,031	-	-	-	-	(13,421)	1,303,610	-	-	-	-	1,303,610
Support services:												
Fundraising and development	7,653,484	-	-	-	-	(36,476)	7,617,008	-	-	-	-	7,617,008
Management and general	4,991,745	-	-	-	-	(2,758,089)	2,233,656	-	-	-	-	2,233,656
Related entity operations	-	5,541,508	1,243,419	107,987	373,039	(391,146)	6,874,807	-	-	-	-	6,874,807
<b>Total expenses</b>	<b>53,004,919</b>	<b>5,541,508</b>	<b>1,243,419</b>	<b>107,987</b>	<b>373,039</b>	<b>(3,460,555)</b>	<b>56,810,317</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56,810,317</b>
<b>Changes in net assets</b>	<b>(30,001,352)</b>	<b>721,939</b>	<b>(72,044)</b>	<b>2,629,789</b>	<b>-</b>	<b>(721,939)</b>	<b>(27,443,607)</b>	<b>(53,667,385)</b>	<b>(1,398,533)</b>	<b>-</b>	<b>(55,065,918)</b>	<b>(82,509,525)</b>
<b>Net assets - beginning of year</b>	<b>152,045,402</b>	<b>5,233,756</b>	<b>4,377,325</b>	<b>-</b>	<b>-</b>	<b>(5,233,756)</b>	<b>156,422,727</b>	<b>554,650,595</b>	<b>6,867,189</b>	<b>-</b>	<b>561,517,784</b>	<b>717,940,511</b>
<b>Net assets - end of year</b>	<b>\$ 122,044,050</b>	<b>\$ 5,955,695</b>	<b>\$ 4,305,281</b>	<b>\$ 2,629,789</b>	<b>\$ -</b>	<b>\$ (5,955,695)</b>	<b>\$ 128,979,120</b>	<b>\$ 500,983,210</b>	<b>\$ 5,468,656</b>	<b>\$ -</b>	<b>\$ 506,451,866</b>	<b>\$ 635,430,986</b>

# The Ohio University Foundation and Subsidiaries

## Consolidating Schedule of Cash Flows Year Ended June 30, 2022

	The Ohio University Foundation	Inn-Ohio of Athens, Inc.	Russ LLCs	Real Estate LLC	Sugar Bush Foundation	Eliminations	Total
<b>Cash Flows from Operating Activities</b>							
Changes in net assets	\$ (83,668,737)	\$ 721,939	\$ (72,044)	\$ 2,629,789	(1,398,533)	(721,939)	\$ (82,509,525)
Adjustments to reconcile changes in net assets to net cash from operating activities							
Realized investment gains - net	(21,482,028)	(8,075)	-	-	(126,143)	-	(21,616,246)
Noncash items:							
Depreciation and amortization	84,791	708,058	320,314	43,879	-	-	1,157,042
Loss on disposition of property	2,666,544	-	-	-	-	(2,666,544)	-
Unrealized investment losses - net	101,029,595	134,026	-	-	1,215,077	-	102,378,698
Decrease in cash surrender value of life insurance policies	67,442	-	-	-	-	-	67,442
Decrease in investments subject to annuity agreements	104,644	-	-	-	-	-	104,644
Decrease in charitable remainder trust assets	2,195,670	-	-	-	-	-	2,195,670
Decrease in beneficial interest in assets held by others	57,887	-	-	-	-	-	57,887
Decrease in annuity obligations	(493,447)	-	-	-	-	-	(493,447)
Decrease in trust obligations	(573,176)	-	-	-	-	-	(573,176)
Contributions of securities	(2,066,320)	-	-	-	-	-	(2,066,320)
Contributions of property and equipment	-	-	-	(2,666,544)	-	2,666,544	-
Contributions restricted for endowment investments	(13,888,864)	-	-	-	-	-	(13,888,864)
Changes in current assets and liabilities:							
(Increase) decrease in accounts receivable	3,745,056	(276,335)	55,933	(18,882)	-	-	3,505,772
Increase in pledges receivable	(466,510)	-	-	-	-	-	(466,510)
Decrease in bequests receivable	1,343,590	-	-	-	-	-	1,343,590
Increase in interest and dividends receivable	(63,787)	-	-	-	-	-	(63,787)
(Increase) decrease in prepaid expenses	(78,955)	(22,542)	11,598	-	-	-	(89,899)
(Increase) decrease in other assets	8,458	(21,750)	-	-	-	-	(13,292)
Increase (decrease) in accounts payable	4,337,140	3,340	(32,527)	32	-	-	4,307,985
Increase (decrease) in other liabilities	364,106	(429,300)	(5,474)	23,007	-	-	(47,661)
Increase (decrease) in deposits held in custody for others	(100,172)	-	9,038	-	-	104,088	12,954
Net cash provided by (used in) operating activities	(6,877,073)	809,361	286,838	11,281	(309,599)	(617,851)	(6,697,043)
<b>Cash Flows from Investing Activities</b>							
Purchases of property and equipment	-	(1,276,165)	(28,761)	(11,281)	-	-	(1,316,207)
Purchases of investments	(143,913,154)	(21,863)	-	-	(126,767)	-	(144,061,784)
Proceeds from sales of investments	138,845,950	-	-	-	436,366	617,851	139,900,167
Distributions from charitable gift annuities	1,242,203	-	-	-	-	-	1,242,203
Contributions to new charitable remainder trusts	(23,177)	-	-	-	-	-	(23,177)
Distributions from charitable remainder trusts	878,318	-	-	-	-	-	878,318
Distributions from The Columbus Foundation	34,000	-	-	-	-	-	34,000
Net cash provided by (used in) investing activities	(2,935,860)	(1,298,028)	(28,761)	(11,281)	309,599	617,851	(3,346,480)
<b>Cash Flows from Financing Activities</b>							
Contributions restricted for endowment investment	13,888,864	-	-	-	-	-	13,888,864
Payments on notes and bonds payable	(1,320,559)	(8,520)	-	-	-	-	(1,329,079)
Issuance of long-term debt	-	208,460	-	-	-	-	208,460
Net cash provided by (used in) financing activities	12,568,305	199,940	-	-	-	-	12,768,245
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	2,755,372	(288,727)	258,077	-	-	-	2,724,722
<b>Cash and Cash Equivalents - Beginning of year</b>	25,094,999	1,301,795	573,540	-	-	-	26,970,334
<b>Cash and Cash Equivalents - End of year</b>	\$ 27,850,371	\$ 1,013,068	\$ 831,617	\$ -	\$ -	\$ -	\$ 29,695,056
<b>Supplemental Disclosure of Cash Flow Information</b>							
Cash paid during the year for interest	\$ 59,968	\$ 2,453	\$ -	\$ -	\$ -	\$ -	\$ 62,421
Cash paid during the year for income taxes	-	175,000	-	-	-	-	175,000
<b>Supplemental Disclosure of Non-Cash Activities</b>							
Contributions of securities	\$ 2,066,320	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,066,320
Contributions of property and equipment	-	-	-	-	-	-	-
Land contribution from stockholder	-	-	-	-	-	-	-

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees  
The Ohio University Foundation and Subsidiaries  
Athens, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of The Ohio University Foundation and Subsidiaries, a component unit of Ohio University, which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 17, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered The Ohio University Foundation and Subsidiaries' internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Ohio University Foundation and Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of The Ohio University Foundation and Subsidiaries' internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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(Continued)

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Ohio University Foundation and Subsidiaries' consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Crowe LLP*

Crowe LLP

Columbus, Ohio  
October 17, 2022

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# OHIO AUDITOR OF STATE KEITH FABER



**OHIO UNIVERSITY FOUNDATION**

**ATHENS COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 11/17/2022**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)