



**AUDITED
FINANCIAL
STATEMENTS
& SUPPLEMENTAL
INFORMATION**

**YEARS ENDED JUNE 30, 2023 AND 2022
WITH REPORTS OF INDEPENDENT AUDITORS**

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Independent Auditor's Report

Board of Directors
West Virginia University Foundation, Inc.
Morgantown, WV

Opinion

We have audited the financial statements of West Virginia University Foundation, Inc., which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, cash flows and functional expense for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of West Virginia University Foundation, Inc. as of June 30, 2023 and 2022, 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 (GAAS). 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 West Virginia University Foundation, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 West Virginia University Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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.

FORVIS

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 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 West Virginia University Foundation, Inc.'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 West Virginia University Foundation, Inc.'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.

FORVIS, LLP

**Charleston, WV
September 28, 2023**

West Virginia University Foundation, Inc.
Statements of Activities
Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and gains:						
Contributions	\$ 1,254,790	\$ 75,760,818	\$ 77,015,608	\$ 205,688	\$ 113,602,065	\$ 113,807,753
Investment earnings:						
Net interest and dividends	17,357,587	(4,047,242)	13,310,345	14,564,049	(4,995,513)	9,568,536
Net realized gains	618,728	22,895,418	23,514,146	9,493,224	68,251,637	77,744,861
Net unrealized gains (losses)	1,551,018	(8,153,530)	(6,602,512)	(23,656,060)	(46,918,651)	(70,574,711)
Investment earnings	19,527,333	10,694,646	30,221,979	401,213	16,337,473	16,738,686
Lease revenue	1,975,000	-	1,975,000	1,975,000	-	1,975,000
Other revenue	5,106,455	14,067,646	19,174,101	4,871,220	10,214,572	15,085,792
Advancement fees, net	2,378,117	(2,056,929)	321,188	2,468,127	(2,060,704)	407,423
Net assets released from restrictions	122,320,524	(122,320,524)	-	77,741,189	(77,741,189)	-
Total revenues and gains	152,562,219	(23,854,343)	128,707,876	87,662,437	60,352,217	148,014,654
Expenses and support:						
University support:						
Scholarships	21,453,699	-	21,453,699	14,448,635	-	14,448,635
Salaries and benefits	57,451,683	-	57,451,683	25,309,590	-	25,309,590
Travel	3,370,234	-	3,370,234	1,254,841	-	1,254,841
Meetings and events	5,084,773	-	5,084,773	3,011,305	-	3,011,305
Professional services	4,293,242	-	4,293,242	4,007,930	-	4,007,930
Capital projects and equipment	22,335,138	-	22,335,138	21,594,634	-	21,594,634
Supplies and materials	5,624,589	-	5,624,589	4,916,698	-	4,916,698
Other support	4,939,590	-	4,939,590	3,626,550	-	3,626,550
Total University support	124,552,948	-	124,552,948	78,170,183	-	78,170,183
Foundation support:						
Fundraising	14,159,612	-	14,159,612	12,581,102	-	12,581,102
Fiduciary	6,778,232	-	6,778,232	6,390,860	-	6,390,860
Transfers to University and affiliates	3,080,000	-	3,080,000	500,000	-	500,000
Total Foundation support	24,017,844	-	24,017,844	19,471,962	-	19,471,962
Total University and Foundation support	148,570,792	-	148,570,792	97,642,145	-	97,642,145
Interest, depreciation and other	1,891,666	-	1,891,666	1,870,484	-	1,870,484
Total expenses before provision and revaluation	\$ 150,462,458	\$ -	\$ 150,462,458	\$ 99,512,629	\$ -	\$ 99,512,629
Provision for uncollectible receivables	-	1,060,699	1,060,699	-	2,267,830	2,267,830
Net (gain) loss on revaluation of external trusts	-	(1,304,890)	(1,304,890)	-	8,671,253	8,671,253
Net (gain) loss on revaluation of annuities payable and unitrusts	-	(621,877)	(621,877)	-	2,091,601	2,091,601
Total expenses and support	150,462,458	(866,068)	149,596,390	99,512,629	13,030,684	112,543,313
Change in net assets	2,099,761	(22,988,275)	(20,888,514)	(11,850,192)	47,321,533	35,471,341
Net assets at beginning of year	56,790,975	1,187,815,637	1,244,606,612	68,641,167	1,140,494,104	1,209,135,271
Net assets at end of year	\$ 58,890,736	\$ 1,164,827,362	\$ 1,223,718,098	\$ 56,790,975	\$ 1,187,815,637	\$ 1,244,606,612

See accompanying notes.

West Virginia University Foundation, Inc.
Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Reconciliation of change in net assets to net cash (used in) provided by operating activities:		
Change in net assets	\$ (20,888,514)	\$ 35,471,341
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Net (gain) loss on revaluation of annuities payable and unitrusts	(621,877)	2,091,601
Provision for uncollectible receivables	1,060,699	2,267,830
Contributions restricted for long-term purposes	(17,215,483)	(27,666,573)
Depreciation expense	1,283,656	1,339,286
Net realized gains on investments	(23,514,146)	(77,744,861)
Net unrealized losses on investments	6,602,512	70,574,711
Net (gain) loss on revaluation of external trusts	(1,304,890)	8,671,253
Net loss on disposal of equipment	3,114	-
Other non-cash revenue	(486,027)	(626,133)
Changes in:		
Contributions receivable	10,192,485	(12,541,879)
Funds held in custody	(177,975,430)	(82,375,690)
Beneficial interest in external trusts - termination	27,619	1,095,798
Accounts payable and accrued expenses	5,101,619	2,156,244
Funds held in custody for others	176,274,964	84,916,710
Other assets and liabilities	1,002,268	(5,557,484)
Net cash (used in) provided by operating activities	<u>(40,457,431)</u>	2,072,154
Cash flows from investing activities:		
Purchase of land, building, and equipment	(339,941)	(108,605)
Purchase of investments	(362,401,302)	(431,713,082)
Proceeds from sales and liquidations of investments	356,742,294	459,014,588
Net cash (used in) provided by investing activities	<u>(5,998,949)</u>	27,192,901
Cash flows from financing activities:		
Proceeds from contributions restricted for long-term purposes	17,215,483	27,666,573
Payments of notes payable	(1,198,326)	(1,169,246)
Net cash provided by financing activities	<u>16,017,157</u>	26,497,327
Change in cash and cash equivalents	<u>(30,439,223)</u>	55,762,382
Cash and cash equivalents at beginning of year	<u>117,590,890</u>	<u>61,828,508</u>
Cash and cash equivalents at end of year	<u>\$ 87,151,667</u>	<u>\$ 117,590,890</u>
Supplementary information:		
Interest paid	<u>\$ 439,584</u>	<u>\$ 468,664</u>

See accompanying notes.

West Virginia University Foundation, Inc.
Statements of Functional Expense
Years Ended June 30, 2023 and 2022

	2023								Total University & Foundation Support
	University Support				Foundation Support				
	University Campus	Health Sciences Campus	Intercollegiate Athletics	General University Support	University Support Total	Fundraising & Development	Administrative & General	Foundation Support Total	
Scholarships	\$ 6,901,817	\$ 2,674,431	\$ 6,733,891	\$ 5,143,560	\$ 21,453,699	\$ -	\$ -	\$ -	\$ 21,453,699
Salaries and benefits	9,610,721	44,195,661	1,448,842	2,196,459	57,451,683	10,460,251	5,013,191	15,473,442	72,925,125
Travel	1,548,624	713,447	823,998	284,165	3,370,234	179,200	85,458	264,658	3,634,892
Meetings and events	1,645,921	1,486,630	1,047,446	904,776	5,084,773	485,442	231,501	716,943	5,801,716
Professional services	1,587,900	1,563,959	626,674	514,709	4,293,242	1,443,046	688,170	2,131,216	6,424,458
Capital projects and equipment	4,485,939	1,714,423	13,194,685	2,940,091	22,335,138	496,427	236,740	733,167	23,068,305
Supplies and materials	2,293,939	2,661,953	45,903	622,794	5,624,589	152,417	72,686	225,103	5,849,692
Other expenses	2,451,776	1,859,027	818,386	(189,599)	4,939,590	942,829	450,486	1,393,315	6,332,905
Subtotal	30,526,637	56,869,531	24,739,825	12,416,955	124,552,948	14,159,612	6,778,232	20,937,844	145,490,792
Transfers to University & affiliates	-	-	-	-	-	-	-	3,080,000	3,080,000
Total support	\$ 30,526,637	\$ 56,869,531	\$ 24,739,825	\$ 12,416,955	\$ 124,552,948	\$ 14,159,612	\$ 6,778,232	\$ 24,017,844	\$ 148,570,792

General University Support includes scholarships not designated to a specific campus and other support for academic and research initiatives.
Net assets released from restrictions totaled \$122,320,524; of that \$103,160,304 was released from non-endowed funds and \$19,160,220 from endowed funds.

	2022								Total University & Foundation Support
	University Support				Foundation Support				
	University Campus	Health Sciences Campus	Intercollegiate Athletics	General University Support	University Support Total	Fundraising & Development	Administrative & General	Foundation Support Total	
Scholarships	\$ 5,896,628	\$ 1,587,975	\$ 1,845,772	\$ 5,118,260	\$ 14,448,635	\$ -	\$ -	-	\$ 14,448,635
Salaries and benefits	7,120,768	14,114,156	1,273,482	2,801,184	25,309,590	9,215,814	4,707,306	13,923,120	39,232,710
Travel	691,175	368,482	108,423	86,761	1,254,841	111,474	56,535	168,009	1,422,850
Meetings and events	1,092,512	833,166	557,648	527,979	3,011,305	403,503	204,641	608,144	3,619,449
Professional services	1,300,695	1,582,302	369,912	755,021	4,007,930	1,489,334	755,329	2,244,663	6,252,593
Capital projects and equipment	7,021,786	1,327,055	11,470,231	1,775,562	21,594,634	519,392	263,414	782,806	22,377,440
Supplies and materials	1,853,763	2,786,971	26,105	249,859	4,916,698	122,760	62,259	185,019	5,101,717
Other expenses	1,295,042	1,588,189	450,369	292,950	3,626,550	718,825	341,376	1,060,201	4,686,751
Subtotal	26,272,369	24,188,296	16,101,942	11,607,576	78,170,183	12,581,102	6,390,860	18,971,962	97,142,145
Transfers to University & affiliates	-	-	-	-	-	-	-	500,000	500,000
Total support	\$ 26,272,369	\$ 24,188,296	\$ 16,101,942	\$ 11,607,576	\$ 78,170,183	\$ 12,581,102	\$ 6,390,860	\$ 19,471,962	\$ 97,642,145

General University Support includes scholarships not designated to a specific campus and other support for academic and research initiatives.
Net assets released from restrictions totaled \$77,741,189; of that \$60,254,995 was released from non-endowed funds and \$17,486,194 from endowed funds.

Notes to Financial Statements

1. Organization Policy, Significant Accounting Policies and Other Matters

The West Virginia University Foundation, Inc. (the "Foundation") is a public 501(c)(3) tax-exempt organization incorporated in 1954. The Foundation's primary purpose is to enrich the lives of those touched by West Virginia University (the "University") by maximizing private charitable support and providing services to the University and its affiliated organizations. The Foundation is governed by an independently elected Board of Directors not otherwise affiliated with the University. In carrying out its responsibilities, the Board of Directors of the Foundation employs management, forms policy and maintains fiscal accountability over funds administered by the Foundation.

Basis of accounting

The financial statements presented herein have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP").

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair value estimates

Fair value estimates are based on an assessment of the present status and expected future benefits and obligations associated with the respective financial asset or liability. External trusts are valued at the expected rate of return for similarly invested assets, which ranged from 5.13% to 6.02% at June 30, 2023 and 5.25% to 6.79% at June 30, 2022. Split interest agreements are valued at the expected rate of return on the life income portfolio, which ranged from 5.13% to 5.50% at June 30, 2023 and 4.94% to 5.71% at June 30, 2022. Individual contributions receivable are valued at unsecured consumer lending rates ranging from 7.16% to 7.62% at June 30, 2023 and 6.08% to 6.19% at June 30, 2022, based on the anticipated collection date of the receivable. Corporate contributions receivable are valued at the current yield on corporate debt ranging from 4.77% to 5.16% and 2.90% to 3.82% at June 30, 2023 and 2022, respectively, based on the anticipated collection date of the receivable.

Concentration of credit risk

Investment securities are exposed to several risks, such as changes in interest rates, market fluctuations, and credit risks. Due to the risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the Foundation's financial statements.

Cash and cash equivalents

The Foundation considers highly liquid investments with an original maturity of three months or less, when purchased, to be cash equivalents. From time to time, the balance in certain Foundation deposit accounts at financial institutions may exceed the Federal Deposit Insurance Corporation (FDIC) insurance coverage limit. It is management's opinion that the Foundation is not exposed to any significant credit risk related to cash and cash equivalents.

Contributions and contributions receivable

Contributions are recorded at estimated fair value and are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases that net asset class. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is met), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction.

Unconditional promises to give that are expected to be received within one year are recorded at estimated net realizable value. Unconditional promises to give that are expected to be received in future years are recorded at the present value of their estimated future cash flows. Accretion of discounts is included in the contribution revenue. Conditional promises to give are not included as revenue until the conditions are substantially met.

The Foundation provides an allowance for the potential uncollectible portion of unconditional promises to give. The allowance for uncollectible contributions receivable is based upon management's judgment, including such factors as overall economic conditions, current and historical loss experience, a review of the status of specific pledges and recent collection activity.

Student loans

The Foundation provides funding for unsecured loans to University students at interest rates determined by the terms of the respective donor gift agreement. These loans require payment of principal and interest once the student has graduated. Balances due to the Foundation are reflected as other receivables on the statements of financial position, net of allowances for doubtful accounts. Allowances are determined based primarily on historical student loan repayment rates. If an account becomes two years past due, it is deemed to be fully uncollectible and will be fully allowed for or written off.

Investments

Investments in fixed income, equity, marketable alternative investments, and non-marketable alternative investments are reported at estimated fair value as defined in Note 5. Additional information on investments and valuation methods is included in Notes 4 and 5.

Land, building, and equipment

Land, building, and equipment are recorded at cost when purchased, or fair value if acquired by gift. The Foundation's capitalization policy requires purchases of property and equipment in excess of \$5,000 to be recorded as a capital asset. Depreciation is calculated over the estimated useful lives of the building or equipment using the straight-line method. Maintenance and repairs of existing facilities are charged to operating expense as incurred. Equipment purchased by departments of the University utilizing Foundation funds is recognized in expense as University support and not included in the Foundation's statements of financial position.

Beneficial interests in external trusts

The Foundation maintains the irrevocable right to receive the income earned on certain trust assets held by third parties. The Foundation records its beneficial interest in a trust at the lesser of the fair value of the underlying investments or the present value of the estimated future receipts from the trust.

Annuities and unitrusts payable

Under the terms of the Foundation annuity and trust agreements, the donors or their designees receive either a predetermined distribution amount or fixed rate return based upon the estimated fair value of the trust. The Foundation records the related assets held in trust at estimated fair value and the liability is recorded at estimated fair value of the present value of future payments.

Funds held in custody for others

The Foundation holds and invests funds for the University and its affiliates under agency agreements. The investments and other funds are reported as assets, while the corresponding liability is reported in funds held in custody for others.

Net assets

The Foundation has classified its net assets and revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions (see Note 10). Below is a summary of those classifications:

Without Donor Restrictions:

This includes assets and contributions that are not restricted by donors or for which restrictions have expired. Net assets without donor restrictions also include assets that have been designated by the Foundation's Board of Directors for specific purposes.

With Donor Restrictions:

This includes assets and contributions for which the donor stipulates that resources be maintained permanently or for which the donor has imposed restrictions that permit the Foundation to use or expend the donated assets for specified purposes are net assets with donor restrictions.

Noncash contributions

The Foundation receives noncash contributions including gifts-in-kind of equipment, property, supplies, materials, collection items, software, real property, and contributed services. Gifts that are used, held or sold by the Foundation are recognized for financial reporting purposes as contribution revenue. Gifts that are not used, held or sold by the Foundation are considered an intermediary transaction and not recognized for financial reporting purposes.

The Foundation recognizes noncash contributions used or held at estimated fair value based upon market price assumptions, donor cost, replacement cost, price listings, similar sales or services, published catalogs, vendor invoices, independent appraisals, expert opinions, estimates, averages, approximations, or other relevant information. During the years ended June 30, 2023 and 2022, the Foundation recognized noncash contributions of \$486,027 and \$626,133, respectively, in contribution revenue.

Tax status

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). Accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The Foundation follows the Financial Accounting Standards Board's (FASB) authoritative guidance on accounting for uncertainty in income taxes. Tax positions must meet a recognition threshold of more-likely-than-not for the benefit or obligation of those tax positions to be recognized in the financial statements. The Foundation has determined that it does not have any material unrecognized tax benefits or obligations at June 30, 2023 and June 30, 2022.

Functional allocation of expense

The costs of program and supporting services activities have been summarized on the functional basis in the statement of activities. The statements of functional expense present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Some expenses, including supplies and materials, are directly identifiable and are charged accordingly. Fundraising and fiduciary expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation. Allocations of significant costs, including salaries and benefits, contractors, and professional fees, are based on estimates of time and effort and other reasonable methods.

2. Liquidity and Availability of Financial Assets

The following includes financial assets as of June 30, reduced by amounts not available for general use within one year of the statements of financial position date. Amounts available for general use include financial assets without donor restriction or internal designations. Internal designations include amounts set aside by the Board for the Foundation operating costs or other scheduled projects. These designated amounts could be drawn upon with Board approval.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 87,151,667	\$ 117,590,890
Short term receivables	2,081,483	1,626,727
Short term investments	<u>185,140,013</u>	<u>163,163,724</u>
Total financial assets available	<u>274,373,163</u>	<u>282,381,341</u>
Less restricted and designated financial assets:		
<u>University and affiliated organizations</u>		
Restricted by donor to the University	(219,941,627)	(231,923,399)
Funds held in custody for others	(9,777,672)	(9,570,162)
Designated by Board to the University and other	<u>(4,346,807)</u>	<u>(4,564,065)</u>
Available to the University and affiliated organizations	<u>(234,066,106)</u>	<u>(246,057,626)</u>
<u>Foundation</u>		
Operating reserve	(21,350,000)	(20,156,000)
Designated by the Board to the Foundation	<u>(4,024,508)</u>	<u>(4,158,747)</u>
Available to the Foundation	<u>(25,374,508)</u>	<u>(24,314,747)</u>
Financial assets available for general use by the Foundation or University	<u>\$ 14,932,549</u>	<u>\$ 12,008,968</u>

Unrestricted funds

Donations received without donor restriction are governed by the Foundation Discretionary Gifts Protocol. All unrestricted donations are designated by the Foundation Board for University initiatives or other University commitments. Therefore, the Foundation does not hold a portfolio of unrestricted donations available for general use.

Operating reserve

These funds constitute a board-designated reserve with the objective of setting funds aside to be drawn in the event of financial distress or an immediate liquidity need outside the typical operating cycle. The target for this reserve is the amount needed to fund 12 months of the Foundation operating budget and therefore this amount is not available for general use. The amount set aside for the operating reserve requires the use of estimates which could vary significantly from amounts budgeted. Reserve amounts above the minimum target range of 12 months can be made available to the Foundation or the University at the discretion of the Board and are considered available for general use. As of June 30, 2023 and 2022, the operating reserves totaled \$26,135,167 and \$23,648,321 and the 12-month budget target was \$21,350,000 and \$20,156,000, respectively. The operating reserve is invested and managed under a separate Reserve Policy and is held in interest bearing cash or cash-equivalent accounts.

As of June 30, 2023 and 2022 the Foundation held assets of \$4,024,508 and \$4,158,747, respectively, appropriated from operating reserves by the Board and designated to the Foundation for specific projects.

Liquidity management

The foundation receives significant contributions with donor restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs. As part of liquidity management, the Foundation has an asset/liability management program to structure its financial assets to be available as its obligations from each financial asset category come due, including Foundation obligations and amounts drawn by the University to support its mission-related initiatives. These amounts are primarily invested in cash and cash equivalents, short-term fixed income funds and some marketable equity funds.

To help manage unanticipated liquidity needs, the Foundation has a committed line of credit in the amount of \$10 million, see note 11. The Foundation has never drawn upon this line.

3. Receivables

The following table summarizes contributions and other receivables and the related allowances as of June 30:

	<u>2023</u>	<u>2022</u>
Contributions receivable:		
Amounts to be received within one year	\$ 29,277,988	\$ 28,238,622
Amounts to be received within two to five years	29,502,994	36,924,759
Amounts to be received after five years	<u>37,678,992</u>	<u>41,226,734</u>
Contributions receivable before allowance and unamortized discount	96,459,974	106,390,115
Allowance for uncollectible contributions	(21,273,866)	(20,829,442)
Unamortized discount	<u>(16,716,685)</u>	<u>(15,838,066)</u>
Contributions receivable, net	<u>\$ 58,469,423</u>	<u>\$ 69,722,607</u>
Other receivables, net:		
Student loans, net of allowance of approximately \$988,000 and \$1,076,000, respectively	\$ 2,648,673	\$ 2,040,466
Notes, advances, and other	<u>2,116,492</u>	<u>1,665,376</u>
Other receivables, net	<u>\$ 4,765,165</u>	<u>\$ 3,705,842</u>

West Virginia University Foundation, Inc.
Notes to Financial Statements

4. Investments

The estimated fair values of total investment assets under management at June 30 are as follows:

	<u>2023</u>	<u>2022</u>
Money market funds	\$ 126,472,281	\$ 76,641,829
Separate accounts:		
U.S. equities	75,803,603	32,673,644
Diversifying strategies	-	8,875,635
Public fixed income	<u>272,585,704</u>	<u>2,425,043</u>
	348,389,307	43,974,322
Exchange traded funds:		
U.S. equities	319,448,250	430,855,688
Public fixed income	88,995,365	105,045,762
International equities	<u>19,733,502</u>	<u>6,299,854</u>
	428,177,117	542,201,304
Mutual funds:		
International equities	192,776,836	225,118,714
Public fixed income	122,297,562	121,485,706
U.S. equities	77,486,704	67,640,775
Real estate - public	36,736,579	38,182,048
Natural resources - public	<u>35,845,514</u>	<u>29,607,102</u>
	465,143,195	482,034,345
Other commingled funds:		
International equities	12,768,772	55,547,394
Public fixed income	92,419,769	92,881,597
Marketable opportunistic fixed income	<u>15,765,656</u>	<u>15,795,550</u>
	120,954,197	164,224,541
Hedge funds:		
Diversifying strategies	179,700,827	170,105,259
Marketable opportunistic fixed income	36,374,180	29,985,880
International equities	<u>18,927,834</u>	<u>15,074,168</u>
	235,002,841	215,165,307
Private investments:		
Venture capital	481,805,506	476,229,847
Buyouts	185,888,770	202,664,915
Private opportunistic fixed income	50,860,548	46,290,250
Natural resources - private	75,552,121	82,577,287
Real estate - private	71,063,976	57,614,820
Co-investments	18,357,527	19,937,202
Infrastructure	<u>11,398,829</u>	<u>8,964,174</u>
	894,927,277	894,278,495
Total investments	<u>\$ 2,619,066,215</u>	<u>\$2,418,520,143</u>

Interest and dividends on non-agency investments are reported in the statements of activities net of custodial management and investment fees of approximately \$4,600,000 and \$5,300,000 for the years ended June 30, 2023 and 2022, respectively.

Total investment assets under management include assets of the Foundation and West Virginia University and its affiliated organizations. To achieve its investment objectives, management has controls in place related to initial due diligence, ongoing monitoring and financial reporting of alternative investments. Specific efforts employed by management include ongoing interaction with fund managers, including on-site visits and interviews, telephonic and virtual meetings, and ongoing monitoring of portfolio holdings, activities, and performance. Monitoring also includes obtaining and reviewing audited financial statements noting the basis of accounting, disclosures pertaining to the valuation of alternative investments and comparison of audited valuation with the fund's valuation. Management also reviews interim financial information, including details of investment holdings, to obtain an understanding of the underlying investments. Management believes the basis and assumptions for determining the estimated fair values of the Foundation's alternative investments are reasonable at June 30, 2023 and 2022.

5. Fair Value of Financial Assets and Liabilities

Financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis are valued at the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, which are recorded at fair value, the Foundation considers the principal or most advantageous market in which the Foundation would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions, and credit risk.

The Foundation applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

- Level 1:** Observable inputs such as quoted prices in active markets.
- Level 2:** Observable similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data.
- Level 3:** Inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

Level 1 investment categories

The Foundation invests in equity securities, fixed income obligations and cash equivalents that are publicly traded and readily available in the active markets in which the securities are traded. The Foundation either invests directly in these securities or the investment accounts held by the Foundation, which include these securities and have daily quoted active market prices accessible by the Foundation.

Level 2 investment categories

The Foundation invests in certain commingled funds that are not publicly traded in active markets. While the Foundation has access to a detailed listing of the underlying assets of the fund, the majority of which are publicly traded and readily available in active markets, shares of the funds themselves do not have daily quoted active market prices. Investments in these funds are valued per share based on the market prices of the underlying assets. Additionally, the Foundation has the ability to redeem its investment at the value per share within thirty days of the measurement date.

Level 3 investment categories

These funds do not have a readily determinable fair value and either have the attributes of an investment company or prepare their financial statements consistent with the measurement principles of an investment company. Because of the inherent uncertainty of valuations of Level 3 investments, their estimated values may differ significantly from the values that would have been used had a ready market for these investments existed, and the difference could be material.

The Foundation uses the net asset value (NAV) as a practical expedient to determine the fair value of certain investment funds, which are not classified in the fair value hierarchy. Similar to Level 3 investments, estimated investment values using a NAV may differ significantly from the values that would have been used had a ready market for these investments existed, and the difference could be material. Additional information about these investments is provided in the following paragraphs.

Hedge funds

The Foundation holds interest in funds that invest both long and short in stocks, credit-oriented securities, and arbitrage strategies with varying redemption periods. The underlying assets of the funds are predominantly marketable securities and derivatives. These investments are estimated using the NAV provided by the hedge fund managers as a practical expedient due to varying levels of determinable fair values and potential inability for redemption. Certain hedge funds may permit partial liquidity upon redemption with the remaining illiquid assets possessing no definite schedule for distribution.

The investments in these strategies are in assets located both in and outside the United States. Investments in this category, for which there are no readily determinable fair values, are estimated using the NAV provided by the general partner due to the inability for redemption and the lack of market prices.

Buyouts and venture capital

The Foundation invests in buyout and venture capital funds that are limited partnerships and not publicly traded. These funds have investments in private companies located both in and outside the United States. Investments in this category, for which there are no readily determinable fair values, are estimated using the NAV provided by the general partner due to the inability for redemption and the lack of market prices. Distributions are made from the funds as the fund matures. Redemptions are not permitted during the life of the partnerships. Partnership lives are generally 10 years with an option to extend an additional 2 to 3 years. When assets are sold, the proceeds, less any incentives due to the partnership's general partner, are to be distributed to investors.

Co-investments

The Foundation invests in co-investments that are limited partnerships and not publicly traded. These vehicles are unique from other private market funds as they are an additional investment in a single private company that is also held within one of the Foundation's larger total fund investments, and can be located both in and outside the United States. Investments in this category, for which there are no readily determinable fair values, are estimated using the NAV provided by the general partner due to the inability for redemption and the lack of market prices. Distributions are made from the co-investment vehicle whenever the investment is realized or distributes dividends. Redemptions are not permitted during the life of the partnerships. Partnership lives are generally 10 years with an option to extend additional years. When assets are sold, the proceeds, less any incentives due to the partnership's general partner, are to be distributed to investors.

West Virginia University Foundation, Inc.
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Private opportunistic fixed income

The Foundation invests in private opportunistic fixed income funds (distressed debt, mezzanine, and private credit) that are limited partnerships and not publicly traded. These funds have investments in private companies located both in and outside the United States. Investments in this category, for which there are no readily determinable fair values, are estimated using the NAV provided by the general partner due to the inability for redemption and the lack of market prices. Distributions are made from the funds as the fund matures. Redemptions are not permitted during the life of the partnerships. Partnership lives are generally 6 to 10 years with an option to extend an additional 2 to 3 years. When assets are sold, the proceeds, less any incentives due to the partnership's general partner, are to be distributed to investors.

Natural resources – private

The Foundation invests in energy, timber, infrastructure, and farmland funds that are limited partnerships and not publicly traded. These funds have investments in private natural resource assets located both in and outside the United States. Investments in this category, for which there are no readily determinable fair values, are estimated using the NAV provided by the general partner due to the inability for redemption and the lack of market prices. Distributions are made from the funds as the funds mature. Redemptions are not permitted during the life of the partnerships. Partnership lives range from 10 to 15 years with an option to extend an additional 2 to 3 years. When assets are sold, the proceeds, less any incentives due to the partnership's general partner, are to be distributed to investors.

Infrastructure

The Foundation invests in private infrastructure funds that are limited partnerships and not publicly traded. These funds have investments in private infrastructure assets located both in and outside the United States. Investments in this category, for which there are no readily determinable fair values, are estimated using the NAV provided by the general partner due to the inability for redemption and the lack of market prices. Distributions are made from the funds as the funds mature. Redemptions are not permitted during the life of the partnerships. Partnership lives range from 10 to 15 years with an option to extend an additional 2 to 3 years. When assets are sold, the proceeds, less any incentives due to the partnership's general partner, are to be distributed to investors.

Real estate – private

The Foundation invests in real estate funds that are limited partnerships and not publicly traded. These funds have investments in properties located both in and outside the United States. Investments in this category, for which there are no readily determinable fair values, are estimated using the NAV provided by the general partner due to the inability for redemption and the lack of market prices. Distributions are made from the funds as the fund matures. Redemptions are not permitted during the life of the partnerships. Partnership lives range from 8 to 12 years with an option to extend an additional 2 to 3 years. When assets are sold, the proceeds, less any incentives due to the partnership's general partner, are to be distributed to investors.

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Unfunded commitments

The following table summarizes the estimated fair value of the Foundation's non-marketable alternatives, held in the Foundation's long-term investment pool, that have associated unfunded commitments at June 30, 2023:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>
Venture capital	\$ 245,273,888	\$ 63,498,434
Buyouts	93,918,861	41,452,199
Private opportunistic fixed income	26,131,806	22,839,876
Natural resources - private	40,592,616	23,028,328
Real estate - private	38,314,892	20,970,030
Co-investments	9,086,329	508,642
Infrastructure	<u>5,980,130</u>	<u>4,475,024</u>
Total	<u>\$ 459,298,522</u>	<u>\$ 176,772,533</u>

The following table summarizes the estimated fair value of the Foundation's non-marketable alternatives, held in the Foundation's long-term investment pool, that have associated unfunded commitments at June 30, 2022:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>
Venture capital	\$ 247,772,887	\$ 68,834,568
Buyouts	111,997,675	39,836,075
Private opportunistic fixed income	23,413,451	26,581,016
Natural resources - private	43,895,028	14,028,310
Real estate - private	31,273,722	27,917,218
Co-investments	10,471,498	804,527
Infrastructure	<u>4,573,308</u>	<u>5,025,960</u>
Total	<u>\$ 473,397,569</u>	<u>\$ 183,027,674</u>

Unfunded commitments are drawn down throughout the life of the investment based on the cash needs of each individual limited partnership. Limited partnerships with unfunded commitments have remaining lives of 4 to 14 years. Management anticipates that distributions from existing non-marketable alternatives will provide much of the liquidity necessary to satisfy remaining unfunded commitments.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of an input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. There were no changes in valuation techniques during the current year.

West Virginia University Foundation, Inc.
Notes to Financial Statements

The following tables present total investment assets and liabilities under management carried at fair value on a recurring basis, by caption, on the statements of financial position by the valuation hierarchy defined above:

	Fair Value as of June 30, 2023			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Investments:				
Money market funds	\$ 116,357,912	\$ 10,114,369	\$ -	\$ 126,472,281
Separate accounts:				
U.S. equities	75,803,603	-	-	75,803,603
Public fixed income	<u>2,316,472</u>	<u>270,269,232</u>	-	<u>272,585,704</u>
	78,120,075	270,269,232	-	348,389,307
Exchange traded funds:				
U.S. equities	319,448,250	-	-	319,448,250
Public fixed income	88,995,365	-	-	88,995,365
International equities	<u>11,938,769</u>	<u>7,794,733</u>	-	<u>19,733,502</u>
	420,382,384	7,794,733	-	428,177,117
Mutual funds:				
International equities	129,722,935	63,053,901	-	192,776,836
Public fixed income	6,425,144	111,620,283	4,252,135	122,297,562
U.S. equities	77,486,704	-	-	77,486,704
Real estate - public	36,532,423	102,078	102,078	36,736,579
Natural resources - public	<u>35,845,514</u>	-	-	<u>35,845,514</u>
	286,012,720	174,776,262	4,354,213	465,143,195
Other commingled funds:				
International equities	6,858,656	5,896,218	13,898	12,768,772
Public fixed income	924,198	91,495,571	-	92,419,769
Marketable opportunistic fixed income	-	<u>15,765,656</u>	-	<u>15,765,656</u>
	7,782,854	113,157,445	13,898	120,954,197
*Hedge funds:				
Diversifying strategies	-	-	-	179,700,827
Marketable opportunistic fixed income	-	-	-	36,374,180
International equities	-	-	-	<u>18,927,834</u>
	-	-	-	235,002,841
*Private investments:				
Venture capital	-	-	-	481,805,506
Buyouts	-	-	-	185,888,770
Private opportunistic fixed income	-	-	-	50,860,548
Natural resources - private	-	-	-	75,552,121
Real estate - private	-	-	-	71,063,976
Co-investments	-	-	-	18,357,527
Infrastructure	-	-	-	<u>11,398,829</u>
	-	-	-	<u>894,927,277</u>
Total investments	<u>908,655,945</u>	<u>576,112,041</u>	<u>4,368,111</u>	<u>2,619,066,215</u>
Beneficial interests in external trusts	-	-	<u>38,156,655</u>	<u>38,156,655</u>
Total assets	<u>\$ 908,655,945</u>	<u>\$ 576,112,041</u>	<u>\$ 42,524,766</u>	<u>\$2,657,222,870</u>
Liabilities:				
Annuities payable and unitrusts	\$ -	\$ -	\$ (11,196,041)	\$ (11,196,041)
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,196,041)</u>	<u>\$ (11,196,041)</u>

*Investments measured using net asset value per share are not classified in the fair value hierarchy. The amounts presented in this table are intended to permit reconciliation of the hierarchy to the statement of financial position.

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Notes to Financial Statements

	Fair Value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments:				
Money market funds	\$ 76,641,829	\$ -	\$ -	\$ 76,641,829
Separate accounts:				
U.S. equities	32,673,644	-	-	32,673,644
Diversifying strategies	8,875,635	-	-	8,875,635
Public fixed income	<u>2,425,043</u>	-	-	<u>2,425,043</u>
	43,974,322	-	-	43,974,322
Exchange traded funds:				
U.S. equities	430,855,688	-	-	430,855,688
Public fixed income	105,045,762	-	-	105,045,762
International equities	<u>6,299,854</u>	-	-	<u>6,299,854</u>
	542,201,304	-	-	542,201,304
Mutual funds:				
International equities	225,118,714	-	-	225,118,714
Public fixed income	121,485,706	-	-	121,485,706
U.S. equities	67,640,775	-	-	67,640,775
Real estate - public	38,182,048	-	-	38,182,048
Natural resources - public	<u>29,607,102</u>	-	-	<u>29,607,102</u>
	482,034,345	-	-	482,034,345
Other commingled funds:				
International equities	-	55,547,394	-	55,547,394
Public fixed income	-	92,881,597	-	92,881,597
Marketable opportunistic fixed income	<u>-</u>	<u>15,795,550</u>	-	<u>15,795,550</u>
	-	164,224,541	-	164,224,541
*Hedge funds:				
Diversifying strategies	-	-	-	170,105,259
Marketable opportunistic fixed income	-	-	-	29,985,880
International equities	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,074,168</u>
	-	-	-	215,165,307
*Private investments:				
Venture capital	-	-	-	476,229,847
Buyouts	-	-	-	202,664,915
Private opportunistic fixed income	-	-	-	46,290,250
Natural resources - private	-	-	-	82,577,287
Real estate - private	-	-	-	57,614,820
Co-investments	-	-	-	19,937,202
Infrastructure	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,964,174</u>
	-	-	-	894,278,495
Total investments	1,144,851,800	164,224,541	-	2,418,520,143
Beneficial interests in external trusts	<u>-</u>	<u>-</u>	<u>36,879,384</u>	<u>36,879,384</u>
Total assets	<u>\$1,144,851,800</u>	<u>\$ 164,224,541</u>	<u>\$ 36,879,384</u>	<u>\$2,455,399,527</u>
Liabilities:				
Annuities payable and unitrusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,871,384)</u>	<u>\$ (11,871,384)</u>
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,871,384)</u>	<u>\$ (11,871,384)</u>

*Investments measured using net asset value per share are not classified in the fair value hierarchy. The amounts presented in this table are intended to permit reconciliation of the hierarchy to the statement of financial position.

West Virginia University Foundation, Inc.
Notes to Financial Statements

The following table illustrates the activity of Level 3 assets and liabilities for the year ended June 30, 2023:

	Beneficial Interests in External Trusts	Annuities Payable and Unitrusts
	<u> </u>	<u> </u>
Balance, July 1, 2022	\$ 36,879,384	\$ 11,871,384
Investment gains	1,304,890	-
Annuity losses	-	(621,877)
Income	-	1,802,520
New annuities	-	91,861
Distributions	<u>(27,619)</u>	<u>(1,947,847)</u>
Balance, June 30, 2023	<u>\$ 38,156,655</u>	<u>\$ 11,196,041</u>

The following table illustrates the activity of Level 3 assets and liabilities for the year ended June 30, 2022:

	Beneficial Interests in External Trusts	Annuities Payable and Unitrusts
	<u> </u>	<u> </u>
Balance, July 1, 2021	\$ 46,646,435	\$ 15,344,985
Investment losses	(8,671,253)	-
Annuity gains	-	2,091,601
Income	-	(3,439,301)
New annuities	-	54,546
Distributions	<u>(1,095,798)</u>	<u>(2,180,447)</u>
Balance, June 30, 2022	<u>\$ 36,879,384</u>	<u>\$ 11,871,384</u>

There were no transfers among Level 1, Level 2, or Level 3 assets during the years ended June 30, 2023 and 2022. When transfers occur, they are recognized at the end of the reporting period.

6. Endowment

The Foundation's endowment consists of over 3,000 individual endowment funds established for a variety of purposes. The endowment includes donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Board of Directors of the Foundation, based upon the advice of counsel, has interpreted the Uniform Prudent Management of Institutional Funds Act (the “Act” or “UPMIFA”) 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. In accordance with the Act, 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 organization 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) The investment policies of the Foundation

Return objectives and risk parameters

The Foundation has adopted investment and spend policies for endowment assets that are intended to provide an ongoing stream of funding to programs supported by the endowment. Endowment assets include assets of donor-restricted funds that the organization must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce a high level of total investment return consistent with a prudent level of portfolio risk. As such, the investment objective of the endowment investment assets is to achieve at least a positive return (greater than zero) after deduction for inflation and spending over rolling five-year periods.

Strategies employed for achieving objectives

To satisfy its long-term return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments, including private equities, to achieve its long-term return objectives within prudent risk constraints.

Spending policy and related investment objectives

The Foundation utilizes a “banded inflation” spend policy for the private endowment, which considers the prior year’s dollar amount adjusted for inflation (CPI). The overall calculated spend dollar amount must be between 3% and 4% of market value at June 30. This policy was established in accordance with UPMIFA, which in certain circumstances allows for a reduced appropriation from an endowment fund when the current fair value may occasionally fall below original gift value. The Foundation also considers the six factors previously listed. Over the long term, the Foundation expects the spend policy to allow its endowment to grow at a rate that meets the needs of inflation, spending and fees. The Foundation’s effective spend rate was 3.36% in 2023 and 3.77% in 2022.

Funds with deficiencies

From time to time, due to market fluctuation the fair value of certain endowment funds may fall below the original gift value. These funds are considered “underwater” funds. The Foundation has interpreted UPMIFA to permit spending from underwater endowments with prudent measures required by law.

West Virginia University Foundation, Inc.
Notes to Financial Statements

The following presents endowed funds with deficiencies principally resulting from unfavorable market fluctuations and timing of related gifts:

	<u>2023</u>	<u>2022</u>
Fair value	\$ 5,407,897	\$ 4,008,232
Original gift value	<u>(5,531,984)</u>	<u>(4,080,099)</u>
Deficiency	<u>\$ (124,087)</u>	<u>\$ (71,867)</u>

The following presents endowment net asset composition by fund type as of June 30, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		<u>Total</u>
		<u>Invested Non-endowed</u>	<u>Endowment</u>	
Board designated endowment funds	\$ 14,231,226	\$ -	\$ -	\$ 14,231,226
Original donor restricted gift amounts	-	13,050,361	548,489,571	561,539,932
Accumulated investment gains	<u>-</u>	<u>7,655,914</u>	<u>244,057,693</u>	<u>251,713,607</u>
Invested endowment assets managed internally	14,231,226	20,706,275	792,547,264	827,484,765
Invested assets managed externally	-	-	8,527,200	8,527,200
External trusts at fair value	<u>-</u>	<u>-</u>	<u>38,156,655</u>	<u>38,156,655</u>
Total invested endowment assets	14,231,226	20,706,275	839,231,119	874,168,620
Non-invested endowed assets	-	-	70,484,315	70,484,315
Endowment liabilities	<u>-</u>	<u>-</u>	<u>(134,642)</u>	<u>(134,642)</u>
Endowment net assets	<u>\$ 14,231,226</u>	<u>\$ 20,706,275</u>	<u>\$ 909,580,792</u>	<u>\$ 944,518,293</u>

West Virginia University Foundation, Inc.
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The following presents changes in endowment net assets for the year ended June 30, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		
		<u>Invested Non-endowed</u>	<u>Endowment</u>	<u>Total</u>
Invested endowment assets, beginning of year	\$ 14,893,874	\$ 23,247,750	\$ 835,461,401	\$ 873,603,025
Investment return, net	(204,016)	(2,392,704)	7,703,366	5,106,646
Contributions	-	-	20,689,752	20,689,752
Appropriation for expenditure	<u>(458,632)</u>	<u>(148,771)</u>	<u>(24,623,400)</u>	<u>(25,230,803)</u>
Invested endowment assets, end of year	14,231,226	20,706,275	839,231,119	874,168,620
Non-invested endowed assets	-	-	70,484,315	70,484,315
Endowment liabilities	<u>-</u>	<u>-</u>	<u>(134,642)</u>	<u>(134,642)</u>
Endowment net assets	<u>\$ 14,231,226</u>	<u>\$ 20,706,275</u>	<u>\$ 909,580,792</u>	<u>\$ 944,518,293</u>

The following presents endowment net asset composition by fund type as of June 30, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		
		<u>Invested Non-endowed</u>	<u>Endowment</u>	<u>Total</u>
Board designated endowment funds	\$ 14,893,874	\$ -	\$ -	\$ 14,893,874
Original donor restricted gift amounts	-	13,570,395	527,799,819	541,370,214
Accumulated investment gains	<u>-</u>	<u>9,677,355</u>	<u>262,654,037</u>	<u>272,331,392</u>
Invested endowment assets managed internally	14,893,874	23,247,750	790,453,856	828,595,480
Invested assets managed externally	-	-	8,128,161	8,128,161
External trusts at fair value	<u>-</u>	<u>-</u>	<u>36,879,384</u>	<u>36,879,384</u>
Total invested endowment assets	14,893,874	23,247,750	835,461,401	873,603,025
Non-invested endowed assets	-	-	67,131,645	67,131,645
Endowment liabilities	<u>-</u>	<u>-</u>	<u>(74,526)</u>	<u>(74,526)</u>
Endowment net assets	<u>\$ 14,893,874</u>	<u>\$ 23,247,750</u>	<u>\$ 902,518,520</u>	<u>\$ 940,660,144</u>

West Virginia University Foundation, Inc.
Notes to Financial Statements

The following presents changes in endowment net assets for the year ended June 30, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		
		<u>Invested Non-endowed</u>	<u>Endowment</u>	<u>Total</u>
Invested endowment assets, beginning of year	\$ 14,007,417	\$ 23,171,797	\$ 824,997,994	\$ 862,177,208
Investment return, net	1,318,447	350,230	4,083,490	5,752,167
Contributions	-	-	28,138,931	28,138,931
Appropriation for expenditure	<u>(431,990)</u>	<u>(274,277)</u>	<u>(21,759,014)</u>	<u>(22,465,281)</u>
Invested endowment assets, end of year	14,893,874	23,247,750	835,461,401	873,603,025
Non-invested endowed assets	-	-	67,131,645	67,131,645
Endowment liabilities	<u>-</u>	<u>-</u>	<u>(74,526)</u>	<u>(74,526)</u>
Endowment net assets	<u>\$ 14,893,874</u>	<u>\$ 23,247,750</u>	<u>\$ 902,518,520</u>	<u>\$ 940,660,144</u>

7. Land, Building, and Equipment

A summary of land, building, and equipment and accumulated depreciation at June 30 follows:

	<u>2023</u>	<u>2022</u>
Land	\$ 2,610,860	\$ 2,610,860
Building	31,419,238	31,222,161
Equipment	<u>4,807,742</u>	<u>4,763,475</u>
	38,837,840	38,596,496
Accumulated depreciation	<u>(26,653,002)</u>	<u>(25,464,829)</u>
Land, building and equipment, net	<u>\$ 12,184,838</u>	<u>\$ 13,131,667</u>

Depreciation expense for the years ended June 30, 2023 and 2022 was \$1,283,656 and \$1,339,286, respectively.

The Foundation owns a seven-floor office building located at One Waterfront Place. The Foundation occupies one floor of the building and leases the remainder of the building to the University through an operating lease with the West Virginia University Board of Governors on behalf of the University. The lease runs through May 31, 2031; however, it is cancelable upon 30-days' written notice. The net book value of the property leased was \$6,001,435 and \$6,861,985 as of June 30, 2023 and 2022, respectively. During 2023 and 2022, the Foundation recorded approximately \$2,000,000 of lease revenue related to this lease. Future lease payments for each of the five succeeding fiscal years are approximately \$2,000,000 each year.

8. Other Assets

Other assets consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Cash surrender value of life insurance	\$ 4,093,004	\$ 4,112,825
Real estate and other assets	<u>2,513,564</u>	<u>3,279,589</u>
	<u>\$ 6,606,568</u>	<u>\$ 7,392,414</u>

9. Split-Interest Agreements

The Foundation occasionally enters into split-interest agreements with donors, which consist primarily of charitable gift annuities, charitable remainder unitrusts, and charitable remainder annuity trusts. These agreements provide either fixed annual payments or fixed annual returns to the original donor or a designated beneficiary. Payment streams are valued at the present value of the expected future obligations after considering the applicable discount rate and actuarial mortality assumptions. Fixed payout percentages range from 4.2% to 18.0% at June 30, 2023 and at June 30, 2022, respectively. Management of WVU Foundation has estimated the reserves required for their gift annuities to be approximately \$3,400,000 and \$3,800,000 at June 30, 2023 and 2022. The investment balance on the statement of financial position includes \$7,500,000 and \$7,900,000 set aside in segregated accounts for gift annuities for the years ended June 30, 2023 and 2022. WVU Foundation has adequate reserves as of June 30, 2023 to fund its charitable gift annuity liability and is in compliance with Code of Maryland regulations 31.09.07.03.

The Foundation received contributions of \$125,000 and \$115,407 to establish new split-interest agreements for the years ended June 30, 2023 and 2022, respectively. Total assets resulting from split-interest agreements were \$27,425,346 and \$27,315,006 at June 30, 2023 and 2022, respectively. These assets are included in investments carried at fair value on the statements of financial position.

10. Net Assets

Net assets without donor restrictions are available for the following purposes as of June 30:

	<u>2023</u>	<u>2022</u>
Board designated endowment funds	\$ 14,231,226	\$ 14,893,874
Board designated Foundation reserves	25,374,508	24,314,747
Financial assets available for general use	14,932,549	12,008,968
Land, building, and equipment, net of depreciation	12,184,838	13,131,667
Receivables and other	4,812,485	6,284,915
Notes payable	<u>(12,644,870)</u>	<u>(13,843,196)</u>
	<u>\$ 58,890,736</u>	<u>\$ 56,790,975</u>

West Virginia University Foundation, Inc.
Notes to Financial Statements

Net assets with donor restrictions are available for the following purposes as of June 30:

	<u>2023</u>	<u>2022</u>
Student aid	\$ 423,667,386	\$ 418,870,782
Academics	291,046,323	314,906,283
Faculty and staff	211,540,255	213,493,968
Research	83,001,063	82,277,473
Buildings and equipment	30,446,893	30,759,553
Departmental discretion	69,613,349	73,248,271
Public service	37,053,076	32,025,128
Pending donor designation	13,049,687	12,318,126
Other	<u>5,409,330</u>	<u>9,916,053</u>
	<u>\$ 1,164,827,362</u>	<u>\$ 1,187,815,637</u>

11. Line of Credit

The Foundation has an unsecured line of credit with a financial institution with maximum borrowing capacity of \$10,000,000, with no fixed maturity date. The agreement will be reviewed annually by the financial institution and the Foundation. As of June 30, 2023 and 2022, there was no amount outstanding on the line. This line of credit bears interest at a variable rate based on the New York Prime rate plus 0.375% with a minimum interest rate of 3.625% and a maximum interest rate of 10%, which is payable on demand. This line of credit renews on an annual basis subject to the financial institution's review of the Foundation's financial statements and is expected to be renewed on similar terms.

12. Mortgage Payable

In May 2012, the Foundation borrowed \$24,000,000 from a West Virginia bank. The loan proceeds were used to fund the pay-off of the 2002 Series B bonds used to finance floors 1 - 6 of One Waterfront Place. The loan is payable in monthly installments of \$136,492 through May 1, 2032. The payments include principal and interest at the fixed rate of 3.28%. The loan is secured by a credit line deed of trust on One Waterfront Place, an assignment of leases on One Waterfront Place, and a security agreement encumbering the net unrestricted assets of the Foundation. The loan balance as of June 30, 2023 and 2022 was \$12,644,870 and \$13,843,196, respectively. Interest expense for the years ended June 30, 2023 and 2022 was \$439,584 and \$468,664, respectively.

Debt service for the note payable for the fiscal years ending June 30 is as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
2024	\$ 1,241,612	\$ 396,298	\$ 1,637,910
2025	1,282,954	354,956	1,637,910
2026	1,325,674	312,236	1,637,910
2027	1,369,816	268,094	1,637,910
2028	1,415,427	222,483	1,637,910
Thereafter	<u>6,009,387</u>	<u>402,670</u>	<u>6,412,057</u>
	<u>\$ 12,644,870</u>	<u>\$ 1,956,737</u>	<u>\$ 14,601,607</u>

The carrying amount of the Foundation's note payable approximates the fair value at June 30, 2023 and 2022.

13. Retirement Benefits and Deferred Compensation

The Foundation has a contributory retirement plan covering all full time and part time employees. Employer contributions are based on a percentage of salary applied as premiums on regular retirement annuity contracts owned by each employee. Employees are immediately vested. Retirement expense was \$1,542,387 and \$1,312,647 for the years ended June 30, 2023 and 2022, respectively.

The Foundation has several supplemental retirement or deferred compensation plans covering certain employees of the University or Foundation that provide for payments upon retirement, death, or disability. The liability associated with these plans was \$2,206,299 and \$1,363,115 as of June 30, 2023 and 2022, respectively. The liability is recorded at the present value of the estimated future payments. These plans are funded through gifts, life insurance proceeds and other designated funds. Deferred compensation expense was \$950,153 and \$54,654 for the years ended June 30, 2023 and 2022, respectively.

14. University Support

University directed fund raising costs of approximately \$3,800,000 and \$2,800,000 in 2023 and 2022, respectively, are included in University support in the statements of activities.

15. Funds Held in Custody for Others

The Foundation invests funds for West Virginia University and certain organizations affiliated with the University. These investments are held in agency relationships and are not net assets of the Foundation.

A summary of the liability for agency investments as of June 30 follows:

	<u>2023</u>	<u>2022</u>
West Virginia United Health System, Inc.	\$1,397,514,081	\$1,204,677,579
West Virginia University	116,990,466	131,659,456
West Virginia University research trust funds	43,147,544	42,566,708
WVU Alumni Association, Inc.	5,160,691	5,114,188
Other	<u>1,218,762</u>	<u>3,738,649</u>
	<u>\$1,564,031,544</u>	<u>\$1,387,756,580</u>

16. Subsequent Events

Foundation management evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through September 28, 2023, the date the financial statements were available to be issued.

Supplementary Information



Independent Auditor's Report on the Supplementary Information

Board of Directors
West Virginia University Foundation, Inc.
Morgantown, West Virginia

We have audited the financial statements of West Virginia University Foundation, Inc. (the "Foundation") as of and for the years ended June 30, 2023 and 2022, and our report thereon dated September 28, 2023 which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The reconciliation of contributions information for the years ended June 30, 2023 and 2022 is presented on page 28 for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management, was derived from, and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

FORVIS,LLP

Charleston, WV
September 28, 2023

West Virginia University Foundation, Inc.
Reconciliation of Contributions
Years Ended June 30, 2023 and 2022

The schedule below reconciles Foundation fundraising totals as reported in the Foundation's annual report (not presented herein) with contribution revenue determined in accordance with U.S. GAAP as reported in the accompanying Statements of Activities.

	Years Ended June 30,	
	2023	2022
Contributions:		
Foundation fundraising totals	\$ 163,771,415	\$ 213,833,713
Bequest expectancies	(16,414,210)	(11,461,157)
Changes in contributions receivable, net of discount	(3,994,015)	(12,067,530)
Noncash contributions received directly by the University	(45,638,002)	(47,831,140)
Amounts recorded as agency liability	(5,382,477)	(16,842,344)
Contributions from perpetual trusts reclassified to interest income	(2,168,501)	(2,268,591)
Changes in life income gifts/valuations	192,553	368,009
Amounts reported as other revenue	(13,351,155)	(9,923,207)
	\$ 77,015,608	\$ 113,807,753
Contributions per Statements of Activities	\$ 77,015,608	\$ 113,807,753



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