

OREGON TECH FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023
WITH
INDEPENDENT AUDITOR'S REPORT





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Years Ended June 30, 2024 and 2023

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| INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Oregon Tech Foundation
Klamath Falls, Oregon

Opinion

We have audited the accompanying financial statements of Oregon Tech Foundation (the Foundation), 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of the 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 (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 the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in *Note 2* to the financial statements, the 2023 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

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 the Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or 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. 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 the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KDP Certified Public Accountants, LLP

KDP Certified Public Accountants, LLP
Medford, Oregon
September 17, 2024



| FINANCIAL STATEMENTS

OREGON TECH FOUNDATION
Statements of Financial Position
June 30, 2024 and 2023

	2024	(As Restated) 2023
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 2,443,932	\$ 3,789,278
Other current assets:		
Accounts receivable	9,133	2,741
Prepaid expenses	43,857	55,698
Total current assets	<u>2,496,922</u>	<u>3,847,717</u>
Non-current assets:		
Investments	39,365,667	35,235,302
Unconditional promises to give, net	1,412,088	1,223,283
Intangible assets (royalties)	811,851	-
Split-interest agreements	757,761	719,976
Other assets	185,547	357,159
Operating lease right-of-use asset	58,402	-
Total non-current assets	<u>42,591,316</u>	<u>37,535,720</u>
TOTAL ASSETS	<u><u>\$ 45,088,238</u></u>	<u><u>\$ 41,383,437</u></u>
LIABILITIES AND NET ASSETS:		
Current liabilities		
Accounts payable and accrued expenses	\$ 165,216	\$ 1,360,253
Liabilities under split asset agreements	16,322	17,354
Funds held for distribution	1,566,119	1,518,018
Refundable advances	1,005,773	493,668
Operating lease liability, current	19,887	-
Total current liabilities	<u>2,773,317</u>	<u>3,389,293</u>
Non-current liabilities:		
Operating lease liability, net of current	38,515	-
Total liabilities	<u>2,811,832</u>	<u>3,389,293</u>
Net assets:		
Without donor restrictions	14,492,356	13,048,892
With donor restrictions	27,784,050	24,945,252
Total net assets	<u>42,276,406</u>	<u>37,994,144</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 45,088,238</u></u>	<u><u>\$ 41,383,437</u></u>

OREGON TECH FOUNDATION
Statement of Activities
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT:			
Contributions and grants	\$ 269,915	\$ 3,159,706	\$ 3,429,621
In-kind donations	155,002	30,954	185,956
Investment income, net	2,013,393	1,936,386	3,949,779
Change in value of split-interest agreements	-	38,817	38,817
Other income	28,277	165,525	193,802
Net assets released from restrictions	2,492,590	(2,492,590)	-
TOTAL REVENUES AND SUPPORT	4,959,177	2,838,798	7,797,975
EXPENSES:			
Program services:			
University support	494,036	-	494,036
Student support	2,220,305	-	2,220,305
Support services:			
Management and general	706,620	-	706,620
Fundraising	94,752	-	94,752
TOTAL EXPENSES	3,515,713	-	3,515,713
CHANGE IN NET ASSETS	1,443,464	2,838,798	4,282,262
NET ASSETS AT BEGINNING OF YEAR	13,048,892	24,945,252	37,994,144
NET ASSETS AT END OF YEAR	\$ 14,492,356	\$ 27,784,050	\$ 42,276,406

OREGON TECH FOUNDATION

Statement of Activities Year Ended June 30, 2023

	Without Donor Restrictions	(As Restated) With Donor Restrictions	Total
REVENUES AND SUPPORT:			
Contributions and grants	\$ 225,647	\$ 2,243,438	\$ 2,469,085
In-kind donations	159,494	12,859	172,353
Investment income, net	1,788,326	1,197,975	2,986,301
Change in value of split-interest agreements	-	30,738	30,738
Other income	28,375	28,532	56,907
Net assets released from restrictions	2,651,315	(2,651,315)	-
TOTAL REVENUES AND SUPPORT	4,853,157	862,227	5,715,384
EXPENSES:			
Program services:			
University support	1,289,636	-	1,289,636
Student support	1,845,541	-	1,845,541
Support services:			
Management and general	599,285	-	599,285
Fundraising	117,023	-	117,023
TOTAL EXPENSES	3,851,485	-	3,851,485
CHANGE IN NET ASSETS	1,001,672	862,227	1,863,899
NET ASSETS AT BEGINNING OF YEAR	12,047,220	24,083,025	36,130,245
NET ASSETS AT END OF YEAR	\$ 13,048,892	\$ 24,945,252	\$ 37,994,144

OREGON TECH FOUNDATION
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>(As Restated)</u> <u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 4,282,262	\$ 1,863,899
Items not requiring (providing) cash		
Realized and unrealized (gain) loss on investments, less interest and distributions paid in cash	(4,113,556)	(2,915,369)
Gain on sale of property	(150,000)	-
Contributions of stock	(16,809)	(34,264)
Contributions restricted for long-term purposes	(840,096)	(462,605)
Changes in		
Accounts receivable	(6,392)	1,234
Prepaid expenses	11,841	(3,109)
Intangible assets (royalties)	(811,851)	-
Other assets	1,612	4,742
Unconditional promises to give, net	(188,805)	1,717,142
Accounts payable and accrued expenses	(1,195,037)	1,179,705
Funds held for distribution	48,101	380,739
Refundable advances	512,105	1,240
Value of split-interest agreements, net	(36,967)	(28,583)
Net cash provided (used) by operating activities	<u>(2,503,592)</u>	<u>1,704,771</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	-	(1,125,000)
Proceeds from sale of property	320,000	-
Net cash provided (used) by investing activities	<u>320,000</u>	<u>(1,125,000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long-term purposes	840,096	462,605
Payments on charitable gift annuity and remainder trust agreements	(1,850)	(2,155)
Net cash provided (used) by financing activities	<u>838,246</u>	<u>460,450</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,345,346)	1,040,221
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,789,278</u>	<u>2,749,057</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 2,443,932</u></u>	<u><u>\$ 3,789,278</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Taxes paid	<u>\$ 150</u>	<u>\$ 150</u>

See accompanying notes to the financial statements

OREGON TECH FOUNDATION
Statement of Functional Expenses
Year Ended June 30, 2024

	<u>Program Services</u>			<u>Support Services</u>		<u>Total Support Services</u>	<u>Total</u>
	<u>University Support</u>	<u>Student Support</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
Academic	\$ 25,934	\$ 708,606	\$ 734,540	\$ -	\$ -	\$ -	\$ 734,540
Athletic	-	238,413	238,413	-	-	-	238,413
General university support	59,278	-	59,278	-	-	-	59,278
Scholarships	-	1,251,927	1,251,927	-	-	-	1,251,927
Student clubs	49,105	-	49,105	-	-	-	49,105
Capital	2,006	-	2,006	-	-	-	2,006
Other	272,090	-	272,090	-	-	-	272,090
Salaries	85,623	19,661	105,284	328,591	41,442	370,033	475,317
Legal	-	-	-	1,140	-	1,140	1,140
Accounting	-	-	-	36,739	-	36,739	36,739
Contracted services	-	-	-	89,692	-	89,692	89,692
Advertising and promotions	-	-	-	15,912	-	15,912	15,912
Office expenses	-	-	-	52,046	-	52,046	52,046
Information technology	-	-	-	74,208	-	74,208	74,208
Rent	-	-	-	20,034	-	20,034	20,034
Travel	-	-	-	41,933	-	41,933	41,933
Professional development	-	-	-	6,525	-	6,525	6,525
Insurance	-	1,698	1,698	6,272	-	6,272	7,970
Miscellaneous expense	-	-	-	33,528	-	33,528	33,528
Fundraising	-	-	-	-	53,310	53,310	53,310
	<u>\$ 494,036</u>	<u>\$ 2,220,305</u>	<u>\$ 2,714,341</u>	<u>\$ 706,620</u>	<u>\$ 94,752</u>	<u>\$ 801,372</u>	<u>\$ 3,515,713</u>

See accompanying notes to the financial statements

OREGON TECH FOUNDATION
Statement of Functional Expenses
Year Ended June 30, 2023

	<u>Program Services</u>			<u>Support Services</u>		<u>Total Support Services</u>	<u>Total</u>
	<u>University Support</u>	<u>Student Support</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
Academic	\$ -	\$ 426,682	\$ 426,682	\$ -	\$ -	\$ -	\$ 426,682
Athletic	-	266,648	266,648	-	-	-	266,648
General university support	323,054	-	323,054	-	-	-	323,054
Scholarships	-	1,081,950	1,081,950	-	-	-	1,081,950
Student clubs	-	34,585	34,585	-	-	-	34,585
Capital	603,772	-	603,772	-	-	-	603,772
Other	257,402	11,720	269,122	-	-	-	269,122
Salaries	105,408	18,958	124,366	321,498	42,842	364,340	488,706
Legal	-	-	-	1,327	-	1,327	1,327
Accounting	-	-	-	36,655	-	36,655	36,655
Contracted services	-	-	-	11,513	-	11,513	11,513
Advertising and promotions	-	-	-	9,611	-	9,611	9,611
Office expenses	-	-	-	29,770	-	29,770	29,770
Information technology	-	-	-	69,194	-	69,194	69,194
Rent	-	-	-	19,454	-	19,454	19,454
Travel	-	-	-	61,466	-	61,466	61,466
Professional development	-	-	-	4,172	-	4,172	4,172
Insurance	-	4,998	4,998	4,508	-	4,508	9,506
Miscellaneous expense	-	-	-	30,453	-	30,453	30,453
Fundraising	-	-	-	-	74,181	74,181	74,181
Change in reserve for uncollectable pledges	-	-	-	(336)	-	(336)	(336)
	<u>\$ 1,289,636</u>	<u>\$ 1,845,541</u>	<u>\$ 3,135,177</u>	<u>\$ 599,285</u>	<u>\$ 117,023</u>	<u>\$ 716,308</u>	<u>\$ 3,851,485</u>

See accompanying notes to the financial statements

OREGON TECH FOUNDATION

Notes to Financial Statements

June 30, 2024 and 2023

Note 1. Purpose of the Foundation

The Oregon Tech Foundation (Foundation) is an Oregon nonprofit corporation, chartered December 30, 1969. It is exempt from federal income tax in accordance with Internal Revenue Code Section 501(c)(3) and is classified as an organization other than a private foundation by letter dated October 10, 1992. Contributions to the Foundation are tax deductible as a charitable contribution under the Internal Revenue Code.

The purpose of the Foundation is to promote the educational, cultural, charitable, and service functions of the Oregon Institute of Technology (OT). Funding for the Foundation's activities is primarily provided by public and corporate donations. Most expenses of the Foundation are paid directly by OT and then reimbursed by the Foundation. These expenses are categorized in the statements of activities and functional expenses.

The Foundation's Board of Directors (Board) consisted of 25 individuals during the 2023-2024 fiscal year. The executive director manages the day-to-day administration of the Foundation.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires or has been met, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities.

Cash and Cash Equivalents

All highly liquid investments with an original maturity of three months or less at acquisition that are not otherwise held by an investment advisor are considered to be cash and cash equivalents unless subject to donor-imposed restrictions that limits their use to long-term purposes such as endowments.

OREGON TECH FOUNDATION
Notes to Financial Statements
June 30, 2024 and 2023

Note 2. Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable are recorded at the amount unpaid, less an allowance for doubtful accounts, if needed. Management believes that all outstanding accounts receivable are collectible in full; therefore, no allowance for uncollectible receivables has been provided.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair value. The alternative investments, which are not readily marketable, are carried at estimated fair values as provided by the investment managers. The Foundation reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value of the alternative investments. Changes in unrealized gains and losses are reported in the accompanying statement of activities and changes in net assets.

Investments in privately held stock and limited partnership interests are accounted for under the cost method, as the Foundation does not have significant influence over operating and financial policies of the investee. Under this method, investments are carried at the lower of cost or net realizable value and are reviewed annually for impairment. A decline in the fair value of any available-for-sale security below cost, that is deemed to be other-than-temporary, results in an impairment reducing the carrying amount to fair value. The impairment is charged to earnings and a new cost basis for the security is established. See also *Note 4*. Dividends and partnership distributions are recognized as income when received.

Unconditional Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at face value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured at the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are expected to be received. Amortization of the discounts is included in contribution revenue.

The Foundation uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

Collections

The Foundation capitalizes collections displayed and used in the fulfillment of its purposes. Collections are recorded at cost if purchased and at fair value at date of accession if donated. The Foundation does not depreciate collections that are protected, kept unencumbered, cared for, and preserved.

OREGON TECH FOUNDATION
Notes to Financial Statements
June 30, 2024 and 2023

Note 2. Summary of Significant Accounting Policies (continued)

Intangible Assets

In fiscal year 2018 the Foundation received a bequest of a company that holds rights to collect royalties arising from movies, performances and television shows. The company is a wholly owned subsidiary of the Foundation.

The fair value of the royalties was determined based on a discounted future cash flow method. The future cash flows were estimated using historical revenues, industry trends, and projections of future income and expenses. The royalties were valued at \$811,851 as of the bequest date. The royalties have an indefinite life and are tested annually for impairment. For the year ended June 30, 2024, no impairment loss was recognized.

Leases

The Foundation has one operating lease for office space located in Klamath Falls, Oregon commencing on June 1, 2024, with a three-year term. The Company's lease may include options to extend or terminate the lease.

The Foundation has made the following accounting policy elections under ASU 2016-02 (Topic 842) *Leases*:

- As the Foundation's operating lease does not provide an implicit borrowing rate, the Foundation elected to use the risk-free interest rate commensurate with the lease term remaining as of the adoption date.
- The Foundation elected the short-term lease exemption for all leases that qualify and did not recognize a right-of-use (ROU) asset and a lease liability for leases with an initial term of twelve months or less.

The Foundation's lease agreements do not contain residual value guarantees or significant restrictions or covenants other than those customary in such arrangements. As of June 30, 2024, the Foundation did not have material leases that had been signed but not yet commenced.

Revenues and Support and Expenses

Contributions received are recorded as "without donor restrictions" or "with donor restrictions", depending on the existence and nature of any donor restrictions. All contributions are considered to be "without donor restrictions" unless specifically restricted by the donor or subject to legal restrictions.

The Foundation records contributions in the "with donor restrictions" class of net assets if they are received with donor stipulations that limit their use through either purpose or time restrictions or both. When donor restrictions expire – that is, when the purpose restriction is fulfilled or the time restriction expires – net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions. It is the Foundation's policy to record donor-restricted contributions received and expended in the same accounting period as contributions with donor restrictions and as net assets released from restrictions. Contributions restricted to the purchase of property or equipment are considered to be met when the asset is placed in service.

OREGON TECH FOUNDATION
Notes to Financial Statements
June 30, 2024 and 2023

Note 2. Summary of Significant Accounting Policies (continued)

Contributions are recorded when cash or unconditional promises-to-give have been received or ownership of donated assets to be used directly in the operations is transferred to the Foundation.

Other revenue is recorded when earned.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Grants

The Foundation periodically receives grants from private companies and non-profit organizations. Grants generally have reporting requirements with which the Foundation must comply.

To date, the Foundation has complied with all reporting requirements to the best of their knowledge. Grants have been reported as contributions support.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Volunteers also provided program services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

For the years ended June 30, 2024 and 2023, the Foundation recorded contributed salaries of \$149,278 and \$143,669 and other services of \$4,423 and \$4,423, respectively, from OT.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the Statements of Activities.

The Statements of Functional Expenses present the natural classification of expenses by function. Accordingly, salary expenses have been allocated based on estimates of management between the programs and supporting services benefited.

OREGON TECH FOUNDATION
Notes to Financial Statements
June 30, 2024 and 2023

Note 2. Summary of Significant Accounting Policies (continued)

Income Taxes

The Foundation is a not-for-profit organization which is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation is required to pay income taxes on its unrelated business income received from partnership interests and affinity program royalties. The Foundation accounts for income taxes under the asset and liability method. Under this method, deferred income taxes are established for the differences between the financial reporting basis and income tax basis of assets and liabilities, as well as operating loss and tax credit carry-forwards. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion of the deferred tax assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities in tax rates is recognized in income in the period that includes the enactment date.

The Foundation's federal Exempt Organizations Business income tax returns (Form 990T) for 2023, 2022 and 2021, are subject to examination by the IRS, generally for three years after they are filed.

Use of Estimates

Preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimated. Significant estimates include allowance for uncollectible promises to give, fair value of alternative investments and other investments, actuarial assumptions used to compute annuity and life income obligations and estimated bequests.

Restatement of Prior Year

During the fiscal year ended June 30, 2024, the Foundation identified \$200,000 conditional receivable recorded in the prior year. The 2023 financial statements have been restated for this correction.

Note 3. Availability and Liquidity

The following represents the Foundation's financial assets that are available to meet cash needs for general expenditures at June 30, 2024:

Financial assets:	
Cash and cash equivalents	\$ 4,506,399
Accounts receivable	5,748
Contributions released for use due to passage of time	63,546
Endowment spending-rate distributions and appropriations	264,570
Endowment administrative fee	<u>223,818</u>
Total financial assets available with one year	<u>\$ 5,064,081</u>

OREGON TECH FOUNDATION

Notes to Financial Statements

June 30, 2024 and 2023

Note 3. Availability and Liquidity (continued)

The Foundation's goal is generally to maintain financial assets available to meet six months of general expenditures (operating expenses). Based on prior year's operating expenses, the amount is approximately \$1,110,000.

Note 4. Investments

Investments are carried at fair value and cost on the statements of financial position. The values of investments held at June 30 are as follows:

	<u>2024</u>	<u>2023</u>
Money market funds	\$ 103,632	\$ 83,405
Equities	719,198	-
Mutual funds	25,477,894	28,520,792
Alternative investments	11,931,634	5,514,605
Investment in partnership	<u>1,133,309</u>	<u>1,116,500</u>
	<u>\$ 39,365,667</u>	<u>\$ 35,235,302</u>

The Foundation had \$7,613,589 and \$6,631,105 invested in underlying securities that are not readily marketable at June 30, 2024 and 2023, respectively. These investments are in off-shore investment funds and a partnership interest. Such investments, at June 30, 2024 and 2023, represent 19.2% and 18.8% of the total investments and 18.3% and 17.4% of net assets, respectively. These investments contain elements of both credit and market risk. Such risks include, but are not limited to, limited liquidity, absence of regulatory oversight, dependence on key individuals, emphasis on speculative investments, and nondisclosure of full portfolio composition. Because these investments are not readily marketable, their estimated values are subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed. Such differences could be significant.

Investment return (loss) for the years ended June 30 consisted of:

	<u>2024</u>	<u>2023</u>
Dividends and interest	\$ 1,207,333	\$ 1,320,073
Partnership distributions	-	140,130
Partnership distributions on alternative investments	130,853	164,274
Unrealized gain (loss) on investments	2,313,271	(158,612)
Unrealized gain (loss) on alternative investments	408,447	137,787
Realized gain (loss) on investments	116,308	1,447,569
Realized gain (loss) on alternative investments	<u>(113,972)</u>	<u>8,808</u>
	4,062,240	3,060,029
Investment fees	<u>(112,461)</u>	<u>(73,728)</u>
Investment income (loss)	<u>\$ 3,949,779</u>	<u>\$ 2,986,301</u>

OREGON TECH FOUNDATION
Notes to Financial Statements
June 30, 2024 and 2023

Note 4. Investments (continued)

Alternative Investments

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities could occur in the near term and such changes could materially affect the amounts reported in the statement of financial position.

Alternative investments are considered to be less liquid than the Foundation's other investments. The following table summarizes these investments for the following periods:

June 30, 2024	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
AEA Investors Fund VII LP	\$ 1,036,796	\$ 29,403	Non-redeemable	N/A
Altas Partners Holdings II-A	1,225,834	95,274	Non-redeemable	N/A
Ares US Real Estate Opportunity Fund IV	(5,377)	300,000	Non-redeemable	N/A
Canterbury Fund of Funds I (B), L.P.	839,627	359,972	Non-redeemable	N/A
Canterbury Consulting PC Fund II (B), L.P.	87,090	549,833	Non-redeemable	N/A
Canterbury Private Income Fund I, L.P.	553,648	1,158,579	Non-redeemable	N/A
HKW Capital Partners V, L.P.	995,892	9,010	Non-redeemable	N/A
Strategic Partners Fund VIII, LP	499,252	439,759	Non-redeemable	N/A
NB Private Debt Fund IV	553,491	148,583	Non-redeemable	N/A
CCI Core Bond Fund	5,496,902	-	Weekly	5 days
Silver Point Specialty Credit Fund II	648,479	52,123	Non-redeemable	N/A
	<u>\$11,931,634</u>			

June 30, 2023	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
AEA Investors Fund VII LP	\$ 1,043,125	\$ 38,183	Non-redeemable	N/A
Altas Partners Holdings II-A	1,017,284	161,220	Non-redeemable	N/A
Ares US Real Estate Opportunity Fund IV	(3,310)	300,000	Non-redeemable	N/A
Canterbury Fund of Funds I (B), L.P.	644,700	473,670	Non-redeemable	N/A
Canterbury Consulting PC Fund II (B), L.P.	35,416	593,750	Non-redeemable	N/A
Canterbury Private Income Fund I, L.P.	377,143	1,322,857	Non-redeemable	N/A
HKW Capital Partners V, L.P.	875,673	25,465	Non-redeemable	N/A
Strategic Partners Fund VIII, LP	538,511	448,653	Non-redeemable	N/A
NB Private Debt Fund IV	419,871	284,040	Non-redeemable	N/A
Silver Point Specialty Credit Fund II	566,192	121,469	Non-redeemable	N/A
	<u>\$ 5,514,605</u>			

OREGON TECH FOUNDATION
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Note 4. Investments (continued)

Alternative Investments

The HKW Capital Partners V, LP has a minimum 10-year lock-up period which has not been satisfied and is therefore non-redeemable. This investment's strategy is a private equity buyout that will seek to invest in portfolio companies in the lower end of the middle market primarily in North America. Target companies will operate in the business services, health and wellness, and infrastructure services and products industries.

The Strategic Partners Fund VIII, LP has a minimum 10-year lock-up period which has not been satisfied and is therefore non-redeemable. This investment's strategy is to invest in secondary LP interest in mature, high-quality funds from investors seeking liquidity prior to full termination. The investment targets small and mid-size fund deals with a focus on portfolio diversification.

The AEA Investors Fund VII, LP has a minimum 10-year lock-up period which has not been satisfied and is therefore non-redeemable. This investment's strategy is a private equity buyout with the intent of making primarily control-oriented buyout investments of leading middle market companies, primarily in the United States, in the industrial products, specialty chemicals, consumer/retail, and services sectors.

The Altas Partners Holdings II-A has a minimum 10-year lock-up period which has not been satisfied and is therefore non-redeemable. This investment's strategy is a private equity buyout with the intent of making middle market control buyout investments in North America.

The Canterbury Funds of Funds 1 (B), L.P. and Canterbury Consulting PC Fund II (B), L.P. have a minimum 10-year lock-up period and 12-year lock-up period, respectively, which have not been satisfied, and are therefore non-redeemable. The investment strategy for these investments is a series of pooled investment vehicles (Underlying Funds). Each Underlying Fund will focus on a specific sector of the market. The investments of the Underlying Funds are generally expected to span a range of strategies including, without limitation, investments of the following nature: buyouts and other later-stage private equity, growth equity, secondary investments, distressed to control, and other opportunistic private investments.

The Silver Point Specialty Credit Fund II (Offshore), L.P. had a minimum 1-year lock-up period which has been satisfied and allows annual redemptions. This investment's strategy is to achieve superior risk-adjusted returns by investing in debt, equity or other securities or obligations of misvalued, leveraged or financially distressed companies and in event-oriented and other special situations. The investment strategies employed may include (without limitation) the following: credit-oriented investments; event-oriented investments; asset-oriented investments; and investments in misvalued securities, obligations or instruments.

The Neuberger Berman Private Debt Fund IV, L.P. has a minimum 8-year lock-up period which has not been satisfied, and therefore non-redeemable. This fund originates and invest in PE sponsor-backed middle market loans in North America. The strategy seeks consistent risk-adjusted returns by originating 1st lien and unitranche loans to companies with well-understood business models and meaningful barriers to entry. Neuberger Berman will offer levered and unlevered funds.

OREGON TECH FOUNDATION
Notes to Financial Statements
June 30, 2024 and 2023

Note 4. Investments (continued)

The Ares US Real Estate Opportunity Fund IV has a minimum 8-year lock-up period with the potential for two additional one-year extensions, which has not been satisfied and therefore is non-redeemable.

Alternative Investments

The intent of the fund is to include real estate investments across major property types, including residential, industrial, hotel, triple net lease, as well as other traditional and adjacent sectors.

The Canterbury Private Income Fund I, LP is an illiquid investment with an eight-year term, which may be extended for up to two one-year periods at the general partner's discretion. The intent of the fund focuses on investing in the private credit asset class. The fund is a multi-manager with diversification across multiple private credit segments.

The CCI Core Bond Fund, L.P. has no lock-up period. The investment strategy is to seek to maximize long-term total return by investing in debt securities such as investment-grade fixed income securities or unrated securities.

Investment in Partnership

The Foundation owns approximately 10% of a partnership which was a contributed asset. For the years ended June 30, 2024 and 2023 the investment is recorded at the lower of cost or net realizable value. Management has evaluated this investment for impairment. Evidence considered in this assessment includes the reason for impairment, the severity and duration of the impairment, market conditions, changes in value subsequent to year end, forecasted performance of the investee, and the general market condition in the geographic area or industry the investee operates in. During the year ended June 30, 2024, the Foundation received a gift of stock in the partnership. The gift was valued at \$16,889. There was no impairment recorded for June 30, 2024, and 2023.

Note 5. Fair Value of Financial Assets and Financial Liabilities

The hierarchy prioritizes fair value measurements based on the types of inputs used for the various valuation techniques (market approach, income approach and cost approach). The levels of hierarchy are described below:

Level 1 – consists of financial instruments whose value is based on quoted market prices for identical financial instruments in an active market.

Level 2 – consists of financial instruments that are valued using models or other valuation methodologies. These models use inputs that are observable either directly or indirectly; Level 2 inputs include (i) quoted prices for similar assets or liabilities in active markets, (ii) quoted prices for similar assets or liabilities in markets that are not active, (iii) pricing models whose inputs are observable for substantially the full term of the financial instrument and (iv) pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the financial instrument.

OREGON TECH FOUNDATION
Notes to Financial Statements
June 30, 2024 and 2023

Note 5. Fair Value of Financial Assets and Financial Liabilities (continued)

Level 3 – consists of financial instruments whose values are determined using pricing models that utilize significant inputs that are primarily unobservable, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Management’s assessment of the significance of a particular input to the fair value measurement requires judgment that may affect the valuation of financial instruments and their classification within the fair value hierarchy. As required by FASB ASC 820, financial instruments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The financial instruments that are accounted for at fair value on a recurring basis are presented in the table below:

June 30, 2024	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Recurring fair value measurement:				
Money market funds	\$ 103,632	\$ 103,632	\$ -	\$ -
Equities	719,198	719,198	-	-
Mutual funds	25,477,894	25,477,894	-	-
Alternative investments ^(a)	11,931,634	-	-	-
	<u>38,232,358</u>	<u>26,300,724</u>	<u>-</u>	<u>-</u>
Nonrecurring fair value measurement:				
Investment in partnership ^(b)	1,133,309	-	-	-
Total	<u><u>\$ 39,365,667</u></u>	<u><u>\$ 26,300,724</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Recurring fair value measurement:				
Split-interest agreements:				
Charitable gift annuities	\$ 50,385	\$ 50,385	\$ -	\$ -
Beneficial interest in unitrust - net	707,376	-	-	707,376
Total	<u><u>\$ 757,761</u></u>	<u><u>\$ 50,385</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 707,376</u></u>
Recurring fair value measurement:				
Liability on split interest agreements	\$ 16,322	\$ -	\$ 16,322	\$ -
Total	<u><u>\$ 16,322</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 16,322</u></u>	<u><u>\$ -</u></u>

OREGON TECH FOUNDATION
Notes to Financial Statements
June 30, 2024 and 2023

Note 5. Fair Value of Financial Assets and Financial Liabilities (continued)

June 30, 2023	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Recurring fair value measurement:				
Money market funds	\$ 83,405	\$ 83,405	\$ -	\$ -
Mutual funds	28,520,792	28,520,792		
Alternative investments ^(a)	<u>5,514,605</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>34,118,802</u>	<u>28,604,197</u>	<u>-</u>	<u>-</u>
Nonrecurring fair value measurement:				
Investment in partnership ^(b)	<u>1,116,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 35,235,302</u>	<u>\$ 28,604,197</u>	<u>\$ -</u>	<u>\$ -</u>
Recurring fair value measurement:				
Split-interest agreements:				
Charitable gift annuities	\$ 44,371	\$ 44,371	\$ -	\$ -
Beneficial interest in unitrust - net	<u>675,605</u>	<u>-</u>	<u>-</u>	<u>675,605</u>
Total	<u>\$ 719,976</u>	<u>\$ 44,371</u>	<u>\$ -</u>	<u>\$ 675,605</u>
Recurring fair value measurement:				
Liability on split interest agreements	\$ 17,354	\$ -	\$ 17,354	\$ -
Total	<u>\$ 17,354</u>	<u>\$ -</u>	<u>\$ 17,354</u>	<u>\$ -</u>

The Foundation recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

The following table summarizes information about recurring fair value measurements that use significant unobservable inputs (Level 3 measurements) for the years ended June 30, 2024 and 2023:

	<u>Beneficial Interest in Unitrust</u>
Balance as of June 30, 2022	\$ 651,073
Change in Unitrust	<u>24,532</u>
Balance as of June 30, 2023	\$ 675,605
Change in Unitrust	<u>31,771</u>
Balance as of June 30, 2024	<u>\$ 707,376</u>

OREGON TECH FOUNDATION
Notes to Financial Statements
June 30, 2024 and 2023

Note 5. Fair Value of Financial Assets and Financial Liabilities (continued)

The following methods and assumptions were used by management in estimating the fair value disclosures for financial instruments:

Cash, cash equivalents, short-term unconditional promises to give, and notes payable: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

Short-term and permanent investments: The fair values of investments are based on quoted market prices for those or similar investments.

Long-term unconditional promises to give: The fair value of promises to give that are due in more than one year is estimated by discounting expected future cash flows using a rate of return based on the yield of average daily treasury curve rates at June 30 of each year.

Beneficial interest in unitrust: The fair value for the beneficial interest in a unitrust is measured using the fair value of the assets held in the trust as reported by the trustee as of June 30, 2024 and 2023. The Foundation considers the measurement of its beneficial interest in the trust to be a Level 3 measurement within the fair value hierarchy because even though that measurement is based on the unadjusted fair values of the trust assets reported by the trustee, the Foundation does not have the ability to direct the trustee to redeem them.

Management relies on third party fair value measurement valuation, including those for Level 3 recurring and nonrecurring measurements. The Foundation's Board, finance committee and management assess and evaluate the reasonableness of the fair value measurements and at least annually, management determines if the current valuation techniques used in fair value measurements are still appropriate.

Note 6. Leases

Lease costs for operating leases were \$20,034 and \$19,454 for the years ended June 30, 2024, and 2023, respectively. Variable lease costs were \$0 for the years ended June 30, 2024, and 2023, respectively.

The Company made cash payments for operating leases in the amount of \$20,034 and \$19,454 for the years ended June 30, 2024, and 2023.

Other information related to leases as of June 30, 2024, is as follows:

	<u>2024</u>
Weighted average remaining lease term - operating leases (years)	2.92
Weighted average remaining discount rate - operating leases	4.62%

OREGON TECH FOUNDATION
Notes to Financial Statements
June 30, 2024 and 2023

Note 6. Leases (continued)

Future minimum lease payments under non-cancelable operating leases as of June 30, are as follows

2025	\$	19,877
2026		19,403
2027		19,122
Thereafter		-
		-
	\$	58,402
Operating lease liability - current portion	\$	19,877
Operating lease liability - net of current portion		38,525
	\$	58,402

Note 7. Endowment and Quasi-Endowment Funds

The Foundation's endowment pool includes contributed funds to be maintained in perpetuity, donor-restricted funds contributed for a specific purpose or term, and funds designated by the Board to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Board Interpretation of Relevant Law

The Board of the Foundation has interpreted Oregon enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the permanent preservation of the historic dollar value of gifts to the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets to be held 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 donor 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 to be held in perpetuity is classified as net assets with time and/or purpose 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.

OREGON TECH FOUNDATION
Notes to Financial Statements
June 30, 2024 and 2023

Note 7. Endowment and Quasi-Endowment Funds (continued)

Investment Return Objectives, Risk Parameters and Strategies

The Foundation has adopted investment and spending policies, approved by the Board, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 4%, while growing the funds if possible. Therefore, the Foundation expects its endowment assets, over time, to produce a minimum average return of Consumer Price Index plus 5% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy

The Foundation has a policy of appropriating for distribution each year 4% of its restricted fund's average fair value based on a trailing 16-quarter moving average. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation.

Split-interest agreement funds are held in separate accounts and do not operate under the return objectives and risk parameters or the strategies employed for achieving endowment objectives and therefore, are not included in the following tables.

The Board has designated \$8,606,776 and \$8,112,543 at June 30, 2024 and 2023 of net assets without donor restrictions as a general endowment fund to support the mission of the Foundation. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

OREGON TECH FOUNDATION
Notes to Financial Statements
June 30, 2024 and 2023

Note 7. Endowment and Quasi-Endowment Funds (continued)

Spending Policy

Endowments by net asset classification by type of fund, are as follows at June 30:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 19,424,158	\$ 19,424,158
Board-designated endowment funds	8,606,776	-	8,606,776
	\$ 8,606,776	\$ 19,424,158	\$ 28,030,934

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 17,187,277	\$ 17,187,277
Board-designated endowment funds	8,112,543	-	8,112,543
	\$ 8,112,543	\$ 17,187,277	\$ 25,299,820

Changes in endowments by net asset classification for the fiscal years ended June 30, 2024 and 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, end of the year, June 30, 2022	7,812,177	16,034,218	23,846,395
Investment return:			
Interest and dividends	309,872	665,877	975,749
Realized and unrealized gains/(losses)	311,323	570,413	881,736
Investment fees	(17,744)	(38,315)	(56,059)
Contributions and other income	488	514,324	514,812
Appropriation of endowment assets for expenditure	(303,573)	(559,240)	(862,813)
Endowment net assets, end of the year, June 30, 2023	\$ 8,112,543	\$ 17,187,277	\$ 25,299,820
Investment return:			
Interest and dividends	253,703	566,076	819,779
Realized and unrealized gains/(losses)	564,854	1,424,740	1,989,594
Investment fees	(20,754)	(91,707)	(112,461)
Contributions and other income	300	859,306	859,606
Appropriation of endowment assets for expenditure	(303,870)	(521,534)	(825,404)
Endowment net assets, end of the year, June 30, 2024	\$ 8,606,776	\$ 19,424,158	\$ 28,030,934

OREGON TECH FOUNDATION

Notes to Financial Statements

June 30, 2024 and 2023

Note 7. Endowment and Quasi-Endowment Funds (continued)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration (underwater endowments). Deficiencies of this nature are reported in net assets with donor restrictions. At June 30, 2024 the Foundation had 6 individual donor-restricted endowments that were underwater that totaled \$2,884. The individual deficits ranged from \$30 to \$1,531. At June 30, 2023, the Foundation had 16 individual donor-restricted endowments that were underwater that totaled \$21,820. The individual deficits ranged from \$78 to \$3,823.

Note 8. Split-Interest Agreements

Assets of Unitrust Agreements

These assets consist of cash and other assets received under irrevocable charitable remainder trusts of which the Foundation is trustee. Assets received under these agreements are recorded at their estimated fair value when received. Upon the death of the beneficiaries, all remaining assets of the trust are used to fund the specified endowment. Remainder trust obligations are an actuarially determined liability recorded by the Foundation which represents the present value of estimated future payments to beneficiaries, discounted at applicable interest rates.

Assets of Gift Annuity Funds (CGA)

The gift annuity funds represent the fair value of assets held by the Foundation as gifts from which a lifetime annuity is paid to the donor or other beneficiary(s) names. Upon termination of the annuity obligation, the principal becomes available for the Foundation's use in accordance with donor restrictions, or if no restrictions are imposed by the donor, for the Foundation's unrestricted use. The liability for the present value of the future annuity payments is determined annually based on the ages and life expectancies of the donors as of the statement of financial position date, discounted at applicable interest rates.

Beneficial Interest in Remainder Trusts

These beneficial interests represent the estimated net present value of the Foundation's interest in a charitable remainder trust held by a third-party. The net present value of the beneficial interest was determined using the applicable actuarial table for a single life Unitrust. On an annual basis, the Foundation re-values the beneficial interest based on applicable mortality tables and discount rates.

Liability to Beneficiaries of Split-Interest Agreements

These liabilities represent the present value of the estimated future cash flows to be distributed to the unitrust and gift annuity income beneficiaries over their expected lives. At June 30, 2024 and 2023, the present values were calculated using an interest rate of 5.6% and 4.4%, respectively.

Charitable gift annuity contributions included in contribution revenue were \$0 for the years ended June 30, 2024 and 2023.

OREGON TECH FOUNDATION
Notes to Financial Statements
June 30, 2024 and 2023

Note 8. Split-Interest Agreements (continued)

The fair value of assets held in trust and the corresponding liability to the donors, are as follows at June 30:

	2024		
	Fair Market Value	Liability	Net
Charitable gift annuities	\$ 50,385	\$ (16,322)	\$ 34,063
Beneficial interest in remainder trust	707,376	-	707,376
	\$ 757,761	\$ (16,322)	\$ 741,439
	2023		
	Fair Market Value	Liability	Net
Charitable gift annuities	\$ 44,371	\$ (17,354)	\$ 27,017
Beneficial interest in remainder trust	675,605	-	675,605
	\$ 719,976	\$ (17,354)	\$ 702,622

Note 9. Unconditional Promises to Give

Unconditional promises to give are as follows at June 30:

	2024	2023
Promises to give expected to be collected in less than one year	\$ 893,954	\$ 956,200
Promises to give expected to be collected in one to five years	543,018	289,050
Total unconditional promises to give	1,436,972	1,245,250
Less allowance for uncollectible promises	-	(7,866)
Less present value discount of long-term promises	(24,884)	(14,101)
Net unconditional promises to give	\$ 1,412,088	\$ 1,223,283

Discount rates ranging from 4.33% to 5.09% at June 30, 2024 and rates of 4.13% to 5.40% at June 30, 2023 were used for contributions due in future periods.

Pledges from three donors made up approximately 61% and 62% of total pledges at June 30, 2024 and 2023, respectively.

OREGON TECH FOUNDATION
Notes to Financial Statements
June 30, 2024 and 2023

Note 10. Accounts Receivable

Accounts receivable consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Accounts receivable	\$ 3,049	\$ -
Accounts receivable - OT	6,084	2,741
Total accounts receivable	<u>\$ 9,133</u>	<u>\$ 2,741</u>

Note 11. Other Assets

Other assets consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Land	\$ 35,000	\$ 35,000
House	-	170,000
Cash surrender value of life insurance	1,167	2,779
Non-depreciable collections	149,380	149,380
Total other assets	<u>\$ 185,547</u>	<u>\$ 357,159</u>

The land was donated in 2006 and is held for investment with donor-imposed restrictions on the use of sale proceeds.

The house was donated in 2011 and is held for investment with donor-imposed restrictions. The donor was entitled to full use of the home during their natural lifetime and paid maintenance, taxes, and other expenses related to the house at that time. The donor passed away the last week of the fiscal year ended June 30, 2023, and the house was sold May 2024.

Collections consist of assets displayed in the Shaw Historical Library including artwork, furniture, maps, books, and photos.

The Foundation is the owner and beneficiary of one life insurance policy that was gifted.

Note 12. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Accounts payable	\$ 34,987	\$ 54,501
Accounts payable - OT	130,079	1,305,602
Income tax payable	150	150
Total accounts payable and accrued expenses	<u>\$ 165,216</u>	<u>\$ 1,360,253</u>

OREGON TECH FOUNDATION
Notes to Financial Statements
June 30, 2024 and 2023

Note 13. Funds Held for Distribution

The Foundation holds funds on behalf of other not-for-profit organizations. These Agency endowment assets are held for the purpose of distributing those funds to the intended beneficiaries, or for later transfer to another qualified organization. The Foundation accounts for Agency endowment assets by recording an offsetting liability. The liability is reflected under Funds Held for Distribution on the accompanying Statements of Financial Position. Agency endowment assets are invested alongside the Foundation assets and are not held in separate accounts. Earnings of these Agency endowment assets are accounted for according to the applicable memorandums of understanding.

Changes in the funds held for distribution are as follows for the years-ended June 30:

	2024	2023
Balance, beginning of year	\$ 1,518,018	\$ 1,137,279
Additional deposits	301,053	637,498
Distributions	(321,710)	(301,754)
Change in value	68,758	44,995
Balance, end of year	\$ 1,566,119	\$ 1,518,018

Note 14. Net Assets

Net assets without donor restriction consist of the following at June 30:

	2024	2023
Unrestricted	\$ 5,885,580	\$ 4,936,349
Board designated	8,606,776	8,112,543
Total net assets without donor restrictions	\$ 14,492,356	\$ 13,048,892

Net assets with donor restrictions are restricted primarily for scholarships, departmental programs and activities, including capital projects. Charitable gift annuities and remainder trusts may also be donor restricted. These assets are subject to donor-imposed stipulations that may be or will be met either by the Foundation satisfying the purpose restriction and/or the passage of time.

OREGON TECH FOUNDATION

Notes to Financial Statements

June 30, 2024 and 2023

Note 14. Net Assets (continued)

	2024	2023
Net assets with time and/or purpose restrictions were available for the following purposes at June 30:		
Scholarships	\$ 9,116,762	\$ 7,632,816
Academics	3,180,088	2,868,714
Athletics	366,671	371,329
Capital	508,342	351,903
Student clubs	83,544	81,318
Operations	46,109	33,558
Shaw Library	373,982	393,082
Other	645,432	626,268
Total net assets with time or purpose restrictions	14,320,930	12,358,988
Net assets to be held in perpetuity with the following purposes at June 30:		
Scholarships	11,724,047	10,917,642
Academics	141,559	141,521
Athletics	145,405	140,655
Shaw Library	413,949	413,949
Other	292,339	244,468
Split-interest agreements	745,821	728,029
Total net assets to be held in perpetuity	13,463,120	12,586,264
Total net assets with donor restrictions	\$ 27,784,050	\$ 24,945,252

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors for the years ended June 30:

	2024	2023
Scholarships	\$ 1,210,325	\$ 1,050,498
Academics	734,240	430,667
Athletics	238,413	267,531
Capital	2,006	603,259
Student clubs	49,105	34,586
Shaw Library	-	31,614
Other	258,500	233,160
Total net assets released from restrictions	\$ 2,492,590	\$ 2,651,315

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Notes to Financial Statements
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Note 15. Income Tax

The Foundation's partnership interest is unrelated business income and is therefore subject to federal and state income taxes. The provisions for income taxes consisted of the following components at June 30:

	2024	2023
Current income tax expense	\$ 150	\$ 150
Net tax expense	\$ 150	\$ 150

The federal tax rate for the Foundation beginning January 1, 2018 is a flat rate of 21% of taxable income. Prior years had an effective tax rate that ranged from 15% to 38% of taxable income. The Foundation's Oregon tax rates are 6.6% of Oregon taxable income up to \$1,000,000 plus 7.6% of the Oregon taxable income over \$1,000,000 with a minimum of \$150. The Foundation's California tax rate is 21% of California taxable income effective January 1, 2018. The annual registration renewal fee to the Attorney General of California is \$150 per year.

At June 30, 2024, and 2023, the Foundation had available net operating loss carry-forwards of \$727,771 and \$1,267,502 respectively, from unrelated business income subject to income tax. The net operating losses will expire in various years from June 30, 2024 through June 30, 2038.

Deferred Tax Asset

The net operating loss carry-forwards give rise to a deferred tax asset of \$556,578 and \$292,642, which are reduced by valuation allowances of \$556,578 and \$292,642 as of June 30, 2024 and 2023, respectively. No deferred tax asset was recorded as of June 30, 2024 and 2023.

Note 16. Concentrations of Credit Risk

Financial instruments that are exposed to concentrations of credit risk consist of cash, accounts receivable and investments. The Foundation maintains cash balances at one financial institution. The institution is insured up to \$250,000 by the Federal Deposit Insurance Corporation. For the fiscal years ended June 30, 2024 and 2023, the Foundation was under insured at various times during the year. It was underinsured at the year end, June 30, 2024 and 2022, in the amount of \$2,175,382 and \$3,603,372, respectively. Accounts receivable are generally from miscellaneous activities or from the University and are carried at net realizable value and are not collateralized.

The Foundation also invests funds in professionally managed mutual funds that contain various types of marketable securities. Such investments are exposed to various risks, such as fluctuations in market value and credit risk. Thus, it is at least reasonably possible that changes in the near term could materially affect investment balances, and the amounts reported in the financial statements.

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Notes to Financial Statements

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Note 16. Concentrations of Credit Risk (continued)

To minimize risk, the Foundation's cash accounts are placed with high credit quality financial institutions and the Foundation's investment portfolio is diversified among a variety of asset categories. The portfolio is designed to mitigate the concentration of risk. The Foundation regularly evaluates its depository arrangements and investment strategies.

Note 17. Related Party

OT is a related party of the Foundation. The Foundation provides direct support to OT for various program expenses. During 2024 and 2023, the Foundation provided program expense support to OT of \$3,863,664 and \$3,004,821, respectively.

All employees of the Foundation are employees of OT. The Foundation reimburses OT for those employees. Salary expense for years ended June 30, 2024 and 2023 was \$475,316 and \$488,706, respectively. OT contributes a portion of this expense; for the years ended June 30, 2024 and 2023 the contributed portion was \$149,279 and \$143,669, respectively.

Board members and employees of the Foundation and of OT are related parties of the Foundation. This group often makes and is expected to make contributions or pledges to the Foundation since they are leading the way for the community. All donations are treated the same as non-related parties.

Note 18. Subsequent Events

The Foundation has evaluated subsequent events for disclosure and recognition through September 17, 2024, the date on which these financial statements were available to be issued.

On July 19, 2024, the Foundation received communications from the Partnership of which it owns approximately 10% of the stock, that the partnership announced the closure of its operations. Following the announcement, On August 22, 2024, the Partnership announced plans to sell the company instead. Management considered the effects the pending sale of the Company and concluded the impact on its investment are undeterminable.