



KPMG LLP  
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## 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 statement of financial position as of June 30, 2022, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2022, and the results of its operations and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

### *Basis for Opinion*

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

### *Other Matter*

The consolidated financial statements of the Foundation as of and for the year ended June 30, 2021 were audited by another auditor, who expressed an unmodified opinion on those statements on October 27, 2021.

### *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 Consolidated 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 28, 2022

# Consolidated Statements of Financial Position

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

June 30	2022	2021
<b>ASSETS</b>		
Investments		
Money market funds	\$ 121,198	\$ 135,975
Marketable securities	126,603	236,598
Limited partnerships	1,871,619	1,672,968
Other investments	462	1,587
<b>TOTAL INVESTMENTS</b>	<b>2,119,882</b>	<b>2,047,128</b>
Cash	260,230	125,942
Pledges receivable, net	251,325	296,778
Capital lease receivable, net	37,470	38,311
Land and buildings	24,803	21,035
Beneficial interests	18,538	19,795
Other assets, net	1,985	2,564
<b>TOTAL ASSETS</b>	<b>\$ 2,714,233</b>	<b>\$ 2,551,553</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable	\$ 5,645	\$ 5,486
Deposits held in custody	125,057	128,246
Notes payable	40,376	90,611
Conditional contributions held as deferred revenue	508,728	541,799
Obligations to beneficiaries under split-interest agreements	46,979	56,038
<b>TOTAL LIABILITIES</b>	<b>726,785</b>	<b>822,180</b>
Net assets without donor restrictions		
Undesignated	13,193	16,050
Board designated	13,119	12,767
Investment in property and equipment, net of related debt	15,883	11,429
<b>TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>42,195</b>	<b>40,246</b>
Net assets with donor restrictions		
Restricted by purpose	823,459	704,458
Restricted by time	66,371	66,325
Restricted in perpetuity	1,055,423	918,344
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>1,945,253</b>	<b>1,689,127</b>
<b>TOTAL NET ASSETS</b>	<b>1,987,448</b>	<b>1,729,373</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,714,233</b>	<b>\$ 2,551,553</b>

# Consolidated Statements of Activities

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

YEAR ENDED JUNE 30, 2022	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE</b>			
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)
<b>TOTAL INVESTMENTS</b>	<b>3,763</b>	<b>(3,568)</b>	<b>195</b>
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)	-
<b>TOTAL REVENUE, GAINS AND OTHER SUPPORT</b>	<b>210,430</b>	<b>259,478</b>	<b>469,908</b>
<b>EXPENSES</b>			
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
<b>TOTAL STUDENT, ACADEMIC AND OPERATIONAL SUPPORT</b>	<b>86,600</b>	<b>-</b>	<b>86,600</b>
University advancement	9,263	-	9,263
Facilities and equipment	106,096	-	106,096
<b>TOTAL UNIVERSITY SUPPORT</b>	<b>201,959</b>	<b>-</b>	<b>201,959</b>
Foundation administration	6,522	-	6,522
<b>TOTAL EXPENSES</b>	<b>208,481</b>	<b>-</b>	<b>208,481</b>
Provision for uncollectible pledges receivable	-	(3,352)	(3,352)
<b>INCREASE IN NET ASSETS</b>	<b>1,949</b>	<b>256,126</b>	<b>258,075</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>40,246</b>	<b>1,689,127</b>	<b>1,729,373</b>
<b>NET ASSETS AT JUNE 30, 2022</b>	<b>\$ 42,195</b>	<b>\$ 1,945,253</b>	<b>\$ 1,987,448</b>
<b>YEAR ENDED JUNE 30, 2021</b>			
<b>REVENUE</b>			
Contributions	\$ 171	\$ 115,887	\$ 116,058
Investments			
Fair value increase	3,159	257,355	260,514
Investment income	4,935	18,469	23,404
Investment fees and direct expenses	(1,715)	(6)	(1,721)
<b>TOTAL INVESTMENT</b>	<b>6,379</b>	<b>275,818</b>	<b>282,197</b>
Administrative assessments	11,187	(10,893)	294
Net revaluation of split-interest agreements	-	17,442	17,442
Other revenues	1,033	31	1,064
Net assets released from restriction	167,637	(167,637)	-
<b>TOTAL REVENUE, GAINS (LOSSES) AND OTHER SUPPORT</b>	<b>186,407</b>	<b>230,648</b>	<b>417,055</b>
<b>EXPENSES</b>			
University support			
Student scholarships	17,745	-	17,745
Faculty and research	22,573	-	22,573
Other student, academic and operational support	69,329	-	69,329
<b>TOTAL STUDENT, ACADEMIC AND OPERATIONAL SUPPORT</b>	<b>109,647</b>	<b>-</b>	<b>109,647</b>
University advancement	5,192	-	5,192
Facilities and equipment	58,546	-	58,546
<b>TOTAL UNIVERSITY SUPPORT</b>	<b>173,385</b>	<b>-</b>	<b>173,385</b>
Foundation administration	5,699	-	5,699
<b>TOTAL EXPENSES</b>	<b>179,084</b>	<b>-</b>	<b>179,084</b>
Provision for uncollectible pledges receivable	(15)	(1,120)	(1,135)
<b>INCREASE IN NET ASSETS</b>	<b>7,308</b>	<b>229,528</b>	<b>236,836</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>32,938</b>	<b>1,459,599</b>	<b>1,492,537</b>
<b>NET ASSETS AT JUNE 30, 2021</b>	<b>\$ 40,246</b>	<b>\$ 1,689,127</b>	<b>\$ 1,729,373</b>

# Consolidated Statements of Cash Flows

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

YEARS ENDED JUNE 30	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
CHANGE IN NET ASSETS	\$ 258,075	\$ 236,836
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Endowment contributions	(193,978)	(49,141)
Noncash gifts	(12,671)	(15,327)
Net revaluation of split-interest agreements	9,546	(17,442)
Net realized and unrealized losses (gains)	11,844	(380,456)
Net deferred realized and unrealized losses from conditional contributions	20,206	-
Net realized (gains) losses from conditional contributions held as deferred revenue	(3,829)	-
Decrease in pledges receivable	42,101	52,700
Provision for uncollectible pledges	3,352	1,135
Decrease in construction in process	-	13,562
(Decrease) increase in conditional contributions held as deferred revenue	(20,206)	541,799
Release of gift from conditional contributions held as deferred revenue	(8,936)	-
Increase (decrease) in accounts payable	159	(13,130)
Other changes	1,323	724
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>106,985</b>	<b>371,260</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(363,162)	(710,157)
Proceeds from sale of investments	234,489	343,124
Decrease (increase) in other short term investments	14,777	(75,142)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(113,896)</b>	<b>(442,175)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from endowment gifts and pledges	194,623	52,632
(Repayment) proceeds from line of credit	(49,000)	49,000
Repayment of notes payable	(1,235)	(9,327)
(Decrease) increase in deposits held in custody	(3,189)	27,229
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>141,199</b>	<b>119,534</b>
<b>NET INCREASE IN CASH</b>	<b>134,288</b>	<b>48,619</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>125,942</b>	<b>77,323</b>
<b>CASH, END OF YEAR</b>	<b>\$ 260,230</b>	<b>\$ 125,942</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. 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. 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 costs for the renovation were funded by private contributions. The renovation project was substantially complete in December 2020 and the property transferred to the University.

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, 2022 and 2021, the fair value of these investments was \$93,878 and \$99,501 (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.

### 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; 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 (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, 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 3.6%, as well as actuarially-determined expected lives of beneficiaries ranging from 6.2 to 30.1 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 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 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 \$737 and \$1,008 for fiscal years ended June 30, 2022 and 2021, 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.

## RECLASSIFICATIONS

The Foundation's policy is to reclassify certain amounts reported in prior years' financial statements when necessary for conformity with classifications adopted in the current year. These reclassifications were not material and did not have an effect on prior year's change in net assets or total net assets.

## SUBSEQUENT EVENTS

The Foundation evaluates subsequent events and transactions that occurred after June 30, 2022, but before financial statements are available to be issued. Subsequent events for June 30, 2022 were evaluated through October 28, 2022.

## 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 \$468 as of June 30, 2022 and \$1,092 as of June 30, 2021, and are further outlined below.

Liquid Financial Assets	June 30, 2022	June 30, 2021
Investments	\$ 2,119,882	\$ 2,047,128
Cash	260,230	125,942
Pledges receivable, net	251,325	296,778
<b>TOTAL LIQUID FINANCIAL ASSETS</b>	<b>2,631,437</b>	<b>2,469,848</b>
Less amounts not available for general expenditures:		
Amounts subject to donor restrictions and contractual obligations	(2,492,793)	(2,327,743)
Deposits held in custody for others	(125,057)	(128,246)
Amounts designated by trustees for operating, technology and strategic reserves	(10,445)	(8,244)
Amounts designated by trustees for University President's strategic initiatives	(2,674)	(4,523)
Financial assets available to meet cash needs for general expenditures within one year	\$ 468	\$ 1,092

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 2023 are forecasted to be \$9,500 to support budgeted annual general expenditures of \$7,760. Assessments are conservatively forecasted for 2023 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 \$13,119 as of June 30, 2022 (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 \$10,445 as of June 30, 2022.

## 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 minimizes 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.

These investments were formerly called the Willamette Investment Pool.

### 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.

### INTERMEDIATE TERM POOL

These investments consist of gifts that are expendable but have a longer planned spending period.

### 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, 2022

June 30, 2022	VILLARD INVESTMENT POOL	T3	GENERAL INVESTMENT PROGRAM	INTERMEDIATE TERM POOL	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	-	-	34,914	8,259	32,822	-	75,995
<b>TOTAL MARKETABLE SECURITIES</b>	-	-	34,914	8,259	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
<b>TOTAL INVESTMENTS</b>	<b>\$ 1,353,413</b>	<b>\$ 93,878</b>	<b>\$ 71,892</b>	<b>\$ 8,259</b>	<b>\$ 81,362</b>	<b>\$ 511,078</b>	<b>\$ 2,119,882</b>

## INVESTMENTS BY GROUP AS OF JUNE 30, 2021

June 30, 2021	WILLAMETTE INVESTMENT POOL	T3	GENERAL INVESTMENT PROGRAM	INTERMEDIATE TERM POOL	REMAINDER TRUSTS AND GIFT ANNUITIES	OTHER INVESTMENTS	TOTAL
Money market funds	\$ 130,229	\$ 5,717	\$ -	\$ -	\$ -	\$ 29	\$ 135,975
Marketable securities	-	-	-	-	-	-	-
Equity securities	65,177	13,430	-	-	63,549	3,098	145,254
Debt securities	-	-	45,858	10,227	35,259	-	91,344
<b>TOTAL MARKETABLE SECURITIES</b>	65,177	13,430	45,858	10,227	98,808	3,098	236,598
Limited partnerships	1,013,039	80,354	37,876	-	-	541,699	1,672,968
Other investments	200	-	1,127	-	-	260	1,587
<b>TOTAL INVESTMENTS</b>	<b>\$ 1,208,645</b>	<b>\$ 99,501</b>	<b>\$ 84,861</b>	<b>\$ 10,227</b>	<b>\$ 98,808</b>	<b>\$ 545,086</b>	<b>\$ 2,047,128</b>

## 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, 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
TOTAL LIMITED PARTNERSHIPS	-	-	-	1,871,619	1,871,619
Other investments	-	-	462	-	462
<b>TOTAL INVESTMENTS</b>	<b>\$ 247,801</b>	<b>\$ -</b>	<b>\$ 462</b>	<b>\$ 1,871,619</b>	<b>\$ 2,119,882</b>
<b>BENEFICIAL INTERESTS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,538</b>	<b>\$ -</b>	<b>\$ 18,538</b>
<b>LAND AND BUILDINGS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 24,803</b>	<b>\$ -</b>	<b>\$ 24,803</b>
<b>DEPOSITS HELD IN CUSTODY</b>	<b>\$ (11,940)</b>	<b>\$ -</b>	<b>\$ (3)</b>	<b>\$ (113,114)</b>	<b>\$ (125,057)</b>

The estimated fair value of the Foundation's investments by classification and measurement as of June 30, 2021 is as follows:

June 30, 2021	LEVEL 1	LEVEL 2	LEVEL 3	AT NAV	TOTAL
Money market funds	\$ 135,975	\$ -	\$ -	\$ -	\$ 135,975
Marketable securities	236,598	-	-	-	236,598
Limited partnerships					
Public equity	-	-	-	335,727	335,727
Private equity	476	-	-	514,805	515,281
Real assets	399	-	-	164,284	164,683
Hedge funds	-	-	-	523,989	523,989
Fixed income	4,500	-	-	128,788	133,288
TOTAL LIMITED PARTNERSHIPS	5,375	-	-	1,667,593	1,672,968
Other investments	-	-	1,587	-	1,587
<b>TOTAL INVESTMENTS</b>	<b>\$ 377,948</b>	<b>\$ -</b>	<b>\$ 1,587</b>	<b>\$ 1,667,593</b>	<b>\$ 2,047,128</b>
<b>BENEFICIAL INTERESTS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 19,795</b>	<b>\$ -</b>	<b>\$ 19,795</b>
<b>LAND AND BUILDINGS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 21,035</b>	<b>\$ -</b>	<b>\$ 21,035</b>
<b>DEPOSITS HELD IN CUSTODY</b>	<b>\$ (29,885)</b>	<b>\$ -</b>	<b>\$ (4)</b>	<b>\$ (98,357)</b>	<b>\$ (128,246)</b>

Activities for investments classified as Level 3 were as follows for the year ended June 30, 2022 and 2021, respectively.

### OTHER INVESTMENTS (LEVEL 3)

YEARS ENDED JUNE 30	2022	2021
BALANCE, BEGINNING OF YEAR	\$ 1,587	\$ 2,282
Realized (loss)	-	(432)
Sales	(1,125)	(263)
BALANCE, END OF YEAR	\$ 462	\$ 1,587

### BENEFICIAL INTERESTS (LEVEL 3)

YEARS ENDED JUNE 30	2022	2021
BALANCE, BEGINNING OF YEAR	\$ 19,795	\$ 12,417
New gifts	-	60
Net gain (loss), realized and unrealized	(1,242)	8,060
Maturities	(15)	(742)
BALANCE, END OF YEAR	\$ 18,538	\$ 19,795

### LAND AND BUILDINGS (LEVEL 3)

YEARS ENDED JUNE 30	2022	2021
BALANCE, BEGINNING OF YEAR	\$ 21,035	\$ 20,269
Unrealized gain change	3,768	766
BALANCE, END OF YEAR	\$ 24,803	\$ 21,035

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.

## COMMITMENTS

JUNE 30, 2022	INVESTED	UNFUNDED COMMITMENTS
<b>LIMITED PARTNERSHIPS</b>		
Public equity	\$ 352,680	\$ -
Private equity	676,740	151,008
Real assets	168,579	45,335
Hedge funds	353,943	7,941
Fixed income	319,677	-
<b>TOTAL LIMITED PARTNERSHIPS</b>	<b>\$ 1,871,619</b>	<b>\$ 204,284</b>

Approximately \$1,871,619 of investments at June 30, 2022 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. 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, \$606,867 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, 2022 and 2021.

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, 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. There were no underwater endowed funds at June 30, 2021.

### 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, 2020</b>	\$ 2,348	\$ 215,917	\$ 905,027	\$ 1,120,944	\$ 1,123,292
Contributions	-	1,208	25,446	26,654	26,654
Investments, net return	1,377	220,302	-	220,302	221,679
Distributions	(213)	(32,274)	-	(32,274)	(32,487)
Administrative assessments	(6)	(7,249)	-	(7,249)	(7,255)
Net reevaluation of split-interest agreements	-	176	13,884	14,060	14,060
Other changes	-	445	(26,013)	(25,568)	(25,568)
<b>NET INCREASE, YEAR ENDED JUNE 30, 2021</b>	<b>1,158</b>	<b>182,608</b>	<b>13,317</b>	<b>195,925</b>	<b>197,083</b>
<b>BALANCE, JUNE 30, 2021</b>	<b>\$ 3,506</b>	<b>\$ 398,525</b>	<b>\$ 918,344</b>	<b>\$ 1,316,869</b>	<b>\$ 1,320,375</b>
Contributions	-	1,003	142,793	143,796	143,796
Investment, 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
<b>NET INCREASE, YEAR ENDED JUNE 30, 2022</b>	<b>(156)</b>	<b>(32,685)</b>	<b>137,079</b>	<b>104,394</b>	<b>104,238</b>
<b>BALANCE, JUNE 30, 2022</b>	<b>\$ 3,350</b>	<b>\$ 365,840</b>	<b>\$ 1,055,423</b>	<b>\$ 1,421,263</b>	<b>\$ 1,424,613</b>

## ENDOWMENT NET ASSETS BY RESTRICTION

YEARS ENDED JUNE 30	2022	2021
Subject to expenditure for specified purpose:		
Student scholarships	\$ 409,442	\$ 389,709
Faculty and research	661,677	573,475
Other student, academic, and operational support	332,139	336,046
Facilities and equipment	15,331	15,000
Foundation administration	2,674	2,639
<b>TOTAL NET ASSETS SUBJECT TO EXPENDITURE FOR SPECIFIED PURPOSE</b>	<b>1,421,263</b>	<b>1,316,869</b>
For benefit of Foundation	3,350	3,506
<b>TOTAL ENDOWMENT NET ASSETS BY RESTRICTED PURPOSE</b>	<b>\$ 1,424,613</b>	<b>\$ 1,320,375</b>

## Note 7 – Net Assets

### NET ASSETS BY RESTRICTION

YEARS ENDED JUNE 30	2022	2021
Subject to expenditure for specified purpose:		
Student scholarships	\$ 163,841	\$ 178,661
Faculty and research	175,145	155,512
Other student, academic, and operational support	397,063	301,897
Facilities and equipment	87,410	68,388
<b>TOTAL SUBJECT TO EXPENDITURE FOR SPECIFIED PURPOSE</b>	<b>823,459</b>	<b>704,458</b>
Subject to the passage of time:		
Pledges receivable	38,181	31,954
Annuity funds, life income funds, and beneficial interests, net	4,160	5,198
Trusts held by others	24,030	29,173
<b>TOTAL SUBJECT TO PASSAGE OF TIME</b>	<b>66,371</b>	<b>66,325</b>
Subject to endowment spending policy and appropriation:		
Investments in perpetuity:		
Student scholarships	243,208	206,952
Faculty and research	348,408	181,696
Other student, academic, and operational support	167,473	152,586
Facilities and equipment	11,854	30,300
Endowment pledges receivable, net	212,372	261,640
<b>TOTAL SUBJECT TO ENDOWMENT SPENDING POLICY AND APPROPRIATION</b>	<b>983,315</b>	<b>833,174</b>
Subject to restriction in perpetuity:		
Annuity funds, beneficial interests, and Foundation designated funds	20,475	23,095
Perpetual trusts held by others	51,633	62,075
<b>TOTAL SUBJECT TO RESTRICTION IN PERPETUITY</b>	<b>72,108</b>	<b>85,170</b>
<b>TOTAL ENDOWED NET ASSETS RESTRICTED IN PERPETUITY</b>	<b>1,055,423</b>	<b>918,344</b>
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>1,945,253</b>	<b>1,689,127</b>
Without restriction and subject to board designation:		
Designated for operating reserve	5,276	4,389
Designated for University President's strategic initiatives	2,674	4,523
Designated for technology and strategic project reserves	5,169	3,855
<b>TOTAL SUBJECT TO BOARD DESIGNATION</b>	<b>13,119</b>	<b>12,767</b>
Investment in property and equipment, net	15,883	11,429
Undesignated	13,193	16,050
<b>TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>42,195</b>	<b>40,246</b>
<b>TOTAL NET ASSETS</b>	<b>\$ 1,987,448</b>	<b>\$ 1,729,373</b>

## NET ASSETS RELEASED FROM RESTRICTIONS

YEARS ENDED JUNE 30	2022	2021
Student scholarships	\$ 19,720	\$ 17,700
Faculty and research	45,195	22,550
Other student, academic, and operational support	21,547	69,326
Facilities and equipment	104,241	56,229
University advancement	3,480	1,800
Foundation administration	142	32
<b>TOTAL NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>\$ 194,325</b>	<b>\$ 167,637</b>

## Note 8 – Pledges Received

Total pledges receivable, net of an allowance for uncollectible pledges and discounted to present value at June 30, 2022 and 2021 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, 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 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 26 year average as of June 30, 2022. See Note 9 for pledges receivable from members of the Board.

JUNE 30	2022	2021
<b>Pledges</b>		
Due less than one year	\$ 65,581	\$ 67,846
Due one to five years	167,431	213,736
Due more than five years	2,298	3,506
<b>TOTAL GROSS PLEDGES</b>	<b>235,310</b>	<b>285,088</b>
Less allowance	(601)	(970)
Less discount	(5,952)	(8,586)
<b>TOTAL PLEDGES, NET</b>	<b>\$ 228,757</b>	<b>\$ 275,532</b>
<b>Deferred Pledges</b>		
Due less than one year	\$ 368	\$ 344
Due one to five years	1,550	550
Due more than five years	43,502	43,113
<b>TOTAL GROSS DEFERRED PLEDGES</b>	<b>45,420</b>	<b>44,007</b>
Less allowance	(1,436)	(1,436)
Less discount	(21,416)	(21,325)
<b>TOTAL DEFERRED PLEDGES, NET</b>	<b>22,568</b>	<b>21,246</b>
<b>PLEDGES RECEIVABLE, NET</b>	<b>\$ 251,325</b>	<b>\$ 296,778</b>

## Note 9 – Concentrations

As of June 30, 2022 and 2021, respectively 2% and 3% of all pledges receivable were from trustees. As of June 30, 2022 and 2021, respectively, 67% and 72% of all pledges receivable were from one donor. Trustees made 1% and 4% of all contributions for 2022 and 2021. Two donors made 69% of all contributions in 2022, and one donor made 33% of all contributions in 2021, respectively.

## Note 10 – Notes Payable

JUNE 30	2022	2021
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. Proceeds were disbursed to the University for Athletic Department working capital in FY 21. The line of credit is unsecured with no recourse to the Foundation assets and guaranteed by a donor. This line of credit was paid in full October 2021.	\$ -	\$ 49,000
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.	2,813	3,186
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.	37,563	38,425
<b>TOTAL NOTES PAYABLE</b>	<b>\$ 40,376</b>	<b>\$ 90,611</b>

Interest expense associated with the above notes for the years ended June 30, 2022 and 2021 corresponds to cash paid for interest and was \$1,706 and \$2,142 respectively. Management believes all coverage and non-financial covenants have been met as of June 30, 2022 and 2021.

Notes payable scheduled maturities are as follows: 2023 \$1,373; 2024 \$1,440; 2025 \$1,511; 2026 \$1,584; 2027 \$1,663; 2028 and beyond \$32,805.

## 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 \$333 and \$353 at June 30, 2022 and 2021, 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	2022	2021
<b>REMAINDER TRUSTS</b>		
Fair value	\$ 94,185	\$ 111,026
Cost	\$ 73,562	\$ 73,562
<b>GIFT ANNUITIES</b>		
Fair value	\$ 5,715	\$ 7,576
Cost	\$ 6,281	\$ 6,281

### TOTAL OBLIGATIONS AND PAYMENTS TO BENEFICIARIES

JUNE 30	2022	2021
Remainder trusts	\$ 43,001	\$ 51,709
Gift annuities	3,978	4,329
<b>TOTAL OBLIGATIONS TO BENEFICIARIES</b>	<b>\$ 46,979</b>	<b>\$ 56,038</b>
Remainder trusts	\$ 5,356	\$ 5,191
Gift annuities	385	420
<b>TOTAL PAYMENTS TO BENEFICIARIES</b>	<b>\$ 5,741</b>	<b>\$ 5,611</b>



## CHANGES IN OBLIGATIONS TO BENEFICIARIES

YEARS ENDED JUNE 30	2022	2021
BALANCE, BEGINNING OF YEAR	\$ 56,038	\$ 48,798
Obligations on new gifts	1,110	1,570
Investment and other income (loss), net	(13,676)	29,094
Net revaluation	9,546	(17,442)
Payment to beneficiaries	(5,741)	(5,611)
Administrative assessments	(93)	(94)
Other management expenses	(205)	(277)
NET (DECREASE) INCREASE	(9,059)	7,240
BALANCE, END OF YEAR	\$ 46,979	\$ 56,038

## CONTRIBUTIONS

JUNE 30	2022	2021
Remainder trusts	\$ 540	\$ 623
Gift annuities	9	212
<b>TOTAL CONTRIBUTIONS</b>	<b>\$ 549</b>	<b>\$ 835</b>

## INVESTMENTS

JUNE 30	2022	2021
Investment income	\$ 2,059	\$ 1,928
(Decrease) increase in fair value of investments	(15,735)	27,166
<b>TOTAL INVESTMENT RESULTS</b>	<b>\$ (13,676)</b>	<b>\$ 29,094</b>

## 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 (0.25% assessed quarterly for year ended June 30, 2021) based on the asset valuation as of the end of the quarter. The amounts shown below are net of reinvested assessments of \$3,000 for each of the years ended June 30, 2022 and 2021, respectively.

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	2022	2021
Trust assets and gift annuities	\$ 213	\$ 237
Endowment assets	6,192	7,390
Other assets	1,912	840
Expendable gifts for University programs	2,571	1,670
Endowment gifts	1,026	1,050
<b>TOTAL ASSESSMENTS</b>	<b>\$ 11,914</b>	<b>\$ 11,187</b>

## 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	2022	2021
<b>University of Oregon Support</b>		
Scholarships	\$ 19,815	\$ 17,745
Faculty and research support	45,235	22,573
Other student, academic and operational support	21,550	69,329
Facilities and equipment	106,096	58,546
<b>TOTAL UNIVERSITY OF OREGON SUPPORT</b>	<b>192,696</b>	<b>168,193</b>
<b>Foundation Administration</b>		
Salaries and benefits	\$ 4,334	\$ 3,989
Professional and contract services	1,318	1,073
Occupancy costs	374	400
Travel and meetings	190	27
Other expenses	306	210
<b>TOTAL FOUNDATION ADMINISTRATION</b>	<b>6,522</b>	<b>5,699</b>
<b>Fundraising</b>		
University of Oregon fundraising support	9,263	5,192
<b>TOTAL EXPENSES</b>	<b>\$ 208,481</b>	<b>\$ 179,084</b>

## Note 14 – Leases

The Foundation has an operating lease agreement for office space with the University of Oregon commencing May 15, 2011 and continuing through July 1, 2022. Total minimum lease payments under this lease were \$245 annually. This lease has been renewed through June 30, 2031. Future minimum rental over the next five years are expected to total \$1,298. Lease expense was \$245 for fiscal years ended June 30, 2022 and 2021.

### SUBSIDIARIES

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 \$58,380 and unearned interest income is \$20,910 for 2022. 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, 2022 and 2021 were \$519 and \$669, 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, 2022 beginning balance of net assets and had no unrecognized tax benefits at June 30, 2022. 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	2022	2021
<b>DEPOSITS HELD IN CUSTODY</b>		
For the University of Oregon (T3, LLC)	\$ 93,878	\$ 99,501
For the University of Oregon Alumni Association	20,154	20,505
For University of Oregon Athletics and others	11,025	8,240
<b>TOTAL DEPOSITS HELD IN CUSTODY</b>	<b>\$ 125,057</b>	<b>\$ 128,246</b>
<b>ACCOUNTS PAYABLE</b>		
To the University of Oregon	\$ 3,995	\$ 200
To others, for Foundation activities	1,650	5,286
<b>TOTAL ACCOUNTS PAYABLE</b>	<b>\$ 5,645</b>	<b>\$ 5,486</b>

# Consolidating Schedule of Financial Position

University of Oregon Foundation and Affiliate  
Supplemental information as of June 30, 2022

	University of Oregon Foundation and LLC Subsidiaries	Affiliate	Eliminating Entries	Consolidated Balances
<b>ASSETS</b>				
Investments				
Money market funds	\$ 108,684	\$ 12,514	\$ -	\$ 121,198
Marketable securities	124,551	2,052	-	126,603
Limited partnerships	1,741,232	130,387	-	1,871,619
Other investments	462	-	-	462
<b>TOTAL INVESTMENTS</b>	<b>1,974,929</b>	<b>144,953</b>	<b>-</b>	<b>2,119,882</b>
Cash	165,352	94,878	-	260,230
Pledges receivable, net	66,896	184,429	-	251,325
Capital lease receivable, net	37,470	-	-	37,470
Land and buildings	24,803	-	-	24,803
Beneficial interests	18,538	-	-	18,538
Other assets, net	1,984	1	-	1,985
<b>TOTAL ASSETS</b>	<b>\$ 2,289,972</b>	<b>\$ 424,261</b>	<b>\$ -</b>	<b>\$ 2,714,233</b>
<b>LIABILITIES AND NET ASSETS</b>				
Liabilities				
Accounts payable	\$ 5,428	\$ 217	\$ -	\$ 5,645
Deposits held in custody	125,057	-	-	125,057
Notes payable	40,376	-	-	40,376
Conditional contribution	508,728	-	-	508,728
Obligations to beneficiaries under split-interest agreements	46,979	-	-	46,979
<b>TOTAL LIABILITIES</b>	<b>726,568</b>	<b>217</b>	<b>-</b>	<b>726,785</b>
Net assets without donor restrictions				
Undesignated	13,193	-	-	13,193
Board designated	13,119	-	-	13,119
Investment in property and equipment, net of related debt	15,883	-	-	15,883
<b>TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>42,195</b>	<b>-</b>	<b>-</b>	<b>42,195</b>
Net assets with donor restrictions				
Restricted by purpose and time	775,261	114,569	-	889,830
Restricted in perpetuity	745,948	309,475	-	1,055,423
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>1,521,209</b>	<b>424,044</b>	<b>-</b>	<b>1,945,253</b>
<b>TOTAL NET ASSETS</b>	<b>1,563,404</b>	<b>424,044</b>	<b>-</b>	<b>1,987,448</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,289,972</b>	<b>\$ 424,261</b>	<b>\$ -</b>	<b>\$ 2,714,233</b>