

**NORTHEASTERN ILLINOIS
UNIVERSITY FOUNDATION**

FINANCIAL STATEMENTS

JUNE 30, 2024

NORTHEASTERN ILLINOIS UNIVERSITY FOUNDATION

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Northeastern Illinois University Foundation
Chicago, Illinois

We have audited the accompanying financial statements of NORTHEASTERN ILLINOIS UNIVERSITY FOUNDATION (a not-for-profit organization) which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of NORTHEASTERN ILLINOIS UNIVERSITY FOUNDATION as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NORTHEASTERN ILLINOIS UNIVERSITY 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NORTHEASTERN ILLINOIS UNIVERSITY FOUNDATION's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

Warady & Davis LLP

November 15, 2024

NORTHEASTERN ILLINOIS UNIVERSITY FOUNDATION

STATEMENTS OF FINANCIAL POSITION

As of June 30	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents		
Held for Foundation	\$ 1,902,455	\$ 2,123,507
Held in Custody	11,102	12,600
Certificates of Deposit	662,790	646,635
Short-Term Investments	5,276,004	3,840,032
Pledges Receivable - Current Portion	217,723	124,000
Prepaid Expenses	73,500	—
Total Current Assets	<u>8,143,574</u>	<u>6,746,774</u>
NONCURRENT ASSETS		
Endowment Investments	14,961,160	13,748,519
Assets Held Under Split-Interest Agreements	1,001,927	915,527
Long-Term Portion of Pledges Receivable	380,150	424,150
Other Assets	8,000	8,000
Total Noncurrent Assets	<u>16,351,237</u>	<u>15,096,196</u>
	<u>\$ 24,494,811</u>	<u>\$ 21,842,970</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 1,116	\$ 8,675
Obligations Under Split-Interest Agreements - Current Portion	49,849	43,636
Custodial Funds	11,102	12,600
Total Current Liabilities	<u>62,067</u>	<u>64,911</u>
LONG-TERM LIABILITIES		
Obligations Under Split-Interest Agreements	<u>472,215</u>	<u>446,513</u>
Total Liabilities	<u>534,282</u>	<u>511,424</u>
NET ASSETS		
Without Donor Restrictions	978,365	976,507
With Donor Restrictions - Time and Purpose	7,541,141	5,534,507
With Donor Restrictions in Perpetuity - Endowment	15,441,023	14,820,532
Total Net Assets	<u>23,960,529</u>	<u>21,331,546</u>
	<u>\$ 24,494,811</u>	<u>\$ 21,842,970</u>

STATEMENTS OF ACTIVITIES

For the Years Ended June 30

2024

2023

	2024				2023			
	Without Donor Restrictions	With Donor Restrictions Time and Purpose	In Perpetuity Endowment	Total	Without Donor Restrictions	With Donor Restrictions Time and Purpose	In Perpetuity Endowment	Total
REVENUE								
Support and Program Revenue								
Contributions	\$ 61,053	\$ 1,546,138	\$ 535,876	\$ 2,143,067	\$ 47,628	\$ 1,633,779	\$ 438,419	\$ 2,119,826
Special Event In-Kind Contributions				—		16,341		16,341
Special Event Revenue				—	16,580	15,420	68	32,068
Personal Service Costs, Facility Use and Other Costs Provided by NEIU to the Foundation	729,620			729,620	659,063			659,063
In-Kind Contributions	22,414	11,399		33,813	27,500	206		27,706
Program Service Event Admissions	24,684			24,684	29,459			29,459
Total Operating Revenues	<u>837,771</u>	<u>1,557,537</u>	<u>535,876</u>	<u>2,931,184</u>	<u>780,230</u>	<u>1,665,746</u>	<u>438,487</u>	<u>2,884,463</u>
Other Revenues and Gains								
Investment Income	38,114	2,389,786		2,427,900	3,303	1,629,174		1,632,477
Other Revenue	4,701			4,701	7,509			7,509
Change in Value of Split Interest Agreements			54,485	54,485			50,201	50,201
Total Other Revenue and Gains	<u>42,815</u>	<u>2,389,786</u>	<u>54,485</u>	<u>2,487,086</u>	<u>10,812</u>	<u>1,629,174</u>	<u>50,201</u>	<u>1,690,187</u>
Total Support, Revenue and Gains	<u>880,586</u>	<u>3,947,323</u>	<u>590,361</u>	<u>5,418,270</u>	<u>791,042</u>	<u>3,294,920</u>	<u>488,688</u>	<u>4,574,650</u>
NET ASSETS RELEASED FROM RESTRICTION								
Transfer of Donor Restrictions in Perpetuity		(30,500)	30,500	—				—
Donor Release of Permanent Restriction		370	(370)	—				—
Satisfaction of Restrictions	1,910,559	(1,910,559)		—	2,450,500	(2,450,500)		—
	<u>1,910,559</u>	<u>(1,940,689)</u>	<u>30,130</u>	<u>—</u>	<u>2,450,500</u>	<u>(2,450,500)</u>		<u>—</u>
EXPENSES								
Program Services								
Grants, Awards, Scholarships and Fellowships	1,017,097			1,017,097	1,831,523			1,831,523
University Support	1,113,459			1,113,459	827,561			827,561
Supporting Services								
Management and General	341,208			341,208	349,706			349,706
Fundraising								
Development	317,523			317,523	272,667			272,667
Direct Expenses for Special Events				—	58,103			58,103
Total Expenses	<u>2,789,287</u>			<u>2,789,287</u>	<u>3,339,560</u>			<u>3,339,560</u>
CHANGE IN NET ASSETS	1,858	2,006,634	620,491	2,628,983	(98,018)	844,420	488,688	1,235,090
Net Assets, Beginning of Year	976,507	5,534,507	14,820,532	21,331,546	1,074,525	4,690,087	14,331,844	20,096,456
NET ASSETS, ENDING	<u>\$ 978,365</u>	<u>\$ 7,541,141</u>	<u>\$ 15,441,023</u>	<u>\$ 23,960,529</u>	<u>\$ 976,507</u>	<u>\$ 5,534,507</u>	<u>\$ 14,820,532</u>	<u>\$ 21,331,546</u>

NORTHEASTERN ILLINOIS UNIVERSITY FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2024

	Program Services		Supporting Services		Total Expenses
	Grants, Awards, Scholarships and Fellowships	University Support	Management and General	Fundraising and Development	
Grants and Awards - NEIU	\$ 168,017	\$ —	\$ —	\$ —	\$ 168,017
Grants and Awards - Other	79,941	—	—	—	79,941
Scholarships and Fellowships	769,139	—	—	—	769,139
Donated Personnel					
Services and Facilities	—	187,068	252,107	290,445	729,620
Bank and Credit Card Fees	—	257	6,586	347	7,190
Conferences, Training and Meetings	—	27,853	4,135	459	32,447
Contractual Services	—	19,015	—	—	19,015
Consulting	—	46,338	2,823	—	49,161
Donor Cultivation and Stewardship	—	6,032	347	6,598	12,977
Dues and Subscriptions	—	541	500	—	1,041
Event Expenses					
Event Rental	—	8,661	—	376	9,037
Merchandise and Prizes	—	1,703	—	—	1,703
Other Event Expenses	—	41,827	—	1,247	43,074
Refreshments	—	30,287	—	14,367	44,654
Honorarium	—	14,925	—	—	14,925
Marketing	—	334	—	—	334
Miscellaneous	—	30,717	1,729	1,730	34,176
Office Expense	—	375	—	—	375
Postage	—	818	438	109	1,365
Printing	—	3,194	18	—	3,212
Professional Fees	—	529,361	65,220	—	594,581
Repairs and Maintenance	—	15,404	1,500	—	16,904
Supplies	—	29,008	271	—	29,279
Travel	—	119,741	5,534	1,845	127,120
	\$ 1,017,097	\$ 1,113,459	\$ 341,208	\$ 317,523	\$ 2,789,287

See accompanying notes.

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

For the Year Ended June 30, 2023

	Program Services		Supporting Services			Total Expenses
	Grants, Awards, Scholarships and Fellowships	University Support	Management and General	Fundraising and Development	Direct Expenses for Special Events	
Grants and Awards - NEIU	\$ 107,595	\$ —	\$ —	\$ —	\$ —	\$ 107,595
Grants and Awards - Other	889,577	—	—	—	—	889,577
Scholarships and Fellowships	834,351	—	—	—	—	834,351
Donated Personnel						
Services and Facilities	—	157,562	253,423	248,078	—	659,063
Bank and Credit Card Fees	—	1,050	4,043	1,011	—	6,104
Conferences, Training and Meetings	—	16,092	2,131	1,402	—	19,625
Contractual Services	—	25,400	466	—	—	25,866
Consulting	—	23,250	—	—	—	23,250
Donor Cultivation and Stewardship	—	11,103	475	17,705	—	29,283
Dues and Subscriptions	—	510	—	—	—	510
Event Expenses						
Event Rental	—	114	—	—	29,905	30,019
Merchandise and Prizes	—	867	—	—	775	1,642
Other Event Expenses	—	11,202	754	—	11,750	23,706
Refreshments	—	40,764	6,954	745	15,673	64,136
Honorarium	—	26,645	—	—	—	26,645
Marketing	—	1,983	—	—	—	1,983
Miscellaneous	—	27,664	1,007	1,847	—	30,518
Office Expense	—	5,502	—	—	—	5,502
Postage	—	3,214	252	252	—	3,718
Printing	—	5,345	131	131	—	5,607
Professional Fees	—	400,675	63,064	—	—	463,739
Repairs and Maintenance	—	2,970	1,500	—	—	4,470
Supplies	—	10,218	577	58	—	10,853
Travel	—	55,431	14,929	1,438	—	71,798
	\$ 1,831,523	\$ 827,561	\$ 349,706	\$ 272,667	\$ 58,103	\$ 3,339,560

NORTHEASTERN ILLINOIS UNIVERSITY FOUNDATION

STATEMENTS OF CASH FLOWS

For the Years Ended June 30	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions	\$ 1,557,468	\$ 1,334,407
Special Event Revenue, net of Endowment Contributions	—	48,341
Program Service Event Admissions	24,684	29,459
Other Revenue	4,701	7,509
Interest and Dividends	562,444	447,914
Payments to Support NEIU Departments and Programs	(926,391)	(669,999)
Payments for Operating Expenses	(163,425)	(167,970)
Payments of Investment Fees	(53,865)	(49,717)
Payments for Grant, Awards, Scholarships and Fellowships	<u>(1,017,097)</u>	<u>(1,831,523)</u>
Net Cash Used by Operating Activities	<u>(11,481)</u>	<u>(851,579)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in Custodial Funds Liability	(1,498)	(52,766)
Purchases of Certificates of Deposit	(1,320,137)	(1,287,994)
Maturities of Certificates of Deposit	1,320,137	1,287,994
Reinvested Certificate of Deposit Interest	(16,155)	(5,437)
Change in Cash Held in Investment Portfolio	(432,378)	358,882
Proceeds from Sales and Maturities of Investments	4,719,335	1,103,974
Purchases of Investments	(4,520,231)	(1,685,160)
Reinvested Dividends and Interest	<u>(458,094)</u>	<u>(441,684)</u>
Net Cash Used by Investing Activities	<u>(709,021)</u>	<u>(722,191)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments to Beneficiaries of Split-Interest Agreements	(37,924)	(24,912)
Endowment Contributions	<u>535,876</u>	<u>438,487</u>
Net Cash Provided by Financing Activities	<u>497,952</u>	<u>413,575</u>
NET DECREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
	(222,550)	(1,160,195)
Cash, Cash Equivalents and Restricted Cash, Beginning	2,136,107	3,296,302
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, ENDING	<u>\$ 1,913,557</u>	<u>\$ 2,136,107</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in Net Assets	\$ 2,628,983	\$ 1,235,090
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Realized/Unrealized Net Gains on Investments	(1,919,321)	(1,234,280)
Change in Value of Split-Interest Agreements	(54,485)	(50,201)
Donated Stock	(15,132)	(20,747)
Proceeds from Sale of Donated Stock	15,254	21,479
Gain on Sale of Donated Stock	(122)	(732)
Endowment Contributions	(535,876)	(438,487)
Changes in Assets and Liabilities:		
Increase in Pledges Receivable	(49,723)	(347,000)
(Increase) Decrease in Prepaid Expenses	(73,500)	1,112
Decrease in Accounts Payable and Accrued Expenses	<u>(7,559)</u>	<u>(17,813)</u>
Total Adjustments	<u>(2,640,464)</u>	<u>(2,086,669)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (11,481)</u>	<u>\$ (851,579)</u>

See accompanying notes.

NORTHEASTERN ILLINOIS UNIVERSITY FOUNDATION

STATEMENTS OF CASH FLOWS (Continued)

For the Years Ended June 30	2024	2023
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SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Noncash Activities		
Donated Goods	\$ 11,638	\$ 706
Donated Special Event Venue and Auction Items	—	16,341
Donated Services	<u>22,175</u>	<u>27,000</u>
	<u>\$ 33,813</u>	<u>\$ 44,047</u>
Cash, Cash Equivalents and Restricted Cash, Ending consists of:		
Cash and Cash Equivalents Held for Foundation	\$ 1,902,455	\$ 2,123,507
Cash and Cash Equivalents Held in Custody	<u>11,102</u>	<u>12,600</u>
Total Cash, Cash Equivalents and Restricted Cash	<u>\$ 1,913,557</u>	<u>\$ 2,136,107</u>

NOTES TO FINANCIAL STATEMENTS

ORGANIZATION ACTIVITIES

Northeastern Illinois University Foundation (the “Foundation”) is an Illinois nonprofit corporation established in May 1969 to secure and manage private support to benefit Northeastern Illinois University (the “University”), a State agency. Although the Foundation is a separate legal entity from the University, the Foundation’s sole existence is to serve the University.

The Foundation is considered a discretely-presented component unit for the University’s financial reporting purposes. The financial balances and activities included in these financial statements are therefore also included as part of the University’s financial statements and the State of Illinois’ Comprehensive Annual Financial Report. All funds of the Foundation are locally administered and are not subject to the State of Illinois appropriation process, nor held in the State treasury.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the Foundation’s financial statements. The financial statements and notes are representations of management who is responsible for their integrity and objectivity. These accounting policies conform to U.S. generally accepted accounting principles (GAAP) and have been consistently applied in the preparation of the financial statements.

BASIS OF PRESENTATION

These financial statements include all financial activities over which the Foundation exercises direct responsibility.

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when a liability has been incurred.

The Foundation classifies its net assets into two net asset categories according to the existence or absence of donor-imposed restrictions.

Net Assets without Donor Restrictions represent those resources that are not subject to donor-imposed stipulations and primarily represent resources used for transactions relating to the general operations of the Foundation. The Foundation may designate portions of its net assets without donor restriction as board-designated for various purposes including quasi-endowment. At June 30, 2024, \$566,269 is designated for the quasi-endowment fund and \$115,126 is designated as an operating reserve. At June 30, 2023, \$497,767 is designated for the quasi-endowment fund, \$113,784 is designated for the NEIU for You Initiative, and \$67,353 is designated as an operating reserve.

NOTES TO FINANCIAL STATEMENTS

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION (Continued)

Net Assets with Donor Restrictions are subject to donor-imposed stipulations that may or will be met either by actions of the Foundation (purpose restrictions) and/or the passage of time (time restrictions). As the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the accompanying financial statements as net assets released from restriction.

In addition, certain net assets may be subject to donor-imposed stipulations that the resources be maintained permanently by the Foundation or in perpetuity as endowment funds. Investment income, including realized and unrealized gains and losses, are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

When resources with and without donor restrictions are available for use, it is the Foundation's policy to use resources with donor restriction first, then resources without donor restrictions as needed.

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions.

USE OF ESTIMATES

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

REVENUE RECOGNITION

Contributions, including unconditional promises to give (pledges) are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, when the conditions on which they depend are substantially met. Long-term contributions to be received after one year are discounted to their net present value at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as contribution revenue in accordance with donor-imposed restrictions, if any. An allowance for uncollectible pledges receivable is provided based upon management's judgement including such factors as prior collection history, type of contribution and the nature of the fundraising activity. The allowance for doubtful accounts is \$-0- at June 30, 2024 and 2023 as the Foundation believes all amounts are collectible. Receivables are charged to bad debt expense or loss when deemed uncollectible. The Foundation had no uncollectible contributions written off during the years ended June 30, 2024 and 2023.

Contributions received in the same year in which the restriction is met are recorded as contributions with donor restrictions and released from restriction.

OTHER ASSETS

Non-current other assets consist of a sculpture that was donated to the Foundation in the past.

NOTES TO FINANCIAL STATEMENTS

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

IN-KIND CONTRIBUTIONS

Gifts of securities, property, equipment and other non-monetary assets are recorded at estimated fair value on the date of the gift using either the principal market (or most advantageous market) by utilizing publicly available website valuations for selling identical or similar products. Items sold at the Foundation's special event auctions are recorded as contributions at the gross selling price received. Because the Foundation's special events often raise money for specific purposes, donors contributing auction items may also restrict the proceeds from the sales to the events' specific fundraising purposes. Donated facilities and special event venues are valued at estimated fair value of the square footage of similar rental properties in the Foundation's area. Donated utilities are valued based on the actual costs per square foot that the University incurs. Donor-imposed restrictions on the use of the gifts and facilities, or on the proceeds from the sale of the gifts, are recorded in accordance with the donors' restrictions, if any. Donated goods of \$11,638 and \$706 received in the years ended June 30, 2024 and 2023, respectively, are reported in in-kind contributions in the statements of activities. Donated auction items of \$-0- and \$2,637 and donated special event venue of \$-0- and \$13,704 received in the years ended June 30, 2024 and 2023, respectively, are reported as special event in-kind contributions in the statements of activities. Of the total donated goods, special event venue and auction items, \$11,399 and \$16,547, for the years ended June 30, 2024 and 2023, respectively, had donor-imposed purpose restrictions.

Donated professional services are recorded as contribution revenue based on estimates of the fair market value of the service received if the services create or enhance nonfinancial assets, or require specialized skills, are performed by people with those skills, and would otherwise have to be purchased. Donated professional services of \$22,175 and \$27,000 were received for the years ended June 30, 2024 and 2023, respectively, and consisted of accounting and audit services used in the preparation and audit of the annual financial statements, and in consulting on accounting matters throughout the year. They were recorded at the estimated fair value based on the current rates for similar accounting and auditing services in the Chicagoland area. In addition, the University donates personnel services, utilities and free use of facilities to the Foundation, which are recorded based on estimates of the fair market value received. These in-kind donations are described further in Note 7. There were no donor-imposed restrictions associated with the donated services, utilities and facilities.

All donated nonfinancial assets, services, utilities and facilities were utilized by the Foundation's programs and supporting services. All donated securities and auction items were monetized.

CASH AND CASH EQUIVALENTS

The Foundation considers all unrestricted highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

INVESTMENTS

Investments in marketable securities are stated at their fair values. Realized gains and losses are the differences between the proceeds received and the cost of investments sold. Unrealized gains and losses are the differences between the fair value and the cost of investments. Both realized and unrealized gains and losses are included in earnings. Investment income and gains/losses are recorded as net assets without donor restrictions unless restricted by the donor or by law. Endowment investment income is reported as net assets with donor restrictions until appropriated for expenditure by the Board.

NOTES TO FINANCIAL STATEMENTS

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

SPLIT-INTEREST AGREEMENTS

Split-interest agreements are agreements where donors enter into a trust or other arrangement whereby the Foundation accepts the assets and agrees to make periodic payments to donors or third-party beneficiaries for a specified time. The assets are valued at fair value at the time of donation with a corresponding liability recorded for the present value of the expected future payments due to the donors or third-party beneficiaries with the difference recorded as contributions in the appropriate net asset type based on the donor's restriction. On an annual basis, the Foundation revalues the liability to make future distributions to the designated beneficiaries based on actuarial assumptions. In accordance with the Foundation's accounting for investments, assets held under split-interest agreements are stated at their fair market value. Unrealized gain or loss adjustments to reflect the present value of the estimated annuity payments and actuarial assumptions are included in the change in value of split interest agreements line in the accompanying statements of activities. The present value of the estimated future payments is calculated using an actuarial discount rate and applicable mortality tables.

INCOME TAXES

The Foundation is a not-for-profit that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and is similarly exempt for state income tax purposes.

The Foundation follows the guidance in the FASB Codification topic related to uncertainty in income taxes, which prescribes a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements uncertain tax positions that the Foundation has taken or expects to take in its tax returns. Under the guidance, the Foundation may recognize the tax benefit from an uncertain tax position only if it is "more likely than not" that it is sustainable, based on its technical merits. Management has evaluated their material tax positions, which include such matters as the tax-exempt status of the Foundation and various positions relative to potential sources of unrelated business income. Management has analyzed the tax positions taken by the Foundation and has concluded that as of June 30, 2024 and 2023, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Foundation believes that it has appropriate support for the positions taken on its returns.

The Foundation files U.S. federal and Illinois State informational tax returns.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and other activities are presented on a functional basis in the statements of activities. Accordingly, certain expenses have been allocated among the programs and supporting services benefited, based on direct charges or appropriate methods determined by management. These allocation methods include allocation of personnel and any other costs deemed to be related to time and efforts expended by employees on different functions.

NOTE 2—CASH AND CASH EQUIVALENTS, AND INVESTMENTS

Restricted cash (See Note 7 for discussion of funds held in custody) and cash equivalents are also included in investments and assets held under split-interest agreements at June 30, 2024 and 2023, respectively.

NOTES TO FINANCIAL STATEMENTS

NOTE 2—CASH AND CASH EQUIVALENTS, AND INVESTMENTS (Continued)

A reconciliation of cash and investments as shown on the June 30 statements of financial position is as follows:

	2024	2023
Cash, Held for Foundation.....	\$ 1,902,455	\$ 2,123,507
Cash, Held in Custody.....	11,102	12,600
Total Cash and Cash Equivalents.....	\$ 1,913,557	\$ 2,136,107
Certificates of Deposit.....	\$ 662,790	\$ 646,635
Short-Term Investments.....	\$ 5,276,004	\$ 3,840,032
Endowment Investments.....	14,961,160	13,748,519
Assets Held Under Split-Interest Agreements.....	1,001,927	915,527
Total.....	\$ 21,239,091	\$ 18,504,078

NOTE 3—CONCENTRATIONS OF RISK

CREDIT RISK

Custodial credit risk is the potential for a financial institution or counterparty to fail such that the Foundation would not be able to recover the value of deposits, investments or collateral securities that are in the possession of an outside party. The Foundation is aware of such risk and does not believe that a significant risk of loss due to the failure of a financial institution presently exists.

The Foundation maintains its cash and certificates of deposit in several separate accounts at a large national financial institution. These accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of June 30, 2024 and 2023, the combined uninsured balances were \$2,378,913 and \$2,622,252, respectively. The Foundation has not experienced any loss in these accounts. The Foundation believes it is not exposed to any significant credit risk on its cash and cash equivalents. The investment committee of the Foundation Board reviews the financial health of commercial banking institutions with which the Foundation maintains assets on an annual basis.

The investment portfolio is diversified by type of investments and industry concentrations so that no individual investment or group of investments represents a significant concentration of credit risk.

Credit risk associated with pledges receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from contributors supportive of the Foundation’s mission.

INTEREST RATE RISK

As a means of limiting its exposure to fair value losses arising from changes in interest rates, as a long-term guideline, the Foundation’s investments are allocated between various types of equity investments and fixed-income securities with a target allocation based on desired rate of return over a ten-year period as evaluated by the Foundation’s Investment Committee on an annual basis and in consultation with the Foundation’s investment advisors.

NOTES TO FINANCIAL STATEMENTS

NOTE 3—CONCENTRATIONS OF RISK (Continued)

MAJOR CONTRIBUTORS

The Foundation’s primary source of revenue is contributions. For the year ended June 30, 2023, one donor contributed 13% of total support, revenue and gains. Three donors represent 92% and one donor represents 88% of total pledges receivable as of June 30, 2024 and June 30, 2023, respectively.

NOTE 4—LIQUIDITY AND AVAILABILITY OF RESOURCES

	2024	2023
Cash, Held for Foundation.....	\$ 1,902,455	\$ 2,123,507
Short-Term Investments	5,276,004	3,840,032
Pledges Receivable.....	597,873	548,150
Certificates of Deposit	662,790	646,635
Endowment Investments	14,961,160	13,748,519
Assets Held Under Split-Interest Agreements, net of Obligations .	479,863	425,378
Less: Net Assets With Donor Restrictions - Time and Purpose	(7,541,141)	(5,534,507)
Less: Net Assets With Donor Restrictions – Endowment.....	(15,441,023)	(14,820,532)
Less: Board Designated Quasi-Endowment	(566,269)	(497,767)
Less: Board Designated NEIU for You Initiative	—	(113,784)
Less: Board Designated Operating Reserve	(115,126)	(67,353)
	\$ 216,586	\$ 298,278

As part of its liquidity management plan, the Foundation attempts to maintain sufficient cash to meet current operating needs. Although the Foundation does not intend to spend its board-designated net assets of \$681,395 and \$678,904 at June 30, 2024 and 2023, respectively, these amounts may be undesignated by the board and expended should the need arise. Additionally, the Foundation reasonably anticipates generating sufficient cash from subsequent year contributions to meet future operating expenses.

NOTE 5—PLEDGES

Pledges include unconditional promises to give from private donors and organizations. Pledges receivable consisted of the following as of June 30:

	2024	2023
Amounts Due in:		
Less than one year	\$ 217,723	\$ 124,000
One to five years.....	380,150	424,150
Total Pledges.....	\$ 597,873	\$ 548,150

The Foundation’s management elected to not discount the pledges receivable to present value as required by GAAP because it did not consider the total discount on the long-term portion of its pledges receivable to be material to the financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 6—INVESTMENTS AND FAIR VALUE MEASUREMENTS

The FASB Codification provides a framework for measuring fair value using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2024 and 2023.

Level 1 Fair Value Measurements

Level 1 investments are measured at fair value using the market approach. The market approach values assets at quoted prices in active markets for identical assets. Mutual funds are valued at their market values, which are determined daily and are quoted on a national exchange.

Level 2 Fair Value Measurements

Level 2 investments are measured at the redemption or stated price on the measurement day. These include bank certificates of deposit, reported on the statements of financial position separately from the investments and assets held under split-interest agreements.

Level 3 Fair Value Measurements

The Foundation has no level 3 fair value measurements.

NOTES TO FINANCIAL STATEMENTS

NOTE 6—INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Investments, certificates of deposit and assets held under split-interest agreements are reported at fair value measured on a recurring basis, and at June 30, 2024 consist of the following:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total June 30, 2024
Cash Held in Investments.....	\$ 612,751	\$	\$	\$ 612,751
Equity Mutual Funds				
Large Cap Equity	6,160,068			6,160,068
Mid Cap Equity	1,620,321			1,620,321
Small Cap Equity	970,555			970,555
International Large Cap Equity.	3,580,799			3,580,799
Emerging Markets Equity	1,735,148			1,735,148
Global Mid Cap Real Estate	1,040,188			1,040,188
U.S. Mid Cap Real Estate	<u>827,901</u>			<u>827,901</u>
Total Equity	<u>15,934,980</u>			<u>15,934,980</u>
Fixed Income Mutual Funds				
Broad Domestic Fixed	3,257,465			3,257,465
Dynamic Fixed.....	1,021,714			1,021,714
High Yield Fixed.....	<u>412,181</u>			<u>412,181</u>
Total Bonds	<u>4,691,360</u>			<u>4,691,360</u>
Total Investments.....	<u>21,239,091</u>	—	—	<u>21,239,091</u>
Certificates of Deposit	—	<u>662,790</u>		<u>662,790</u>
Total Assets Reported at Fair Value \$	<u>21,239,091</u>	<u>662,790</u>	<u>—</u>	<u>\$ 21,901,881</u>

Total investment income was comprised of \$562,444 of dividend and interest income, realized gains of \$974,180 and unrealized gains of \$945,141 net of \$53,865 of fees for the year ended June 30, 2024.

NOTES TO FINANCIAL STATEMENTS

NOTE 6—INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Investments, certificates of deposit and assets held under split-interest agreements are reported at fair value measured on a recurring basis, and at June 30, 2023 consist of the following:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total June 30, 2023
Cash Held in Investments.....	\$ 180,373	\$	\$	\$ 180,373
Equity Mutual Funds				
Large Cap Equity	5,653,376			5,653,376
Small Cap Equity	2,124,056			2,124,056
International Equity	3,485,129			3,485,129
Emerging Markets Equity	1,670,992			1,670,992
Real Estate Global.....	836,890			836,890
Total Equity	<u>13,770,443</u>			<u>13,770,443</u>
Fixed Income Mutual Funds				
Broad Domestic Fixed	2,647,249			2,647,249
Broad Real Assets.....	651,550			651,550
Dynamic Fixed.....	709,163			709,163
Global Fixed.....	365,613			365,613
High Yield Fixed.....	179,687			179,687
Total Bonds	<u>4,553,262</u>			<u>4,553,262</u>
Total Investments.....	<u>18,504,078</u>	—	—	<u>18,504,078</u>
Certificates of Deposit	—	646,635		646,635
Total Assets Reported at Fair Value	<u>\$ 18,504,078</u>	<u>\$ 646,635</u>	<u>\$ —</u>	<u>\$ 19,150,713</u>

Total investment income was comprised of \$447,914 of dividend and interest income, realized losses of \$156,755, and unrealized gains of \$1,391,035, net of \$49,717 of fees for the year ended June 30, 2023.

NOTE 7—NORTHEASTERN ILLINOIS UNIVERSITY AGREEMENT

On July 1, 2005, the Foundation entered into an agreement with Northeastern Illinois University. Under the terms of the contract, the Foundation aids and assists the University in developing facilities for broader educational opportunities for the service to its students, alumni and citizens of the State of Illinois and of the United States by encouraging gifts of money, property, works of art, historical and other material having educational, artistic and historical value.

In turn, the University will furnish certain services necessary to the operation of the Foundation. The contract may be cancelled upon ninety days written notice by either party.

In 2010, the NEIU Alumni Association became part of the Foundation.

NOTES TO FINANCIAL STATEMENTS

NOTE 7—NORTHEASTERN ILLINOIS UNIVERSITY AGREEMENT (Continued)

During the year ended June 30, 2024, certain personnel services, utilities and facilities of the University with an estimated value of \$729,620 were provided to the Foundation without charge. In turn, the Foundation provided the University with support in the amount of \$1,113,459 and grants, awards, scholarships and fellowships of \$937,156. The Foundation also provided \$79,941 of grants to two organizations that work in conjunction with the University. There were no donor-imposed restrictions associated with the donated personnel services and facilities from the University.

During the year ended June 30, 2023, certain personnel services, utilities and facilities of the University with an estimated value of \$659,063 were provided to the Foundation without charge. In turn, the Foundation provided the University with support in the amount of \$827,561 and grants, awards, scholarships and fellowships of \$941,946. The Foundation also provided \$889,577 of grants to two organizations that work in conjunction with the University. There were no donor-imposed restrictions associated with the donated personnel services and facilities from the University.

During the year ended June 30, 2007, the Foundation became the fiscal agent for the Gaining Early Awareness and Readiness for Undergraduate Program (“GEAR UP”) scholarship fund which had been set up by the University. The funds were invested and restricted for use by the GEAR UP program. During the year ended June 30, 2024 scholarships awarded were \$1,500 and the custodial assets and liability were credited with \$2 of interest earned. During the year ended June 30, 2023, scholarships awarded were \$52,776 and the custodial assets and liability were credited with \$10 of interest earned. Cash and cash equivalents held in custody relate to funds held for the Gear Up Grant and Gear Up College Success Scholarship Fund.

GEAR UP’s assets and liabilities are included in the Statements of Financial Positions and are as follows at June 30:

	2024	2023
Cash and Cash Equivalents – Held in Custody.....	\$ 11,102	\$ 12,600
Total Assets Held for GEAR UP.....	\$ 11,102	\$ 12,600
Custodial Funds Liability – GEAR UP.....	\$ 11,102	\$ 12,600

NOTES TO FINANCIAL STATEMENTS

NOTE 8—SPLIT-INTEREST AGREEMENTS

The Foundation is the administrator of eight charitable remainder trusts. The following activity related to the charitable remainder trusts is included in the Statements of Financial Position and Statements of Activities as of and for the year ended June 30:

	2024	2023
Assets Held Under Split Interest Agreements	<u>\$ 1,001,927</u>	<u>\$ 915,527</u>
Current Portion – Obligations Held Under Split Interest Agreements.....	\$ 49,849	\$ 43,636
Long-Term – Obligations Held Under Split Interest Agreement	<u>472,215</u>	<u>446,513</u>
Total Obligations Held Under Split Interest Agreements	<u>\$ 522,064</u>	<u>\$ 490,149</u>
Change in Value of Split Interest Agreements.....	<u>\$ 54,485</u>	<u>\$ 50,201</u>

NOTE 9—NET ASSETS WITH TIME AND PURPOSE DONOR RESTRICTIONS

Net Assets with time and purpose donor restrictions at June 30 are as follows:

	2024	2023
Scholarships and Fellowships.....	\$ 814,642	\$ 795,002
Academics.....	322,933	301,536
Alumni Association.....	114,492	142,312
Unappropriated Endowment Fund Earnings.....	3,776,243	1,923,548
Other.....	<u>2,512,831</u>	<u>2,372,109</u>
	<u>\$ 7,541,141</u>	<u>\$ 5,534,507</u>

Amounts released from restrictions during the year ended June 30, 2024 were \$1,910,559 representing \$235,769 of scholarships and fellowships, \$76,830 of academic support, \$51,631 of Alumni Association expenses, \$411,304 of appropriation of endowment assets for expenditure (Note 10) and \$1,135,025 of other expenses satisfying specific donor restrictions. Also, in the year ended June 30, 2024, a donor released \$370 of prior endowment contributions, which were reclassified to net assets with time and purpose restrictions. Other donors restricted in perpetuity funds contributed in a prior year, whose purpose was undeclared until 2024. These new permanent restrictions are shown as a transfer of donor restrictions in perpetuity on the statements of activities for the year ended June 30, 2024.

Amounts released from restrictions during the year ended June 30, 2023 were \$2,450,500 representing \$216,407 of scholarships and fellowships, \$41,701 of academic support, \$46,290 of Alumni Association expenses, \$374,156 of appropriation of endowment assets for expenditure (Note 10) and \$1,771,946 of other expenses satisfying specific donor restrictions.

NOTES TO FINANCIAL STATEMENTS

NOTE 10—NET ASSETS WITH DONOR RESTRICTIONS IN PERPETUITY AND ENDOWMENTS

Net assets with donor restrictions in perpetuity are comprised of 169 endowment funds in 2024 and 167 in 2023, which were established to support various purposes such as scholarships and lectureships. The endowment also includes one board-designated endowment fund. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The funds are managed jointly and are credited with a proportionate share of dividend and interest income and any realized and unrealized gains and losses.

Gifts of cash, cash equivalents, securities or other assets that are received by the Foundation for its use in perpetuity, are carried and accounted for in these funds. Assets in this classification are considered to be an important part of the Foundation’s long-term capital and are invested in accordance with prudent and appropriate investment objectives. Non-cash assets are to be held as long as practicable; cash assets are to be invested in a diversified portfolio of fixed income and equity securities that meet the expected long-term needs of the Foundation.

The Board of Directors of the Foundation have interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the State of Illinois as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions in perpetuity is classified as net assets with time and purpose donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

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

Endowment net asset composition by type of fund as of June 30, 2024 is as follows:

	<u>Without Donor</u>	<u>With Purpose</u>	<u>Restricted</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	<u>in Perpetuity</u>	<u>Endowment</u>
				<u>Net Assets</u>
Donor-Restricted Endowment Funds	\$ —	\$ 3,776,243	\$ 15,441,023	\$ 19,217,266
Quasi Endowment Fund	<u>566,269</u>	<u> </u>	<u> </u>	<u>566,269</u>
Total Endowment Net Assets	<u>\$ 566,269</u>	<u>\$ 3,776,243</u>	<u>\$ 15,441,023</u>	<u>\$ 19,783,535</u>

NORTHEASTERN ILLINOIS UNIVERSITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

NOTE 10—NET ASSETS WITH DONOR RESTRICTIONS IN PERPETUITY AND ENDOWMENTS (Continued)

Endowment net asset composition by type of fund as of June 30, 2023 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Purpose Restrictions</u>	<u>Restricted in Perpetuity</u>	<u>Total Endowment Net Assets</u>
Donor-Restricted Endowment Funds.....	\$ —	\$ 1,923,548	\$ 14,820,532	\$ 16,744,080
Quasi Endowment Fund	<u>497,767</u>	<u> </u>	<u> </u>	<u>497,767</u>
Total Endowment Net Assets	<u>\$ 497,767</u>	<u>\$ 1,923,548</u>	<u>\$ 14,820,532</u>	<u>\$ 17,241,847</u>

Changes in endowment net assets for the year ended June 30, 2024 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Purpose Restrictions</u>	<u>Restricted in Perpetuity</u>	<u>Total Endowment Net Assets</u>
Endowment Net Assets, Beginning of Year	\$ 497,767	\$ 1,923,548	\$ 14,820,532	\$ 17,241,847
Contributions	—	—	535,876	535,876
Investment Income	68,502	2,379,149	—	2,447,651
Change in Value of Split Interest Agreement.....	—	—	54,485	54,485
Transfers	—	(115,150)	30,130	(85,020)
Appropriation of Endowment Assets for Expenditure.....	<u>—</u>	<u>(411,304)</u>	<u>—</u>	<u>(411,304)</u>
Endowment Net Assets, End of Year	<u>\$ 566,269</u>	<u>\$ 3,776,243</u>	<u>\$ 15,441,023</u>	<u>\$ 19,783,535</u>

Changes in endowment net assets for the year ended June 30, 2023 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Purpose Restrictions</u>	<u>Restricted in Perpetuity</u>	<u>Total Endowment Net Assets</u>
Endowment Net Assets, Beginning of Year	\$ 453,183	\$ 778,757	\$ 14,331,844	\$ 15,563,784
Contributions	—	—	438,487	438,487
Investment Income	46,544	1,624,721	—	1,671,265
Change in Value of Split Interest Agreement.....	—	—	50,201	50,201
Transfers	(1,960)	(105,774)	—	(107,734)
Appropriation of Endowment Assets for Expenditure.....	<u>—</u>	<u>(374,156)</u>	<u>—</u>	<u>(374,156)</u>
Endowment Net Assets, End of Year	<u>\$ 497,767</u>	<u>\$ 1,923,548</u>	<u>\$ 14,820,532</u>	<u>\$ 17,241,847</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 10—NET ASSETS WITH DONOR RESTRICTIONS IN PERPETUITY AND ENDOWMENTS (Continued)

FUNDS WITH DEFICIENCIES

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may drop below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. These drops are due to realized and unrealized investment losses, and the expectation is that all efforts will be made to restore the value when market conditions improve and that, in accordance with policy, no distributions may be made from the funds in order to allow for this restoration. As of June 30, 2024 and 2023, none of the funds were below the levels that donors required to be maintained in perpetuity.

INVESTMENT GUIDELINES:

The primary investment objectives of the funds are to provide a stable source of perpetual financial support to Foundation beneficiaries and balance the desire to generate sufficient return on investments in order to achieve the stated return objectives with the desire to preserve the real purchasing power of the principal in the long-term. The Foundation's finance committee, subject to annual review and rebalancing as necessary, will determine the allocation of assets, recognizing that returns on investments in this category can vary on a year-to-year basis because of the higher risk associated with higher expected long-term returns.

The Foundation employs a total return investment approach whereby a mix of equity, fixed income, and alternative investments are used to maximize long-term performance for a prudent level of risk.

INVESTMENT OBJECTIVES

- Maintaining the purchasing power of current assets and any/all future contributions with respect to inflation by producing positive real rates of return.
- Maximizing return within reasonable and prudent levels of risk.
- Limiting short-term investment losses.
- Portfolio outperformance relative to a customized policy benchmark or asset allocation benchmark over a full market cycle.
- Meeting all anticipated and unanticipated liquidity requirements.
- Controlling costs in administering and managing the portfolio.
- Funding distributions from the portfolio in accordance with the spending policy.

NOTES TO FINANCIAL STATEMENTS

NOTE 10—NET ASSETS WITH DONOR RESTRICTIONS IN PERPETUITY AND ENDOWMENTS (Continued)

STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

In accordance with the Foundation's investment policy, the portfolio will be diversified in an effort to achieve stated investment objectives and to provide reasonable assurance that no single asset class or security will have a disproportionate impact on absolute performance. Adequate diversification will ensure that the risk level of the overall portfolio will be maintained within a predetermined tolerance. The predetermined tolerance will be based on the expected risk and return profile of the overall portfolio. Should the overall risk/return profile of the portfolio deviate beyond the predetermined tolerance, the portfolio will be rebalanced back to the target risk/return characteristics.

SPENDING POLICY

It is the Foundation's policy to distribute annually up to 5% of a trailing 3 or 5-year average of the endowment's total asset value, with the understanding that this spending rate plus inflation will not normally exceed total return from investment. However, it is understood that this total return basis for calculating spending is sanctioned by the Uniform Prudent Management of Institutional Funds Act (UPMIFA), under which guidelines the University is permitted to spend an amount in excess of the current yield (interest and dividends earned), including realized or unrealized appreciation.

NOTE 11—RELATED PARTY TRANSACTIONS

Contributions from board members totaled \$20,233 and \$37,554 for the years ended June 30, 2024 and 2023, respectively.

NOTE 12—SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 15, 2024, the date which the financial statements were available for issue. There were no subsequent events which require disclosure.