



KPMG LLP
Suite 3800
1300 South West Fifth Avenue
Portland, OR 97201

Independent Auditors' Report

Board of Trustees
University of Oregon Foundation:

Opinion

We have audited the consolidated financial statements of University of Oregon Foundation and its subsidiaries (the Foundation), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, and cash flows for the years then ended, and the related notes to the consolidated 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, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, 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 after the date that the consolidated financial statements are available to be issued.

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



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedule of financial position 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 audit 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

Portland, Oregon
October 26, 2023

Consolidated Statements of Financial Position

The accompanying notes are an integral part of these Consolidated Financial Statements.

JUNE 30	2023	2022
ASSETS		
Investments		
Money market funds	\$ 24,681	\$ 121,198
Marketable securities	91,178	126,603
Limited partnerships	2,243,710	1,871,619
Other investments	462	462
TOTAL INVESTMENTS	2,360,031	2,119,882
Cash	133,799	260,230
Pledges receivable, net	190,132	251,325
Net investment in direct financing lease	36,435	37,470
Land and buildings	26,275	24,803
Construction in progress	1,065	-
Beneficial interests	17,586	18,538
Right of use lease assets	3,070	-
Other assets, net	3,442	1,985
TOTAL ASSETS	\$ 2,771,835	\$ 2,714,233
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 4,312	\$ 5,645
Lease liability	3,102	-
Deposits held in custody	117,337	125,057
Notes payable	38,918	40,376
Conditional contributions held as deferred revenue	516,451	508,728
Obligations to beneficiaries under split-interest agreements	46,523	46,979
TOTAL LIABILITIES	726,643	726,785
Net assets without donor restrictions		
Undesignated	9,693	13,193
Board-designated	17,873	13,119
Investment in property and equipment, net of related debt	18,074	15,883
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	45,640	42,195
Net assets with donor restrictions		
Restricted by purpose	837,056	823,459
Restricted by time	55,769	66,371
Restricted in perpetuity	1,106,727	1,055,423
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	1,999,552	1,945,253
TOTAL NET ASSETS	2,045,192	1,987,448
TOTAL LIABILITIES AND NET ASSETS	\$ 2,771,835	\$ 2,714,233

Consolidated Statements of Activities

The accompanying notes are an integral part of these Consolidated Financial Statements.

YEAR ENDED JUNE 30, 2023	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Contributions	\$ 1,145	\$ 181,008	\$ 182,153
Investments			
Fair value increase (decrease)	(653)	34,383	33,730
Investment income	9,574	14,366	23,940
Investment fees and direct expenses	(579)	(7,848)	(8,427)
TOTAL INVESTMENTS	8,342	40,901	49,243
Administrative assessments	15,239	(13,901)	1,338
Net revaluation of split-interest agreements	-	201	201
Other revenues	-	688	688
Net assets released from restriction	154,063	(154,063)	-
TOTAL REVENUE, GAINS, AND OTHER SUPPORT	178,789	54,834	233,623
EXPENSES			
University support			
Student scholarships	21,269	-	21,269
Faculty and research	31,977	-	31,977
Other student, academic and operational support	43,871	-	43,871
TOTAL STUDENT, ACADEMIC, AND OPERATIONAL SUPPORT	97,117	-	97,117
University Advancement	14,426	-	14,426
Facilities and equipment	56,233	-	56,233
TOTAL UNIVERSITY SUPPORT	167,776	-	167,776
Foundation administration	7,568	-	7,568
TOTAL EXPENSES	175,344	-	175,344
Provision for uncollectible pledges receivable	-	(535)	(535)
INCREASE IN NET ASSETS	3,445	54,299	57,744
NET ASSETS AT BEGINNING OF YEAR	42,195	1,945,253	1,987,448
NET ASSETS AT JUNE 30, 2023	\$ 45,640	\$ 1,999,552	\$ 2,045,192

YEAR ENDED JUNE 30, 2022	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Contributions	\$ 252	\$ 476,692	\$ 476,944
Investments			
Fair value increase (decrease)	603	(568)	35
Investment income	4,069	3,803	7,872
Investment fees and direct expenses	(909)	(6,803)	(7,712)
TOTAL INVESTMENTS	3,763	(3,568)	195
Administrative assessments	11,914	(10,632)	1,282
Net revaluation of split-interest agreements	-	(9,546)	(9,546)
Other revenues	176	857	1,033
Net assets released from restriction	194,325	(194,325)	-
TOTAL REVENUE, GAINS, AND OTHER SUPPORT	210,430	259,478	469,908
EXPENSES			
University support			
Student scholarships	19,815	-	19,815
Faculty and research	45,235	-	45,235
Other student, academic and operational support	21,550	-	21,550
TOTAL STUDENT, ACADEMIC, AND OPERATIONAL SUPPORT	86,600	-	86,600
University Advancement	9,263	-	9,263
Facilities and equipment	106,096	-	106,096
TOTAL UNIVERSITY SUPPORT	201,959	-	201,959
Foundation administration	6,522	-	6,522
TOTAL EXPENSES	208,481	-	208,481
Provision for uncollectible pledges receivable	-	(3,352)	(3,352)
INCREASE IN NET ASSETS	1,949	256,126	258,075
NET ASSETS AT BEGINNING OF YEAR	40,246	1,689,127	1,729,373
NET ASSETS AT JUNE 30, 2022	\$ 42,195	\$ 1,945,253	\$ 1,987,448

Consolidated Statements of Cash Flows

The accompanying notes are an integral part of these Consolidated Financial Statements.

YEARS ENDED JUNE 30	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
CHANGE IN NET ASSETS	\$ 57,744	\$ 258,075
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Endowment contributions	(104,054)	(193,978)
Noncash gifts	(20,864)	(12,671)
Net revaluation of split-interest agreements	(201)	9,546
Net realized and unrealized (gains) losses	(42,780)	11,844
Net deferred realized and unrealized (gains) losses from conditional contributions	(19,569)	20,206
Net realized gains from conditional contributions held as deferred revenue	(3,421)	(3,829)
Decrease in pledges receivable	60,658	42,101
Provision for uncollectible pledges	535	3,352
Increase in construction in progress	(1,065)	-
Increase (decrease) in conditional contributions held as deferred revenue	19,569	(20,206)
Release of gift from conditional contributions held as deferred revenue	(9,196)	(8,936)
(Increase) decrease in accounts payable	(1,333)	159
Other changes	184	1,322
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(63,793)	106,985
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(339,579)	(363,162)
Proceeds from sale of investments	84,217	234,489
Decrease in other short-term investments	96,517	14,777
NET CASH USED BY INVESTING ACTIVITIES	(158,845)	(113,896)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from endowment gifts and pledges	105,386	194,623
Repayment of line of credit	-	(49,000)
Repayment of notes payable	(1,459)	(1,235)
Decrease in deposits held in custody	(7,720)	(3,189)
NET CASH PROVIDED BY FINANCING ACTIVITIES	96,207	141,199
NET (DECREASE) INCREASE IN CASH	(126,431)	134,288
CASH, BEGINNING OF YEAR	260,230	125,942
CASH, END OF YEAR	\$ 133,799	\$ 260,230

YEARS ENDED JUNE 30	2023	2022
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
NON-CASH INVESTING ACTIVITY		
Increase in right of use lease assets	\$ (3,070)	-
Increase in lease liability	3,102	-

Notes to Consolidated Financial Statements

Note 1 – Organization

The University of Oregon Foundation (Foundation) was established to provide support for the private fundraising efforts of the University of Oregon (University) and to manage privately donated funds. The Foundation is a nonprofit corporation organized in accordance with the laws of the State of Oregon and governed by a volunteer Board of Trustees (Board). Under the State of Oregon's administrative rules and the contract governing the relationship between the Foundation and the University, the Foundation must be independent of, and cannot be controlled by, the University.

The private fundraising efforts of the University result in the Foundation receiving contributions for the benefit of the University. Contributions are either available to be used currently or restricted as an endowment to be invested in perpetuity and provide support from investment returns for student scholarships, faculty and research support, other operational support, and for facilities and equipment. Fundraising efforts also result in the creation of charitable trusts and gift annuities. When the trusts and annuities mature, the remainder interests are available for the designated purposes as current-use or endowment gifts. The Foundation is the trustee for substantially all of the charitable remainder trusts. The Foundation also receives contributions without donor restrictions that can be used for Foundation activities.

Contributions may be received in cash, marketable securities, real property, tangible personal property, gifts-in-kind, life insurance policies, and various deferred giving vehicles. Contributions received in forms other than cash, except gifts-in-kind and life insurance policies, are generally liquidated. The proceeds, together with cash gifts, are placed in investment pools or other investments consistent with the purpose of the gift or the requirements of the trust agreement. As of July 1, 2021, the Foundation engaged an outside investment partner to manage the investment of the endowment portfolio and other investment pools. Additionally, the Foundation employs professionals to manage certain investments directly. The Foundation makes assessments primarily to cover its administrative expenses and certain University support.

Under a contractual agreement, the Foundation provides financial support for the University's private fundraising efforts, maintains donor records, issues reports to donors, and provides certain direct University support at the request of the University President.

SUBSIDIARIES

In September 2006, Phit, LLC was formed as a wholly-owned subsidiary of the Foundation to make improvements to the University athletics facilities. In June 2018, Phit, LLC entered into a construction contract to renovate Hayward Field. While the renovation project was substantially completed in 2020, there are small improvement projects to be completed in 2023.

In April 2008, Oregon Future Expansion III, LLC (OFX III, LLC) was formed as a wholly-owned subsidiary of the Foundation and acquired and subsequently renovated commercial property on Franklin Boulevard, Eugene, Oregon for approximately \$4,410. The property is currently leased to the University (see Note 14).

In May 2009, Oregon Future Expansion PK, LLC (OFX PK, LLC) was formed as a wholly-owned subsidiary of the Foundation to facilitate funding for the expansion of the University baseball facilities completed January 2010.

In December 2012, Phit Too, LLC was formed as a wholly-owned subsidiary of the Foundation to engage in development, construction and improvement projects in and around Autzen Stadium.

In November 2013, Oregon Future Expansion Millrace, LLC (OFX Millrace, LLC) was formed as a wholly-owned subsidiary of the Foundation. OFX Millrace, LLC acquired commercial property on the Millrace for approximately \$8,982 which is currently leased to the University (see Notes 10, 14).

In February 2015, Hayward Field Enhancement, LLC (HFE, LLC) was formed as a wholly-owned subsidiary of the Foundation to facilitate the renovation and expansion of Hayward Field. This project has transferred to Phit, LLC. This subsidiary holds funds for future anticipated maintenance costs after the renovation is complete.

In May 2015, OFX White Stag, LLC was formed as a wholly-owned subsidiary of the Foundation. OFX White Stag, LLC acquired commercial property in Portland, Oregon for approximately \$42,600 which is currently leased to the University (see Notes 10, 14).

In October 2015, T3, LLC was formed as a wholly-owned subsidiary of the Foundation to facilitate investments for the benefit of and to support the University of Oregon. At June 30, 2023 and 2022, the fair value of these investments was \$92,305 and \$93,878 (see Note 4).

In February 2022, Oregon Golf Practice Facility, LLC was formed as a wholly-owned subsidiary of the Foundation to facilitate the construction of a golf practice facility.

In September 2022, OFX IV, LLC was formed as a wholly-owned subsidiary of the Foundation to facilitate the promotion of future operational programs for University athletics.

In October 2022, Launch Oregon, LLC was formed as a wholly-owned subsidiary of the Foundation to facilitate support of the commercialization of University research.

Note 2 – Summary of Significant Accounting Policies

SUPPORTING ORGANIZATION

The U of O Foundation Supporting Organization (Foundation SO, affiliate) is a Type I functionally integrated supporting organization operated to support the activities of the Foundation (see Note 16).

The Foundation's consolidated financial statements are presented in conformity with Generally Accepted Accounting Principles (GAAP).

The consolidated financial statements include the accounts of the Foundation; the Foundation SO; Phit, LLC; OFX III, LLC; OFX PK, LLC; Phit Too, LLC; OFX Millrace, LLC; HFE, LLC; OFX White Stag, LLC; T3, LLC, and Oregon Golf Practice Facility, LLC, OFXIV, LLC, and Launch Oregon, LLC (see Note 1). All inter-entity transactions and balances have been eliminated.

INVESTMENTS

VALUATION

Investments are reported at estimated fair value as determined by the Foundation, based upon a fair value hierarchy that prioritizes the input techniques used to measure fair value. Note 5 defines the fair value hierarchy and categorizes investment assets separately within the fair value measurement table.

The Foundation recognizes there are certain inherent and extraneous risks associated with any investment. Risk is managed through rigorous underwriting and ongoing re-underwriting of new and existing managers as well as through appropriate portfolio construction. While portfolio diversification can reduce idiosyncratic risk, market risk overall cannot be eliminated.

REPORTING

Security transactions are recorded on a settlement date basis. Interest is recorded as earned and dividends are recorded as of the ex-dividend date. Investment income includes interest and dividends. Realized/unrealized gains and losses are reported as fair value increases and decreases. Investment income attributable to amounts held for the benefit of the University is reported as net assets with donor restrictions. When the activities occur, the amounts are transferred from net assets with donor restrictions to net assets without donor restrictions and the disbursements are reported as decreases in net assets without donor restrictions. Investment income attributable to amounts held for the benefit of the Foundation is reported in net assets without donor restrictions. Investment income attributable to amounts held for the benefit of trust beneficiaries is reported in obligations to beneficiaries under split interest agreements. Investment expenses include external and direct internal investment expenses.

NET ASSETS

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

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations. The Foundation Board of Trustees has designated, from net assets without donor restrictions, board-designated reserves (Note 7). These net assets also include amounts without donor-imposed stipulations for University use and for Foundation use, as well as investments in property and equipment.

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

Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities, other than endowment and similar funds, are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation. Expirations of time restrictions on net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassification between the applicable classes of net assets; net assets released from restrictions.

ENDOWMENTS

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

For financial statement presentation purposes, the Foundation classifies as endowments (a) all funds explicitly stated by the donor to be retained in perpetuity and (b) absent such stipulation, the fair value on the date of gift for gifts donated to the endowment. If, as a result of investment losses or appropriations (Board authorized distributions), the fair value of endowment assets is less than the donor-restricted amounts, the deficiencies are reported as reductions of net assets with donor restrictions.

When considering appropriation for distribution or accumulation of endowment funds, absent a specifically stated requirement in the gift instrument, the Foundation makes a good faith application of the approved Foundation spending policy, considering (a) the duration and preservation of the endowment fund (b) the purposes of the University and the endowment fund (c) general economic conditions (d) the

possible effect of inflation or deflation (e) the expected total return from income and the appreciation of investments (f) other resources of the University and (g) the investment policy of the Foundation. The good faith application of the approved Foundation spending policy may result in the fair value of endowment assets being below the historical gift value for financial statement presentation purposes.

CASH

Cash primarily consists of demand deposits and interest-bearing money market mutual funds held by a regional financial institution for operational purposes. Cash may also be held temporarily by a national investment firm for reinvestment in marketable securities. Balances exceed amounts insured by the Federal Deposit Insurance Corporation.

LAND AND BUILDINGS

Land and buildings consist of real property held for use by others, measured at fair value. Fair value is determined using independent third-party valuations, less estimated costs to sell.

BENEFICIAL INTERESTS

Beneficial interests in split-interest agreements held by others are recorded at the net present value of the estimated future amount to be received from such assets, revalued annually based on the fair value of investments on June 30. The Foundation utilizes a discounted cash flow technique to value these assets. The present value of charitable remainder trusts held by others and perpetual trusts held by others is determined using the Internal Revenue Service established discount rate of 4.2%, as well as actuarially determined expected lives of beneficiaries ranging from 6.2 to 30.1 years, or 99 years for perpetual trusts.

LEASES

The Foundation leases real property and office space and is a lessor of real property under both operating and direct financing leases. For both lessee and lessor leases, the Foundation determines if an arrangement is or contains a lease at inception.

LESSOR ARRANGEMENTS

The Foundation determines at inception whether a lease as a lessor is classified as an operating, sales-type, or direct financing lease. For operating leases, the Foundation recognizes the lease payments on a straight-line basis over the lease term. Initial direct costs are expensed over the lease term on the same basis as lease income. For direct financing leases, the Foundation derecognizes the underlying asset and recognizes a net investment in the lease, which is recorded at commencement date as lease receivable, less unearned interest income and any unguaranteed residual value the Foundation expects to derive from the underlying asset at the end of the lease term. The lease receivable consists of the future minimum lease payments at lease commencement. Any selling profit and initial direct costs are deferred at commencement and recognized over the lease term. There was no residual value or deferred selling profit recorded for the Foundation's direct financing lease. The Foundation does not have any sales-type leases. Interest income on the net investment in the lease is recognized over the lease term using the effective interest method.

LESSEE ARRANGEMENTS

The Foundations recognizes an operating lease right-of-use (ROU) asset and operating lease liability at lease commencement based on the present value of the future minimum lease payments for the noncancellable lease term. The Foundation uses the risk-free discount rate at lease commencement in determining the present value. The operating lease ROU asset also includes any lease payments made prior to commencement, less any lease incentives, tenant improvement allowances, and initial direct costs incurred, if applicable. The Foundation's lease contracts may include options to extend a lease following the initial term. The Foundation has determined that it is not reasonably certain to exercise such renewal options, and therefore such amounts are not considered in the ROU asset or lease liability until the date of exercise. Leases with an initial term of 12 months or less are not recorded on the statement of financial position and are expensed on a straight-line basis. The Foundation accounts for lease and non-lease components as a single lease component for all real property leases, where applicable.

OBLIGATIONS UNDER SPLIT-INTEREST AGREEMENTS

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

CONTRIBUTIONS

Gifts and pledges that represent unconditional promises to give are recorded when received or made, respectively. Pledges are recorded net of an allowance for risk associated with uncollectibility. Pledges that will be paid over periods beyond one year are discounted to present value at U.S. Treasury note interest rates. Deferred pledges, irrevocable commitments from donors to be paid by their estates and which may be satisfied in part or in full during their lifetimes, are discounted to present value at the Internal Revenue Service discount rate and actuarially-determined expected life of the donor. Amortization of the discount is reported in subsequent periods as additional contributions. Conditional contributions held as deferred revenue represent outright gifts and accumulated investment earnings for which the intended designation or use has yet to be determined by donor.

DONATED MATERIALS

Donated materials and services are reflected as contributions at their estimated values at date of receipt. Donated materials were \$2,590 and \$737 for fiscal years ended June 30, 2023 and 2022, respectively.

EXPENSES

Expenses for University support are funded by (1) outright gifts and authorized distributions of endowments for donor designated purposes and (2) allocations of net assets without donor restrictions that the Board has approved for University Advancement and specific University projects. The Foundation only fulfills University disbursement requests that meet all applicable donor restrictions.

Expenses for Foundation administration represent Board authorized disbursements of net assets without donor restrictions (see Notes 12, 13).

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual amounts can differ from these estimates.

The most significant estimates made by management include those in the areas of pledge receivable allowances and discounts, fair value of investments, and obligations to beneficiaries under split-interest agreements. Management periodically evaluates estimates used in the preparation of the consolidated financial statements for continued reasonableness. Appropriate adjustments, if any, to the estimates are made prospectively based on such periodic evaluations.

INCOME TAX STATUS

The Foundation and Foundation SO are exempt from federal income tax in accordance with the provisions of Internal Revenue Code Section 501(c)(3). However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. Unrelated business income tax, if any, is insignificant and no tax provision has been made in the accompanying financial statements.

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

CONTINGENCIES

The Foundation is infrequently party to various legal actions in its normal course of business, the aggregate effect of which has not been, in management and legal counsel's opinion, and would not be material to the financial condition or results of operations of the Foundation.

RECENTY ADOPTED ACCOUNTING PRONOUNCEMENTS

On July 1, 2022, the Foundation adopted Accounting Standards Update 2016-02, Leases (Topic 842), which requires lessees to recognize the assets and liabilities that arise from nearly all leases on the statement of financial position. Lessor accounting remained fairly consistent with prior guidance under Topic 840. The Foundation adopted Topic 842 using the modified retrospective adoption method, utilizing the simplified transition option which allows entities to continue to apply the legacy guidance in the comparative periods presented in the year of adoption. The Foundation elected the "package of practical expedients," which allows the Foundation to not reassess prior conclusions about lease identification, lease classification, and initial direct costs. As a result of adoption, the Foundation recognized operating lease ROU assets and lease liabilities of \$3,329 as of July 1, 2022. The Foundation does not have any finance leases as a lessee. The adoption of ASC 842 did not have a material impact on the Foundation's leases as a lessor.

SUBSEQUENT EVENTS

The Foundation evaluates subsequent events and transactions that occurred after June 30, 2023, but before financial statements are available to be issued. Subsequent events for June 30, 2023 were evaluated through October 26, 2023.

Note 3 – Financial Assets and Liquidity

The Foundation manages its cash and investments available to meet general expenditures by operating within a prudent range of financial soundness and stability. To manage liquidity, the Foundation strives to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. The Foundation's liquid assets available to meet general expenditures for the next year totaled \$856 as of June 30, 2023 and \$468 as of June 30, 2022, and are further outlined below.

Liquid Financial Assets	June 30, 2023	June 30, 2022
Investments	\$ 2,360,031	\$ 2,119,882
Cash	133,799	260,230
Pledges receivable, net	190,132	251,325
TOTAL LIQUID FINANCIAL ASSETS	2,683,962	2,631,437
Less amounts not available for general expenditures:		
Amounts subject to donor restrictions and contractual obligations	(2,547,896)	(2,492,793)
Deposits held in custody for others	(117,337)	(125,057)
Amounts designated by trustees for operating, technology, and strategic reserves	(10,738)	(10,445)
Amounts designated by trustees for University President's strategic initiatives	(3,196)	(2,674)
Amounts designated by trustees for Launch Oregon Seed Fund Investment	(3,000)	-
Amounts designated by trustees for donor advised funds	(939)	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 856	\$ 468

Amounts available for general expenditures of the Foundation are generated by quarterly assessments on the market value of endowed funds (0.19%) and other assets (0.125%), as well as other fully unrestricted contributions directed to the Foundation. There are certain endowed funds and other assets that are not subject to quarterly assessments. Quarterly assessments during 2024 are forecasted to be \$11,400 to support budgeted annual general expenditures of \$10,000. Assessments are conservatively forecasted for 2024 assuming potential market volatility. General expenditures of the Foundation include payroll, benefits, and other operational expenses.

The Foundation's liquid financial assets include board of trustee designated reserves that totaled \$17,873 as of June 30, 2023 (Note 7). Annually, the Foundation's Board of Trustees designates year end operating surplus to various reserve funds for operations, technological enhancements, and strategic initiatives of the University President.

The Foundation endeavors to maintain a year-end balance of board designated reserves to meet approximately four to six months of anticipated general Foundation expenditures. To achieve this target, the Foundation forecasts its future cash flows, monitoring its liquidity quarterly and monitoring its reserves annually. Board designated reserves that could most easily be utilized if necessary to meet general operational, technological and strategic expenditures totaled \$10,738 as of June 30, 2023.

Note 4 – Investments

The Foundation's Board of Trustees has fiduciary responsibility for the investment of the Foundation's assets, including the allocation of funds to various asset classes and the engagement of professional investment managers. Currently, the Foundation's Investment Committee oversees the investment program in accordance with established guidelines approved by the Foundation's Board of Trustees. The overall investment objective of the Foundation is to 1) provide an annual distribution for endowments to support designated University activities as determined by the Board of Trustees, and (2) to achieve a long-term growth rate that maintains the purchasing power of the assets, as measured by the consumer price index.

Prior to July 1, 2021, the Foundation employed investment professionals to manage the investment portfolio, which included money market funds, marketable securities, and over 100 directly-owned investments in limited partnerships. The in-house investment staff made all relevant daily decisions to align the Foundation's assets with the Board's established guidelines. Through September 30, 2021, the Foundation similarly managed investments on behalf of the University in T3, LLC for money the University desired to grow for increased future benefits.

Effective July 1, 2021, the Foundation moved to an outsourced investment management model in an effort to boost risk-adjusted returns and create additional fiduciary safeguards. The Foundation and external investment firm formed a new partnership, UOF Investments, L.P. (Partnership), to which the Foundation transferred substantially all of the endowment portfolio assets. As a general partner, the outsourced chief investment office (OCIO) manages the assets according to the terms of the partnership agreement, subject to the Foundation's Investment Committee investment policies. The Foundation, as a limited partner, is the investor and oversees the relationship with the OCIO through the Investment Committee and the Foundation's leadership team.

On October 1, 2021, all of T3, LLC's invested assets were transferred to UOF Investments, L.P., subject to an investment management services agreement between the Foundation and the University. T3, LLC is also a limited partner in UOF Investments, L.P.

The Partnership provides monthly estimates of the total investments and performs market valuations and allocations quarterly based on relative capital account percentages. Every quarter the Partnership also provides detailed investment performance reports to the Foundation and Board. All investment sale proceeds and cash receipts are reinvested in the Partnership. Under normal circumstances, the Foundation may withdraw funds from the Partnership account by providing written notice to the OCIO of at least 45 days for a withdrawal of up to five percent or at least 60 days for greater than five percent. The withdrawal would then be paid within 30 days following the notice period.

Distributions are effective as of the end of a calendar quarter unless otherwise agreed to by the partners. The Partnership agreement was amended on June 30, 2022 to create a short-term fixed-income portfolio with an inception date of July 1, 2022. Because the short-term portfolio invests in highly-liquid assets, the Foundation can make contributions and withdrawals with decreased notice to the Partnership.

The Foundation maintains investment pools comprised of different investment vehicles. The Partnership owns and manages assets in the Villard Investment Pool (formerly the Willamette Investment Pool when owned in-house) and a portion of the General Investment Pool. The Foundation elected the fair value option for recording assets and related activities of the Partnership. Other assets, which are outlined below, include the intermediate term pool, remainder trusts and gift annuities, and other investments.

VILLARD INVESTMENT POOL (FORMERLY WILLAMETTE INVESTMENT POOL)

Invested assets within UOF Investments, L.P. are pooled together in a fund of one investment vehicle structure and referred to as the Villard Investment Pool ("VIP"). The strategy of the VIP asset portfolio focuses on varied traditional and nontraditional investment opportunities. The VIP's portfolio is generally diversified as follows:

1. U.S. and non-U.S. public equities
2. Private assets, including private equity, venture capital, real estate, natural resources, and distressed investment opportunities
3. Hedge fund strategies, including event-driven, equity long-short, relative value, and macro strategies
4. U.S. and non-U.S. fixed income
5. Cash

The VIP is also diversified across underlying management sectors, risk factors, and liquidity characteristics. The diversification is designed to reduce risk for any given level of expected return and earns incremental expected return by committing prudently to illiquid assets.

The VIP's investments are subject to various risk factors including market, credit, and industry risk. Market risk represents the potential loss in value of financial instruments caused by movements in market variables, such as interest rates. Other risks affecting these investments include, but are not limited to, increasing competition, rapid changes in technology, and changes in economic conditions. While portfolio diversification can reduce idiosyncratic risk, overall market risk cannot be eliminated.

GENERAL INVESTMENT PROGRAM

The General Investment Program includes expendable gifts and endowment distributions prior to disbursement, all of which are invested for the short-term, while a portion of the funds are invested longer-term to generate more robust returns.

REMAINDER TRUSTS AND GIFT ANNUITIES

Remainder trust agreement assets are managed on an individual account basis in a diversified portfolio designed to reduce payment volatility, consider tax implications, and maximize the value of each gift. Gift annuity assets are managed as a pool by an outside firm.

OTHER INVESTMENTS

Other investments represent a pending fund established by the Foundation to record outright contributions received in fiscal year 2021 for which the donor has not yet determined specific use. The agreement with the donor states the funds may be designated to satisfy existing or future pledge obligations with the Foundation and other purposes as designated to benefit the University. Accordingly, the balance is also reflected as a conditional contribution on the Statements of Financial Position.

The pending fund assets are in a diversified pooled investment vehicle managed similarly to an endowment portfolio. These assets are invested in a limited partnership that the OCIO also manages. The Foundation is a limited partner in the pending fund, which is separate from the Foundation's UOF Investments, L.P.

Other investments also consists of gifts that are expendable but with a longer planned spending period.

INVESTMENTS BY GROUP AS OF JUNE 30, 2023

June 30, 2023	VILLARD INVESTMENT POOL	T3	GENERAL INVESTMENT PROGRAM	REMAINDER TRUSTS AND GIFT ANNUITIES	OTHER INVESTMENTS	TOTAL
Money market funds	\$ 24,669	\$ -	\$ -	\$ -	\$ 12	\$ 24,681
Marketable securities						
Equity securities	-	-	-	52,433	2,342	54,775
Debt Securities	-	-	7,609	28,794	-	36,403
TOTAL MARKETABLE SECURITIES	-	-	7,609	81,227	2,342	91,178
Limited partnerships	1,412,483	92,305	223,046	-	515,876	2,243,710
Other investments	202	-	-	-	260	462
TOTAL INVESTMENTS	\$ 1,437,354	\$ 92,305	\$ 230,655	\$ 81,227	\$ 518,490	\$ 2,360,031

INVESTMENTS BY GROUP AS OF JUNE 30, 2022

June 30, 2022	VILLARD INVESTMENT POOL	T3	GENERAL INVESTMENT PROGRAM	REMAINDER TRUSTS AND GIFT ANNUITIES	OTHER INVESTMENTS	TOTAL
Money market funds	\$ 121,176	\$ -	\$ -	\$ -	\$ 22	\$ 121,198
Marketable securities						
Equity securities	-	-	-	48,540	2,068	50,608
Debt Securities	-	-	43,173	32,822	-	75,995
TOTAL MARKETABLE SECURITIES	-	-	43,173	81,362	2,068	126,603
Limited partnerships	1,232,035	93,878	36,978	-	508,728	1,871,619
Other investments	202	-	-	-	260	462
TOTAL INVESTMENTS	\$ 1,353,413	\$ 93,878	\$ 80,151	\$ 81,362	\$ 511,078	\$ 2,119,882

Note 5 – Fair Value Measurements

The fair value hierarchy gives the highest priority to level 1 measurements and the lowest priority to level 3 measurements:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not considered active; observable inputs other than observable quoted prices for the asset or liability; or inputs derived principally from or corroborated by observable market data;

Level 3: Significant unobservable inputs for assets or liabilities.

A financial instrument's level within this fair value hierarchy is based on the lowest level of any input that is significant to its fair value measurement. The fair value hierarchy does not correspond to a financial instrument's relative liquidity in the market or to its level of risk.

Level 1 investments are typically investments in debt and equity marketable securities but may also include money market funds, and other highly liquid investments with maturities of 90 days or less with high credit quality entities. Fair value is determined using quoted prices in an active market.

For level 3 investments, fair value is determined by the Foundation to be best estimated by giving consideration to any factors which might necessitate an adjustment such as initial and ongoing due diligence monitoring, significant market or portfolio changes, and assumptions of a new hypothetical market participant.

The Foundation uses a practical expedient for the estimation of the fair value of investments in funds for which the investment does not have a readily determinable fair value. The practical expedient used by the Foundation for certain financial instruments is the net asset value per share.

The estimated fair value of the Foundation's investments by classification and measurement as of June 30, 2023 is as follows:

June 30, 2023	LEVEL 1	LEVEL 2	LEVEL 3	AT NAV	TOTAL
Money market funds	\$ 24,681	\$ -	\$ -	\$ -	\$ 24,681
Marketable securities	91,178	-	-	-	91,178
Limited partnerships					
Public equity	-	-	-	426,075	426,075
Private equity	-	-	-	759,680	759,680
Real assets	-	-	-	151,604	151,604
Hedge funds	-	-	-	378,646	378,646
Fixed income	-	-	-	527,705	527,705
	-	-	-	2,243,710	2,243,710
TOTAL LIMITED PARTNERSHIPS					
Other investments	-	-	462	-	462
TOTAL INVESTMENTS	\$ 115,859	\$ -	\$ 462	\$ 2,243,710	\$ 2,360,031
BENEFICIAL INTERESTS	\$ -	\$ -	\$ 17,586	\$ -	\$ 17,586
LAND AND BUILDINGS	\$ -	\$ -	\$ 26,275	\$ -	\$ 26,275
DEPOSITS HELD IN CUSTODY	\$ (2,697)	\$ -	\$ (3)	\$ (114,637)	\$ (117,337)

The estimated fair value of the Foundation's investments by classification and measurement as of June 30, 2022 is as follows:

June 30, 2022	LEVEL 1	LEVEL 2	LEVEL 3	AT NAV	TOTAL
Money market funds	\$ 121,198	\$ -	\$ -	\$ -	\$ 121,198
Marketable securities	126,603	-	-	-	126,603
Limited partnerships					
Public equity	-	-	-	352,680	352,680
Private equity	-	-	-	676,740	676,740
Real assets	-	-	-	168,579	168,579
Hedge funds	-	-	-	353,943	353,943
Fixed income	-	-	-	319,677	319,677
	-	-	-	1,871,619	1,871,619
TOTAL LIMITED PARTNERSHIPS		-			
Other investments	-	-	462	-	462
TOTAL INVESTMENTS	\$ 247,801	\$ -	\$ 462	\$ 1,871,619	\$ 2,119,882
BENEFICIAL INTERESTS	\$ -	\$ -	\$ 18,538	\$ -	\$ 18,538
LAND AND BUILDINGS	\$ -	\$ -	\$ 24,803	\$ -	\$ 24,803
DEPOSITS HELD IN CUSTODY	\$ (11,940)	\$ -	\$ (3)	\$ (113,114)	\$ (125,057)

Activities for investments classified as Level 3 were as follows for the year ended June 30, 2023 and 2022, respectively.

OTHER INVESTMENTS (LEVEL 3)

YEARS ENDED JUNE 30	2023	2022
BALANCE, BEGINNING OF YEAR	\$ 462	\$ 1,587
Sales	-	(1,125)
BALANCE, END OF YEAR	\$ 462	\$ 462

BENEFICIAL INTERESTS (LEVEL 3)

YEARS ENDED JUNE 30	2023	2022
BALANCE, BEGINNING OF YEAR	\$ 18,538	\$ 19,795
Net gain (loss), realized and unrealized	(904)	(1,242)
Maturities	(48)	(15)
BALANCE, END OF YEAR	\$ 17,586	\$ 18,538

LAND AND BUILDINGS (LEVEL 3)

YEARS ENDED JUNE 30	2023	2022
BALANCE, BEGINNING OF YEAR	\$ 24,803	\$ 21,035
Unrealized gain	1,472	3,768
BALANCE, END OF YEAR	\$ 26,275	\$ 24,803

COMMITMENTS

JUNE 30, 2023	INVESTED	UNFUNDED COMMITMENTS
LIMITED PARTNERSHIPS		
Public equity	\$ 426,075	\$ 1,840
Private equity	759,680	631,369
Real assets	151,604	157,004
Hedge funds	378,646	95,572
Fixed income	527,705	-
BALANCE, END OF YEAR	\$ 2,243,710	\$ 885,785

Information is for investments that measure fair value using the net asset value practical expedient. Distributions from limited partnerships, new cash gifts, and assets redeployed from other asset classes are all available to fund these commitments.

Approximately \$2,243,710 of investments at June 30, 2023 are valued using the “practical expedient” method of Net Asset Value. Generally, the Partnership if externally managed or Foundation if internally managed, may redeem from these funds on a monthly, quarterly, or semi-annual basis. Advance notice for redemption varies in accordance with the underlying fund agreements. However, it is possible that these redemption rights may be limited or suspended by the funds in the future in accordance with the underlying fund agreements. Of these investments, \$667,711 cannot be redeemed with the funds. Instead, distributions are received through the liquidation of the underlying assets of the funds. We expect distributions from these funds as they liquidate their portfolios. The timing of such distributions will be dictated by the underlying funds’ processes as well as market conditions. Due to the nature of the investments held by the funds, changes in market conditions and the economic environment may significantly impact the net asset value of the funds and the estimated fair value of the Foundation’s interest in these funds.

Note 6 – Endowments and Endowment Distributions

The Foundation's endowments consist of donor restricted and board designated endowment funds. The Board is authorized to determine distributions to be made from endowment funds and has established the long-term investment policy objective of maintaining the real (after inflation) purchasing power of endowment gifts. The Board has authorized a stated annual distribution rate of 4% for the years ended June 30, 2023 and 2022.

Authorized distributions (appropriations) are retained in net assets with donor restrictions until disbursement is requested by University officials consistent with the terms of the gift. Requested amounts are then released from restrictions and the disbursement is reported as a decrease in net assets without donor restrictions. From time to time, the fair value of endowment funds associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA required the Foundation to retain as a fund of perpetual duration, underwater endowments. As of June 30, 2023, endowed funds with a total historical gift value of \$18,491 and market value of \$17,767 resulted in an amount of \$724 underwater. As of June 30, 2022, endowed funds with total historical gift value of \$84,021 and market value of \$82,357 resulted in an amount of \$1,664 underwater.

CHANGES IN ENDOWMENT NET ASSETS

	With Donor Restrictions				
	WITHOUT DONOR RESTRICTIONS	ACCUMULATED ENDOWMENT EARNINGS	ORIGINAL GIFT AMOUNT	TOTAL WITH DONOR RESTRICTIONS	TOTAL ENDOWMENT ASSETS
BALANCE, JULY 1, 2021	\$ 3,506	\$ 398,525	\$ 918,344	\$ 1,316,869	\$ 1,320,375
Contributions	-	1,003	142,793	143,796	143,796
Investments, net return	68	5,384	3,672	9,056	9,124
Distributions	(219)	(35,637)	-	(35,637)	(35,856)
Administrative assessments	(5)	(6,267)	-	(6,267)	(6,272)
Net reevaluation of split-interest agreements	-	(174)	(7,251)	(7,425)	(7,425)
Other changes	-	3,006	(2,135)	871	871
NET INCREASE, YEAR ENDED JUNE 30, 2022	(156)	(32,685)	137,079	104,394	104,238
BALANCE, JUNE 30, 2022	\$ 3,350	\$ 365,840	\$ 1,055,423	\$ 1,421,263	\$ 1,424,613
Contributions	-	1,059	51,960	53,019	53,019
Investments, net return	148	29,630	-	29,630	29,778
Distributions	(240)	(37,957)	-	(37,957)	(38,197)
Administrative assessments	(6)	(9,595)	-	(9,595)	(9,601)
Net reevaluation of split-interest agreements	-	(1,281)	(282)	(1,563)	(1,563)
Other changes	-	-	(374)	(374)	(374)
NET INCREASE, YEAR ENDED JUNE 30, 2023	(98)	(18,144)	51,304	33,160	33,062
BALANCE, JUNE 30, 2023	\$ 3,252	\$ 347,696	\$ 1,106,727	\$ 1,454,423	\$ 1,457,675

ENDOWMENT NET ASSETS BY RESTRICTION

	2023	2022
YEARS ENDED JUNE 30		
Subject to expenditure for specified purpose:		
Student scholarships	\$ 435,679	\$ 409,442
Faculty and research	666,967	661,677
Other student, academic, and operational support	333,580	332,139
Facilities and equipment	15,127	15,331
Foundation administration	3,070	2,674
TOTAL NET ASSETS SUBJECT TO EXPENDITURE FOR SPECIFIED PURPOSE	\$ 1,454,423	\$ 1,421,263

Note 7 – Net Assets

NET ASSETS BY RESTRICTION

YEARS ENDED JUNE 30	2023	2022
Subject to expenditure for specified purpose:		
Student scholarships	\$ 157,171	\$ 163,841
Faculty and research	164,741	175,145
Other student, academic, and operational support	401,533	397,063
Facilities and equipment	113,611	87,410
TOTAL SUBJECT TO EXPENDITURE FOR SPECIFIED PURPOSE	837,056	823,459
Subject to the passage of time:		
Pledges receivable	29,244	38,181
Annuity funds, life income funds, and beneficial interests, net	3,910	4,160
Trusts held by others	22,615	24,030
TOTAL SUBJECT TO PASSAGE OF TIME	55,769	66,371
Subject to endowment spending policy and appropriation:		
Investments in perpetuity:		
Student scholarships	278,595	243,208
Faculty and research	406,169	348,408
Other student, academic, and operational support	180,236	167,473
Facilities and equipment	11,894	11,854
Endowment pledges receivable, net	159,949	212,372
TOTAL SUBJECT TO ENDOWMENT SPENDING POLICY AND APPROPRIATION	1,036,843	983,315
Subject to restriction in perpetuity		
Annuity funds, beneficial interests, and Foundation designated funds	14,934	20,475
Perpetual trusts held by others	54,950	51,633
TOTAL SUBJECT TO RESTRICTION IN PERPETUITY	69,884	72,108
TOTAL ENDOWED NET ASSETS RESTRICTED IN PERPETUITY	1,106,727	1,055,423
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	1,999,552	1,945,253
Without restriction and subject to board designation:		
Designated for operating reserve	3,293	5,276
Designated for University President's strategic project reserves	3,196	2,674
Designated for technology and strategic project reserves	7,445	5,169
Designated for Launch Oregon Seed Fund Investment	3,000	-
Designated for Donor Advised Fund	939	-
TOTAL SUBJECT TO BOARD DESIGNATION	17,873	13,119
Investment in property and equipment, net	18,074	15,883
Undesignated	9,693	13,193
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	45,640	42,195
TOTAL NET ASSETS	\$ 2,045,192	\$ 1,987,448

NET ASSETS RELEASED FROM RESTRICTIONS

YEARS ENDED JUNE 30	2023	2022
Student scholarships	\$ 21,232	\$ 19,720
Faculty and research	31,911	45,195
Other student, academic, and operational support	43,868	21,547
Facilities and equipment	52,644	104,241
University advancement	4,341	3,480
Foundation administration	67	142
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	\$ 154,063	\$ 194,325

Note 8 – Pledges Received

Total pledges receivable, net of an allowance for uncollectible pledges and discounted to present value at June 30, 2023 and 2022 are shown below.

The general allowance is determined through review that collection is unlikely for a specific pledge or a portion thereof, and is based upon analysis of past collection experience, pledge activity, and other judgmental factors.

For most pledges, the discount rates used to determine present values are the average from the auctions of U.S. Treasury Securities for the month of pledge inception. The discount is calculated for the payment time period expressed in the pledge document. For deferred pledges, the discount rates used to determine present values are IRS prescribed rates associated with pledge inception. The discount is calculated for the estimated life expectancy of the donor using a 25-year average as of June 30, 2023. See Note 9 for pledges receivable from trustees.

JUNE 30	2023	2022
Pledges		
Due less than one year	\$ 58,266	\$ 65,581
Due one to five years	110,520	167,431
Due more than five years	1,066	2,298
TOTAL GROSS PLEDGES	169,852	235,310
Less allowance	(417)	(601)
Less discount	(3,556)	(5,952)
TOTAL PLEDGES, NET	165,879	228,757
Deferred Pledges		
Due less than one year	1,383	368
Due one to five years	550	1,550
Due more than five years	47,398	43,502
TOTAL GROSS DEFERRED PLEDGES	49,331	45,420
Less allowance	(3,035)	(1,436)
Less discount	(22,043)	(21,416)
TOTAL DEFERRED PLEDGES, NET	24,253	22,568
PLEDGES RECEIVABLE, NET	\$ 190,132	\$ 251,325

Note 9 – Concentrations

As of June 30, 2023 and 2022, 1% and 2% of all pledges receivable were from trustees, respectively. As of June 30, 2023 and 2022, respectively, 64% and 67% of all pledges receivable were from one donor. Trustees made 1% of all contributions for 2023 and 2022. Three donors made 60% of all contributions in 2023, and two donors made 69% of all contributions in 2022.

Note 10 – Notes Payable

JUNE 30	2023	2022
AT JUNE 30 THE FOUNDATION HAD THE FOLLOWING NOTES PAYABLE TO BANKS AND OTHER FINANCIAL INSTITUTIONS:		
Due on demand with varying interest rates (3-month LIBOR), requiring interest-only quarterly payments, a \$50M revolving line of credit. Used for University Athletic Department working capital. The line of credit is unsecured with no recourse to the Foundation assets and guaranteed by a donor. This line of credit remains open and available to draw upon.	\$ -	\$ -
Due July 1, 2028, 6.48% with \$47 monthly payments, including principal and interest. A mortgage was assumed by OFX Millrace, LLC to acquire real property on behalf of the University. The mortgage is secured with real property.	2,417	2,813
Due November 10, 2045, 4.08% with \$208 monthly payments, including principal and interest. Proceeds were used to acquire property by OFX White Stag, LLC on behalf of the University. The note is secured by buildings and the related bond lease.	36,501	37,563
TOTAL NOTES PAYABLE	\$ 38,918	\$ 40,376

Interest expense associated with the above notes for the years ended June 30, 2023 and 2022 corresponds to cash paid for interest and was \$1,809 and \$1,706 respectively. Management believes all coverage and non-financial covenants have been met as of June 30, 2023 and 2022.

Notes payable scheduled maturities are as follows: 2024 \$1,440; 2025 \$1,511; 2026 \$1,584; 2027 \$1,663; 2028 \$1,745; 2029 and beyond \$30,975.

Note 11 – Split-Interest Agreements

The Foundation has entered into charitable gift annuity agreements whereby donors contribute assets in exchange for annual income streams that last a lifetime or a specifically defined period of time. Assets received from donors to establish gift annuities are managed in a pooled account and accounted for individually. The excess of gift annuity related assets over gift annuity obligations (net assets) is restricted based on the donor's intent for the gift. Gift annuity obligations are an actuarially determined liability which represents the present value of future payments to beneficiaries. Gift annuities are managed in compliance with applicable state statutes. The California required Reserve Fund was \$326 and \$333 at June 30, 2023 and 2022, respectively.

The Foundation has entered into charitable remainder annuity and unitrust agreements whereby assets are made available on the condition that income is paid periodically to designated individuals. Payments of such amounts terminate at a time specified in the agreements. Remainder trust obligations are an actuarially determined liability which represent the present value of estimated future payments to beneficiaries, taking into consideration their life expectancy and discounted at applicable interest rates.

The asset values for both gift annuities and remainder trusts are included in marketable securities and beneficial interests in the statements of financial position.

ASSETS

JUNE 30	2023	2022
REMAINDER TRUSTS		
Fair value	\$ 93,099	\$ 94,185
Cost	\$ 72,884	\$ 73,562
GIFT ANNUITIES		
Fair value	\$ 5,713	\$ 5,715
Cost	\$ 5,648	\$ 6,281

TOTAL OBLIGATIONS AND PAYMENTS TO BENEFICIARIES

JUNE 30	2023	2022
Remainder trusts	\$ 42,675	\$ 43,001
Gift annuities	3,848	3,978
TOTAL OBLIGATIONS TO BENEFICIARIES	\$ 46,523	\$ 46,979
Remainder trusts	\$ 5,225	\$ 5,356
Gift annuities	378	385
TOTAL PAYMENTS TO BENEFICIARIES	\$ 5,603	\$ 5,741

CHANGES IN OBLIGATIONS TO BENEFICIARIES

YEARS ENDED JUNE 30	2023	2022
BALANCE, BEGINNING OF YEAR	\$ 46,979	\$ 56,038
Obligations on new gifts	1,405	1,110
Investment and other income (loss), net	4,184	(13,676)
Net revaluation	(201)	9,546
Payment to beneficiaries	(5,603)	(5,741)
Administrative assessments	(79)	(93)
Other management expenses	(162)	(205)
NET DECREASE	(456)	(9,059)
BALANCE, END OF YEAR	\$ 46,523	\$ 46,979

CONTRIBUTIONS

JUNE 30	2023	2022
Remainder trusts	\$ 425	\$ 540
Gift annuities	75	9
TOTAL CONTRIBUTIONS	\$ 500	\$ 549

INVESTMENTS

JUNE 30	2023	2022
Investment income	\$ 2,198	\$ 2,059
Increase (decrease) in fair value of investments	1,986	(15,735)
TOTAL INVESTMENT RESULTS	\$ 4,184	\$ (13,676)

Note 12 – Assessments

The Foundation makes assessments primarily to cover its administration expenses and University Advancement support. Assessments can vary depending upon the nature of the gift and the corresponding gift agreement.

Trust assets and gift annuities – 0.025% is assessed quarterly based on the asset valuation as of the end of the quarter. In addition, up to 5% is assessed at maturity.

Endowment assets – 0.1875% is assessed quarterly based on the asset valuation as of the end of the quarter. The amounts shown below for the year ended June 30, 2022 are net of reinvested assessments of \$3,000.

Other assets – 0.0625% to 0.125% is assessed quarterly based on the asset valuation as of the end of the quarter, not to exceed actual interest earned. Assessment rate is determined by asset type.

Expendable gifts for University programs – gifts are assessed up to 5% from the gift value at the time of receipt.

Endowment gifts – gifts are assessed up to 5% from the gift value at the time of receipt.

ASSESSMENTS

YEARS ENDED JUNE 30	2023	2022
Trust assets and gift annuities	\$ 149	\$ 213
Endowment assets	9,885	6,192
Other assets	1,708	1,912
Expendable gifts for University programs	2,156	2,571
Endowment gifts	1,341	1,026
TOTAL ASSESSMENTS	\$ 15,239	\$ 11,914

Note 13 – Allocation of Functional Expenses

The cost of providing grants to the University and other activities has been summarized on a functional basis within the consolidated Statement of Activities. Direct administrative costs of the Foundation, such as salaries, professional services, and occupancy are included within Foundation Administration and outlined below. Costs associated with fundraising include amounts paid on behalf of and directly to vendors for fundraising and development for University Advancement. The Foundation transfers amounts collected from gift fee assessments (Note 12) to University Advancement to support fundraising activities.

ALLOCATION OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30	2023	2022
University of Oregon Support		
Scholarships	\$ 21,269	\$ 19,815
Faculty and research support	31,977	45,235
Other student, academic, and operational support	43,871	21,550
Facilities and equipment	56,233	106,096
TOTAL UNIVERSITY OF OREGON SUPPORT	153,350	192,696
Foundation Administration		
Salaries and benefits	5,321	4,334
Professional and contract services	1,200	1,318
Occupancy costs	578	374
Travel and meetings	232	190
Other expenses	237	306
TOTAL FOUNDATION ADMINISTRATION	7,568	6,522
Fundraising		
University of Oregon fundraising support	14,426	9,263
TOTAL EXPENSES	\$ 175,344	\$ 208,481

Note 14 – Leases

LESSOR

The Foundation's leases as a lessor are comprised of leases held under its wholly-owned subsidiaries.

DIRECT FINANCING LEASE

OFX White Stag, LLC has leased real property it owns to the Board of Trustees of the University of Oregon under a direct financing lease. The lease commenced in November 2015 and continues through November 2045. The lease has no renewal provisions.

YEAR ENDED JUNE 30	2023	
Lease receivable	\$	55,679
Unearned interest income		(19,244)
NET INVESTMENT IN DIRECT FINANCING LEASE	\$	36,435

Interest income for the direct financing lease was \$1,665 for the year ended June 30, 2023.

AGGREGATE FUTURE MINIMUM LEASE PAYMENTS UNDER THE DIRECT FINANCING LEASE

YEARS ENDED JUNE 30		
2024	\$	2,285
2025		2,493
2026		2,493
2027		2,493
2028		2,493
Thereafter		43,422
TOTAL FUTURE MINIMUM LEASE PAYMENTS	\$	55,679

OPERATING LEASES

OFX III, LLC has leased real property it owns to the Board of Trustees of the University of Oregon for a term through December 2034. Both parties have the option to terminate the lease with not less than 90 days prior written notice to the other party.

OFX Millrace, LLC has leased real property it owns to the Board of Trustees of the University of Oregon for a term through July 2034.

Lease income for the operating leases was \$1,109 for the year ended June 30, 2023.

AGGREGATE FUTURE MINIMUM LEASE PAYMENTS UNDER THE NON-CANCELABLE OPERATING LEASES

YEARS ENDED JUNE 30		
2024	\$	1,109
2025		1,109
2026		1,109
2027		1,109
2028		1,109
Thereafter		5,765
TOTAL FUTURE MINIMUM LEASE PAYMENTS	\$	11,310

LESSEE

The Foundation entered into a new lease during the year ended June 30, 2023, in which it leases office space from the University of Oregon. The lease commenced on July 1, 2022 and continues through June 30, 2031.

The Foundation's leases as a lessee also include a lease held under its wholly-owned subsidiary, OFX Millrace, LLC, which leases real property (ground lease) from the Board of Trustees of the University of Oregon for a term through May 2042

Neither lease includes renewal provisions.

AGGREGATE FUTURE MINIMUM LEASE PAYMENTS UNDER THE NON-CANCELABLE OPERATING LEASES

YEARS ENDED JUNE 30

2024	\$	330
2025		338
2026		345
2027		353
2028		362
Thereafter		1,990
TOTAL UNDISCOUNTED LEASE PAYMENTS	\$	3,718
Imputed interest		(616)
TOTAL PRESENT VALUE OF LEASE LIABILITIES	\$	3,102

ADDITIONAL INFORMATION

JUNE 30, 2023

Right-of-use assets obtained in exchange for lease liabilities	\$	3,329
Cash paid for amounts included in the measurement of lease liabilities	\$	323
Weighted average remaining lease term (years)		12
Weighted average discount rate		3.1%

Note 15 – Defined Contribution Benefit Plan

The Foundation maintains a retirement plan in accordance with Internal Revenue Service Code Section 403(b). The Plan covers all employees who have attained the minimum age of 18. The Foundation makes semi-monthly contributions equal to 18.32% of compensation for that pay period for all employees who have been employed six months or more. Employee contributions are not required, although employees may make elective contributions. Employer contributions vest over a five-year service period or upon attaining 50 years of age. Amounts contributed and charged to expense for the years ended June 30, 2023 and 2022 were \$585 and \$519, respectively.

Note 16 – Income Taxes

The Foundation and Foundation SO recognize the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Foundation and Foundation SO each have no unrecognized tax benefits which would require an adjustment to the July 1, 2023 beginning balance of net assets and had no unrecognized tax benefits at June 30, 2023. The Foundation and Foundation SO each file an exempt organization return and applicable unrelated business income tax returns in the U.S. federal jurisdiction and applicable state agencies.

Note 17 – Additional Information

YEARS ENDED JUNE 30	2023	2022
DEPOSITS HELD IN CUSTODY		
For the University of Oregon (T3, LLC)	\$ 92,305	\$ 93,878
For the University of Oregon Alumni Association	19,700	20,154
For University of Oregon Athletics and others	5,332	11,025
TOTAL DEPOSITS HELD IN CUSTODY	\$ 117,337	\$ 125,057
ACCOUNTS PAYABLE		
To the University of Oregon	\$ 1,872	\$ 3,995
To others, for Foundation activities	2,440	1,650
TOTAL ACCOUNTS PAYABLE	\$ 4,312	\$ 5,645

Consolidating Schedule of Financial Position

University of Oregon Foundation and Affiliate
Supplemental information as of June 30, 2023

	University of Oregon Foundation and LLC Subsidiaries	Affiliate	Consolidated Balances
ASSETS			
Investments			
Money market funds	\$ 22,538	\$ 2,143	\$ 24,681
Marketable securities	90,629	549	91,178
Limited partnership	1,993,897	249,813	2,243,710
Other investments	462	-	462
TOTAL INVESTMENTS	2,107,526	252,505	2,360,031
Cash	116,415	17,384	133,799
Pledges receivable, net	54,575	135,557	190,132
Capital lease receivable, net	36,435	-	36,435
Land and buildings	26,275	-	26,275
Construction in progress	1,065	-	1,065
Beneficial interests	17,586	-	17,586
Right of use assets	3,070	-	3,070
Other assets, net	3,068	374	3,442
TOTAL ASSETS	\$2,366,015	\$ 405,820	\$ 2,771,835
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable	\$ 4,027	\$ 285	\$ 4,312
Lease liability	3,102	-	3,102
Deposits held in custody	117,337	-	117,337
Notes payable	38,918	-	38,918
Conditional contributions held as deferred revenue	516,451	-	516,451
Obligations to beneficiaries under split-interest agreements	46,523	-	46,523
TOTAL LIABILITIES	726,358	285	726,643
Net assets without donor restrictions			
Undesignated	9,693	-	9,693
Board-designated	17,873	-	17,873
Investment in property and equipment, net of related debt	18,074	-	18,074
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	45,640	-	45,640
Net assets with donor restrictions			
Restricted by purpose and time	800,874	91,951	892,825
Restricted in perpetuity	793,143	313,584	1,106,727
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	1,594,017	405,535	1,999,552
TOTAL NET ASSETS	1,639,657	405,535	2,045,192
TOTAL LIABILITIES AND NET ASSETS	\$2,366,015	\$ 405,820	\$ 2,771,835