

OREGON TECH FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024
WITH
INDEPENDENT AUDITOR'S REPORT





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Years Ended June 30, 2025 and 2024

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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, 2025 and 2024, 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, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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
October 6, 2025



| FINANCIAL STATEMENTS

OREGON TECH FOUNDATION

Statements of Financial Position

June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 3,526,306	\$ 2,443,932
Other current assets:		
Accounts receivable	12,674	9,133
Prepaid expenses	44,696	43,857
Total current assets	<u>3,583,676</u>	<u>2,496,922</u>
Non-current assets:		
Investments	43,744,054	39,365,667
Unconditional promises to give, net	2,564,684	1,412,088
Intangible assets (royalties)	811,851	811,851
Split-interest agreements	795,876	757,761
Other assets	185,547	185,547
Operating lease right-of-use asset	37,917	58,402
Total non-current assets	<u>48,139,929</u>	<u>42,591,316</u>
TOTAL ASSETS	<u><u>\$ 51,723,605</u></u>	<u><u>\$ 45,088,238</u></u>
LIABILITIES AND NET ASSETS:		
Current liabilities		
Accounts payable and accrued expenses	\$ 340,272	\$ 165,216
Liabilities under split asset agreements	16,459	16,322
Funds held for distribution	1,598,163	1,566,119
Refundable advances	640	1,005,773
Operating lease liability, current	19,403	19,887
Total current liabilities	<u>1,974,937</u>	<u>2,773,317</u>
Non-current liabilities:		
Operating lease liability, net of current	19,122	38,515
Total liabilities	<u>1,994,059</u>	<u>2,811,832</u>
Net assets:		
Without donor restrictions	16,170,360	14,492,356
With donor restrictions	33,559,186	27,784,050
Total net assets	<u>49,729,546</u>	<u>42,276,406</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 51,723,605</u></u>	<u><u>\$ 45,088,238</u></u>

OREGON TECH FOUNDATION

Statement of Activities Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT:			
Contributions and grants	\$ 276,194	\$ 6,067,933	\$ 6,344,127
In-kind donations	107,440	139,153	246,593
Investment income, net	2,379,118	1,887,764	4,266,882
Change in value of split-interest agreements	-	37,979	37,979
Other income	33,869	15,418	49,287
Net assets released from restrictions	2,373,111	(2,373,111)	-
TOTAL REVENUES AND SUPPORT	<u>5,169,732</u>	<u>5,775,136</u>	<u>10,944,868</u>
EXPENSES:			
Program services:			
University support	509,641	-	509,641
Student support	2,108,052	-	2,108,052
Support services:			
Management and general	762,181	-	762,181
Fundraising	111,854	-	111,854
TOTAL EXPENSES	<u>3,491,728</u>	<u>-</u>	<u>3,491,728</u>
CHANGE IN NET ASSETS	1,678,004	5,775,136	7,453,140
NET ASSETS AT BEGINNING OF YEAR	<u>14,492,356</u>	<u>27,784,050</u>	<u>42,276,406</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 16,170,360</u></u>	<u><u>\$ 33,559,186</u></u>	<u><u>\$ 49,729,546</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
Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 7,453,140	\$ 4,282,262
Items not requiring (providing) cash		
Realized and unrealized (gain) loss on investments, less interest and distributions paid in cash	(4,376,568)	(4,113,556)
Gain on sale of property	-	(150,000)
Contributions of stock	(726,593)	(16,809)
Contributions restricted for long-term purposes	(1,839,441)	(840,096)
Reduction in carrying amount of right-of-use assets	20,485	1,879
Cash paid for operating leases	(19,877)	(1,879)
Changes in		
Accounts receivable	(3,541)	(6,392)
Prepaid expenses	(839)	11,841
Intangible assets (royalties)	-	(811,851)
Other assets	-	1,612
Unconditional promises to give, net	(1,152,596)	(188,805)
Accounts payable and accrued expenses	175,056	(1,195,037)
Funds held for distribution	32,044	48,101
Refundable advances	(1,005,133)	512,105
Value of split-interest agreements, net	(36,148)	(36,967)
Net cash provided (used) by operating activities	<u>(1,480,011)</u>	<u>(2,503,592)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	724,773	-
Proceeds from sale of property	-	320,000
Net cash provided (used) by investing activities	<u>724,773</u>	<u>320,000</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long-term purposes	1,839,441	840,096
Payments on charitable gift annuity and remainder trust agreements	(1,830)	(1,850)
Net cash provided (used) by financing activities	<u>1,837,611</u>	<u>838,246</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,082,373	(1,345,346)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,443,932</u>	<u>3,789,278</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 3,526,306</u></u>	<u><u>\$ 2,443,932</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Taxes paid	<u>\$ 150</u>	<u>\$ 150</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES		
Right-of-use assets obtained in exchange for lease liabilities	\$ -	\$ 60,281

OREGON TECH FOUNDATION
Statement of Functional Expenses
Year Ended June 30, 2025

	Program Services			Support Services			
	University Support	Student Support	Total Program Services	Management and General	Fundraising	Total Support Services	Total
Academic	\$ 122,506	\$ 710,590	\$ 833,096	\$ -	\$ -	\$ -	\$ 833,096
Athletic	-	218,296	218,296	-	-	-	218,296
General university support	63,061	-	63,061	-	-	-	63,061
Scholarships	-	1,156,420	1,156,420	-	-	-	1,156,420
Student clubs	16,519	-	16,519	-	-	-	16,519
Other	186,623	-	186,623	-	-	-	186,623
Salaries	120,932	22,746	143,678	326,114	56,580	382,694	526,372
Legal	-	-	-	8,713	-	8,713	8,713
Accounting	-	-	-	38,544	-	38,544	38,544
Contracted services	-	-	-	117,289	-	117,289	117,289
Advertising and promotions	-	-	-	2,483	-	2,483	2,483
Office expenses	-	-	-	25,408	-	25,408	25,408
Information technology	-	-	-	88,515	-	88,515	88,515
Rent	-	-	-	20,868	-	20,868	20,868
Travel	-	-	-	73,358	-	73,358	73,358
Professional development	-	-	-	12,582	-	12,582	12,582
Insurance	-	-	-	9,107	-	9,107	9,107
Miscellaneous expense	-	-	-	39,200	-	39,200	39,200
Fundraising	-	-	-	-	55,274	55,274	55,274
	<u>\$ 509,641</u>	<u>\$ 2,108,052</u>	<u>\$ 2,617,693</u>	<u>\$ 762,181</u>	<u>\$ 111,854</u>	<u>\$ 874,035</u>	<u>\$ 3,491,728</u>

See accompanying notes to the financial statements

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

	Program Services			Support Services			
	University Support	Student Support	Total Program Services	Management and General	Fundraising	Total Support Services	Total
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

Notes to the Financial Statements

June 30, 2025 and 2024

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 2024-2025 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 the Financial Statements

June 30, 2025 and 2024

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. 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 the Financial Statements

June 30, 2025 and 2024

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 years ended June 30, 2025 and 2024, no impairment losses were 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, 2025, 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 the Financial Statements

June 30, 2025 and 2024

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 its 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, 2025 and 2024, the Foundation recorded contributed salaries of \$97,578 and \$149,278 and other services of \$4,504 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 the Financial Statements

June 30, 2025 and 2024

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 2024, 2023 and 2022, 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.

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, 2025:

Financial assets:

Unrestricted cash and cash equivalents and investments	\$ 4,657,057
Accounts receivable	4,338
Contributions released for use due to passage of time	74,753
Endowment spending-rate distributions and appropriations	268,988
Endowment administrative fee	282,935
Total financial assets available with one year	<u>\$ 5,288,071</u>

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 \$1,080,000.

OREGON TECH FOUNDATION

Notes to the Financial Statements

June 30, 2025 and 2024

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:

	2025	2024
Money market funds	\$ 404,789	\$ 103,632
Equities	865,192	719,198
Mutual funds	28,776,562	25,477,894
Alternative investments	12,564,202	11,931,634
Investment in partnership	1,133,309	1,133,309
	<u>\$ 43,744,054</u>	<u>\$ 39,365,667</u>

The Foundation had \$7,825,873 and \$7,568,041 invested in underlying securities that are not readily marketable at June 30, 2025 and 2024, respectively. These investments are in off-shore investment funds and a partnership interest. Such investments, at June 30, 2025 and 2024, represent 17.9% and 19.2% of total investments and 15.7% and 17.9% 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 gain (loss) for the years ended June 30 consisted of:

	2025	2024
Dividends and interest	\$ 1,379,286	\$ 1,207,333
Partnership distributions on alternative investments	245,099	130,853
Unrealized gain (loss) on investments	2,669,225	2,313,271
Unrealized gain (loss) on alternative investments	(56,347)	408,447
Realized gain (loss) on investments	(211,943)	116,308
Realized gain (loss) on alternative investments	316,118	(113,972)
	<u>4,341,438</u>	<u>4,062,240</u>
Investment fees	<u>(74,556)</u>	<u>(112,461)</u>
Investment income (loss)	<u>\$ 4,266,882</u>	<u>\$ 3,949,779</u>

OREGON TECH FOUNDATION

Notes to the Financial Statements

June 30, 2025 and 2024

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, 2025	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
AEA Investors Fund VII LP	\$ 919,794	\$ 65,394	Non-redeemable	N/A
Altas Partners Holdings II-A	1,107,785	136,036	Non-redeemable	N/A
Ares US Real Estate Opportunity Fund IV	56,380	240,344	Non-redeemable	N/A
Canterbury Fund of Funds I (B), L.P.	938,912	316,848	Non-redeemable	N/A
Canterbury Consulting PC Fund II (B), L.P.	173,194	473,252	Non-redeemable	N/A
Canterbury Private Income Fund I, L.P.	885,989	898,512	Non-redeemable	N/A
HKW Capital Partners V, L.P.	900,414	33,310	Non-redeemable	N/A
Strategic Partners Fund VIII, LP	444,748	433,831	Non-redeemable	N/A
NB Private Debt Fund IV	627,341	84,138	Non-redeemable	N/A
CCI Core Bond Fund	5,871,638	-	Weekly	5 days
Silver Point Specialty Credit Fund II	638,007	74,043	Non-redeemable	N/A
	<u>\$12,564,202</u>			
June 30, 2024	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
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	-	Non-redeemable	N/A
Silver Point Specialty Credit Fund II	648,479	52,123	Non-redeemable	N/A
	<u>\$11,931,634</u>			

OREGON TECH FOUNDATION

Notes to the Financial Statements

June 30, 2025 and 2024

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 the Financial Statements

June 30, 2025 and 2024

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.

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, 2025 and 2024 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 were no impairments recorded during the years ended June 30, 2025 and 2024.

On July 19, 2024, the Foundation received communications from the Partnership that it announced the closure of its operations. In January of 2025 Mill operations ceased and all product was sold and shipped. The Partnership is in the process of finding a buyer of the operations. On July 21, 2025, the Foundation received a payment of \$87,335 as part of the wind-down of the Partnership. The ultimate payout on the Partnership shares is not determinable at this time.

OREGON TECH FOUNDATION

Notes to the Financial Statements

June 30, 2025 and 2024

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.

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.

OREGON TECH FOUNDATION

Notes to the Financial Statements

June 30, 2025 and 2024

Note 5. Fair Value of Financial Assets and Financial Liabilities

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

June 30, 2025	Total	Level 1	Level 2	Level 3
Recurring fair value measurement:				
Money market funds	\$ 404,789	\$ 404,789	\$ -	\$ -
Equities	865,192	865,192	-	-
Mutual funds	28,776,562	28,776,562		
Alternative investments ^(a)	12,564,202	-	-	-
	<u>42,610,745</u>	<u>30,046,543</u>	<u>-</u>	<u>-</u>
Nonrecurring fair value measurement:				
Investment in partnership ^(b)	1,133,309	-	-	-
Total	<u>\$ 43,744,054</u>	<u>\$ 30,046,543</u>	<u>\$ -</u>	<u>\$ -</u>
Recurring fair value measurement:				
Split-interest agreements:				
Charitable gift annuities	\$ 54,081	\$ 54,081	\$ -	\$ -
Beneficial interest in unitrust - net	741,795	-	-	741,795
Total	<u>\$ 795,876</u>	<u>\$ 54,081</u>	<u>\$ -</u>	<u>\$ 741,795</u>
Recurring fair value measurement:				
Liability on split interest agreements	\$ 16,459	\$ -	\$ 16,459	\$ -
Total	<u>\$ 16,459</u>	<u>\$ -</u>	<u>\$ 16,459</u>	<u>\$ -</u>

OREGON TECH FOUNDATION

Notes to the Financial Statements

June 30, 2025 and 2024

Note 5. Fair Value of Financial Assets and Financial Liabilities

June 30, 2024	Total	Level 1	Level 2	Level 3
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>\$ 39,365,667</u>	<u>\$ 26,300,724</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>\$ 757,761</u>	<u>\$ 50,385</u>	<u>\$ -</u>	<u>\$ 707,376</u>
Recurring fair value measurement:				
Liability on split interest agreements	\$ 16,322	\$ -	\$ 16,322	\$ -
Total	<u>\$ 16,322</u>	<u>\$ -</u>	<u>\$ 16,322</u>	<u>\$ -</u>

(a) Certain investments that are measured at fair value using the net asset value per share (or it's equivalent) practical expedient have not been classified in the fair value hierarchy. Th fair value amounts presented in this table are intended for reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

(b) Investment carried at cost less impairments.

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, 2025 and 2024:

	Beneficial Interest in Unitrust
Balance as of June 30, 2023	\$ 675,605
Change in Unitrust	<u>31,771</u>
Balance as of June 30, 2024	\$ 707,376
Change in Unitrust	<u>34,419</u>
Balance as of June 30, 2025	<u>\$ 741,795</u>

OREGON TECH FOUNDATION

Notes to the Financial Statements

June 30, 2025 and 2024

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, 2025 and 2024. 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 \$20,868 and \$20,034 for the years ended June 30, 2025 and 2024, respectively. Variable lease costs were \$0 for the years ended June 30, 2025 and 2024, respectively.

The Foundation made cash payments for operating leases in the amount of \$20,093 and \$20,034 for the years ended June 30, 2025 and 2024.

Other information related to leases as of June 30, 2025, is as follows:

Weighted average remaining lease term - operating leases (years)	1.92
Weighted average remaining discount rate - operating leases	4.62%

OREGON TECH FOUNDATION

Notes to the Financial Statements

June 30, 2025 and 2024

Note 6. Leases (continued)

Future minimum lease payments under non-cancelable operating leases at June 30, 2025 are as follows:

2026	\$	19,403
2027		19,122
	\$	<u>38,525</u>
Operating lease liability - current portion	\$	19,403
Operating lease liability - net of current portion		<u>19,122</u>
	\$	<u>38,525</u>

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 the Financial Statements

June 30, 2025 and 2024

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 \$9,124,282 and \$8,606,776 at June 30, 2025 and 2024 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 the Financial Statements

June 30, 2025 and 2024

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:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 22,637,749	\$ 22,637,749
Board-designated endowment funds	9,124,282	-	9,124,282
	<u>\$ 9,124,282</u>	<u>\$ 22,637,749</u>	<u>\$ 31,762,031</u>
	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
	<u>\$ 8,606,776</u>	<u>\$ 19,424,158</u>	<u>\$ 28,030,934</u>

Changes in endowments by net asset classification for the years ended June 30, 2025 and 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
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	<u>(303,870)</u>	<u>(521,534)</u>	<u>(825,404)</u>
Endowment net assets, end of the year, June 30, 2024	8,606,776	19,424,158	28,030,934
Investment return:			
Interest and dividends	282,249	674,805	957,054
Realized and unrealized gains/(losses)	636,181	1,207,798	1,843,979
Investment fees	(12,957)	(40,790)	(53,747)
Contributions and other income	300	1,898,250	1,898,550
Appropriation of endowment assets for expenditure	<u>(388,267)</u>	<u>(526,472)</u>	<u>(914,739)</u>
Endowment net assets, end of the year, June 30, 2025	<u>\$ 9,124,282</u>	<u>\$ 22,637,749</u>	<u>\$ 31,762,031</u>

OREGON TECH FOUNDATION

Notes to the Financial Statements

June 30, 2025 and 2024

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, 2025 the Foundation had 3 individual donor-restricted endowments that were underwater and had a total fair value of \$65,518 with original gift amounts totaling \$68,171. The endowments were under by a total of \$2,653; the individual deficits ranged from \$78 to \$2,331. At June 30, 2024, the Foundation had 6 individual donor-restricted endowments that were underwater and had a total fair value of \$703,505 with original gift amounts totaling \$706,389. The endowments were under by a total of \$2,884; the individual deficits ranged from \$30 to \$1,531.

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.

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. For the years ended June 30, 2025 and 2024, the present values were calculated using an interest rate of 5.0% and 5.6%, respectively.

Charitable gift annuity contributions included in contribution revenue were \$0 for the years ended June 30, 2025 and 2024.

OREGON TECH FOUNDATION

Notes to the Financial Statements

June 30, 2025 and 2024

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:

	2025		
	Fair Market Value	Liability	Net
Charitable gift annuities	\$ 54,081	\$ (16,459)	\$ 37,622
Beneficial interest in remainder trust	741,795	-	741,795
	<u>\$ 795,876</u>	<u>\$ (16,459)</u>	<u>\$ 779,417</u>
	2024		
	Fair Market Value	Liability	Net
Charitable gift annuities	\$ 50,385	\$ (16,322)	\$ 34,063
Beneficial interest in remainder trust	707,376	-	707,376
	<u>\$ 757,761</u>	<u>\$ (16,322)</u>	<u>\$ 741,439</u>

Note 9. Unconditional Promises to Give

Unconditional promises to give are as follows at June 30:

	2025	2024
Promises to give expected to be collected in less than one year	\$ 1,614,530	\$ 893,954
Promises to give expected to be collected in one to five years	1,016,060	543,018
Total unconditional promises to give	2,630,590	1,436,972
Less allowance for uncollectible promises	-	-
Less present value discount of long-term promises	(65,906)	(24,884)
Net unconditional promises to give	<u>\$ 2,564,684</u>	<u>\$ 1,412,088</u>

Discount rates ranging from 3.68% to 3.96% for the year ended June 30, 2025 and rates of 4.33% to 5.09% for the year ended June 30, 2024 were used for contributions due in future periods.

Pledges from four and three donors made up approximately 60% and 61% of total pledges at June 30, 2025 and 2024, respectively.

OREGON TECH FOUNDATION

Notes to the Financial Statements

June 30, 2025 and 2024

Note 10. Accounts Receivable

Accounts receivable consist of the following at June 30:

	2025	2024
Accounts receivable	\$ 12,674	\$ 3,049
Accounts receivable - OT	-	6,084
Total accounts receivable	<u>\$ 12,674</u>	<u>\$ 9,133</u>

Note 11. Other Assets

Other assets consist of the following at June 30:

	2025	2024
Land	\$ 35,000	\$ 35,000
Cash surrender value of life insurance	1,167	1,167
Non-depreciable collections	149,380	149,380
Total other assets	<u>\$ 185,547</u>	<u>\$ 185,547</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:

	2025	2024
Accounts payable	\$ 30,870	\$ 34,987
Accounts payable - OT	309,252	130,079
Income tax payable	150	150
Total accounts payable and accrued expenses	<u>\$ 340,272</u>	<u>\$ 165,216</u>

OREGON TECH FOUNDATION

Notes to the Financial Statements

June 30, 2025 and 2024

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:

	2025	2024
Balance, beginning of year	\$ 1,566,119	\$ 1,518,018
Additional deposits	262,611	301,053
Distributions	(310,362)	(321,710)
Change in value	79,795	68,758
Balance, end of year	<u>\$ 1,598,163</u>	<u>\$ 1,566,119</u>

Note 14. Net Assets

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

	2025	2024
Unrestricted	\$ 7,046,078	\$ 5,885,580
Board designated	9,124,282	8,606,776
Total net assets without donor restrictions	<u>\$ 16,170,360</u>	<u>\$ 14,492,356</u>

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 the Financial Statements

June 30, 2025 and 2024

Note 14. Net Assets (continued)

	2025	2024
Net assets with time and/or purpose restrictions were available for the following purposes at June 30:		
Scholarships	\$ 10,366,693	\$ 9,116,762
Academics	3,511,544	3,180,088
Athletics	396,674	366,671
Capital	2,644,923	508,342
Student clubs	115,640	83,544
Operations	47,740	46,109
Shaw Library	413,801	373,982
Other	660,527	645,432
Total net assets with time or purpose restrictions	18,157,542	14,320,930
Net assets to be held in perpetuity with the following purposes at June 30:		
Scholarships	13,581,444	11,724,047
Academics	141,559	141,559
Athletics	154,905	145,405
Shaw Library	419,174	413,949
Other	318,468	292,339
Split-interest agreements	786,094	745,821
Total net assets to be held in perpetuity	15,401,644	13,463,120
Total net assets with donor restrictions	\$ 33,559,186	\$ 27,784,050

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:

	2025	2024
Scholarships	\$ 1,112,320	\$ 1,210,325
Academics	829,570	734,240
Athletics	223,380	238,413
Capital	2,924	2,006
Student clubs	16,519	49,105
Other	188,398	258,501
Total net assets released from restrictions	\$ 2,373,111	\$ 2,492,590

OREGON TECH FOUNDATION

Notes to the Financial Statements

June 30, 2025 and 2024

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:

	2025	2024
Current income tax expense	\$ 150	\$ 150
Net tax expense	<u>\$ 150</u>	<u>\$ 150</u>

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.

Deferred Tax Asset

The Foundation had available net operating loss carry-forwards that give rise to a deferred tax asset of \$935,352 and \$556,578, which are reduced by valuation allowances of \$935,352 and \$556,578 as of June 30, 2025 and 2024, respectively. No deferred tax asset was recorded as of June 30, 2025 and 2024.

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, 2025 and 2024, the Foundation was under insured at various times during the year. It was underinsured at the year end June 30, 2025 in the amount of \$3,331,387. Accounts receivable are generally from miscellaneous activities or from the University and are carried at net realizable value and are not collateralized.

To minimize risk in the Foundation's cash accounts, it uses a service provided by IntraFi Cash Service through US Bank. This service deposits amounts in the Foundation's name across various banks to reduce the balance in excess of FDIC coverages..

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.

OREGON TECH FOUNDATION

Notes to the Financial Statements

June 30, 2025 and 2024

Note 17. Related Party

OT is a related party of the Foundation. The Foundation provides direct support to OT for various program expenses. During 2025 and 2024, the Foundation provided program expense support to OT of \$2,324,144 and \$3,863,664, respectively.

All employees of the Foundation are employees of OT. The Foundation reimburses OT for those employees. Salary expense for years ended June 30, 2025 and 2024 was \$530,877 and \$475,316, respectively. OT contributes a portion of this expense; for the years ended June 30, 2025 and 2024 the contributed portion was \$102,092 and \$149,279, 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

On August 20, 2025, the Foundation received a donation of real property valued at approximately \$1.4 million. The Foundation has evaluated subsequent events for disclosure and recognition through October 6, 2025, the date on which these financial statements were available to be issued.