

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
GREENE COUNTY, OHIO
REGULAR AUDIT

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Wright State University Foundation, Inc.
Foundation Building
3645 Colonel Glenn Highway
Dayton, Ohio 45435

We have reviewed the *Independent Auditor's Report* of Wright State University Foundation, Inc., Greene County, prepared by BKD, LLP, for the audit period July 1, 2020 through June 30, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Wright State University Foundation is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

November 09, 2021

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WRIGHT STATE UNIVERSITY FOUNDATION, INC.
Dayton, Ohio

CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

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Independent Auditor's Report

Audit Committee of the Board of Trustees
Wright State University Foundation, Inc.
Dayton, Ohio

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Wright State University Foundation, Inc. (Foundation), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Foundation as of June 30, 2021 and 2020, 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.

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying management's discussion and analysis on page 3 through 7, summary of institutional data, and the multi-year summary schedules on page 37 through 48 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated October 14, 2021, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

BKD, LLP

Cincinnati, Ohio
October 14, 2021

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
As of and for the Fiscal Year Ended June 30, 2021

Overview

This section of the Wright State University Foundation's (the "WSU Foundation" or "Foundation") annual financial report presents management's discussion and analysis of the financial performance of the WSU Foundation during the fiscal years ended June 30, 2021 and 2020. This discussion has been prepared by management along with the consolidated financial statements and related note disclosures and should be read in conjunction with the statements and notes thereto.

The WSU Foundation is a 501(c)(3) nonprofit corporation whose mission includes the cultivation, solicitation, stewardship, management and distribution of private gifts for the exclusive benefit of Wright State University ("WSU" or the "University"). The Foundation is included in the University's financial statements as a discretely presented component unit. Transactions with WSU relate primarily to the disbursement of gift revenues to WSU, augmentation of the University's fundraising resources and appropriations made in support of University projects.

The discussion below relates to the WSU Foundation's basic consolidated financial statements, including the statements of financial position, statements of activities and statements of cash flows. The statements of financial position present the Foundation's financial situation at June 30, 2021 and 2020. The statements of activities summarize the financial transactions and consequent changes in net assets for the same fiscal years. The statements of cash flows provide details on the changes in cash levels for the same time period.

Financial Highlights

Statements of Financial Position

The purpose of the Statement of Financial Position (also known as the Balance Sheet) is to present the reader with a snapshot of the Foundation's financial condition at the end of the fiscal year. The statements may be used to assess the Foundation's ability to continue operations, to determine amounts owed to outside entities and to determine the adequacy of the reserves available for further appropriation.

The Statement of Financial Position is divided into three major categories: assets, liabilities and net assets. Assets are resources owned by the Foundation that are either restricted for specific purposes or available for general operational use of the Foundation. Liabilities are amounts owed to the University, external vendors and other entities for payments made on the Foundation's behalf, personnel costs, purchased goods and services, and other contractual obligations.

Net assets represent the excess of assets over liabilities and are subdivided into two categories: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions are those that the Foundation may use for any purpose related to its mission and over which it maintains complete control. Donor restricted net assets are donations that may be spent on purposes specified by the donor of the assets. Such restrictions relate to how or when the gift may be spent. The donor may further specify that the gift be maintained in perpetuity and only the investment earnings on the gift may be spent for the restricted purposes. These gifts are commonly known as endowments.

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
As of and for the Fiscal Year Ended June 30, 2021

The following table lists the Foundation's assets, liabilities and net assets for the past three fiscal years:

Condensed Statements of Financial Position							
(in thousands of dollars)							
	<u>2021</u>	<u>2020</u>	<u>Change, 2020 to 2021</u>		<u>2019</u>	<u>Change, 2019 to 2020</u>	
			Dollars	Percent		Dollars	Percent
Total Assets	\$ 166,065	\$ 137,645	\$ 28,420	20.6%	\$ 137,385	\$ 260	0.2%
Total Liabilities	\$ 3,505	\$ 2,904	\$ 601	20.7%	\$ 3,206	\$ (302)	-9.4%
Net Assets:							
Without donor restrictions	14,047	8,535	5,512	64.6%	9,235	(700)	-7.6%
With donor restrictions	148,513	126,206	22,307	17.7%	124,944	1,262	1.0%
Total Net Assets	162,560	134,741	27,819	20.6%	134,179	562	0.4%
Total Liabilities and Net Assets	\$ 166,065	\$ 137,645	\$ 28,420	20.6%	\$ 137,385	\$ 260	0.2%

Wright State University and the Foundation, like many of their fellow institutions, were heavily impacted by the onset of the COVID-19 pandemic late in the previous fiscal year. Although that impact continued into fiscal year 2021, financial conditions changed markedly, producing surprising results. Public financial markets that suffered steep losses in the early stages of the pandemic, rebounded sharply in the fourth quarter last year and that rally continued throughout much of FY21. As a direct consequence of this unprecedented rally, the Foundation's asset base increased significantly. As the table above indicates, total assets grew nearly 21% during the year, led in no small part by the increase in value of the Foundation's investment portfolios. The market value of the portfolios increased from \$123.2 million to \$152.6 million, an increase of 23.8% (net of capital transactions). Most of that increase was driven by unrealized gains in market value. Other asset categories, especially those closely tied to the financial markets, also increased for the year. In contrast, the value of donor pledges declined throughout the year as new pledges failed to offset payments made on existing pledges. The Foundation did not benefit from large corporate pledges in the current fiscal year, as it did in the previous year. Consequently, pledges receivable declined nearly 17% year-over-year.

As with assets, liabilities also increased during the year by a similar 20.7%. And also like assets, most of this increase was tied to public market activity. Deposits made by other University-related entities and invested by the Foundation increased significantly in value due to market gains thereby increasing the liability for these arrangements. Amounts due to the University and outside vendors also increased over the previous year due to a ramp up of activities in anticipation of the University's resumption of normal operations in the fall of 2021.

The Foundation's total net asset position increased significantly during the year mostly as the result of asset increases described above. The value of net assets without donor restrictions increased nearly 65%, mostly the result of unrealized gains on non-endowed investments. Undesignated net assets without donor restrictions increased from just over \$6.0 million at June 30, 2020 to \$11.5 million at June 30, 2021 thus providing the Foundation more flexibility in meeting unanticipated future needs of the University. Net assets with donor restrictions experienced significant increases in value, also the result of unusually high investment earnings. The Foundation's endowment net assets also increased in value over the prior year, although at a much more modest rate of 1.4%. These net assets were not impacted by investment earnings.

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
As of and for the Fiscal Year Ended June 30, 2021

Statements of Activities

The Statement of Activities (also known as the Income Statement) reports on the operating activities of the Foundation for the fiscal year. Included in these statements are two major categories. The first, revenues, represents resources obtained for distribution to WSU and for operation of the Foundation. Major revenue sources include gifts/contributions and investment earnings. Expenses, the second category, represent uses of those resources in support of various University programs, fundraising efforts and general operations of the Foundation. The difference between revenues and expenses is added to or subtracted from the Foundation's net assets.

The following table lists the revenues, expenses and changes in net assets for the last three fiscal years:

Condensed Statements of Activities
(in thousands of dollars)

	2021	2020	Change, 2020 to 2021		2019	Change, 2019 to 2020		
			Dollars	Percent		Dollars	Percent	
Revenues								
Gifts and contributions	\$ 3,265	\$ 10,049	\$ (6,784)	-67.5%	\$ 4,424	\$ 5,625	127.1%	
Investment earnings (losses)	31,276	(187)	31,463	16825.1%	5,931	(6,118)	-103.2%	
Other	665	9	656	7288.9%	208	(199)	-95.7%	
Total revenues	35,206	9,871	25,335	256.7%	10,563	(692)	-6.6%	
Expenses								
Program services	5,628	7,558	(1,930)	-25.5%	8,630	(1,072)	-12.4%	
Fund raising	620	799	(179)	-22.4%	961	(162)	-16.9%	
Management and general	1,139	952	187	19.6%	636	316	49.7%	
Total expenses	7,387	9,309	(1,922)	-20.6%	10,227	(918)	-9.0%	
Change in net assets	\$ 27,819	\$ 562	\$ 27,257	4850.0%	\$ 336	\$ 226	67.3%	

Gifts and contributions to the Foundation declined significantly from FY20, as several large corporate pledges and a seven-figure estate settlement realized that year (all totaling \$5.8 million) were not replicated in FY21. Excluding those gifts from the calculation, gifts and contributions would have declined a more modest \$1.0 million or 23% year-over-year. As indicated in the previous section, the Foundation experienced unusually high returns on its investments in FY21, resulting in significant turnaround from the slight loss experienced in FY20. Investment earnings added over \$31 million in value, most of it unrealized as of June 30, 2021. A majority of the increase in other revenues also derived from investment earnings on other invested assets. In total, revenues increased \$25.3 million or 257% over FY20.

As in FY20, the Foundation experienced a significant decrease in total expenses during FY21. Much of this decline resulted from the University's decision to provide educational services remotely due to continuing concerns about the COVID-19 outbreak. Remote delivery of services, as well as remote working conditions for faculty and staff, led to sharp declines in spending throughout the fiscal year. As a consequence, major programmatic support of academic, athletic and research programs saw significant reductions over the previous year, which had declined in FY20 due to the start of the pandemic. Academic and support programs spent 42% less than the previous year and research expenses declined 57%. The only exception to this trend was a slight increase (4%) in scholarship awards due to the University's intense efforts to recruit additional students for the 2020/2021 academic year. The decline of payments in support of the University's fund raising program continued in FY21 led by a decline in support of Alumni programming due to several event cancellations. In FY21, the Foundation continued to incur additional costs of administration, mostly related to full staffing of the finance function.

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WRIGHT STATE UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
As of and for the Fiscal Year Ended June 30, 2021

Statements of Cash Flows

Three major categories of activity appear on the Statements of Cash Flows: operating, investing and financing. Operating activities include mission-oriented functions such as amounts received from donors and amounts paid to Wright State students, employees and suppliers in accord with donor stipulations. Payments in support of the operations of the Foundation are also included in this category. Investing activities include capital expenditures and the purchase and redemption of investments held by the Foundation in its attempt to effectively manage the private support it holds. Finally, financing activities include inflows and outflows related to debt service. Contributions to the endowment are also categorized here.

The following table lists the categories of cash flows for the last three fiscal years:

Condensed Statements of Cash Flows							
(in thousands of dollars)							
	2021	2020	Change, 2020 to 2021		2019	Change, 2019 to 2020	
			Dollars	Percent		Dollars	Percent
Operating activities	\$ 1,296	\$ 1,375	\$ (79)	-5.7%	\$ 1,331	\$ 44	3.3%
Investing activities	(2,143)	(4,792)	2,649	55.3%	(2,301)	(2,491)	-108.3%
Financing activities	622	3,431	(2,809)	-81.9%	723	2,708	374.6%
Net change in cash and equivalents	<u>\$ (225)</u>	<u>\$ 14</u>	<u>\$ (239)</u>	<u>-1707.1%</u>	<u>\$ (247)</u>	<u>\$ 261</u>	<u>105.7%</u>

In fiscal year 2021, the Foundation experienced positive cash flows from operations for a third straight year. The positive cash flow in FY21 was slightly lower than the previous year. Receipts from donors were significantly less than FY20, which saw the settlement of a large estate gift that benefitted the Foundation. Interest and dividend income also declined 18% for the year. Also declining were operating cash outflows in the form of payments to (and on behalf of) employees and external suppliers. The latter category decreased 55% over the previous year reflecting constraints imposed by the pandemic and also by the University in its effort to restructure operations to reflect its smaller footprint. Less cash was used to purchase investments in FY21 than the previous year due to the lower levels of gift and interest/dividends receipts. Nevertheless, cash invested was more than cash withdrawn resulting in a negative cash flow from investing activities, the same result as the previous year. The large decrease in permanently restricted gifts over the previous year led to the large decrease in cash from financing activities.

Investment Performance

The Foundation maintains two significant investment pools with its investment manager, SEI Investments (Oaks, PA). One pool represents endowed assets and the second, all other assets. As discussed above, market returns in FY21 were extraordinarily high. For the endowed portfolio, that translated into an investment return of 28.92% (net of fees) for the year versus a negative return of 0.58% in FY20. The FY21 one-year endowment return outperformed the Foundation's target return as defined in its investment policy statement. The non-endowed portfolio, which is not invested as aggressively, provided a net positive return of 22.47% (versus an FY20 return of +0.59%). The non-endowed return also surpassed its associated weighted benchmark in FY21. Throughout the year, actual asset allocation amounts were close to targets and within tolerances established by the Foundation's investment policy statement.

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WRIGHT STATE UNIVERSITY FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
As of and for the Fiscal Year Ended June 30, 2021

Endowment

During the fiscal year ended June 30, 2021, the value of the Foundation's endowment increased by approximately \$20.5 million or 22.4%, finishing the year with a value of \$112.1 million. This was the first time the value of the endowment has exceeded \$100 million in the history of the Foundation. The increase was driven by the unusually high investment earnings described elsewhere in this section. Earnings related to the endowment amounted to \$24.7 million in FY21. New endowment gifts added only slightly to the increase. The endowment generated a distribution of \$3.6 million for the year ended June 30, 2021, a 3.4% increase over the previous fiscal year. For both fiscal years 2021 and 2020, the Foundation's spending rate was 4.00%.

Unprecedented investment losses experienced in fiscal years 2008 and 2009, further exacerbated by market volatility related to the COVID-19 pandemic in 2020, continue to impact some of the Foundation's endowment funds by reducing their values to less than the amount originally donated, a condition known as "underwater endowments." Despite the robust investment earnings experienced in FY21, a small number of underwater endowments remained at year-end. The value of underwater endowments increased from (\$427) thousand to (\$759). There were adequate reserves in all the endowment funds to distribute the full amount of earnings (4.00%) without reducing any funds below 80% of original donated value, as required by Foundation policy.

Debt and Debt Guaranty

The Foundation continued to maintain a line of credit with a local bank during FY21. No new draws on the line of credit were initiated during the year, nor were any debt service payments made for either principal or interest.

During FY11, the Foundation agreed to guarantee debt related to a project initiated by an organization closely related to Wright State University and its mission. During FY21, the Foundation continued to designate a portion of its unrestricted net assets (\$600 thousand) in fulfillment of covenants contained in the debt guaranty. Management does not believe that this guaranty will be needed in the near future. More details about the guaranty may be found in Note 13 to the consolidated financial statements.

Requests for Information

Offices in support of the WSU Foundation are located in the Foundation Building across from the Dayton campus. Questions about any of the information provided in this report or requests for additional information may be directed to:

Bob Batson
CFO
Wright State University Foundation, Inc.
Foundation Building 314
3640 Colonel Glenn Highway
Dayton, OH 45435-0001
(937) 775-2869
robert.batson@wright.edu

For additional information about the Foundation, please visit our Web site at: wright.edu/giving.

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WRIGHT STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 1,945,321	\$ 2,170,778
Pledges receivable (net)	5,986,400	7,205,300
Gifts receivable from trusts held by others	1,890,000	1,522,800
Investment in securities	152,177,639	121,460,627
Other investments	372,952	1,736,053
Interest and dividends receivable	276,790	182,286
Capital assets (net)	1,927,707	2,045,729
Annuity assets	976,913	816,458
Other assets	510,960	504,820
TOTAL ASSETS	<u>\$ 166,064,682</u>	<u>\$ 137,644,851</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable:		
Wright State University	\$ 496,570	\$ 365,714
Trade and other	223,307	145,915
Deposits held in custody for others	2,434,172	2,031,782
Annuities payable	351,300	360,800
TOTAL LIABILITIES	<u>3,505,349</u>	<u>2,904,211</u>
 NET ASSETS:		
Without donor restrictions		
Designated by Board	2,556,866	2,514,894
Undesignated	11,489,864	6,019,461
With donor restrictions		
Purpose/time restricted	97,634,047	76,044,982
Perpetually restricted	50,878,556	50,161,303
TOTAL NET ASSETS	<u>162,559,333</u>	<u>134,740,640</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 166,064,682</u>	<u>\$ 137,644,851</u>

The accompanying notes are an integral part of these consolidated financial statements.

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
For the year ended June 30, 2021 with comparative 2020 totals

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total 2021</u>	<u>Total 2020</u>
REVENUE AND OTHER SUPPORT:				
Gifts and contributions	\$ 124,925	\$ 3,139,923	\$ 3,264,848	\$ 10,049,299
Investment earnings:				
Interest and dividends	1,019,496	3,046,294	4,065,790	5,261,642
Net realized and unrealized gains	4,992,457	22,217,983	27,210,440	(5,448,509)
Administrative fee charged to certain restricted accounts	1,219,646	(1,219,646)	-	-
Change in value of split interest agreements	-	331,888	331,888	(45,041)
Other income (loss)	162,823	169,572	332,395	53,427
Net assets released from restrictions	5,568,417	(5,568,417)	-	-
Change in donor restrictions	(184,621)	184,621	-	-
Total revenue and other support	<u>12,903,143</u>	<u>22,302,218</u>	<u>35,205,361</u>	<u>9,870,818</u>
EXPENSES AND LOSSES:				
Program services:				
Scholarships	3,072,025	-	3,072,025	2,939,855
University programs	1,868,056	-	1,868,056	3,215,600
Athletic programs	222,318	-	222,318	346,725
Research	428,695	-	428,695	1,003,620
Miscellaneous grants	40,711	-	40,711	45,541
Other program expenses and losses (gains)	-	(4,100)	(4,100)	7,100
Fund raising	620,163	-	620,163	799,055
Management and general	1,138,800	-	1,138,800	951,818
Total expenses	<u>7,390,768</u>	<u>(4,100)</u>	<u>7,386,668</u>	<u>9,309,314</u>
CHANGE IN NET ASSETS	5,512,375	22,306,318	27,818,693	561,504
NET ASSETS				
Beginning of year	<u>8,534,355</u>	<u>126,206,285</u>	<u>134,740,640</u>	<u>134,179,136</u>
End of year	<u>\$ 14,046,730</u>	<u>\$ 148,512,603</u>	<u>\$ 162,559,333</u>	<u>\$ 134,740,640</u>

The accompanying notes are an integral part of these consolidated financial statements.

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
For the year ended June 30, 2020

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total 2020</u>
REVENUE AND OTHER SUPPORT:			
Gifts and contributions	\$ 131,126	\$ 9,918,173	\$ 10,049,299
Investment earnings:			
Interest and dividends	1,158,806	4,102,836	5,261,642
Net realized and unrealized gains	(1,045,998)	(4,402,511)	(5,448,509)
Administrative fee charged to certain restricted accounts	1,062,979	(1,062,979)	-
Change in value of split interest agreements	-	(45,041)	(45,041)
Other income (loss)	1,478	51,949	53,427
Net assets released from restrictions	7,282,954	(7,282,954)	-
Change in donor restrictions	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>
Total revenue and other support	<u>8,601,345</u>	<u>1,269,473</u>	<u>9,870,818</u>
EXPENSES AND LOSSES:			
Program services:			
Scholarships	2,939,855	-	2,939,855
University programs	3,215,600	-	3,215,600
Athletic programs	346,725	-	346,725
Research	1,003,620	-	1,003,620
Miscellaneous grants	45,541	-	45,541
Other program expenses and losses (gains)	-	7,100	7,100
Fund raising	799,055	-	799,055
Management and general	<u>951,818</u>	<u>-</u>	<u>951,818</u>
Total expenses	<u>9,302,214</u>	<u>7,100</u>	<u>9,309,314</u>
CHANGE IN NET ASSETS	(700,869)	1,262,373	561,504
NET ASSETS			
Beginning of year	<u>9,235,224</u>	<u>124,943,912</u>	<u>134,179,136</u>
End of year	<u>\$ 8,534,355</u>	<u>\$ 126,206,285</u>	<u>\$ 134,740,640</u>

The accompanying notes are an integral part of these consolidated financial statements.

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years ended June 30, 2021 and 2020

	2021	2020
OPERATING ACTIVITIES		
Cash received from contributors	\$ 4,264,282	\$ 8,739,740
Less: Gifts and contributions received for permanently restricted accounts	(621,586)	(3,430,735)
Interest and dividends received	4,447,133	5,406,023
Cash received (expended) from other revenue sources	340,712	136,883
Cash paid to students	(3,212,188)	(3,091,449)
Cash paid to employees	(2,506,121)	(3,258,160)
Cash paid to suppliers	(1,355,804)	(3,032,174)
Custodial deposits returned	(60,000)	(95,000)
Net cash provided by operating activities	<u>1,296,428</u>	<u>1,375,128</u>
INVESTING ACTIVITIES:		
Cash paid for investments	(8,063,037)	(10,938,096)
Cash received from investments	5,919,566	5,896,464
Land option refund	-	250,000
Net cash used in investing activities	<u>(2,143,471)</u>	<u>(4,791,632)</u>
FINANCING ACTIVITIES:		
Gifts and contributions received for permanently restricted accounts	621,586	3,430,735
Net cash provided by financing activities	<u>621,586</u>	<u>3,430,735</u>
(DECREASE) INCREASE IN CASH AND EQUIVALENTS	(225,457)	14,231
CASH AND EQUIVALENTS - Beginning of year	<u>2,170,778</u>	<u>2,156,547</u>
CASH AND EQUIVALENTS - End of year	<u>\$ 1,945,321</u>	<u>\$ 2,170,778</u>

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 - ORGANIZATION AND OPERATION

Wright State University Foundation, Inc. (the "Foundation") was incorporated on December 15, 1966 to receive and hold gifts, grants and bequests of money and property for the benefit of Wright State University (the "University") and its students and faculty. Consistent with such purposes, the mission of the Foundation is to secure, manage and distribute private support to enhance the growth and development of the University. One of its most important roles is to ensure that funds and property contributed are used for purposes specified by the donor. The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Governing direction is provided by a code of regulations most recently revised in April of 2021. Overall policy direction is provided by a board of 25 – 40 community leaders who serve as trustees of the Foundation. Trustees elect a chair and other officers from their number. The Foundation hired its first non-University employees in fiscal year 2019 and its first President & CEO in fiscal year 2020.

The 557-acre Wright State campus is located near Dayton, Ohio and was founded in 1964. Wright State is a four-year institution operating under the auspices of the State of Ohio's public university system. Financial statements for the University may be obtained from the Controller's Office, University Hall, 3640 Colonel Glenn Highway, Dayton, Ohio 45435-0001.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In accordance with generally accepted accounting principles as applied to not-for-profit organizations, the consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting. The Financial Accounting Standards Board ("FASB") is the accepted standards setting body for establishing accounting principles generally accepted in the United States ("GAAP"). The following is a summary of the Foundation's significant accounting and reporting policies presented to assist the reader in interpreting the consolidated financial statements and other data in this report.

Principles of Consolidation: The consolidated financial statements include the accounts of Wright State University Foundation and its wholly-owned subsidiaries WSUF Emergence Center No. 1, LLC (formerly known as Fairborn Office Property LLC) and Raider Food Pantry, Inc (Raider Food Pantry). The consolidated entities are collectively referred to as "the Foundation". All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

Cash and Equivalents: The Foundation considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents, except cash equivalent holdings in its investment portfolios that have resulted from recent security sales that will be used to purchase other long-term securities.

Pledges Receivable: Unconditional pledges are recorded in the period that the pledges are received. Conditional pledges are recorded in the period in which the conditions have been met. Payments on pledges to be collected in future years are recorded at net present value. All pledges are presented net of an allowance for doubtful collections.

Gifts Receivable from Trusts Held by Others: Irrevocable trusts which will benefit the Foundation are recognized as gift revenue and as a receivable in an amount equal to the present value of the estimated future benefits to be received when trust assets are distributed. Adjustments to the receivable to reflect revaluation of the present value of the estimated future payments to the donor-designated beneficiaries and changes in actuarial assumptions during the term of the trust will be recognized as changes in the value of the asset.

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment in Securities: Investments in debt and equity securities and private placement bonds are stated at fair value. The fair values of investments are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments, when appropriate. Investments are initially recorded at their acquisition cost if they were purchased and at fair value if they are received through a contribution or exchange transaction. Securities traded on a national exchange are valued at their last reported sales price on the exchange on which they are traded.

Alternative investments, such as hedge funds, private equity, distressed debt and limited partnerships for which there is no ready market, are recorded at net asset value (NAV), as a practical expedient, to determine fair value of the investments. Because of the inherent uncertainty of valuation in the absence of readily ascertainable market values, the estimated values of those investments may differ from the values that would have been used had a ready market existed for such investments or if the investments were realized, and the differences could be material.

Realized gains or losses are included in the consolidated statements of activities. Unrealized gains or losses are based on the differences between cost and fair value of each classification of security and are reported in the consolidated statements of activities. Investments are managed by professional investment managers. Investment return is net of direct and indirect investment expenses.

Annuity Assets/Payable: Under charitable gift annuity agreements, the Foundation has recorded the donated assets at fair value and the liabilities to the donor and/or his/her beneficiaries at the present value of the estimated future payments to be distributed by the Foundation to such individuals. The amount of the gift is the difference between the asset and liability and is recorded as gift revenue.

Capital Assets: Expenditures for property and equipment and items that substantially increase the useful lives of existing assets are capitalized at cost. It is the policy of the Foundation to capitalize additions with an original cost of \$5,000 or more. Assets acquired by gift are valued at fair value as of the date donated. The Foundation provides for depreciation using the straight-line method at rates designed to depreciate the costs of assets over estimated useful lives as follows:

	<u>Years</u>
Land improvements	10-25
Buildings	20-65
Machinery and equipment	5-10

Long-lived assets, such as buildings, machinery and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. At June 30, 2021 and 2020, management has concluded that they are unaware of any impairments to be recorded.

Deposits Held in Custody for Others: These assets represent resources received and held by the Foundation as custodian. The assets are placed in the Foundation's investment portfolio and receive a pro-rata share of net investment earnings.

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses: The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Certain costs paid by the Foundation that relate to operations of the University's Advancement Division are classified as fund raising expenses. Costs specific to the operation of the Foundation as an independent entity are classified as management and general expenses.

Net Assets: The Foundation's net assets are classified into two categories: (1) net assets without donor restriction, which include gifts made with no donor-imposed restrictions and (2) net assets with donor restrictions, which include donor-imposed restrictions that will be satisfied in the future, as well as donor-imposed restrictions that the assets be maintained in perpetuity (endowments).

The net assets without donor restrictions consist of operating funds available for any purpose authorized by the Board of Trustees. Included in these net assets without donor restrictions are funds that have been designated as endowments by the board (quasi-endowments). The board may elect to reverse its decision to designate these net assets.

Net assets with donor restriction consist of funds arising from a gift in which the donor has stipulated, as a condition of the gift, restrictions on how or when the gift may be spent. Also categorized as net assets with donor restrictions are unspent gains on donor designated endowment gifts by virtue of the Foundation's spending policy. This policy, which was approved by the Board of Trustees, aims to protect the Foundation's donor-designated endowments from the effects of inflation by reinvesting a portion of the earnings on these funds as if they were endowment funds.

Quasi-endowment funds may also be established by request of a University college or department in accord with the Foundation's quasi-endowment policy adopted by the Board of Trustees in fiscal year 2011. The objective of this policy is to allow significantly large donor restricted funds to generate earnings that may be used by the requesting unit for the purpose(s) specified by the donor.

Net assets with donor restriction that are perpetual in nature consist of funds arising from a gift or bequest in which the donor has stipulated, as a condition of the gift, that the principal be maintained in perpetuity and only the investment income from investment of the funds be expended. Certain donor endowments also specify that a portion of the earnings from the investment be reinvested as principal, or that all income earned over a period of time be reinvested. Amounts are also transferred for specific uses from time to time, as requested by the donor.

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Gifts and Contributions: Contributions are provided to the Foundation either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts with or without restriction</i> Gifts that depend on the Foundation overcoming a donor imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, i.e. the donor imposed barrier is met
<i>Unconditional gifts, with or without restriction</i> Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions and investment income having donor stipulations which are satisfied in the period the gift is received and the investment income is earned are recorded as revenue with donor restrictions and then released from restriction.

Investment Earnings: Interest and dividends from endowment investments are credited to restricted funds and spent in compliance with donor stipulations and the Foundation's spending policy. Interest and dividends from non-endowment investments are credited to the unrestricted fund for expenditure at the discretion of the Foundation's Board of Trustees. Realized gains or losses are determined based on the average cost method.

Net Assets Released from Restrictions: When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Federal Income Taxes: The Foundation and Raider Food Pantry have been approved under the Internal Revenue Code Section 501(c)(3) as a nonprofit organizations exempt from federal taxes on their normal activities. However, the Foundation and Raider Food Pantry are subject to federal income tax on any unrelated business taxable income. The Foundation and Raider Food Pantry file tax returns in the U.S. federal jurisdiction. WSUF Emergence Center No. 1, LLC is a disregarded entity for tax purposes.

GAAP prescribes recognition thresholds and measurement attributes for the consolidated financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. A tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded. Management has concluded that they are unaware of any tax benefits or liabilities to be recognized at June 30, 2021 and 2020, respectively.

The Foundation and Raider Food Pantry do not have any tax benefits recorded at June 30, 2021 and do not expect that position to significantly change in the next year. The Foundation and Raider Food Pantry would recognize interest and/or penalties related to income tax matters in income tax expense, if applicable, and there were no amounts accrued for interest and penalties at June 30, 2021 and 2020.

Transfers Between Fair Value Hierarchy Levels: Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the period ending date.

COVID-19: As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the Foundation. Potential effects include but are not limited to declines in the fair value of investments, realizability of pledges receivable, and declines in contributions and gifts. The duration of these uncertainties and the ultimate effects cannot be reasonably estimated at this time.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2021, to determine the need for any adjustments to and/or disclosures within the audited consolidated financial statements for the year ended June 30, 2021. Management has performed their analysis through October 14, 2021, the date the consolidated financial statements were available to be issued.

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

NOTE 3 - BUSINESS AND CONCENTRATIONS OF CREDIT RISK

The Foundation's financial instruments that are exposed to various risks, such as interest rate, market and concentrations of credit risk consist primarily of cash and investments. The Foundation deposits its cash in federally insured banks. At June 30, 2021, the Foundation's cash accounts exceeded federally insured limits by approximately \$1,758,000.

Investments are managed by a professional investment management company under an outsourced chief investment officer arrangement. The investment manager is subject to the Foundation's investment policy, approved by the Board of Trustees, which contains objectives, guidelines and restrictions designed to provide for preservation of capital with an emphasis on providing current income and achieving long-term growth of the funds without undue exposure to risk. Certain funds have been pooled for ease of management and to achieve greater diversification in investments. Due to the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible the changes in risks in the near term would result in material changes in the fair value of long-term investments and net assets of the Foundation.

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received for an asset or paid to transfer a liability (an exit price) in the Foundation's principal or most advantageous market on the measurement date.

The fair value hierarchy established by U.S. GAAP requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices for identical assets or liabilities in active markets.
- Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Net Asset Value: Alternative to fair value hierarchy using net asset value practical expedient as defined by Accounting Standards Codification 820, *Fair Value Measurement*.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Assets measured at fair value on a recurring basis are summarized below for the years ended June 30, 2021 and 2020.

	Fair Value Measurements at June 30, 2021 Using				Totals
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at Net Asset Value	
ASSETS					
Gifts receivable from trusts held by others	\$ -	\$ -	\$ 1,890,000	\$ -	\$ 1,890,000
Investment in securities:					
Cash and equivalents	-	-	-	-	-
Mutual funds:					
Equity	84,543,908	-	-	-	84,543,908
Fixed income	46,948,541	-	-	-	46,948,541
Alternative assets:					
Hedge funds	-	-	-	12,997,139	12,997,139
Private equity	-	-	-	3,792,829	3,792,829
Distressed debt	-	-	-	3,895,222	3,895,222
Total investment in securities	131,492,449	-	-	20,685,190	152,177,639
Other investments:					
Limited partnerships	-	-	-	372,952	372,952
Private placement bonds	-	-	-	-	-
Total other investments	-	-	-	372,952	372,952
Other assets - equity	253,518	-	-	-	253,518
Annuity assets					
Cash and equivalents	22,692	-	-	-	22,692
Mutual funds-securities	954,221	-	-	-	954,221
Total annuity assets	976,913	-	-	-	976,913
Total	<u>\$ 132,722,880</u>	<u>\$ -</u>	<u>\$ 1,890,000</u>	<u>\$ 21,058,142</u>	<u>\$ 155,671,022</u>

	Fair Value Measurements at June 30, 2020 Using				Totals
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at Net Asset Value	
ASSETS					
Gifts receivable from trusts held by others	\$ -	\$ -	\$ 1,522,800	\$ -	\$ 1,522,800
Investment in securities:					
Cash and equivalents	-	-	-	-	-
Mutual funds:					
Equity	65,539,312	-	-	-	65,539,312
Fixed income	38,137,690	-	-	-	38,137,690
Alternative assets:					
Hedge funds	-	-	-	10,080,873	10,080,873
Private equity	-	-	-	5,289,680	5,289,680
Distressed debt	-	-	-	2,413,072	2,413,072
Total investment in securities	103,677,002	-	-	17,783,625	121,460,627
Other investments:					
Limited partnerships	-	-	-	412,053	412,053
Private placement bonds	-	-	1,324,000	-	1,324,000
Total other investments	-	-	1,324,000	412,053	1,736,053
Other assets - equity	261,835	-	-	-	261,835
Annuity assets					
Cash and equivalents	15,679	-	-	-	15,679
Mutual funds-securities	800,779	-	-	-	800,779
Total annuity assets	816,458	-	-	-	816,458
Total	<u>\$ 104,755,295</u>	<u>\$ -</u>	<u>\$ 2,846,800</u>	<u>\$ 18,195,678</u>	<u>\$ 125,797,773</u>

(Continued)

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2021. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Investments in securities, annuity assets, and other assets - Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Gifts receivable from trusts held by others - Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

Fair value determinations for Level 3 measurements of securities are the responsibility of the Foundation's finance office. The finance office contracts with a pricing specialist to generate fair value estimates on a monthly or quarterly basis. The finance office challenges the reasonableness of the assumptions used and reviews the methodology to ensure the estimated fair value complies with accounting standards generally accepted in the United States.

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The table below presents a reconciliation and consolidated statement of activities classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2021 and 2020:

	2021	
	Gifts Receivable from Trusts Held by Others	Private Placement Bonds
Beginning balance, July 1	\$ 1,522,800	\$ 1,324,000
Redemptions	-	(1,324,000)
Change in value of split interest agreements	367,200	-
Ending balance, June 30	\$ 1,890,000	\$ -
	2020	
	Gifts Receivable from Trusts Held by Others	Private Placement Bonds
Beginning balance, July 1	\$ 1,531,200	\$ 1,415,000
Redemptions	-	(91,000)
Change in value of split interest agreements	(8,400)	-
Ending balance, June 30	\$ 1,522,800	\$ 1,324,000

The fair value of gifts receivable from trusts held by others is based on a valuation model that calculates the present value of estimated residual trust value. The valuation model incorporates assumptions that market participants would use in estimating future investment earnings. Management determines the fair value based on best information available (Level 3 inputs).

Investments in securities consist primarily of mutual fund shares managed by a professional investment management company utilizing the “outsourced chief investment officer” model of portfolio administration, as described in Note 3. The fair value of mutual funds is based on quoted prices in active markets (Level 1 inputs).

For private equity, for which there is no active market, information such as historical and current performance of the underlying assets, cash flow projections, liquidity and credit premiums required by a market participant, and financial trend analysis with respect to the individual fund manager, are utilized in determining individual securities. Due to current market conditions, as well as the limited trading activity of these securities, the market value of the securities is highly sensitive to assumption changes and market value volatility.

With respect to hedge funds and distressed debt, for which there is no active market, information such as historical and current performance of the underlying assets, cash flow projections, liquidity and credit premiums required by a market participant, and financial trend analysis with respect to the individual fund manager, are utilized in determining individual security valuations.

(Continued)

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The Foundation's hedge fund allocation is invested in a "fund of funds" structured as an offshore company. The fund's investment objective is to seek to achieve high returns balanced against an appropriate level of volatility and directional market exposure over a full market cycle. The fund is broadly diversified and invests in various private funds such as hedge funds that pursue hedged or other alternative investment strategies, private equity funds, hybrid funds and any other alternative investment funds, while also opportunistically investing directly in any other securities and financial instruments. The fund generally invests in 15-20 funds and the fund of funds manager requires full transparency of each of the underlying funds' investment positions. The Foundation is no longer subject to the fund's initial two-year lock-up period and may, therefore, request liquidation on a semi-annual basis with 95 days prior notification. At June 30, 2021, the Foundation has no significant unfunded commitments to this hedge fund allocation. The valuation of this investment is based on NAV.

Approximately 6% of the Foundation's private equity fund investment is structured as a domestic partnership in which the Foundation is a limited partner. The fund seeks to invest the capital contributed to it in a diversified pool of long-term investments in non-publicly traded companies. Diversification is accomplished by investing 40-60% of committed capital in underlying funds focused on the United States, 20-40% on Europe and 0-30% on emerging markets. Capital commitments of the limited partners are payable to the partnership in installments over a 3 – 5-year period. At June 30, 2021, the Foundation's total capital commitment of \$3,500,000 was 71.4% (\$2,498,908) funded. The fund made return-of-capital distributions during the year and no further capital calls were received. Due to the long-term commitment of capital and the unpredictability of capital calls and partnership distributions, the fund is generally considered illiquid. It is also not unusual for private equity funds to experience losses in the early years of their existence. The valuation of this investment is based on NAV.

The balance of the Foundation's investment in the private equity space is in a fund also structured as a domestic partnership in which the Foundation is a limited partner. The fund seeks to continue the investment policy of the first fund, but seeks more diversification, shorter duration and a focus on cash returns. Diversification is accomplished by investing over five sub-class targets: buyouts, venture capital, debt, real estate and real assets/infrastructure. Capital commitments of the limited partners are payable to the partnership in installments over a 3 – 5-year period. At June 30, 2021, the Foundation's total capital commitment of \$6,400,000 was 78.5% (\$5,025,801) funded. Due to the long-term commitment of capital and the unpredictability of capital calls and partnership distributions, the fund is generally considered illiquid. It is also not unusual for private equity funds to experience losses in the early years of their existence. The valuation of this investment is based on NAV.

The Foundation's investment in distressed debt is in the form of a fund that invests directly and indirectly in below investment grade bonds and loans (and other debt and equity instruments) of U.S. and international energy companies. The fund is structured as a domestic limited partnership. The fund seeks to generate high absolute returns by investing in securities which are purchased or acquired at a significant discount to fair value and/or offer high coupon rates. The fund will maintain a flexible approach to attempt to identify the most attractive risk-adjusted returns primarily within the energy debt space primarily through: 1) below investment grade bonds and loans of U.S. energy companies which trade at a discount to fair value; 2) direct lending at attractive risk-adjusted rates to U.S. energy companies; and/or 3) smaller allocations to U.S. investment grade and emerging markets companies. The Foundation's investment in this asset class was fully funded at June 30, 2021. The fund's lockup period of three years, ended in August 2018. However, upon recommendation of the fund manager and in order to enhance the fund's performance, the Foundation agreed to a further three-year lockup period which will end in April 2022. Once the lockup period is over, liquidations may be requested on a semi-annual basis with a 95 days prior notice, subject to fund director consent and certain gate, holdback and suspension restrictions. The valuation of this investment is based on NAV and subject to a monthly lag.

(Continued)

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Valuation of limited partnership shares reported as “other investments” are derived from reports issued by the general partners adjusted for capital contributions and withdrawals throughout the fiscal year. Although the fund custodians provide annual audited financial statements for each of the funds, the value of the underlying securities is difficult to ascertain as there is no active market associated with these ownership interests. There are no unfunded capital commitments with respect to these investments. Due to the long-term commitment of capital and the unpredictability of capital calls and partnership distributions, these investments are generally considered illiquid. The valuation of this investment is based on NAV.

In July 2017, the Foundation purchased private placement bonds issued in support of the construction of an academic building at the University’s Lake Campus. The bonds were issued by the Toledo Port Authority on behalf of Double Bowler, Inc., the University’s real estate management arm, which owns the property. The bonds are to be liquidated with proceeds of a lease between the University and Double Bowler for use of the building. Bond interest payments are due semiannually on December 1 and June 1, with principal payments also due on June 1. In a cost-saving move, these bonds were fully refunded in March of 2021. Principal and interest payments for FY21 were received during the year ended June 30, 2021, and amounted to \$1,324,000 and \$24,223, respectively.

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 June 30, 2021 and 2020

NOTE 5 - PLEDGES RECEIVABLE

Pledges receivable at June 30, 2021 and 2020, by fund type, are as follows:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Totals
Less than one year	\$ 5,874	\$ 2,773,252	\$ 2,779,126
One to five years	-	1,989,497	1,989,497
Six years or greater	-	1,979,470	1,979,470
Gross pledges receivable	5,874	6,742,219	6,748,093
Present value discount	(74)	(709,219)	(709,293)
Allowance for uncollectible pledges	-	(52,400)	(52,400)
Pledges receivable (net)	\$ 5,800	\$ 5,980,600	\$ 5,986,400
	2020		
	Without Donor Restrictions	With Donor Restrictions	Totals
Less than one year	\$ 6,505	\$ 2,986,263	\$ 2,992,768
One to five years	-	3,051,649	3,051,649
Six years or greater	-	1,979,470	1,979,470
Gross pledges receivable	6,505	8,017,382	8,023,887
Present value discount	(5)	(762,082)	(762,087)
Allowance for uncollectible pledges	-	(56,500)	(56,500)
Pledges receivable (net)	\$ 6,500	\$ 7,198,800	\$ 7,205,300

The fair value of pledges receivable was determined using discount rates applicable to the year in which the pledge was established. Rates ranged from 0.29% to 3.34%.

NOTE 6 - GIFTS RECEIVABLE FROM TRUSTS HELD BY OTHERS

The Foundation is a party to charitable gift trusts. Third-party trustees maintain trust assets in irrevocable trusts for the benefit of the Foundation. The fair values of the trusts are estimated based upon the fair value of the assets contributed by the donor less the present value of the payment expected to be made to other beneficiaries. The present value is calculated using the discount rate the year in which the trust was established. Rates ranged from 1.72% to 4.92%. The balances at June 30, 2021 and 2020, are \$1,890,000 and \$1,522,800, respectively, and are included in net assets with donor restrictions.

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 7 - INVESTMENT IN SECURITIES

The fair value of the Foundation's investments, at June 30, 2021 and 2020, are as follows:

	<u>2021</u>	<u>2020</u>
Mutual funds:		
Equity	\$ 84,543,908	\$ 65,539,312
Fixed income	46,948,541	38,137,690
Alternative assets	<u>20,685,190</u>	<u>17,783,625</u>
Totals	<u>\$ 152,177,639</u>	<u>\$ 121,460,627</u>

Net realized gains/(losses) on sales of investments were \$4,934,077 and (\$165,790) for the years ended June 30, 2021 and 2020, respectively. Calculation of net realized gains on sales of investments is based on original cost. Net unrealized gains/(losses) amounted to \$22,276,363 and \$(5,282,719) for the years ended June 30, 2021 and 2020, respectively.

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. 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 will occur in the near term and that such change could materially affect the amounts reported in the accompanying consolidated statements of financial position.

NOTE 8 - OTHER ASSETS

In July of 2012, the Foundation, along with the University of Dayton, purchased an option to acquire real property owned by the Miami Valley Research Foundation (MVRF) in Greene County, Ohio. The Foundation's share of the option price was \$250,000. The renewable option agreement is valid for a period of two years, after which the option payment is returned to the Foundation without interest accruing. The option further provides that the MVRF may prematurely terminate the agreement and return the option payment along with a 5% annual premium. The option expired in June 2014, but was renewed through June 9, 2020 by both parties. MVRF returned the option price to the Foundation upon expiration of the option in FY20.

Also, included in other assets are unrestricted funds set aside for a specific group of University students to invest to provide them experience in managing a "live" portfolio. The project is known as Raider Asset Management (RAM). As the funds are not under the direct control of the Foundation's investment management system, they have been separately classified from investments in securities. The balance at June 30, 2021 and 2020 was \$253,518 and \$261,835, respectively. Earnings (losses) generated from the project are included in other income. Total net losses for 2021 and 2020 amounted to (\$8,317) and (\$77,234), respectively.

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 June 30, 2021 and 2020

NOTE 9 - CAPITAL ASSETS

Capital assets activity for the years ended June 30, 2021 and 2020 is summarized as follows:

	2021		
	Beginning Balance	Additions	Ending Balance
Capital assets:			
Land	\$ 173,000	\$ -	\$ 173,000
Buildings and improvements	2,644,131	-	2,644,131
Machinery and equipment	28,632	-	28,632
Total capital assets	2,845,763	-	2,845,763
Less accumulated depreciation:			
Buildings and improvements	771,402	118,022	889,424
Machinery and equipment	28,632	-	28,632
Total accumulated depreciation	800,034	118,022	918,056
Capital assets, net	\$ 2,045,729	\$ (118,022)	\$ 1,927,707
	2020		
	Beginning Balance	Additions	Ending Balance
Capital assets:			
Land	\$ 173,000	\$ -	\$ 173,000
Buildings and improvements	2,644,131	-	2,644,131
Machinery and equipment	28,632	-	28,632
Total capital assets	2,845,763	-	2,845,763
Less accumulated depreciation:			
Buildings and improvements	653,374	118,028	771,402
Machinery and equipment	26,590	2,042	28,632
Total accumulated depreciation	679,964	120,070	800,034
Capital assets, net	\$ 2,165,799	\$ (120,070)	\$ 2,045,729

NOTE 10 – RELATED PARTY TRANSACTIONS

Most of the Foundation's expenses are processed by the University Controller's Office. For the years ended June 30, 2021 and 2020, the University processed expenses of \$6,061,688 and \$7,771,629, respectively, on the Foundation's behalf. The Foundation reimburses the University monthly for those checks written on its behalf. At June 30, 2021 and 2020, the balance owed to the University was \$496,570 and \$365,714, respectively.

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 11 - DEPOSITS HELD IN CUSTODY FOR OTHERS

Assets currently held by the Foundation in custody for others consist primarily of resources deposited by the Western Ohio Education Foundation (WOEF), an educational Foundation that benefits the Lake Campus branch of Wright State University, and the Wright State University Alumni Association. As of June 30, 2021 and 2020, the balances of these deposits were as follows:

	<u>2021</u>	<u>2020</u>
WOEF	\$ 1,377,948	\$ 1,180,277
WSU Alumni Association	1,055,824	851,505
Rental deposits	400	-
Totals	<u>\$ 2,434,172</u>	<u>\$ 2,031,782</u>

NOTE 12 - LINE OF CREDIT

The Foundation maintains a line-of-credit agreement with a bank that provides up to \$1.5 million of borrowings at the bank's prime rate or LIBOR, plus 1.00% (1.09% at June 30, 2021). The line of credit expires March 31, 2022, with an option to extend. The line of credit is collateralized with a portion of the Foundation's investments. There were no outstanding borrowings at June 30, 2021 or at June 30, 2020.

NOTE 13 - DEBT GUARANTY

During fiscal year 2011, the Foundation entered into agreement with Dayton Regional STEM Schools, Incorporated ("STEM") guaranteeing payments on a lease (and such other obligations imposed by the lease) related to the purchase and renovation of an existing building that is utilized by STEM in fulfillment of its corporate purposes. STEM is one of ten Ohio schools offering students a relevant, real world educational experience that will prepare them for college and opportunities in the work world. Wright State University has acted as STEM's fiscal agent as well as providing space, supplies and personnel in support of its operations. The agreement pledges unrestricted net assets of the Foundation in an amount not to exceed \$3,000,000 and the designation of unrestricted net assets in the amount of one year of maximum debt service (\$600,000) on bonds associated with the project. Since the guaranty may expire without being drawn upon, the total guaranty does not necessarily represent future cash requirements. As of June 30, 2021, no amounts have been recognized as a liability under the financial guaranty in the Foundation's consolidated statements of financial position, as the likelihood that STEM would be unable to fulfill its obligation in full or in part under the debt agreement is not considered to be probable.

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 June 30, 2021 and 2020

NOTE 14 - NET ASSETS

Net assets, as of June 30, 2021 and 2020, are available for the following purposes:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Totals
Scholarships	\$ 353,495	\$ 58,592,274	\$ 58,945,769
University programs	250,000	76,580,624	76,830,624
Athletic programs	-	1,033,782	1,033,782
Research	-	12,305,923	12,305,923
Market stabilization	1,353,371	-	1,353,371
Debt guaranty	600,000	-	600,000
Undesignated	11,489,864	-	11,489,864
Totals	\$ 14,046,730	\$ 148,512,603	\$ 162,559,333

	2020		
	Without Donor Restrictions	With Donor Restrictions	Totals
Scholarships	\$ 352,383	\$ 48,313,390	\$ 48,665,773
University programs	250,000	65,856,768	66,106,768
Athletic programs	-	761,108	761,108
Research	-	11,275,019	11,275,019
Market stabilization	1,312,511	-	1,312,511
Debt guaranty	600,000	-	600,000
Undesignated	6,019,461	-	6,019,461
Totals	\$ 8,534,355	\$ 126,206,285	\$ 134,740,640

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 June 30, 2021 and 2020

NOTE 15 - ENDOWMENT COMPOSITION

The Foundation's endowment primarily consists of three separate portfolios, all of which are held by SEI Investments. Its endowment includes donor-restricted endowment funds, funds that accumulate excess net earnings on the donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by applicable standards, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment net asset composition by type of fund as of June 30, 2021 and 2020:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Totals
Donor restricted endowment funds	\$ -	\$ 69,108,339	\$ 69,108,339
Board-designated funds	603,495	42,436,229	43,039,724
Totals	\$ 603,495	\$ 111,544,568	\$ 112,148,063
	2020		
	Without Donor Restrictions	With Donor Restrictions	Totals
Donor restricted endowment funds	\$ -	\$ 56,233,941	\$ 56,233,941
Board-designated funds	602,383	34,809,326	35,411,709
Totals	\$ 602,383	\$ 91,043,267	\$ 91,645,650

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 June 30, 2021 and 2020

NOTE 15 - ENDOWMENT COMPOSITION (Continued)

Changes in endowment net assets for the years ended June 30, 2021 and 2020:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Totals
Net assets, beginning of year	\$ 602,383	\$ 91,043,267	\$ 91,645,650
Investment return			
Investment income (net)	-	2,758,226	2,758,226
Net appreciation (depreciation)	-	21,965,893	21,965,893
Total investment return	<u>-</u>	<u>24,724,119</u>	<u>24,724,119</u>
Contributions	-	633,378	633,378
Change in value of split interest agreements	-	(35,312)	(35,312)
Other income	-	104,936	104,936
Change in donor restrictions	-	24,000	24,000
Net assets released from restrictions	23,789	-	23,789
Appropriation of assets for expenditure	<u>(22,677)</u>	<u>(4,949,820)</u>	<u>(4,972,497)</u>
Net assets, end of year	<u>\$ 603,495</u>	<u>\$ 111,544,568</u>	<u>\$ 112,148,063</u>
	2020		
	Without Donor Restrictions	With Donor Restrictions	Totals
Net assets, beginning of year	\$ 581,179	\$ 92,430,497	\$ 93,011,676
Investment return			
Investment income (net)	-	4,053,253	4,053,253
Net appreciation (depreciation)	-	(4,316,267)	(4,316,267)
Total investment return	<u>-</u>	<u>(263,014)</u>	<u>(263,014)</u>
Contributions	-	3,526,810	3,526,810
Change in value of split interest agreements	-	(36,641)	(36,641)
Other income	-	24,666	24,666
Change in donor restrictions	25,000	23,978	48,978
Net assets released from restrictions	24,704	-	24,704
Appropriation of assets for expenditure	<u>(28,500)</u>	<u>(4,663,029)</u>	<u>(4,691,529)</u>
Net assets, end of year	<u>\$ 602,383</u>	<u>\$ 91,043,267</u>	<u>\$ 91,645,650</u>

(Continued)

NOTE 15 - ENDOWMENT COMPOSITION (Continued)

Interpretation of UPMIFA: On June 1, 2009, the State of Ohio's version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) became effective for all non-profit, charitable organizations, including the Foundation. The Board of Trustees has interpreted UPMIFA as requiring the preservation of the fair value of the original and subsequent gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. However, per policies adopted during the fiscal year ended June 30, 2010, the Foundation may expend up to 20% of the fair value of the original gift(s) when no other net earnings (current or accumulated) are available for distribution.

The Foundation classifies net assets with donor restrictions (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, while not permanently restricted, is also classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

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

Return Objectives and Risk Parameters: The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s), as well as Board-designated funds. Under the Foundation's formally adopted investment policy, the primary investment objective of the endowment portfolio is to provide for preservation of capital with an emphasis on providing current income and achieving long-term growth of the endowment without undue exposure to risk. The performance objective is to grow the market value of assets net of inflation, spending, and expenses, over a full market cycle (generally defined as a three to five-year period) without undue exposure to risk. In quantitative terms, the portfolio is invested to earn a total return of 5% over inflation without exceeding a standard deviation of 1.2 times a weighted benchmark index. The benchmark index will be comprised of each asset class index weighted by its target allocation. It is also expected that the investment results will outperform their weighted benchmark indices over a full market cycle. Return is calculated on a total return basis, which includes income (interest and dividends), realized and unrealized capital gains (losses).

Strategies Employed for Achieving Objectives: The purpose of endowment funds is to facilitate donors' desire to make substantial long-term gifts to the University and to develop a significant source of revenue for the Foundation. In so doing, the funds will provide a secure, long-term source of funds to: (i) stabilize funding for University schools, colleges and departments, especially in times characterized by declining State support of higher education, (ii) enhance the quality and variety of learning opportunities for Wright State students, (iii) fund special grants, (iv) ensure long-term growth of the University, (v) enhance the University's ability to meet changing educational needs and demands in both the short- and long-term and (vi) support the administrative expenses of the Foundation as deemed appropriate.

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 15 - ENDOWMENT COMPOSITION (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy: The distribution rate is based upon a total return approach, which utilizes both income and capital appreciation to be withdrawn for spending. For the fiscal years ended June 30, 2021 and 2020, the spending rate for the Foundation was 4.00% of the previous twelve-quarter average of the endowment portfolio's market value. The spending rate is determined annually by the Foundation Board of Trustees, who may elect to make no distribution in any given year.

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. Such amounts totaled \$759 and \$427,210 as of June 30, 2021 and 2020, respectively. Endowment fund principal, unless otherwise directed by the originating donor(s), may be disbursed in accord with Foundation policy so long as the principal amount shall not fall below 80% of the fair value of the original gift and any subsequent gifts to the fund.

Foundation's Reserve Policy: Prompted by the market downturn of 2001-2003, the Foundation implemented a policy establishing a reserve fund, the primary purpose of which was to provide matching grants to endowment funds that suffer investment losses resulting in fund deficiencies. The policy stipulates that the reserve fund will make grants in an amount equal to or less than 50% of the amount that would normally have been generated by the endowment had earnings been available so long as the benefitting school, college or department provides a dollar-for-dollar match. No such grants were necessary in fiscal years 2021 and 2020.

The reserve policy further stipulates that in those years in which the net assets without donor restrictions of the Foundation increase, 5% of the increase is to be transferred into the reserve fund so long as the transfer does not cause the value of the fund to exceed \$1 million. No transfer is required if the reserve amount is greater than \$1 million. Since the value of the reserve exceeded \$1 million in fiscal years 2021 and 2020, no such transfers were required.

NOTE 16 - LEASE REVENUE

The Foundation leases office space in its building to a non-university tenant. Rent revenues for the years ended June 30, 2021 and 2020, were \$76,878 and \$74,678, respectively. Future minimum revenues for all leases as of June 30, 2021 are as follows:

2022	\$ 77,076
2023	77,076
2024	77,076
2025	77,076
2026	45,961
Total lease revenues	<u>\$ 354,265</u>

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WRIGHT STATE UNIVERSITY FOUNDATION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 17 - FUNCTIONAL CLASSIFICATION OF EXPENSES

Total expenses, classified by both service areas and expense categories for the years ended June 30, 2021 and 2020, consist of the following:

Expense Category	2021								Totals
	Program Services					Support Services			
	Scholarships	University Programs	Athletic Programs	Research	Miscellaneous Grants	Other Program Expenses/Losses	Fund Raising	Management & General	
Salaries and wages	\$ 4,249	\$ 925,908	\$ 73,333	\$ 186,099	\$ -	\$ -	\$ 230,715	\$ 546,757	\$ 1,967,061
Employee benefits	154	190,952	26,693	39,565	-	-	81,006	200,690	539,060
Professional services	-	73,059	6,208	14,333	-	-	50,369	88,761	232,730
Supplies	-	304,714	33,472	121,458	8,446	-	1,469	7,254	476,813
Travel	62	55,610	14,654	157	3,574	-	3,983	3,218	81,258
Information/communications	340	112,269	9,821	7,365	28,406	-	252,307	29,227	439,735
Maintenance and repair	-	11,491	295	-	-	-	-	105,234	117,020
Student financial aid	3,066,570	115,515	17,253	12,850	-	-	-	-	3,212,188
Other	650	10,535	(10,000)	2,525	285	(4,100)	314	39,637	39,846
Capital purchases	-	68,003	50,589	44,343	-	-	-	-	162,935
Depreciation	-	-	-	-	-	-	-	118,022	118,022
Totals	<u>\$ 3,072,025</u>	<u>\$ 1,868,056</u>	<u>\$ 222,318</u>	<u>\$ 428,695</u>	<u>\$ 40,711</u>	<u>\$ (4,100)</u>	<u>\$ 620,163</u>	<u>\$ 1,138,800</u>	<u>\$ 7,386,668</u>

Expense Category	2020								Totals
	Program Services					Support Services			
	Scholarships	University Programs	Athletic Programs	Research	Miscellaneous Grants	Other Program Expenses/Losses	Fund Raising	Management & General	
Salaries and wages	\$ 5,742	\$ 1,413,128	\$ 2,221	\$ 462,689	\$ 150	\$ -	\$ 273,241	\$ 381,706	\$ 2,538,877
Employee benefits	125	323,369	623	126,000	19	-	117,309	151,838	719,283
Professional services	32	214,529	10,000	12,396	-	-	72,941	99,160	409,058
Supplies	5,867	202,622	29,771	201,255	8,652	-	2,932	8,921	460,020
Travel	-	301,813	90,475	14,339	12,327	-	65,576	29,669	514,199
Information/communications	224	114,351	35,685	4,350	9,700	-	263,414	12,034	439,758
Maintenance and repair	844	8,298	27,150	-	-	-	-	107,174	143,466
Student financial aid	2,927,021	142,375	-	22,053	-	-	-	-	3,091,449
Other	-	19,527	1,287	10,901	14,693	7,100	3,642	41,246	98,396
Capital purchases	-	475,588	149,513	149,637	-	-	-	-	774,738
Depreciation	-	-	-	-	-	-	-	120,070	120,070
Totals	<u>\$ 2,939,855</u>	<u>\$ 3,215,600</u>	<u>\$ 346,725</u>	<u>\$ 1,003,620</u>	<u>\$ 45,541</u>	<u>\$ 7,100</u>	<u>\$ 799,055</u>	<u>\$ 951,818</u>	<u>\$ 9,309,314</u>

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 June 30, 2021 and 2020

NOTE 18 - FUND RAISING EXPENSES

Fundraising expenses, for the years ended June 30, 2021 and 2020, consist of the following:

	2021	2020
Fund raising departments	\$ 306,801	\$ 322,497
Fund raising support departments	162,220	225,847
Alumni relations department	<u>151,142</u>	<u>250,711</u>
Totals	<u>\$ 620,163</u>	<u>\$ 799,055</u>

The Foundation partially supports the University's fundraising efforts by underwriting the costs of several of its fund raising functions within the University's Advancement Division, as well as areas supporting those functions. Included in these functions are annual appeals, corporate and foundation relations, major donor cultivation, donor recognition events, planned giving, gift entry and donor database management.

The salaries and benefits of development officers assigned to several of the University's colleges and schools, as well as some of their operational costs, are partially offset by the Foundation.

The Foundation also underwrites the costs of University events that enhance relations with the University community and its donors as well as costs associated with conducting the University's latest fundraising campaign, the last of which ended June 30, 2017.

NOTE 19 - MANAGEMENT AND GENERAL EXPENSES

Management and general expenses, for the years ended June 30, 2021 and 2020, consist of the following:

	2021	2020
Foundation board/committees	\$ 73,743	\$ 78,484
President & CEO Department	419,279	325,962
Finance Department	304,266	206,202
Legal	30,124	13,963
Building operation and maintenance	114,203	116,227
Unallocated		
Depreciation	118,022	120,070
Professional services	10,000	34,306
Audit/tax filing fees	36,594	20,593
Insurance	21,080	21,080
Other	<u>11,489</u>	<u>14,931</u>
Totals	<u>\$ 1,138,800</u>	<u>\$ 951,818</u>

(Continued)

NOTE 19 – MANAGEMENT AND GENERAL EXPENSES (Continued)

The Foundation underwrites those costs associated with its operation as a separately incorporated entity. The largest share of those costs relates to employees directly employed by the Foundation and its ownership of a building that was purchased in November 2012 to house its administrative offices as well as offices of the University's Advancement Division. During the fiscal year ended June 30, 2019, the Foundation hired two University Advancement employees to fill administrative positions as its direct employees. In fiscal year 2020, the Foundation employed its first President & CEO. Costs of these three positions are allocated to the Foundation board/committees, President & CEO, and Finance functions. It is anticipated that other employees will be hired in the future to enhance the Foundation's ability to accomplish its corporate mission. Other significant expense categories include professional contracts for legal, tax and auditing services, insurance related to Foundation operations, meetings of the Foundation Board of Trustees and its related committees, and credit card processing fees.

NOTE 20 – PENSION PLAN

In August 2018, the Foundation established a defined contribution retirement plan for all full time employees. Contributions are based on a percentage of gross wages. Total pension expenses for the years ended June 30, 2021 and 2020, were \$41,870 and \$30,552, respectively.

NOTE 21 – FUTURE ACCOUNTING PRONOUNCEMENTS

Accounting for Leases

FASB amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the balance sheet as both a right-of-use asset and a liability. The standard has two types of leases for income statement recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line bases over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for the Foundation for the year ending June 30, 2023. The Foundation is evaluating the impact the standard will have on the consolidated financial statements.

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WRIGHT STATE UNIVERSITY FOUNDATION, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 June 30, 2021 and 2020

NOTE 22 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2021 and 2020, comprise the following:

	2021	2020
Total assets	\$ 166,064,682	\$ 137,644,851
Donor restricted assets		
Donor designated funds	(97,655,249)	(76,067,579)
Donor endowed funds	(51,326,657)	(50,606,575)
Total assets without donor restrictions	<u>17,082,776</u>	<u>10,970,697</u>
Financial assets not available to meet cash needs for general expenditures within one year	<u>(4,730,865)</u>	<u>(4,472,343)</u>
Total financial assets	<u>12,351,911</u>	<u>6,498,354</u>
Internal designations		
Board designated endowments	(603,495)	(602,383)
Amount set aside for market stabilization	(1,353,371)	(1,312,511)
Amount set aside for operating reserve	(1,832,180)	(1,840,513)
Amount set aside for fund raising incentives	(236,000)	-
Amount set aside for debt guaranty	<u>(600,000)</u>	<u>(600,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,726,865</u>	<u>\$ 2,142,947</u>

The Foundation receives a small stream of unrestricted contributions which it considers to be available to meet the cash needs for general expenditures of the organization. More significant revenue streams, such as endowment administration fees and investment earnings on non-endowed assets, are also generated in support of its general operating expenditures.

The Foundation receives significant contributions restricted by donors to University programs and financial aid for students. The Foundation considers such contributions to be unavailable to meet the cash needs for general expenditures.

Likewise, the Foundation's endowment consists of donor-restricted funds and funds designated by the Foundation board as endowments. Donor-restricted contributions to endowment funds are restricted in perpetuity and, thus, are considered unavailable for general expenditure. Likewise, income generated by donor-restricted endowments is also restricted for specific purposes and are, therefore, not available for general expenditure.

(Continued)

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
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Funds designated by the Foundation board as endowments (quasi-endowments) are not intended to be spent by the Foundation. However, these amounts could be made available as necessary. The Foundation maintains a market stabilization reserve (as further discussed in Note 15) that may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities. As of June 30, 2021 and 2020, the market stabilization reserve was \$1,353,371 and \$1,312,511, respectively. In the event of an unanticipated liquidity need, the Foundation could also draw upon its \$1.5 million line of credit maintained at a local bank (as further discussed in Note 12).

The Foundation manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Foundation has a liquidity policy to maintain liquid assets in an amount sufficient to cover existing designated fund balances, approved strategic investment commitments and an operating reserve equal to twelve (12) months of operating expenses (average actual operating expenses for the past three fiscal years). To achieve these targets, the Foundation monitors its liquidity reserve quarterly throughout the fiscal year. Such analysis is utilized in the development of the Foundation's annual operating budget, as well as in considering requests made by the University for special appropriations of unrestricted resources. As of June 30, 2021 and 2020, the operating reserve was \$1,832,180 and \$1,840,513, respectively. During the years ended June 30, 2021 and 2020, the level of liquidity and reserves was managed within the policy requirements.

(Continued)

SUPPLEMENTARY INFORMATION

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF TOTAL REVENUES (Unaudited)
For the ten years ended June 30, 2012 to 2021

Fiscal Year	Gifts and Contributions			Investment Earnings				Other Income (Losses)	Total Revenues
	Without Donor Restrictions	With Donor Restrictions	Subtotal	Interest and Dividends	Realized Gains (Losses)	Unrealized Gains (Losses)	Subtotal		
2012	\$ 97,681	\$ 4,729,636	\$ 4,827,317	\$ 2,272,173	\$ 628,997	\$ (1,916,361)	\$ 984,809	\$ 15,750	\$ 5,827,876
2013	53,291	7,235,404	7,288,695	2,652,887	1,064,618	5,663,769	9,381,274	483,463	17,153,432
2014	196,863	9,290,539	9,487,402	1,426,786	1,480,018	9,356,875	12,263,679	1,047,371	22,798,452
2015	147,684	11,424,503	11,572,187	2,738,783	5,833,612	(6,173,070)	2,399,325	268,332	14,239,844
2016	151,419	9,257,155	9,408,574	6,409,866	1,284,952	(9,851,700)	(2,156,882)	111,079	7,362,771
2017	154,978	4,114,521	4,269,499	2,523,002	449,610	8,979,369	11,951,981	330,591	16,552,071
2018	146,034	4,745,363	4,891,397	3,905,611	1,765,292	1,592,066	7,262,969	318,301	12,472,667
2019	137,793	4,285,920	4,423,713	5,710,053	86,550	134,375	5,930,978	208,344	10,563,035
2020	131,126	9,918,173	10,049,299	5,261,642	(165,790)	(5,282,719)	(186,867)	8,386	9,870,818
2021	124,925	3,139,923	3,264,848	4,065,790	4,934,077	22,276,363	31,276,230	664,283	35,205,361

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF TOTAL EXPENSES BY SERVICE AREA (Unaudited)
For the ten years ended June 30, 2012 to 2021

Fiscal Year	Program Services						Fund Raising	Management and General	Total Expenses	
	Scholarships	University Programs	Athletic Programs	Research	Miscellaneous Grants	Other				Subtotal
2012	\$ 2,420,055	\$ 3,193,474	\$ 441,574	\$ 371,322	\$ 66,783	\$ 11,500	\$ 6,504,708	\$ 738,382	\$ 330,169	\$ 7,573,259
2013	3,010,581	3,099,999	830,817	306,240	79,844	19,900	7,347,381	696,784	170,212	8,214,377
2014	2,765,129	2,835,724	433,417	587,103	324,967	11,400	6,957,740	1,215,032	601,251	8,774,023
2015	3,053,382	4,026,473	677,883	538,708	1,082,706	19,300	9,398,452	1,599,698	399,267	11,397,417
2016	3,368,276	5,707,199	383,793	479,000	595,295	10,400	10,543,963	1,415,946	405,999	12,365,908
2017	3,037,346	5,906,322	426,541	495,393	243,545	90,368	10,199,515	1,037,528	382,935	11,619,978
2018	3,329,309	5,504,557	179,346	728,228	185,156	(18,900)	9,907,696	1,090,137	382,792	11,380,625
2019	3,290,754	4,291,085	257,309	701,294	93,105	(3,900)	8,629,647	960,775	636,294	10,226,716
2020	2,939,855	3,215,600	346,725	1,003,620	45,541	7,100	7,558,441	799,055	951,818	9,309,314
2021	3,072,025	1,868,056	222,318	428,695	40,711	(4,100)	5,627,705	620,163	1,138,800	7,386,668

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF TOTAL EXPENSES BY OBJECT CATEGORY (Unaudited)
For the ten years ended June 30, 2012 to 2021

Fiscal Year	Salaries and Wages	Employee Benefits	Professional Services	Supplies	Travel	Information and Communications	Maintenance and Repair	Student Financial Aid	Other	Capital Purchases/Depreciation	Debt Service	Total Expenses
2012	\$ 1,543,539	\$ 342,687	\$ 828,228	\$ 305,640	\$ 622,346	\$ 416,519	\$ 88,790	\$ 2,503,326	\$ 154,222	\$ 767,962	\$ -	\$ 7,573,259
2013	1,402,191	358,852	439,714	309,649	566,618	345,520	255,852	3,038,026	166,763	1,329,603	1,589	8,214,377
2014	1,416,101	407,065	1,367,097	449,479	638,517	671,974	324,946	2,820,222	181,338	486,855	10,429	8,774,023
2015	1,936,174	504,022	2,101,344	350,743	784,954	739,224	273,553	3,246,465	449,886	1,001,720	9,332	11,397,417
2016	1,909,523	533,245	2,186,118	519,961	709,340	811,880	273,694	3,613,933	140,652	1,658,991	8,571	12,365,908
2017	2,100,559	541,860	2,358,551	537,301	904,218	701,342	256,343	3,233,209	207,629	770,138	8,828	11,619,978
2018	3,071,507	716,724	1,236,639	437,562	981,476	898,698	141,926	3,561,554	59,418	268,395	6,726	11,380,625
2019	2,294,243	648,022	500,948	444,516	833,584	705,625	158,971	3,492,424	130,113	1,018,270	-	10,226,716
2020	2,538,877	719,283	409,058	460,020	514,199	439,758	143,466	3,091,449	98,398	894,806	-	9,309,314
2021	1,967,061	539,060	232,730	476,813	81,258	439,735	117,020	3,212,188	39,846	280,957	-	7,386,668

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF TOTAL ASSETS (Unaudited)
June 30, 2012 to 2021

Fiscal Year	Cash and Equivalents	Net Pledges Receivable	Receivable from Trusts	Investments	Annuity Assets	Capital Assets	Other Assets	Total Assets
2012	\$ 1,654,245	\$ 4,414,400	\$ 1,414,100	\$ 101,900,059	\$ 215,276	\$ -	\$ 670,526	\$ 110,268,606
2013	1,236,709	5,817,300	1,277,300	109,106,459	252,637	1,482,267	711,127	119,883,799
2014	3,273,096	6,440,300	1,326,100	119,335,746	815,123	2,674,455	853,616	134,718,436
2015	1,578,574	11,329,600	1,394,640	118,953,828	706,048	2,604,131	836,236	137,403,057
2016	1,049,283	12,381,300	1,314,700	112,339,191	744,395	2,532,135	1,707,219	132,068,223
2017	3,751,810	9,980,600	1,410,200	117,227,326	815,586	2,410,022	1,641,040	137,236,584
2018	2,403,792	7,616,900	1,529,900	118,974,016	837,991	2,287,911	3,290,261	136,940,771
2019	2,156,547	5,932,900	1,531,200	121,738,277	841,450	2,165,799	3,019,105	137,385,278
2020	2,170,778	7,205,300	1,522,800	121,460,627	816,458	2,045,729	2,423,159	137,644,851
2021	1,945,321	5,986,400	1,890,000	152,177,639	976,913	1,927,707	1,160,702	166,064,682

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF TOTAL LIABILITIES AND NET ASSETS (Unaudited)
June 30, 2012 to 2021

Fiscal Year	LIABILITIES					NET ASSETS		
	Payable to WSU and Vendors	Deposits Held for Others	Annuities Payable	Loans Payable	Total Liabilities	Without Donor Restricts	With Donor Restrictions	Total Net Assets
2012	\$ 1,191,983	\$ 1,926,215	\$ 134,500	\$ -	\$ 3,252,698	\$ 5,260,177	\$ 101,755,731	\$ 107,015,908
2013	1,085,094	1,912,842	130,900	800,000	3,928,836	7,364,390	108,590,573	115,954,963
2014	1,390,264	1,997,880	350,900	1,000,000	4,739,044	9,318,236	120,661,156	129,979,392
2015	1,425,543	2,026,895	328,800	800,000	4,581,238	7,623,690	125,198,229	132,821,919
2016	1,339,736	1,957,705	352,100	600,000	4,249,541	5,204,186	122,614,496	127,818,682
2017	1,654,727	2,056,483	374,600	400,000	4,485,810	7,549,356	125,201,419	132,750,775
2018	702,464	2,013,390	382,100	-	3,097,954	8,676,861	125,165,956	133,842,817
2019	718,440	2,113,602	374,100	-	3,206,142	9,235,224	124,943,912	134,179,136
2020	511,229	2,031,782	360,800	-	2,903,811	8,534,355	126,206,285	134,740,640
2021	719,877	2,434,172	351,300	-	3,505,349	14,046,730	148,512,603	162,559,333

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF NET ASSET RESTRICTIONS AND DESIGNATIONS (Unaudited)
June 30, 2012 to 2021

Fiscal Year	Scholarships	University Programs	Athletic Programs	Research	Market Stabilization	Debt Guaranty	Undesignated	Total Net Assets
2012	\$ 35,764,132	\$ 56,639,070	\$ 84,017	\$ 9,854,035	\$ 1,035,199	\$ 600,000	\$ 3,039,455	\$ 107,015,908
2013	38,445,069	60,639,894	116,357	9,970,803	1,058,405	600,000	5,124,435	115,954,963
2014	42,601,565	65,584,260	124,848	12,933,332	1,099,978	600,000	7,035,409	129,979,392
2015	44,525,336	68,187,153	128,390	12,941,749	1,118,077	600,000	5,321,114	132,821,819
2016	44,107,920	66,436,910	140,297	12,513,350	645,866	600,000	3,374,339	127,818,682
2017	46,609,113	66,667,777	184,459	12,324,784	1,168,147	600,000	5,196,495	132,750,775
2018	46,981,076	66,031,148	489,987	12,240,401	1,185,422	600,000	6,314,783	133,842,817
2019	47,040,704	65,823,412	760,738	11,900,237	1,254,326	600,000	6,799,719	134,179,136
2020	48,665,773	66,106,768	761,108	11,275,019	1,312,511	600,000	6,019,461	134,740,640
2021	58,945,769	76,830,624	1,033,782	12,305,923	1,353,371	600,000	11,489,864	162,559,333

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF UNRESTRICTED GENERAL FUND REVENUES (Unaudited)
For the ten years ended June 30, 2012 to 2021

Fiscal Year	Gifts and Contributions	Interest and Dividends	Realized Gains (Losses)	Unrealized Gains (Losses)	Administrative Fees	Rental Income	Other Income (Expense)	Totals
2012	\$ 97,681	\$ 743,015	\$ 46,662	\$ (423,384)	\$ 745,347	\$ -	\$ 156,652	\$ 1,365,973
2013	53,291	828,296	31,276	1,202,341	744,983	41,589	284,716	3,186,492
2014	196,863	460,996	679,392	1,833,180	819,068	132,553	88,662	4,210,714
2015	147,685	802,712	1,806,404	(2,370,247)	871,936	185,350	62,247	1,506,087
2016	151,419	1,617,594	(85,005)	(2,626,802)	845,485	188,603	16,897	108,191
2017	154,978	735,760	217,475	2,145,521	782,438	74,096	32,948	4,143,216
2018	146,034	1,056,778	470,442	172,558	838,811	74,678	107,747	2,867,048
2019	137,793	1,285,673	89,627	(80,873)	860,645	74,678	(71,443)	2,296,100
2020	131,126	1,158,806	129,520	(1,175,518)	1,062,979	74,678	(73,200)	1,308,391
2021	124,925	1,019,496	(122,605)	5,115,062	1,219,646	76,878	85,945	7,519,347

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF UNRESTRICTED GENERAL FUND EXPENSES (Unaudited)
For the ten years ended June 30, 2012 to 2021

Fiscal Year	Program Services			Fund Raising				Management and General						Totals
	Scholarships	Miscellaneous Grants	Other Program Expenses and Losses (Gains)	Fund Raising Leadership	Fund Raising Departments	Fund Raising Support Departments	Alumni Relations	Foundation Board/Committees	President & CEO Department	Finance Department	Legal	Building Operation & Maintenance	Unallocated ¹	
2012	\$ 30,998	\$ 66,783	\$ -	\$ -	\$ 627,018	\$ 111,364	\$ -	\$ 10,024	\$ -	\$ -	\$ 11,034	\$ -	\$ 320,611	\$ 1,177,832
2013	34,050	79,844	-	2,369	573,382	121,033	-	12,779	-	-	10,414	83,715	83,204	1,000,790
2014	28,300	324,967	-	-	1,030,908	184,124	-	30,324	-	-	3,223	154,631	424,473	2,180,950
2015	29,430	1,082,706	-	-	1,410,555	189,143	-	19,298	-	-	9,481	149,299	240,489	3,130,401
2016	32,660	595,295	-	23,275	1,168,468	224,203	-	18,243	-	-	8,568	134,986	254,602	2,460,300
2017	30,600	243,545	115,268	174,321	379,551	282,984	200,672	29,608	-	-	19,806	105,214	228,307	1,809,876
2018	34,059	185,156	(100)	154,730	372,564	361,659	201,184	9,392	-	-	27,958	129,001	216,441	1,692,044
2019	28,944	93,105	-	136,223	361,437	221,242	241,873	26,027	11,226	177,018	10,051	99,377	312,595	1,719,118
2020	28,500	45,541	-	-	322,497	225,847	250,711	78,484	325,962	206,202	13,963	116,227	210,980	1,824,914
2021	22,677	40,711	-	-	306,801	162,220	151,142	73,743	419,279	304,266	30,124	114,203	197,185	1,822,351

¹ Unallocated expenses include depreciation, professional services fees, insurance, taxes and miscellaneous operating expenses.

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF VARIOUS INVESTMENT DATA (Unaudited)
For the ten years ended June 30, 2012 to 2021

Fiscal Year	Actual Year-End Asset Allocation Percentages				Endowment Portfolio Liquidity				Total Net Return	Investment Fees	Endowed Pool		Non-endowed Pool	
	Equities	Fixed Income	Alternatives	Cash	Daily	Quarterly	Semi-annually	Illiquid			Return ¹	Index	Return ²	Index
2012	40.8%	35.4%	23.8%	0.0%	76.2%	20.0%	0.0%	3.8%	\$ 984,809	\$ 536,514	0.7%	1.4%	1.8%	2.4%
2013	47.5%	32.6%	19.9%	0.0%	80.2%	9.4%	0.0%	10.4%	9,381,274	590,377	10.4%	10.5%	8.2%	8.0%
2014	46.9%	34.7%	18.4%	0.0%	81.6%	8.8%	0.0%	9.6%	12,263,679	702,027	12.0%	12.6%	11.7%	10.8%
2015	44.6%	31.1%	24.3%	0.0%	75.7%	9.2%	7.4%	7.7%	2,399,325	726,254	2.3%	1.4%	1.3%	1.1%
2016	49.2%	33.7%	16.3%	0.8%	83.7%	0.0%	6.9%	9.4%	(2,156,882)	784,436	-2.5%	0.8%	-0.9%	1.8%
2017	51.2%	32.5%	16.3%	0.0%	80.1%	0.0%	8.0%	11.9%	11,951,981	801,708	12.1%	11.3%	9.8%	8.9%
2018	47.4%	34.3%	18.3%	0.0%	78.3%	0.0%	7.8%	13.9%	7,262,969	769,099	6.5%	7.0%	5.7%	5.8%
2019	47.8%	34.6%	17.6%	0.0%	79.8%	0.0%	7.6%	12.6%	5,930,978	767,030	4.2%	5.7%	5.0%	6.1%
2020	57.3%	27.2%	15.5%	0.0%	81.9%	0.0%	7.5%	10.6%	(186,867)	766,738	-0.6%	2.2%	0.6%	2.1%
2021	58.4%	27.3%	14.3%	0.0%	84.8%	0.0%	7.9%	7.3%	31,276,230	710,104	28.9%	26.6%	22.5%	18.1%

¹ Net of fees, excludes private equity returns

² Net of fees

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF VARIOUS ENDOWMENT DATA (Unaudited)
For the ten years ended June 30, 2012 to 2021

Fiscal Year	Number of True and Quasi-Endowment Funds	Endowment Value			Endowment Administrative Fee	Nominal Spending Rate ¹	Effective Spending Rate ²	Endowment Distributions
		Donor Restricted	Board Designated	Total Value				
2012	362	\$ 42,718,156	\$ 34,254,094	\$ 76,972,250	1.00%	5.00%	4.69%	\$ 3,615,410
2013	384	46,010,571	38,185,273	84,195,844	1.00%	5.00%	4.94%	3,725,624
2014	415	52,165,791	41,245,973	93,411,764	1.00%	5.00%	4.80%	3,821,472
2015	441	52,250,320	39,900,059	92,150,379	1.00%	5.00%	4.78%	4,126,210
2016	465	49,465,601	35,343,263	84,808,864	1.00%	5.00%	5.16%	4,464,361
2017	486	52,624,936	37,161,431	89,786,367	1.00%	5.00%	5.20%	4,299,241
2018	505	54,712,947	37,599,344	92,312,291	1.00%	4.50%	4.13%	3,529,041
2019	517	55,421,270	37,590,406	93,011,676	1.00%	4.50%	4.00%	3,705,020
2020	543	56,233,941	35,411,709	91,645,650	1.25%	4.00%	3.55%	3,439,831
2021	563	69,108,339	43,039,724	112,148,063	1.50%	4.00%	3.73%	3,555,268

¹ As defined by the Foundation's investment policy statement

² Defined as annual endowment distribution divided by market value of endowment portfolio on July 1

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF FINANCIAL RATIOS (Unaudited)
For the ten years ended June 30, 2012 to 2021

Fiscal Year	Current Ratio	Days Cash on Hand	Return on Average Net Assets	Program Spending Ratio	Fund Raising Spending Ratio	Interest Expense Pct.
2012	3.21	79.73	-1.62%	85.74%	9.75%	0.00%
2013	3.24	54.95	8.02%	89.20%	8.48%	0.00%
2014	3.36	136.16	11.41%	79.17%	13.85%	0.01%
2015	3.24	50.55	2.16%	82.29%	14.04%	0.01%
2016	3.63	30.97	-3.84%	85.27%	11.45%	0.01%
2017	3.81	117.85	3.79%	87.78%	8.93%	0.01%
2018	8.91	77.09	0.82%	87.06%	9.58%	0.02%
2019	7.53	76.97	0.25%	84.38%	9.39%	0.00%
2020	9.52	85.11	0.42%	81.19%	8.58%	0.00%
2021	6.50	96.12	18.71%	76.19%	8.40%	0.00%

WRIGHT STATE UNIVERSITY FOUNDATION, INC.
SUMMARY OF INSTITUTIONAL DATA (Unaudited)
For the year ended June 30, 2021

Date of incorporation	December 15, 1966
Tax-exempt status	501(c)(3)
Public charity status	Sec. 170(b)(1)(A)(vi)
Employer identification number	23-7019799
Wright State University	
Date founded	1964
Date achieved independent university status	1967
Tax-exempt status	501(c)(1)
Employer identification number	31-0732831
Student population (Fall 2020):	
Total enrollment (some students attend both campuses)	12,234
Dayton Campus	10,483
Lake Campus	1,242
Characteristics:	
Men/women	44%/56%
Full-time/part-time	76%/24%
Undergraduate/Graduate/Doctoral	78%/15%/7%
International students	4%
Minority students (excludes international students)	22%
Age 25 and older	28%
Mean age, all students	24 years
Academics:	
Number of colleges	6
Number of schools	3
Degree programs:	
Undergraduate	160
Graduate	155
Full time employees:	
Faculty Full Time/Part Time	684/455
Staff Full Time/Part Time	1,055/53
Graduate Assistants	318
Total	2,565
Facilities:	
Dayton Campus:	
Acreage	651
Academic and academic support buildings	32
Student residential buildings	30
Lake Campus:	
Acreage	103
Academic and academic support buildings	5
Student residential buildings	3
Number of degrees awarded since inception	131,075
Number of alumni	114,457
Research grant awards	\$103,495,187

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

Independent Auditor's Report

Audit Committee and Board of Trustees
Wright State University Foundation
Dayton, Ohio

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Wright State University Foundation, Inc. (Foundation), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 14, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Cincinnati, Ohio
October 14, 2021

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OHIO AUDITOR OF STATE KEITH FABER



WRIGHT STATE UNIVERSITY FOUNDATION

GREENE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 11/23/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov