



## **Report of Independent Auditors**

The Board of Trustees  
University of Oregon Foundation

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of the University of Oregon Foundation (the "Foundation") and its subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

***Opinion***

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

***Other Matters***

Our audit was conducted for the purpose of forming an opinion of the consolidated financial statements as a whole. The supplementary information presented on page 18 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 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.

*Moss Adams LLP*

Eugene, Oregon  
October 5, 2020

# Consolidated Statement of Financial Position

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

June 30	2020	2019
<b>ASSETS</b>		
Investments		
Money market funds	\$ 60,833	\$ 41,078
Marketable securities	226,084	273,273
Limited partnerships	906,924	934,196
Other investments	2,282	2,290
<b>TOTAL INVESTMENTS</b>	<b>1,196,123</b>	<b>1,250,837</b>
Cash	77,323	111,988
Pledges receivable, net	350,613	393,578
Capital lease receivable, net	39,264	40,038
Land and buildings	20,269	20,985
Construction in progress	13,562	127,401
Beneficial interests	12,417	14,101
Other assets, net	2,335	2,311
<b>TOTAL ASSETS</b>	<b>\$ 1,711,906</b>	<b>\$ 1,961,239</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable	\$ 18,616	\$ 17,414
Deposits held in custody	101,017	92,888
Notes payable	50,938	52,060
Obligations to beneficiaries under split-interest agreements	48,798	52,960
<b>TOTAL LIABILITIES</b>	<b>219,369</b>	<b>215,322</b>
Net assets without donor restrictions		
Undesignated	14,634	13,251
Board designated	10,108	10,166
Investment in property and equipment, net of related debt	8,196	8,565
<b>TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>32,938</b>	<b>31,982</b>
Net assets with donor restrictions		
Restricted by purpose	486,662	723,352
Restricted by time	67,910	112,597
Restricted in perpetuity	905,027	877,986
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>1,459,599</b>	<b>1,713,935</b>
<b>TOTAL NET ASSETS</b>	<b>1,492,537</b>	<b>1,745,917</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,711,906</b>	<b>\$ 1,961,239</b>

# Consolidated Statement of Activities

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

YEAR ENDED JUNE 30, 2020	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE</b>			
Contributions	\$ 344	\$ 274,423	\$ 274,767
Investments			
Fair value increase (decrease)	900	(874)	26
Investment income	5,662	5,175	10,837
Investment fees and direct expenses	(2,147)	(5)	(2,152)
<b>TOTAL INVESTMENTS</b>	<b>4,415</b>	<b>4,296</b>	<b>8,711</b>
Administrative assessments	11,888	(11,093)	795
Net revaluation of split-interest agreements	-	(2,343)	(2,343)
Other revenues	-	2,208	2,208
Net assets released from restriction	520,603	(520,603)	-
<b>TOTAL REVENUE, GAINS (LOSSES) AND OTHER SUPPORT</b>	<b>537,250</b>	<b>(253,112)</b>	<b>284,138</b>
<b>EXPENSES</b>			
University support			
Student scholarships	17,488	-	17,488
Faculty and research	26,253	-	26,253
Other student, academic and operational support	23,040	-	23,040
<b>TOTAL STUDENT, ACADEMIC AND OPERATIONAL SUPPORT</b>	<b>66,781</b>	<b>-</b>	<b>66,781</b>
University advancement	5,630	-	5,630
Facilities and equipment	457,227	-	457,227
<b>TOTAL UNIVERSITY SUPPORT</b>	<b>529,638</b>	<b>-</b>	<b>529,638</b>
Foundation administration	6,656	-	6,656
<b>TOTAL EXPENSES</b>	<b>536,294</b>	<b>-</b>	<b>536,294</b>
Provision for uncollectible pledges receivable	-	(1,224)	(1,224)
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>956</b>	<b>(254,336)</b>	<b>(253,380)</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>31,982</b>	<b>1,713,935</b>	<b>1,745,917</b>
<b>NET ASSETS AT JUNE 30, 2020</b>	<b>\$ 32,938</b>	<b>\$ 1,459,599</b>	<b>\$ 1,492,537</b>
<b>YEAR ENDED JUNE 30, 2019</b>			
<b>REVENUE</b>			
Contributions	\$ 799	\$ 236,120	\$ 236,919
Investments			
Fair value increase	6,293	36,940	43,233
Investment income	6,085	11,444	17,529
Investment fees and direct expenses	(1,869)	(3)	(1,872)
<b>TOTAL INVESTMENT</b>	<b>10,509</b>	<b>48,381</b>	<b>58,890</b>
Administrative assessments	11,474	(11,234)	240
Net revaluation of split-interest agreements	-	(3,347)	(3,347)
Other revenues	-	1,820	1,820
Net assets released from restriction	146,227	(146,227)	-
<b>TOTAL REVENUE</b>	<b>169,009</b>	<b>125,513</b>	<b>294,522</b>
<b>EXPENSES</b>			
University support			
Student scholarships	20,198	-	20,198
Faculty and research	26,278	-	26,278
Other student, academic and operational support	25,086	-	25,086
<b>TOTAL STUDENT, ACADEMIC AND OPERATIONAL SUPPORT</b>	<b>71,562</b>	<b>-</b>	<b>71,562</b>
University advancement	5,533	-	5,533
Facilities and equipment	76,271	-	76,271
<b>TOTAL UNIVERSITY SUPPORT</b>	<b>153,366</b>	<b>-</b>	<b>153,366</b>
Foundation administration	6,762	-	6,762
<b>TOTAL EXPENSES</b>	<b>160,128</b>	<b>-</b>	<b>160,128</b>
Provision for uncollectible pledges receivable	-	(1,254)	(1,254)
<b>INCREASE IN NET ASSETS</b>	<b>8,881</b>	<b>124,259</b>	<b>133,140</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>23,101</b>	<b>1,589,676</b>	<b>1,612,777</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 31,982</b>	<b>\$ 1,713,935</b>	<b>\$ 1,745,917</b>

# Consolidated Statement of Cash Flows

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

YEARS ENDED JUNE 30	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
CHANGE IN NET ASSETS	\$ (253,380)	\$ 133,140
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Endowment contributions	(31,018)	(23,103)
Noncash gifts	(48,167)	(153,930)
Net revaluation of split-interest agreements	2,343	3,347
Net realized and unrealized gains	(5,360)	(50,764)
Decrease in pledges receivable	41,741	38,009
Provision for uncollectible pledges	1,224	1,254
Decrease (increase) in construction in process	113,839	(121,624)
Increase in accounts payable	1,201	12,612
Other changes	2,360	1,281
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b>(175,217)</b>	<b>(159,778)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(271,038)	(284,728)
Proceeds from sale of investments	392,102	420,847
(Decrease) increase in money market funds	(19,755)	24,372
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>101,309</b>	<b>160,491</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from endowment gifts and pledges	32,236	24,710
Repayment of notes payable	(1,122)	(1,141)
Increase in deposits held in custody	8,129	11,222
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>39,243</b>	<b>34,791</b>
<b>NET (DECREASE) INCREASE IN CASH</b>	<b>(34,665)</b>	<b>35,504</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>111,988</b>	<b>76,484</b>
<b>CASH, END OF YEAR</b>	<b>\$ 77,323</b>	<b>\$ 111,988</b>

# 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. The Foundation employs investment professionals to manage the investment pools and certain trust investments, and manages other 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, Oregon Future Expansion II, LLC (OFX II, LLC) was formed as a wholly-owned subsidiary of the Foundation. OFX II, LLC acquired a former sorority house in Eugene, Oregon for approximately \$800, which was leased to the University until the lease terminated in January 2020. Upon termination of the lease, the property was transferred to University ownership. (see Note 14).

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. Additionally, Phit, LLC entered into an agreement with the University of Oregon to lease the property for one dollar during the construction period. The costs for the renovation project were funded by private contributions. The renovation project was substantially complete in June 2020 and the property transferred to the University.

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 July 2019, Phit Too, LLC entered into a construction contract to renovate certain areas of Matthew Knight Arena, with the construction to be completed in October 2021. Additionally, in July 2019, Phit Too, LLC entered into an agreement with the University of Oregon to lease the property for one dollar during the construction period. The project is anticipated to be funded by private contributions and the project will be transferred to the University upon completion.

In August 2013, OFX OB, LLC was formed as a wholly-owned subsidiary of the Foundation to acquire real property and construct improvements in conjunction with OregonBILDS, a design-build studio at the University. The last property associated with this LLC was sold November 2018 and the program transferred to the University beginning 2018/2019 academic year. This subsidiary had no activity during 2020.

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 at the University. 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, 2020 and 2019, the fair value of these investments was \$79,900 and \$75,205 (see Note 4).

## SUPPORTING ORGANIZATION

The U of O Foundation Supporting Organization (Foundation SO) is a Type I functionally integrated supporting organization operated to support the activities of the Foundation (see Notes 2, 16).

# Note 2 – Summary of Significant Accounting Policies

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; OFX II, LLC; Phit, LLC; OFX III, LLC; OFX PK, LLC; Phit Too, LLC; OFX OB, LLC; OFX Millrace, LLC; HFE, LLC; OFX White Stag, LLC; T3, 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.

The 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.

Investments with fair value measured at net asset value as a practical expedient are categorized separately within the fair value measurement table in Note 5. 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. All transfers between fair value hierarchy levels are recognized at the beginning of each reporting period. The fair value hierarchy does not correspond to a financial instrument's relative liquidity in the market or to its level of risk.

In determining the reasonableness of the fair value measurement methodology, management, with the oversight of the Investment Committee, evaluates a variety of factors including review of existing contracts, economic conditions, and industry and market developments. Certain unobservable inputs are evaluated and adjusted, as necessary, based on current market conditions and other third-party information.

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 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.

Our investment process and portfolio implementation are designed to address such risks in general. However, particular instances like the spread of COVID-19 and its implication on the economy and society, cannot be predicted with certainty. As a result, the total fair value of the portfolio is subject to further fluctuation and the performance may be adversely affected.

The Foundation is closely monitoring its investment portfolio. Given the uncertainty about the situation, we cannot estimate the future impact to our consolidated financial statements.

## 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 increase and decrease. 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, 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.

The Foundation's decrease in net assets of \$253,380 for the year ended June 30, 2020 is a direct result of the completion of several University construction projects in 2020 funded by contributions received in current and prior years.

## 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, 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 consists 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.

## CONSTRUCTION IN PROGRESS

Construction in progress includes capitalized expenditures related to the renovation of Matthew Knight Arena for the year ended June 30, 2020. Construction in progress for the year ended June 30, 2019 related to the renovation of Hayward Field and Matthew Knight Arena.

## 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 .6%, as well as actuarially-determined expected lives of beneficiaries ranging from 7.1 to 33.6 years, or 99 years for perpetual trusts.

### 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 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 in excess of 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.

### DONATED MATERIALS

Donated materials and services are reflected as contributions at their estimated values at date of receipt. Donated materials were \$640 and \$696 for fiscal years ended June 30, 2020 and 2019, 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's and legal counsel's opinion, and would not be material to the financial condition or results of operations of the Foundation.

### CHANGE IN ACCOUNTING PRINCIPLE

The Foundation has adopted Accounting Standards Update (ASU) 2014-09 *Revenue from Contracts with Customers* (Topic 606) and ASU 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Analysis of various provisions of these standards resulted in no significant changes in the way the Foundation recognizes revenue, and therefore no changes to the previously issued consolidated financial statements were required on a retrospective basis. These standards did not result in material impact to the financial statements and related disclosures for the year ended June 30, 2020.

## SUBSEQUENT EVENTS

The Foundation evaluates subsequent events and transactions that occurred after June 30, 2020, but before financial statements are available to be issued, concluding October 5, 2020. Subsequent events for June 30, 2020 were evaluated through October 5, 2020.

(See Note 10).

## 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 \$1,260 as of June 30, 2020 and \$295 as of June 30, 2019, and are further outlined below.

Liquid Financial Assets	June 30, 2020	June 30, 2019
Investments	\$ 1,196,123	1,250,837
Cash	77,323	111,988
Pledges receivable, net	350,613	393,578
<b>TOTAL LIQUID FINANCIAL ASSETS</b>	<b>1,624,059</b>	<b>1,756,403</b>
Less amounts not available for general expenditures:		
Amounts subject to donor restrictions and contractual obligations	(1,511,674)	(1,653,054)
Deposits held in custody for others	(101,017)	(92,888)
Amounts designated by trustees for operating, technology and strategic reserves	(5,957)	(5,390)
Amounts designated by trustees for University President strategic initiatives	(3,617)	(3,644)
Amounts designated by trustees for future endowment reinvestment	(534)	(1,132)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,260	295

Amounts available for general expenditures of the Foundation are generated by quarterly assessments on the market value of endowed funds (.25%) and other assets (.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 2021 are forecasted to be \$7,900 to support budgeted annual general expenditures of \$7,300. Assessments are conservatively forecasted for 2021 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 \$10,108 as of June 30, 2020 (Note 7). Annually, the Foundation's Board of Trustees designates year end operating surplus to various reserve funds for operations, endowment reinvestment, 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 \$5,957 as of June 30, 2020.

## Note 4 – Investments

Investments are organized and managed in the following five ways.

### 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, up to six years, to generate more robust returns. In addition to the amounts below, the General Investment Program also includes cash balances total \$43,958 and \$42,941 for fiscal years ended June 30, 2020 and 2019 respectively.

### WILLAMETTE INVESTMENT POOL

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

The Willamette Investment Pool consists of approximately 83% endowments and 17% other funds with long-term investment horizons, at June 30, 2020 and 2019.

### 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.

## INTERMEDIATE TERM POOL AND OTHER INVESTMENTS

These investments consist of gifts that are expendable but have a longer planned spending period. In addition to the amounts below, the Intermediate Term Pool also includes cash balances totaling \$33,366 and \$69,042 for fiscal years ended June 30, 2020 and 2019 respectively.

### T3

T3 consists of investments managed on behalf of the University.

#### INVESTMENTS BY GROUP

	GENERAL INVESTMENT PROGRAM	WILLAMETTE INVESTMENT POOL	REMAINDER TRUSTS AND GIFT ANNUITIES	INTERMEDIATE TERM POOL	OTHER INVESTMENTS	T3	TOTAL
<b>June 30, 2020</b>							
Money market funds	\$ -	\$ 55,901	\$ -	\$ 420	\$ 34	\$ 4,478	\$ 60,833
Marketable securities							
Equity securities	-	72,186	52,067	-	1,741	8,693	134,687
Debt securities	44,332	-	32,090	14,973	2	-	91,397
<b>TOTAL MARKETABLE SECURITIES</b>	<b>44,332</b>	<b>72,186</b>	<b>84,157</b>	<b>14,973</b>	<b>1,743</b>	<b>8,693</b>	<b>226,084</b>
Limited partnerships	38,830	801,365	-	-	-	66,729	906,924
Other investments	1,081	201	-	-	1,000	-	2,282
<b>TOTAL INVESTMENTS</b>	<b>\$ 84,243</b>	<b>\$ 929,653</b>	<b>\$ 84,157</b>	<b>\$ 15,393</b>	<b>\$ 2,777</b>	<b>\$ 79,900</b>	<b>\$ 1,196,123</b>
<b>June 30, 2019</b>							
Money market funds	\$ -	\$ 33,629	\$ -	\$ 417	\$ 49	\$ 6,983	\$ 41,078
Marketable securities							
Equity securities	-	71,305	56,697	-	1,838	8,862	138,702
Debt securities	45,044	-	33,383	56,144	-	-	134,571
<b>TOTAL MARKETABLE SECURITIES</b>	<b>45,044</b>	<b>71,305</b>	<b>90,080</b>	<b>56,144</b>	<b>1,838</b>	<b>8,862</b>	<b>273,273</b>
Limited partnerships	39,978	834,858	-	-	-	59,360	934,196
Other investments	1,040	250	-	-	1,000	-	2,290
<b>TOTAL INVESTMENTS</b>	<b>\$ 86,062</b>	<b>\$ 940,042</b>	<b>\$ 90,080</b>	<b>\$ 56,561</b>	<b>\$ 2,887</b>	<b>\$ 75,205</b>	<b>\$ 1,250,837</b>

## Note 5 – Fair Value Measurements

### RISK REDUCTION

**Absolute return:** The goal of this asset class is to provide consistent, absolute returns that are relatively uncorrelated with traditional equity and debt markets and act as a risk reducer for the entire portfolio. Assets are allocated among managers who use a variety of strategies including merger, event-driven and relative-value arbitrage, mezzanine debt, structured financing, long-short credit, and long-short equity. Most marketable investments are subject to quarterly redemptions while one manager only offers annual redemptions. There are also illiquid assets that, because of their long-term horizon, are restricted from redemptions. The term for the least liquid investment runs through 2021. There are no gates in effect as of June 30, 2020.

**Liquidity:** This asset class is used as an overall risk reducer for the portfolio to hedge against deflation and as a source of liquidity for portfolio rebalancing and distributions. Assets include cash and debt securities, which include government, agency, or corporate issues. There are no gates in effect as of June 30, 2020.

### GROWTH

**Global equity:** This asset class provides broad exposure to global public equity markets around the world, both developed and developing, and is expected to produce returns in the long run that help maintain the real purchasing power of the endowment. There are no gates in effect as of June 30, 2020.

**Private capital:** This asset class is intended to provide public-equity-plus returns but is illiquid in nature because of the long-term horizon of its various private-market investments. Assets consist of three broad sectors: venture capital, growth equity, and distressed debt. The term for these investments runs through 2029.

### INFLATION PROJECTION

**Real assets:** The goal of this asset class is to protect the overall portfolio from inflation by investing in tangible assets whose values adjust with changes in the broad price level. The asset class consists of three broad sectors: real estate, natural resources, and energy infrastructure. Real estate investments are largely based in the United States using either a strategy of repositioning, renovating developing properties, or providing commercial debt financing. Investments within the natural resources sector are in energy, power, farmland, and timber. The term for these investments runs through 2028.

**ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS**

June 30, 2020	LEVEL 1	LEVEL 2	LEVEL 3	AT NAV	TOTAL
Money market funds	\$ 60,833	\$ -	\$ -	\$ -	\$ 60,833
Marketable securities	226,084	-	-	-	226,084
Limited partnerships					
Absolute return	-	-	-	181,282	181,282
Liquidity	-	-	-	51,696	51,696
Global equity	-	-	-	311,966	311,966
Private capital	96	-	-	213,929	214,025
Real assets	-	-	-	147,955	147,955
TOTAL LIMITED PARTNERSHIPS	96	-	-	906,828	906,924
Other investments	-	-	2,282	-	2,282
<b>TOTAL INVESTMENTS</b>	<b>\$ 287,013</b>	<b>\$ -</b>	<b>\$ 2,282</b>	<b>\$ 906,828</b>	<b>\$ 1,196,123</b>
<b>BENEFICIAL INTERESTS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,417</b>	<b>\$ -</b>	<b>\$ 12,417</b>
<b>LAND AND BUILDINGS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,269</b>	<b>\$ -</b>	<b>\$ 20,269</b>
<b>DEPOSITS HELD IN CUSTODY</b>	<b>\$ (17,787)</b>	<b>\$ -</b>	<b>\$ (25)</b>	<b>\$ (83,205)</b>	<b>\$ (101,017)</b>

June 30, 2019	LEVEL 1	LEVEL 2	LEVEL 3	AT NAV	TOTAL
Money market funds	\$ 41,078	\$ -	\$ -	\$ -	\$ 41,078
Marketable securities	273,273	-	-	-	273,273
Limited partnerships					
Absolute return	-	-	-	169,725	169,725
Liquidity	-	-	-	70,346	70,346
Global equity	-	-	-	372,932	372,932
Private capital	164	-	-	173,148	173,312
Real assets	185	-	-	147,696	147,881
TOTAL LIMITED PARTNERSHIPS	349	-	-	933,847	934,196
Other investments	-	-	2,290	-	2,290
<b>TOTAL INVESTMENTS</b>	<b>\$ 314,700</b>	<b>\$ -</b>	<b>\$ 2,290</b>	<b>\$ 933,847</b>	<b>\$ 1,250,837</b>
<b>BENEFICIAL INTERESTS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14,101</b>	<b>\$ -</b>	<b>\$ 14,101</b>
<b>LAND AND BUILDINGS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,985</b>	<b>\$ -</b>	<b>\$ 20,985</b>
<b>DEPOSITS HELD IN CUSTODY</b>	<b>\$ (18,096)</b>	<b>\$ -</b>	<b>\$ (5)</b>	<b>\$ (74,787)</b>	<b>\$ (92,888)</b>

**OTHER INVESTMENTS (LEVEL 3)**

YEARS ENDED JUNE 30	2020	2019
BALANCE, BEGINNING OF YEAR	\$ 2,290	\$ 2,252
Realized gain/(loss)	(8)	40
Purchases	-	-
Sales	-	(2)
BALANCE, END OF YEAR	\$ 2,282	\$ 2,290

**BENEFICIAL INTERESTS (LEVEL 3)**

YEARS ENDED JUNE 30	2020	2019
BALANCE, BEGINNING OF YEAR	\$ 14,101	\$ 19,034
New gifts	-	148
Net gain/(loss), realized and unrealized	(1,684)	(4,511)
Maturities	-	(570)
BALANCE, END OF YEAR	\$ 12,417	\$ 14,101

**LAND AND BUILDINGS (LEVEL 3)**

YEARS ENDED JUNE 30	2020	2019
BALANCE, BEGINNING OF YEAR	\$ 20,985	\$ 18,029
Realized gain (loss)	-	(117)
Unrealized gain change	895	3,854
Purchases/contributions/improvements	-	244
Sales	-	(1,025)
Transfer to UO	(1,611)	-
BALANCE, END OF YEAR	\$ 20,269	\$ 20,985

## COMMITMENTS

JUNE 30, 2020	INVESTED	UNFUNDED COMMITMENTS	REDEMPTION FREQUENCY	REDEMPTION NOTICE PERIOD
<b>LIMITED PARTNERSHIPS</b>				
Absolute return	\$ 181,282	\$ 568	Quarterly, Annually	45 to 90 days
Liquidity	51,696	-	Daily, Monthly, Quarterly	1 to 60 days
Global equity	311,966	-	Daily, Monthly, Quarterly, Semi-Annually	3 to 105 days
Private capital	214,025	109,867	N/A	N/A
Real assets	147,955	32,549	N/A	N/A
<b>TOTAL LIMITED PARTNERSHIPS</b>	<b>\$ 906,924</b>	<b>\$ 142,984</b>		

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

## Note 6 – Endowments and Endowment Distributions

The Foundation's endowments consist of donor restricted 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, 2020 and 2019.

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, 2020 endowed funds with total historical gift value of \$60,115 and market value of \$59,090 resulted in an amount of \$1,025 underwater. There were no underwater endowed funds at June 30, 2019.

### CHANGES IN ENDOWMENT NET ASSETS

	With Donor Restrictions				
	Without Donor Restrictions	Accumulated Endowment Earnings	Original Gift Amount	Total With Donor Restrictions	Total Endowment Assets
<b>BALANCE, JULY 1, 2018</b>	\$ 2,489	\$ 242,270	\$ 850,969	\$ 1,093,239	\$ 1,095,728
Contributions	-	885	29,713	30,598	30,598
Investments, net return	254	38,099	-	38,099	38,353
Distributions	(193)	(27,290)	-	(27,290)	(27,483)
Administrative assessments	(7)	(7,508)	-	(7,508)	(7,515)
Net reevaluation of split-interest agreements	-	32	(4,010)	(3,978)	(3,978)
Other changes	-	4,094	1,314	5,408	5,408
<b>NET INCREASE, YEAR ENDED JUNE 30, 2019</b>	<b>54</b>	<b>8,312</b>	<b>27,017</b>	<b>35,329</b>	<b>35,383</b>
<b>BALANCE, JUNE 30, 2019</b>	<b>\$ 2,543</b>	<b>250,582</b>	<b>\$ 877,986</b>	<b>\$ 1,128,568</b>	<b>\$ 1,131,111</b>
Contributions	-	1,196	29,051	30,247	30,247
Investment, net return	13	1,584	-	1,584	1,597
Distributions	(201)	(29,543)	-	(29,543)	(29,744)
Administrative assessments	(7)	(8,011)	-	(8,011)	(8,018)
Net reevaluation of split-interest agreements	-	(10)	(2,030)	(2,040)	(2,040)
Other changes	-	120	19	139	139
<b>NET DECREASE, YEAR ENDED JUNE 30, 2020</b>	<b>(195)</b>	<b>(34,664)</b>	<b>27,040</b>	<b>(7,624)</b>	<b>(7,819)</b>
<b>BALANCE, JUNE 30, 2020</b>	<b>\$ 2,348</b>	<b>215,918</b>	<b>\$ 905,026</b>	<b>\$ 1,120,944</b>	<b>\$ 1,123,292</b>

## ENDOWMENT NET ASSETS BY RESTRICTION

YEARS ENDED JUNE 30	2020	2019
Subject to expenditure for specified purpose:		
Student scholarships	\$ 306,216	\$ 304,678
Faculty and research	259,402	262,541
Other student, academic, and operational support	266,294	275,549
Facilities and equipment	286,396	283,164
Foundation administration	2,636	2,636
<b>TOTAL NET ASSETS SUBJECT TO EXPENDITURE FOR SPECIFIED PURPOSE</b>	<b>1,120,944</b>	<b>1,128,568</b>
For benefit of Foundation	2,348	2,543
<b>TOTAL ENDOWMENT NET ASSETS BY RESTRICTED PURPOSE</b>	<b>\$ 1,123,292</b>	<b>\$ 1,131,111</b>

## Note 7 – Net Assets

### NET ASSETS BY RESTRICTION

YEARS ENDED JUNE 30	2020	2019
Subject to expenditure for specified purpose:		
Student scholarships	\$ 101,800	\$ 113,438
Faculty and research	91,709	101,134
Other student, academic, and operational support	243,470	263,037
Facilities and equipment	49,683	245,743
<b>TOTAL SUBJECT TO EXPENDITURE FOR SPECIFIED PURPOSE</b>	<b>486,662</b>	<b>723,352</b>
Subject to the passage of time:		
Pledges receivable	39,347	81,354
Annuity funds, life income funds, and beneficial interests, net	4,670	6,080
Trusts held by others	23,893	25,163
<b>TOTAL SUBJECT TO PASSAGE OF TIME</b>	<b>67,910</b>	<b>112,597</b>
Subject to endowment spending policy and appropriation:		
Investments in perpetuity:		
Student scholarships	196,259	185,213
Faculty and research	146,787	158,969
Other student, academic, and operational support	172,090	137,474
Facilities and equipment	10,298	10,298
Endowment pledges receivable, net	310,343	312,162
<b>TOTAL SUBJECT TO ENDOWMENT SPENDING POLICY AND APPROPRIATION</b>	<b>835,777</b>	<b>804,116</b>
Subject to restriction in perpetuity:		
Annuity funds, beneficial interests, and Foundation designated funds	15,214	16,479
Perpetual trusts held by others	54,036	57,391
<b>TOTAL SUBJECT TO RESTRICTION IN PERPETUITY</b>	<b>69,250</b>	<b>73,870</b>
<b>TOTAL ENDOWED NET ASSETS RESTRICTED IN PERPETUITY</b>	<b>905,027</b>	<b>877,986</b>
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>1,459,599</b>	<b>1,713,935</b>
Without restriction and subject to board designation		
Designated for operating reserve	3,492	3,488
Designated for University President's strategic initiatives	3,617	3,644
Designated for technology and strategic project reserves	2,465	1,902
Designated for endowment reinvestment	534	1,132
<b>TOTAL SUBJECT TO BOARD DESIGNATION</b>	<b>10,108</b>	<b>10,166</b>
Investment in property and equipment, net	8,196	8,565
Undesignated	14,634	13,251
<b>TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>32,938</b>	<b>31,982</b>
<b>TOTAL NET ASSETS</b>	<b>\$ 1,492,537</b>	<b>\$ 1,745,917</b>

## NET ASSETS RELEASED FROM RESTRICTIONS

YEARS ENDED JUNE 30	2020	2019
Student scholarships	\$ 17,370	\$ 20,135
Faculty and research	33,388	26,198
Other student, academic, and operational support	15,407	24,434
Facilities and equipment	453,247	74,128
University advancement	1,117	1,297
Foundation administration	74	35
<b>TOTAL NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>\$ 520,603</b>	<b>\$ 146,227</b>

## Note 8 – Pledges Received

Total pledges receivable, net of an allowance for uncollectible pledges and discounted to present value at June 30, 2020 and 2019 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 equal to 120% of the Federal Mid-term rate, rounded to the nearest 2/10ths of 1%, as determined monthly 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 pledge, 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 28 year average as of June 20, 2020. See Note 9 for pledges receivable from members of the Board.

JUNE 30	2020	2019
<b>Pledges</b>		
Due less than one year	\$ 68,615	\$ 68,497
Due one to five years	223,335	228,673
Due more than five years	51,993	96,719
<b>TOTAL GROSS PLEDGES</b>	<b>343,943</b>	<b>393,889</b>
Less allowance	(1,140)	(1,745)
Less discount	(12,538)	(16,217)
<b>TOTAL PLEDGES, NET</b>	<b>\$ 330,265</b>	<b>\$ 375,927</b>
<b>Deferred Pledges</b>		
Due less than one year	\$ 20	\$ 20
Due one to five years	500	500
Due more than five years	43,324	38,177
<b>TOTAL GROSS DEFERRED PLEDGES</b>	<b>43,844</b>	<b>38,697</b>
Less allowance	(1,437)	(1,456)
Less discount	(22,059)	(19,590)
<b>TOTAL DEFERRED PLEDGES, NET</b>	<b>20,348</b>	<b>17,651</b>
<b>PLEDGES RECEIVABLE, NET</b>	<b>\$ 350,613</b>	<b>\$ 393,578</b>

## Note 9 – Concentrations

As of June 30, 2020 and 2019, respectively, 1.44% and 1% of all pledges receivable were from trustees. As of June 30, 2020 and 2019, respectively, 74% and 76% of all pledges receivable were from one donor. Trustees made 1% and .5% of all contributions for 2020 and 2019. One donor made 64% of all contributions in 2020, and two donors made 60% of all contributions in 2019.



## Note 10 – Notes Payable

JUNE 30	2020	2019
AT JUNE 30 THE FOUNDATION HAD THE FOLLOWING NOTES PAYABLE TO BANKS AND OTHER FINANCIAL INSTITUTIONS:		
Due September 30, 2020 Prime Borrowing Rate minus 2% (1.25% at year-end), with interest-only monthly payments, a \$10M line of credit. Proceeds were disbursed to the University for Athletic Department working capital. The note is unsecured with no recourse to Foundation assets and guaranteed by a donor. Subsequent to June 30, 2020, this line of credit was paid in full and a new line of credit established with borrowing limit up to \$50M. The note is unsecured with no recourse to the Foundation assets and guaranteed by a donor.	\$ 8,000	\$ 8,000
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.	3,534	3,860
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.	39,404	40,200
<b>TOTAL NOTES PAYABLE</b>	<b>\$ 50,938</b>	<b>\$ 52,060</b>

Interest expense associated with the above notes for the years ended June 30, 2020 and 2019 corresponds to cash paid for interest and was \$1,930 and \$2,189, respectively. Management believes all coverage and non-financial covenants have been met as of June 30, 2020 and 2019.

Note payable scheduled maturities are as follows: 2021 \$9,249; 2022 \$1,309; 2023 \$1,373; 2024 \$1,440; 2025 \$1,511; 2026 and beyond \$36,056.

## 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 \$350 and \$335 at June 30, 2020 and 2019, 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 statement of financial position.

### ASSETS

JUNE 30	2020	2019
<b>REMAINDER TRUSTS</b>		
Fair value	\$ 90,335	\$ 96,618
Cost	\$ 74,590	\$ 74,925
<b>GIFT ANNUITIES</b>		
Fair value	\$ 6,240	\$ 7,563
Cost	\$ 5,983	\$ 6,852

### TOTAL OBLIGATIONS AND PAYMENTS TO BENEFICIARIES

JUNE 30	2020	2019
Remainder trusts	\$ 44,619	\$ 48,216
Gift annuities	4,179	4,744
<b>TOTAL OBLIGATIONS TO BENEFICIARIES</b>	<b>\$ 48,798</b>	<b>\$ 52,960</b>
Remainder trusts	\$ 5,015	\$ 5,000
Gift annuities	471	503
<b>TOTAL PAYMENTS TO BENEFICIARIES</b>	<b>\$ 5,486</b>	<b>\$ 5,503</b>



## CHANGES IN OBLIGATIONS TO BENEFICIARIES

YEARS ENDED JUNE 30	2020	2019
BALANCE, BEGINNING OF YEAR	\$ 52,960	\$ 53,414
Obligations on new gifts	200	1,537
Investment and other income (loss), net	(962)	427
Net revaluation	2,343	3,347
Payment to beneficiaries	(5,486)	(5,503)
Administrative assessments	(86)	(88)
Other management expenses	(171)	(174)
NET DECREASE	(4,162)	(454)
BALANCE, END OF YEAR	\$ 48,798	\$ 52,960

## CONTRIBUTIONS

JUNE 30	2020	2019
Remainder trusts	\$ 1,019	\$ 1,019
Gift annuities	124	124
<b>TOTAL CONTRIBUTIONS</b>	\$ 1,143	\$ 1,143

## INVESTMENTS

JUNE 30	2020	2019
Investment income	\$ 2,571	\$ 2,250
Decrease in fair value of investments	(3,533)	(1,823)
<b>TOTAL INVESTMENT RESULTS</b>	\$ (962)	\$ 427

## 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 – 0.25% is assessed quarterly based on the asset valuation as of the end of the quarter.

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

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	2020	2019
Trust assets and gift annuities	\$ 146	\$ 167
Endowment assets	8,149	8,012
Other assets	197	287
Expendable gifts for University programs	2,167	2,076
Endowment gifts	1,229	932
<b>TOTAL ASSESSMENTS</b>	\$ 11,888	\$ 11,474

## 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 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	2020	2019
<b>University of Oregon Support</b>		
Scholarships	\$ 17,488	\$ 20,198
Faculty and research support	26,253	26,278
Other student, academic and operational support	23,040	25,086
Facilities and equipment	457,227	76,271
<b>TOTAL UNIVERSITY OF OREGON SUPPORT</b>	<b>524,008</b>	<b>147,833</b>
<b>Foundation Administration</b>		
Salaries and benefits	\$ 4,815	\$ 4,959
Professional and contract services	1,028	977
Occupancy costs	584	373
Travel and meetings	113	210
Other expenses	116	243
<b>TOTAL FOUNDATION ADMINISTRATION</b>	<b>6,656</b>	<b>6,762</b>
<b>Fundraising</b>		
University of Oregon fundraising support	5,630	5,533
<b>TOTAL EXPENSES</b>	<b>\$ 536,294</b>	<b>\$ 160,128</b>

## Note 14 – Leases

The Foundation has entered into an operating lease agreement for office space with the University of Oregon commencing May 15, 2011 and continuing not beyond July 1, 2021. Total minimum lease payments are \$245 annually. Future minimum rental over the next year is expected to be \$245. Lease expense was \$245 for fiscal years ended June 30, 2020 and 2019.

### SUBSIDIARIES

OFX II, LLC has leased real property it owns to the Board of Trustees of the University of Oregon for a term through December 2019. Quarterly rent payable in advance is \$24. This lease terminated in January 2020 and the property transferred to the University of Oregon.

OFX III, LLC has leased real property it owns to the Board of Trustees of the University of Oregon for a term through March 2034. Quarterly rent payable in advance is \$73. Future minimum rentals over the next five years are expected to be \$1,467. 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. Quarterly rent payable in advance is \$204. Future minimum rentals over the next five years are expected to be \$4,080.

OFX Millrace, LLC leases real property (ground lease) from the Board of Trustees of the University of Oregon for a term through April 2042, renewable. Monthly rent payable in advance is \$7. Future minimum rentals over the next five years are expected to be \$391.

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 for a term through November 2045. Monthly rent payable in advance is \$208. The total gross lease receivable is \$63,366 and unearned interest income is \$24,102 for 2020. Future minimum rentals over the next five years are expected to be \$12,466.

No leases include renewal provisions.

## 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, 2020 and 2019 were \$754 and \$711, 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, 2020 beginning balance of net assets and had no unrecognized tax benefits at June 30, 2020. 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	2020	2019
<b>DEPOSITS HELD IN CUSTODY</b>		
For the University of Oregon (T3, LLC)	\$ 79,900	\$ 75,205
For the University of Oregon Alumni Association	16,443	16,638
For University of Oregon Athletics and others	4,674	1,045
<b>TOTAL DEPOSITS HELD IN CUSTODY</b>	<b>\$ 101,017</b>	<b>\$ 92,888</b>
<b>ACCOUNTS PAYABLE</b>		
To the University of Oregon	\$ 64	\$ 2,645
To others, for Foundation activities	18,552	14,769
<b>TOTAL ACCOUNTS PAYABLE</b>	<b>\$ 18,616</b>	<b>\$ 17,414</b>

# Consolidating Statement of Financial Position

University of Oregon Foundation and Affiliates

Supplemental information the year ended June 30, 2020

	University of Oregon Foundation and LLC Subsidiaries	Affiliates	Eliminating Entries	Consolidated Balances
<b>ASSETS</b>				
Investments				
Money market funds	\$ 57,332	\$ 3,501	\$ -	\$ 60,833
Marketable securities	203,270	22,814	-	226,084
Limited partnerships	850,770	56,154	-	906,924
Other investments	2,103	2,210	(2,031)	2,282
<b>TOTAL INVESTMENTS</b>	<b>1,113,475</b>	<b>84,679</b>	<b>(2,031)</b>	<b>1,196,123</b>
Cash	53,715	23,609	-	77,323
Pledges receivable, net	72,626	277,987	-	350,613
Capital lease receivable, net	39,264	-	-	39,264
Land and buildings	20,269	-	-	20,269
Construction in progress	13,562	-	-	13,562
Beneficial interests	12,417	-	-	12,417
Other assets, net	2,335	-	-	2,335
<b>TOTAL ASSETS</b>	<b>\$ 1,327,663</b>	<b>\$ 386,274</b>	<b>\$ (2,031)</b>	<b>\$ 1,711,906</b>
<b>LIABILITIES AND NET ASSETS</b>				
Liabilities				
Accounts payable	\$ 18,560	\$ 56	\$ -	\$ 18,616
Deposits held in custody	101,017	-	-	101,017
Notes payable	52,969	-	(2,031)	50,938
Obligations to beneficiaries under split-interest agreements	48,798	-	-	48,798
<b>TOTAL LIABILITIES</b>	<b>221,344</b>	<b>56</b>	<b>(2,031)</b>	<b>219,369</b>
Net assets without donor restrictions				
Undesignated	14,488	146	-	14,634
Board designated	10,108	-	-	10,108
Investment in property and equipment, net of related debt	8,196	-	-	8,196
<b>TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>32,792</b>	<b>146</b>	<b>-</b>	<b>32,938</b>
Net assets with donor restrictions				
Restricted by purpose and time	497,877	56,695	-	554,572
Restricted in perpetuity	575,648	329,379	-	905,027
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>1,073,525</b>	<b>386,074</b>	<b>-</b>	<b>1,459,599</b>
<b>TOTAL NET ASSETS</b>	<b>1,106,317</b>	<b>386,220</b>	<b>-</b>	<b>1,492,537</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,327,661</b>	<b>\$ 386,276</b>	<b>\$ (2,031)</b>	<b>\$ 1,711,906</b>