



THE OHIO STATE UNIVERSITY FOUNDATION
(A Component Unit of The Ohio State University)

Basic Financial Statements

June 30, 2024 and 2023

(With Independent Auditors' Reports Thereon)

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Directors
The Ohio State University Foundation
2040 Blankenship Hall
901 Woody Hayes Drive
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We have reviewed the *Independent Auditors' Report* of The Ohio State University Foundation, Franklin County, prepared by KPMG LLP, for the audit period July 1, 2023 through June 30, 2024. 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. The Ohio State University Foundation is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads 'Keith Faber'.

Keith Faber
Auditor of State
Columbus, Ohio

December 02, 2024

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THE OHIO STATE UNIVERSITY FOUNDATION
(A Component Unit of The Ohio State University)

June 30, 2024 and 2023

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KPMG LLP
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Independent Auditors' Report

The Board of Directors of
The Ohio State University Foundation:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Ohio State University Foundation (the "Foundation"), a component unit of The Ohio State University, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements for the years then ended as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2024 and 2023, and the changes in its financial position and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Foundation's basic financial statements as of and for the years ended June 30, 2024 and 2023. The supplementary information on the long-term investment pool for the year ended June 30, 2024 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic 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 have also issued our report dated November 1, 2024 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.

KPMG LLP

Columbus, Ohio
November 1, 2024

THE OHIO STATE UNIVERSITY FOUNDATION
(A Component Unit of The Ohio State University)
Management's Discussion and Analysis (Unaudited)
June 30, 2024 and 2023

The following Management's Discussion and Analysis ("MD&A") of The Ohio State University Foundation's (the "Foundation") financial performance provides an introduction to the financial statements as of and for the year ended June 30, 2024, with comparative information for the years ended June 30, 2023 and June 30, 2022. The information contained in this MD&A should be considered in conjunction with the information contained in the Foundation's financial statements.

The following sections provide additional details on the Foundation's 2024 financial results and a look ahead at significant economic conditions that are expected to affect the Foundation in the future.

About The Ohio State University Foundation

The Foundation is The Ohio State University's (the "university") fundraising and gift-receiving organization. It was founded in 1985 as a non-profit, tax-exempt organization that advances the mission of the university by pursuing and securing private support to benefit the university students, faculty, patients, research, programs, and facilities.

About the Financial Statements

The following financial statements include all balances for the Foundation. The legal entity known as Clifton Holdings, LLC which is subject to control by the Foundation, currently has no equity and there are no financial results to report. The Statement of Net Position is the Foundation's balance sheet. It reflects the Foundation's assets, liabilities, and net position as of June 30, 2024, with comparative information as of June 30, 2023. The Statement of Revenues, Expenses and Changes in Net Position is the Foundation's income statement and reflects its various sources of revenue and categories of expense for the year ended June 30, 2024, with comparative information for the year ended June 30, 2023. The Statement of Cash Flows details how cash has increased or decreased during the year ended June 30, 2024, with comparative information for the year ended June 30, 2023.

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Statements of Net Position

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 257,804	343,904	224,281
Pledges receivable – current portion – net	70,550,027	74,952,404	57,785,924
Other current assets	<u>6,614</u>	<u>32,788</u>	<u>39,404</u>
Total current assets	<u>70,814,445</u>	<u>75,329,096</u>	<u>58,049,609</u>
The Ohio State University Long-Term Investment Pool	1,620,308,855	1,442,201,097	1,344,732,358
Pledges receivable, net	212,011,898	189,817,551	181,492,769
Other noncurrent assets	<u>49,260,341</u>	<u>49,644,298</u>	<u>46,927,109</u>
Total noncurrent assets	<u>1,881,581,094</u>	<u>1,681,662,946</u>	<u>1,573,152,236</u>
Total assets	<u>\$ 1,952,395,539</u>	<u>1,756,992,042</u>	<u>1,631,201,845</u>
Irrevocable split-interest agreements – current	\$ 2,171,052	2,730,185	2,707,537
Other current liabilities	<u>201,386</u>	<u>17,677</u>	<u>1,682</u>
Total current liabilities	<u>2,372,438</u>	<u>2,747,862</u>	<u>2,709,219</u>
Irrevocable split-interest agreements – noncurrent	33,123,038	33,008,476	32,880,180
Unearned revenue	<u>18,763,327</u>	<u>10,591,769</u>	<u>9,454,330</u>
Total noncurrent liabilities	<u>51,886,365</u>	<u>43,600,245</u>	<u>42,334,510</u>
Total liabilities	<u>54,258,803</u>	<u>46,348,107</u>	<u>45,043,729</u>
Deferred inflows	8,714,234	8,480,580	9,475,243
Restricted:			
Nonexpendable – endowment	1,313,306,104	1,218,830,709	1,150,341,109
Expendable	555,223,181	466,425,020	409,874,413
Unrestricted	<u>20,893,217</u>	<u>16,907,626</u>	<u>16,467,351</u>
Total net position	<u>1,889,422,502</u>	<u>1,702,163,355</u>	<u>1,576,682,873</u>
Total liabilities and net position	<u>\$ 1,952,395,539</u>	<u>1,756,992,042</u>	<u>1,631,201,845</u>

The Foundation receives pledges and bequests of financial support from individuals, corporations, and other foundations. For current-use and capital gifts, pledges receivable and gift revenue are recognized when an unconditional promise to pay is received, and all eligibility requirements have been met. Total pledges receivable increased \$18 million, to \$283 million at June 30, 2024 mainly due to an increase in large individual pledges to support capital projects. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, endowment pledges are not recorded as assets until the related gift is received.

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The Foundation's 3,534 named endowment funds and 223 pending endowment funds are invested in The Ohio State University Long-Term Investment Pool. Each named fund is assigned a number of shares in the pool based on the value of the gifts, income-to-principal transfers, or transfers of operating funds to that named fund. The fair value of Foundation investments in the long-term investment pool (LTIP) increased to \$1.6 billion at June 30, 2024, primarily due to \$88 million of net principal additions, and \$173 million in investment gains, offset by \$61 million in endowment distributions and \$22 million of LTIP expenses. Additional information on Foundation net investment income is provided below. Additional information on the university's long-term investment pool is provided on page 33.

The Foundation enters into charitable remainder trust and gift annuity agreements with donors, under which the Foundation agrees to pay periodic fixed payments to beneficiaries during their lifetimes. Accounting standards for these agreements, which are set forth in GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, generally defer the recognition of revenue and expenses until the death of the beneficiary. At June 30, 2024, liabilities and deferred inflows related to irrevocable split-interest agreements totaled \$35 million and \$9 million, respectively, and in 2023 totaled \$36 million and \$8 million, respectively.

Unearned revenue consists primarily of amounts received from donors that are subject to eligibility requirements. These amounts will be recognized as gift revenue when the related eligibility requirements are met. In 2024, unearned revenues increased \$8 million to \$19 million at June 30, 2024, reflecting funds received for a wide variety of initiatives including construction of the Biomedical and Materials Engineering Complex and the Multispecies Learning Center at Waterman Agricultural and Natural Resources Laboratory.

The Foundation's total net position increased \$187 million, to \$1.89 billion at June 30, 2024, primarily due to \$304 million of gifts received in 2024 and \$162 million of net investment gains, offset by \$273 million of distributions to the university and other expenses of \$6 million. Additional information on Foundation revenues and expenses is provided below.

Prior-Year Highlights

The fair value of Foundation investments in the Long-Term Investment Pool increased to \$1.44 billion at June 30, 2023, primarily due to \$66 million of net principal additions, and \$107 million in investment gains, offset by \$56 million in endowment distributions and \$20 million of LTIP expenses. The fair value of Foundation investments in the Long-Term Investment Pool remained level at \$1.34 billion at June 30, 2022, primarily due to \$87 million of net principal additions, offset by \$19 million in investment losses, \$50 million in endowment distributions and \$19 million of LTIP expenses.

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Statements of Revenues, Expenses and Changes in Net Position

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating revenues:			
Current use gifts	\$ 172,483,867	188,266,491	195,964,593
Private capital gifts	57,232,416	58,406,767	42,657,092
Income from irrevocable split-interest agreements	5,663,544	1,105,552	1,191,327
Miscellaneous income	124,769	136,249	384,900
Total operating revenues	<u>235,504,596</u>	<u>247,915,059</u>	<u>240,197,912</u>
Operating expenses:			
Distributions to OSU:			
Pass through gifts	225,746,532	231,595,268	242,014,026
Endowment distributions	60,601,691	55,639,376	49,896,284
Transfers to endowment principal	(19,231,095)	(7,841,847)	(17,632,890)
Other distributions	5,472,801	804,921	550,774
Total distributions to OSU	<u>272,589,929</u>	<u>280,197,718</u>	<u>274,828,194</u>
Trust distributions outside of OSU	—	—	441,481
Other expenses	6,203,617	5,477,413	5,120,989
Total operating expenses	<u>278,793,546</u>	<u>285,675,131</u>	<u>280,390,664</u>
Net operating loss	(43,288,950)	(37,760,072)	(40,192,752)
Nonoperating revenues:			
Net investment income (loss)	156,374,238	92,651,558	(32,384,260)
Income (loss) before other changes in net position	113,085,288	54,891,486	(72,577,012)
Other changes in net position:			
Permanent endowment gifts	74,173,859	70,588,996	77,206,259
Increase in net position	187,259,147	125,480,482	4,629,247
Net position, beginning of year	<u>1,702,163,355</u>	<u>1,576,682,873</u>	<u>1,572,053,626</u>
Net position, end of year	<u>\$ 1,889,422,502</u>	<u>1,702,163,355</u>	<u>1,576,682,873</u>

Total gift revenues decreased \$13 million to \$304 million in 2024, due to the decrease in current use and capital gifts of \$17 million, offset by the increase in permanent endowment gifts of \$4 million. Several colleges and support units received gifts in excess of \$1 million in 2024, including the Office of the President, the College of Arts and Sciences, the College of Dentistry, the College of Education and Human Ecology, the College of Engineering, the College of Food, Agricultural and Environmental Sciences, the College of Medicine, the College of Nursing, the College of Pharmacy, the College of Public Health, the College of Social Work, the

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College of Veterinary Medicine, University Hospitals, the James Cancer Hospital and Research Institute, the Comprehensive Cancer Center, Health Sciences, Fisher College of Business, Moritz College of Law, Wexner Center for the Arts, WOSU, the Department of Athletics, Marion and Newark regional campuses, the Enterprise for Research, Innovation and Knowledge, and general university scholarships. Support came from more than 222,000 alumni and friends.

Foundation investments yielded \$156 million net investment income in 2024, compared with \$93 million net investment income in 2023. The LTIP returned +10.78% in 2024, compared to +6.86% in 2023.

Despite the strong absolute return for the LTIP of +10.78%, the LTIP underperformed its preliminary policy benchmark of +14.95% for 2024. During that period, Public Equity returned +16.71% (compared to the benchmark of +19.38%), Hedge Funds and Opportunistic Credit returned +13.12% (compared to the preliminary benchmark of +8.50%), Private Equity returned +6.50% (compared to the benchmark of +23.22%), Cash and High-Grade Bonds returned +6.38% (compared to the benchmark of +2.63%), Real Assets returned +5.29% (compared to the preliminary benchmark of +1.52%), and Legacy Investments returned -6.88% (benchmark is return of actual underlying funds).

The Foundation distributes current-use and private capital gifts to the university upon receipt. These pass-through gift distributions decreased \$6 million to \$226 million in 2024, reflecting decreases in gift receipts. The Foundation holds endowment gifts and transfers endowment distributions to university departments, to be spent for their restricted purposes. These endowment distributions increased \$5 million, to \$61 million in 2024. The annual distribution per share for 2024 was 4.5% of the average fair value per share of Long-Term Investment Pool over the most recent five-year period.

Other expenses consist primarily of expenses charged to the Foundation's shares in the LTIP, salaries and benefits, professional services, audit, and legal fees. These expenses increased slightly to \$6 million in 2024.

Prior-Year Highlights

The Foundation's total net position increased \$125 million, to \$1.7 billion at June 30, 2023, primarily due to \$317 million of gifts received in 2023 and \$93 million of net investment income, offset by \$280 million of distributions to the university. The Foundation's total net position increased \$4 million, to \$1.58 billion at June 30, 2022, primarily due to \$316 million in gift revenue, offset by \$32 million of net investment losses and \$275 million of distributions to the university. Over 226,000 and 236,000 alumni and friends made gifts to the university in 2023 and 2022, respectively.

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating activities	\$ 18,747,196	2,653,327	29,549,010
Investing activities	(18,833,296)	(2,533,704)	(29,542,087)
Net (decrease) increase in cash and cash equivalents	(86,100)	119,623	6,923
Cash and cash equivalents, beginning of year:	<u>343,904</u>	<u>224,281</u>	<u>217,358</u>
Cash and cash equivalents, end of year	<u>\$ 257,804</u>	<u>343,904</u>	<u>224,281</u>

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Statements of Cash Flows

Net cash provided by operating activities increased \$16 million to \$19 million primarily due to an increase in cash received from contributors of \$8 million and a decrease of distributions to the university of \$8 million. Payments to vendors and to employees increased to \$6 million. Cash used in investing activities increased \$16 million to \$19 million, primarily reflecting increased purchases of investments.

Current Environment

Note: In order to provide a comprehensive view of fundraising activity, this section includes fundraising activity and campaign totals that are based on reporting standards set forth by the Council for Advancement and Support of Education (CASE standards) and include private grant and contract (nongift) revenue, pledges and bequests that will be realized in future years.

The Buckeye community gave generously to The Ohio State University in FY24. Through this extraordinary support, the university surpassed \$656.4 million in new fundraising activity and \$619.1 million in philanthropic receipts, a university record. Included in that is an impressive 82 gifts of \$1M+. All this generosity contributed toward student success through scholarships and other aid, helped provide world-class health care, enabled innovative research, and supported capital projects to enhance our campuses Overall support came from 222,627 donors in the last fiscal year. When considering gifts of time and talent, more than 484,000 individuals from all over the world were engaged with the university. Of that total, over 211,000 are alumni, demonstrating their commitment to paying forward. These strong donor participation and financial results in FY24 helped build momentum as the university enters the final year of *Time and Change: The Ohio State Campaign*.

This year, the number of principal gifts (of \$5M+) in the multi-year campaign has reached 113 and totaled over \$1.5 billion. The Wolfe Foundation's \$50 million gift to the Wexner Medical Center Inpatient Tower is the largest single gift devoted to capital, while Ratmir and Angela Timashev have given the largest sum to capital in the campaign, with three gifts totaling \$56 million. This is all a great testament to our growing achievements in the principal gifts area.

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The university is experiencing a similar trend that is occurring across the nation with increases in principal gifts but fewer total donors; however, the deficit lessened this past year, improving to -1.7% from -4% in FY23. This positive shift is in part due to increases in our digital channels as well as in the Engagement Center, a reimagined customer service team that provides comprehensive multi-channel inbound and outbound support to Ohio State alumni and friends. The team contacts more than 50,000 constituents one to one each year and facilitates over 20,000 engagement and giving opportunities. The Engagement Center saw tremendous growth of 18% from FY23 to FY24, a testament to the inspiring work they do.

THE OHIO STATE UNIVERSITY FOUNDATION
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Statements of Net Position

June 30, 2024 and 2023

Assets	2024	2023
Current assets:		
Cash and cash equivalents (note 1)	\$ 257,804	343,904
Pledges receivable – current portion – net (note 1)	70,550,027	74,952,404
Accrued interest receivable	2,399	848
Marketable securities (note 2 and note 3)	—	31,940
Receivable from The Ohio State University (note 5)	4,215	—
Total current assets	70,814,445	75,329,096
Noncurrent assets:		
The Ohio State University Long-Term Investment Pool (note 2)	1,620,308,855	1,442,201,097
Marketable securities (note 2 and note 3)	22,048,012	22,273,845
Investment Partnerships (note 2)	106,315	112,187
Charitable remainder trusts (note 2 and note 3)	21,960,312	21,913,456
Life insurance policies (note 2)	1,595,702	1,794,810
Investment in real estate (note 2)	3,550,000	3,550,000
Pledges receivable, net (note 1)	212,011,898	189,817,551
Total noncurrent assets	1,881,581,094	1,681,662,946
Total assets	\$ 1,952,395,539	1,756,992,042
Liabilities, Deferred Inflows and Net Position		
Current liabilities:		
Irrevocable split-interest agreements (note 3 and note 4)	\$ 2,171,052	2,730,185
Accrued liabilities	201,386	—
Advance from The Ohio State University (note 5)	—	17,677
Total current liabilities	2,372,438	2,747,862
Noncurrent liabilities (note 4):		
Unearned revenue (note 4)	18,763,327	10,591,769
Irrevocable split-interest agreements (note 3)	33,123,038	33,008,476
Total noncurrent liabilities	51,886,365	43,600,245
Total liabilities	54,258,803	46,348,107
Deferred inflows (note 3)	8,714,234	8,480,580
Net position:		
Restricted:		
Nonexpendable – endowment	1,313,306,104	1,218,830,709
Expendable	555,223,181	466,425,020
Unrestricted	20,893,217	16,907,626
Total net position	1,889,422,502	1,702,163,355
Total liabilities, deferred inflows and net position	\$ 1,952,395,539	1,756,992,042

See accompanying notes to financial statements.

THE OHIO STATE UNIVERSITY FOUNDATION
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Statements of Revenues, Expenses and
Changes in Net Position

Years ended June 30, 2024 and 2023

	2024	2023
Operating revenues:		
Current use gifts	\$ 172,483,867	188,266,491
Private capital gifts	57,232,416	58,406,767
Income from irrevocable split-interest agreements	5,663,544	1,105,552
Miscellaneous income	124,769	136,249
	235,504,596	247,915,059
Operating expenses:		
Distributions to The Ohio State University:		
Pass through gifts	225,746,532	231,595,268
Endowment distributions	60,601,691	55,639,376
Transfers to endowment principal	(19,231,095)	(7,841,847)
Other distributions	5,472,801	804,921
	272,589,929	280,197,718
Salaries and benefits	151,093	122,337
Long-term investment pool expense	5,626,338	5,158,346
Professional services, audit and legal fees	112,333	196,513
Miscellaneous expense	313,853	217
	278,793,546	285,675,131
Net operating loss	(43,288,950)	(37,760,072)
Non-operating revenues:		
Net investment income:		
Interest and dividends	38,619,138	35,319,626
Increase in fair value of investments	133,915,062	71,707,466
Investment expenses	(16,159,962)	(14,375,534)
	156,374,238	92,651,558
Income before other changes in net position	113,085,288	54,891,486
Other changes in net position:		
Permanent endowment gifts	74,173,859	70,588,996
Increase in net position	187,259,147	125,480,482
Net position, beginning of year	1,702,163,355	1,576,682,873
Net position, end of year	\$ 1,889,422,502	1,702,163,355

See accompanying notes to financial statements.

THE OHIO STATE UNIVERSITY FOUNDATION
(A Component Unit of The Ohio State University)

Statements of Cash Flows

Years ended June 30, 2024 and 2023

	2024	2023
Operating activities:		
Cash received from contributors	\$ 294,269,731	289,358,431
Receipt of new gift annuity agreements	2,310,380	1,153,724
Receipt of new trust agreements	2,348,206	—
Distributions to The Ohio State University	(272,589,929)	(280,197,718)
Income distributions paid to gift annuitants	(1,724,935)	(2,128,388)
Payments to vendors for supplies and services	(6,017,149)	(5,521,265)
Payments to or on behalf of employees	(110,700)	(90,460)
University employee benefit payments	(40,393)	(31,877)
Advance (to) from The Ohio State University	(21,892)	15,995
Other receipts	323,877	94,885
	18,747,196	2,653,327
Investing activities:		
Proceeds from sales of investments	89,940,932	78,600,564
Purchases of investments	(132,274,435)	(102,982,350)
Interest and dividends received, net of expenses	22,459,176	20,944,092
Interest income from irrevocable split-interest agreements	1,041,031	903,990
	(18,833,296)	(2,533,704)
(Decrease) increase in cash and cash equivalents	(86,100)	119,623
Cash and cash equivalents, beginning of year	343,904	224,281
Cash and cash equivalents, end of year	\$ 257,804	343,904

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Statements of Cash Flows

Years ended June 30, 2024 and 2023

	2024	2023
Reconciliation of net operating loss to net cash provided by operating activities:		
Net operating loss	\$ (43,288,950)	(37,760,072)
Adjustments to reconcile net operating loss to net cash provided by operating activities:		
Permanent endowment gifts	74,173,859	70,588,996
Donated real estate investment	—	(3,550,000)
Change in fair value of irrevocable split-interest agreements	(1,643,955)	(500,017)
Interest income from irrevocable split-interest agreements	(1,041,031)	(903,990)
Change in cash surrender value of life insurance policies	199,108	(41,364)
Provision/change in pledge allowance	2,527,585	(1,234,908)
Changes in assets and liabilities:		
Pledges receivable	(20,319,555)	(24,256,354)
Unearned revenue	8,171,558	1,137,439
Accrued interest receivable	(1,551)	1,321
Advance (receivable) from The Ohio State University	(21,892)	15,995
Accrued liabilities	201,386	—
Irrevocable split-interest agreements	(443,020)	150,944
Deferred inflows	233,654	(994,663)
Net cash provided by operating activities	\$ 18,747,196	2,653,327
Non cash transactions:		
Stock gifts	\$ 22,328,262	18,602,765
Increase in fair value of investments	135,559,017	72,207,483
Change in carrying value of remainder trusts	712,396	358,162

See accompanying notes to financial statements.

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Notes to Financial Statements

June 30, 2024 and 2023

(1) Accounting Policies

The following is a summary of significant accounting policies followed in preparing the financial statements:

(a) Organization

The Ohio State University Foundation (the "Foundation") was incorporated as a not-for-profit organization in the State of Ohio on April 19, 1985 and operates for the benefit of and is a component unit of The Ohio State University (the "university"). The Foundation is exempt from income taxes under section 501(a) as an organization described in Section 501(c)(3) of the Internal Revenue Code, except for taxes on income determined to be unrelated business taxable income. The Foundation assesses uncertain tax positions and has determined there were no such positions that have a material effect on the financial statements.

(b) Basis of Presentation

The Foundation is the single member of Clifton Holdings, LLC ("Clifton"). Clifton was created in 2007 to own and maintain the University President's residence. On February 19, 2021, the ownership of the president's residence was transferred to the university. The legal status of Clifton has not changed. The entity continues to exist and has no equity or activity as of and for the year ended June 30, 2024.

(c) Basis of Accounting

The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board ("GASB"). The financial statements of the Foundation have been prepared using the economic resources measurement focus and the accrual basis of accounting.

(d) Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

(e) Cash and Cash Equivalents

The Foundation considers all demand deposit accounts and money market funds with a maturity of three months or less to be cash equivalents except for the money market funds held as part of the gift annuities and charitable remainder trusts agreements at the date of purchase. All cash is principally on deposit with two banks.

At June 30, 2024, the carrying amount of the Foundation's cash and cash equivalents with financial institutions was \$257,804 held in two separate accounts. Of the bank balances, \$27,316, is covered by federal deposit insurance and \$230,488 is uninsured but collateralized by pools of securities pledged by the depository banks. At June 30, 2023, the carrying amount of the Foundation's cash and cash equivalents with financial institutions was \$343,904 of which \$94,885 is covered by federal deposit insurance and \$249,019 is uninsured but collateralized by pools of securities pledged by the depository banks.

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Notes to Financial Statements

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(f) Pledges Receivable

The Foundation receives pledges and bequests of financial support from corporations, foundations, and individuals. Revenue is recognized when a pledge representing an unconditional promise to pay is received, and all eligibility requirements have been met. In the absence of such promise, revenue is recognized when the gift is received. Pledge receipts not yet meeting eligibility requirements are recorded as unearned revenue. It is the Foundation's policy to record the total as noncurrent as it is not certain when the requirements will be met. Endowment pledges are not recorded as assets until the related gift is received. The Foundation reduces pledges receivable to estimated net realizable value by recording an allowance for uncollectible pledges. An allowance for uncollectible pledges receivable is provided based on management's judgment of potential uncollectible amounts and includes such factors as prior collection history, type of gift and nature of fundraising. For the years ended June 30, 2024 and 2023, the Foundation recorded an allowance against pledges receivable of \$5,655,513 and \$8,183,098 respectively.

(g) Classification of Operations

The Foundation's policy for defining operating activities in the Statements of Revenues, Expenses, and Changes in Net Position are those that serve the Foundation's principal purpose and generally result from certain grants or contributions. Non-operating revenues include activities inclusive of investment related activities such as dividend, interest, investment expenses and investment income related to endowment pooled investments. Other changes in net position include additions to endowments, which reflect endowments received by the Foundation to be held in perpetuity.

(h) Net Position

The Foundation's financial resources are classified for accounting and reporting purposes into the following four net position categories:

- **Net investment in Capital Assets**

Capital assets, net of accumulated depreciation and related debt attributable to the acquisition construction or improvement of those assets. The Foundation does not have any capital assets as of June 30, 2024 and 2023; therefore, the Foundation does not present net investment in capital assets in the statement of net position.

- **Restricted – Nonexpendable**

Amounts subject to externally imposed stipulations that they be maintained in perpetuity and invested for the purpose of generating present and future income, which may either be expended or added to the principal by the university. These assets primarily consist of the Foundation's permanent endowments.

- **Restricted – Expendable**

Amounts whose use is subject to externally imposed stipulations that can be fulfilled by actions of the university pursuant to those stipulations or that expire by the passage of time.

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- **Unrestricted**

Amounts which are not subject to externally imposed stipulations.

(i) Gifts

Gifts are recorded at their fair value as of the date received. This includes gifts of real estate for which fair value is obtained by an independent appraisal.

In accordance with GASB Statement No. 33, private donations are recognized when all eligibility requirements are met. The Foundation has recorded pledges receivable, net of allowances, of \$282,561,925 and \$264,769,955 as of June 30, 2024 and 2023, respectively.

(j) In-Kind Income

The facilities occupied by the Foundation are provided by the university. In addition, the University's Office of University Development and the Office of Business and Finance assist the Foundation in fund-raising, gift processing, and accounting. The value of the office space and services provided constitutes additional in-kind income to the Foundation but is not reported in the Foundation's financial statements.

(k) Endowment Policy

All 3,534 Board-established named Foundation endowments and 223 Foundation pending funds are invested in The Ohio State University Long-Term Investment Pool ("university long term investment pool"). Each named fund is assigned a number of shares in the university long-term investment pool based on the value of the gifts, income-to-principal transfers, or transfers of operating funds to that named fund. For donor restricted endowments, the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted in Ohio, permits the University's Board of Trustees to appropriate an amount of realized and unrealized endowment appreciation as the Board deems prudent. The UPMIFA, as adopted in Ohio, establishes a 5% safe harbor of prudence for funds appropriated for expenditure. Net realized and unrealized appreciation, after the spending rule distributions, is retained in the University Long-Term Investment Pool, and the associated net position is classified as restricted-expendable unless otherwise restricted by the donor.

Annual distributions to named funds in the university long-term investment pool are computed using the share method of accounting for pooled investments. The annual distribution per share is 4.5% of the average fair value per share of the university long-term investment pool over the most recent five year period.

At June 30, 2024, the fair value of the Foundation's gifted endowments is \$1,620,308,855 which is \$287,322,701 above the historical dollar value of \$1,332,986,154. Although the fair value of the gifted endowments in total exceeds the historical cost at June 30, 2024, there are 125 named funds that remain underwater (excluding income-to-principal transfers, or transfers of operating funds to that named fund). The fair value of these underwater funds at June 30, 2024 is \$36,860,411 which is \$2,642,085 below the historical dollar value of \$39,502,496.

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At June 30, 2023, the fair value of the Foundation's gifted endowments is \$1,442,201,097 which is \$197,170,623 above the historical dollar value of \$1,245,030,474. Although the fair value of the gifted endowments in total exceeds the historical cost at June 30, 2023, there are 362 named funds that remain underwater (excluding income-to-principal transfers, or transfers of operating funds to that named fund). The fair value of these underwater funds at June 30, 2023 is \$140,651,735 which is \$8,438,973 below the historical dollar value of \$149,090,708.

The depreciation on non-expendable endowment funds is recorded as a reduction to restricted nonexpendable net position. Recovery on these funds is recorded as an increase in restricted nonexpendable up to the historical value of each fund. Per UPMIFA (§ 1715.53(D)(C)), the reporting of such deficiencies does not create an obligation on the part of the endowment fund to restore the fair value of those funds.

The interests in unitrust, annuity trust, and gift annuity agreements (charitable remainder trusts and marketable securities) are carried at fair value. Mutual funds are recorded at share values reported by investment managers. Bonds and notes are recorded at values determined by market quotations. Realized gains or losses from sale or redemption of investments are calculated based upon the cost of the specific investment sold or redeemed. Purchases and sales of investments are reflected on a trade-date basis.

The Foundation is the owner and beneficiary of certain restricted life insurance policies, including paid up single premium whole life policies and annual premium whole life policies for which the donors are paying the premiums. These policies are reported at their cash surrender values. Changes in cash surrender value are reported as miscellaneous income.

Investment income is recorded on the accrual basis in the fund in which the income was earned, except for income derived from endowments. Investment income on endowment fund assets is recorded in the fund to which the income was designated by the donor.

(l) Reimbursement Agreement and Resolution

The Foundation and the university entered into an agreement in March 1989 to reimburse costs incurred by the university on behalf of the Foundation and to repay related advances from the university. In connection therewith, the Foundation's Board of Directors approved a resolution in April 1989, authorizing the Foundation to utilize undesignated income earned from unrestricted/restricted funds, as needed, to reimburse the university. Funding of \$211,000 was recognized in 2024 and \$306,000 was recognized in 2023.

(m) Newly Issued Accounting Pronouncements

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The Statement is effective for fiscal years beginning after

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December 15, 2023 (FY2025). Foundation management has determined that the adoption of GASB 101 has no impact on the books and records of the Foundation.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires governments to disclose significant concentrations or constraints that could affect the level of service governments provide or their ability to meet obligations as they come due. Concentrations are defined as a lack of diversity related significant inflows or outflows of resources. Constraints are defined as limitations imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. The Statement is effective for fiscal years beginning after June 15, 2024 (FY2025).

In June 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential to decision making and assessing a government's accountability. The Statement includes provisions related to the presentation of Management's Discussion and Analysis, the presentation of proprietary fund statements of revenues, expenses and changes in net position and the presentation of major component unit information and is effective for fiscal years beginning after June 15, 2025 (FY2026).

Foundation management is currently assessing the impact that implementation of GASB Statements No. 102 and 103 will have on the Foundation's financial statements.

(2) Investments

A substantial portion of the Foundation's investments are held by the university in the university long-term investment pool, a unitized investment pool that also includes gifted endowment funds of the university and quasi-endowment funds which are internally designated funds that are to function as endowments. The Foundation also holds certain other non-unitized investments that are related to charitable arrangements. A summary of investments as of June 30, 2024 and 2023 are as follows.

	2024	2023
University long-term investment pool	\$ 1,620,308,855	1,442,201,097
Investments directly owned by Foundation:		
Investments held by charitable remainder trusts	21,960,312	21,913,456
Marketable securities	22,048,012	22,305,785
Investment partnership	106,315	112,187
Life insurance policies	1,595,702	1,794,810
Real estate held for sale	3,550,000	3,550,000
Total investments	1,669,569,196	1,491,877,335
Less current portion	—	31,940
Total long-term investments	\$ 1,669,569,196	1,491,845,395

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The Foundation's directly owned investments by investment type at June 30, 2024 and 2023 are as follows:

	2024	2023
Equity mutual funds	\$ 21,550,748	22,171,785
U.S. government obligations	514,264	532,816
Bond mutual funds	15,165,586	14,813,307
Private equity	90,455	96,327
Real assets	9,541,898	9,646,386
Cash and cash equivalents	801,688	620,807
Other	1,595,702	1,794,810
Total	\$ 49,260,341	49,676,238

(a) The Ohio State University Long-Term Investment Pool

The university long-term investment pool is a unitized investment pool consisting of gifted endowment funds of the university, gifted endowment funds of the Foundation, and quasi endowment funds which have been internally designated to function as endowments. The Foundation percent ownership in the unitized pool is 20.43% and 19.53% as of June 30, 2024 and 2023, respectively, based on number of shares in the Long Term Investment Pool.

Certain gifted endowment funds include departmental contributions of unrestricted funds. These unrestricted funds totaled \$17,623,593 and \$16,928,579 at June 30, 2024 and June 30, 2023, respectively.

The university long-term investment pool operates with a long-term investment goal of preserving and maintaining the real purchasing power of the principal while allowing for the generation of a predictable stream of annual distribution.

The University's Board of Trustees approved the following thematic asset classes, allocation ranges, and benchmarks for the university long-term investment pool.

Asset class	Range	Benchmark
Public Equity	30-55%	MSCI All Country World Index (ACWI) – Net Dividend (ND)
Private Equity (Includes Buyouts, Growth & Venture Capital)	15-40%	MSCI ACWI ND – 1-Qtr. Lag
Real Estate & Infrastructure	5-15%	Cambridge Associates Real Estate (50%) & Infrastructure (50%) – 1 Qtr. Lag
Legacy Investments	N/A	Return of Actual Underlying Funds
Hedge Funds (Includes Opportunistic Credit)	0-25%	HFRI Fund of Funds Composite (Final)
Cash & High-Grade Bonds	0-25%	Bloomberg Barclays U.S. Aggregate Bond

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The university long term investment pool is designed to produce competitive risk-adjusted returns that will provide real growth over time. Benchmarks are selected to measure the performance of the investments in each asset class considering the goals and expectations for each asset class.

U.S. Government and Agency securities are invested through trust agreements with banks who keep the securities in their safekeeping accounts at the Federal Reserve Bank in “book entry” form. The banks internally designate the securities as owned by or pledged to the university. Common stocks, corporate bonds and money market instruments are invested through trust agreements with banks who keep the investments in their safekeeping accounts at Northern Trust and BNY Mellon in “book entry” form. The banks internally designate the securities as owned by or pledged to the university.

The cash and cash equivalents amount represents cash held in the Long-Term Investment Pool by various investment managers. Such amounts were generated by gifts received throughout the fiscal year and sales of investments in the Long-Term Investment Pool. Subsequently, the cash and cash equivalents will be used to purchase long-term investments.

The University’s Chief Financial Officer, in consultation with The Ohio State University Board of Trustees, reviews the thematic asset classes, allocation ranges and benchmarks for the Long-Term Investment Pool on a periodic basis.

(b) Information on Fair Value of Investments

Fair value is defined in the accounting standards as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities reported at fair value are organized into a hierarchy based on the levels of inputs observable in the marketplace that are used to measure fair value.

Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity’s assumptions about how market participants would value the financial instrument.

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

- *Level 1* – Prices based on unadjusted quoted prices in active markets that are accessible for identical assets or liabilities are classified as Level 1. Directly held equity securities, registered bond and equity mutual funds, and other miscellaneous investments classified in Level 1 are valued using prices quoted in active markets that the custodian and university have the ability to access.
- *Level 2* – Quoted prices in the markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly, are classified as Level 2. Level 2 investments include US government agencies and obligations, corporate bonds, municipal bonds, foreign government bonds,

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repurchase agreements, commercial paper, and other debt related investments. The evaluated prices may be determined by factors which include, but are not limited to, market quotations, yields, maturities, call features, ratings, institutional size trading in similar groups of securities and developments related to specific securities.

- *Level 3* – Investments classified as Level 3 have significant unobservable inputs, as they trade infrequently or not at all. The inputs into the determination of fair value of these investments are based upon the best information in the circumstance and may require significant management judgment. Investments included in Level 3 consist primarily of the university’s ownership in real estate, limited partnerships and equity positions in private companies.
- *Net Asset Value (NAV)* – Investments whose fair value is measured at NAV are excluded from the fair value hierarchy. Investments in non-governmental entities that do not have a readily determinable fair value may be valued at NAV if the NAV is determined in accordance with the fair value measurement principles relevant to investment companies. Interest in investment funds with a NAV reported under an alternative basis or meet the intent to sell criteria are reflected as Level 3 investments. Investments measured at NAV consist mainly of non-publicly traded mutual funds, hedge funds, private equity, and other alternative funds. These assets are valued by the associated external investment manager/general partner and reviewed by the university using the most recent audited and unaudited financial statements available.
- *Not Leveled* – Cash is not measured at fair value and, thus, is not subject to the fair value disclosure requirements.

The fair value of the Foundation’s directly owned investments by category as of June 30, 2024 were as follows:

	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	NAV as practical expedient (NAV)	Total fair value
Equity mutual funds	\$ 21,550,748	—	—	—	21,550,748
US Govt Obligations	—	514,264	—	—	514,264
Bond mutual funds	15,165,586	—	—	—	15,165,586
Private equity	—	—	—	90,455	90,455
Real assets	5,976,038	—	3,550,000	15,860	9,541,898
Cash equivalents	801,688	—	—	—	801,688
Other	—	—	1,595,702	—	1,595,702
Total	<u>\$ 43,494,060</u>	<u>514,264</u>	<u>5,145,702</u>	<u>106,315</u>	<u>49,260,341</u>

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The fair value of the Foundation's directly owned investments by category as of June 30, 2023 were as follows:

	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	NAV as practical expedient (NAV)	Total fair value
Equity mutual funds	\$ 22,171,785	—	—	—	22,171,785
US Govt Obligations	—	532,816	—	—	532,816
Bond mutual funds	14,813,307	—	—	—	14,813,307
Private equity	—	—	—	96,327	96,327
Real assets	6,080,526	—	3,550,000	15,860	9,646,386
Cash equivalents	620,807	—	—	—	620,807
Other	—	—	1,794,810	—	1,794,810
Total	<u>\$ 43,686,425</u>	<u>532,816</u>	<u>5,344,810</u>	<u>112,187</u>	<u>49,676,238</u>

(c) Additional Information on Investments Measured at the NAV

	Fair value	Unfunded commitments	Remaining life	Redemption notice period	Redemption restrictions
Private equity	\$ 90,455	—	1–12 years	Partnerships ineligible for redemption	Not redeemable
Real assets	15,860	—	1–12 years	Partnerships ineligible for redemption	Not redeemable
	<u>\$ 106,315</u>	<u>—</u>			

(d) Additional Risk Disclosures for Investments

Statements Nos. 3 and 40 of the *Governmental Accounting Standards Board* require certain additional disclosures related to the liquidity, interest-rate, custodial, credit and foreign currency risks associated with deposits and investments.

Investments directly held by the Foundation are allocated primarily to growth/income mutual funds. Growth/income portfolios are subject to equity and fixed income market risks. To address these risks, the Foundation invests in an array of carefully screened, low cost mutual funds. Both the stock and bond allocations are broadly diversified across different asset classes and managers. The diversification is designed to lower the expected volatility of the portfolio's returns and help protect against negative market environments. The U.S. and international stock allocations have a value orientation to potentially reduce portfolio volatility and downside risk and improve after-tax payments.

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Liquidity Risk

The Foundation's private equity and real asset investments are illiquid and subject to redemption restrictions in accordance with their respective governing documents.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates.

The maturities of the Foundation's directly owned interest-bearing investments as of June 30, 2024 were as follows:

	Fair value	Investment maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
U.S. government obligations	\$ 514,264	143,323	370,941	—	—
Bond mutual funds	15,165,586	(90,767)	6,006,040	6,171,426	3,078,887
Total	\$ 15,679,850	52,556	6,376,981	6,171,426	3,078,887

The maturities of the Foundation's directly owned interest-bearing investments as of June 30, 2023 were as follows:

	Fair value	Investment maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
U.S. government obligations	\$ 532,816	84,721	448,095	—	—
Bond mutual funds	14,813,307	530,794	5,643,436	5,573,266	3,065,811
Total	\$ 15,346,123	615,515	6,091,531	5,573,266	3,065,811

Custodial Credit Risk

Custodial Credit Risk is the risk that, in the event of the failure of the custodian, university or Foundation investments may not be recovered. It is the policy of the university and the Foundation to hold investments in custodial accounts, and the securities are registered solely in the name of the university or the Foundation, as applicable. All investments are transacted with nationally reputable brokerage firms, offering protection by the Securities Investor Protection Corporation.

Credit Risk

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the holder of the investment. Credit quality information – as commonly expressed in terms of the credit ratings issued by nationally recognized statistical rating organizations such as Moody's Investors Service, Standard & Poor's, or Fitch Ratings – provides a current depiction of potential variable cash flows and credit risk. The Foundation's investment policy requires funds to be invested in securities

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that, in aggregate, represent a credit quality of “A” or better (on a weighted average basis). Not more than 5% of the funds will be invested in below investment grade securities.

Per GASB Statement No. 40, *Deposit and Investment Risk Disclosures, an amendment to GASB Statement No. 3*, securities with split ratings, or a different rating assignment, are disclosed using the rating indicative of the greatest degree of risk.

Concentration of credit risk – Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the university to greater risks resulting from adverse economic, political, regulatory, geographic or credit developments.

The credit ratings of the Foundation’s directly owned interest-bearing investments as of June 30, 2024 were as follows:

<u>Credit rating (S & P)</u>	<u>Total</u>	<u>U.S. government obligations</u>	<u>Bond mutual funds</u>
AAA	\$ 4,415,334	—	4,415,334
AA	5,216,826	514,264	4,702,562
A	1,683,078	—	1,683,078
BBB	2,218,019	—	2,218,019
BB	1,266,631	—	1,266,631
B	378,342	—	378,342
CCC	266,030	—	266,030
Not rated	235,590	—	235,590
Total	<u>\$ 15,679,850</u>	<u>514,264</u>	<u>15,165,586</u>

The credit ratings of the Foundation’s directly owned interest-bearing investments as of June 30, 2023 were as follows:

<u>Credit rating (S & P)</u>	<u>Total</u>	<u>U.S. government obligations</u>	<u>Bond mutual funds</u>
AAA	\$ 8,240,401	—	8,240,401
AA	1,334,348	532,816	801,532
A	1,772,750	—	1,772,750
BBB	1,875,281	—	1,875,281
BB	1,087,376	—	1,087,376
B	583,253	—	583,253
CCC	191,911	—	191,911
Not rated	260,803	—	260,803
Total	<u>\$ 15,346,123</u>	<u>532,816</u>	<u>14,813,307</u>

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(e) Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The Foundation is indirectly invested in foreign currencies. Mutual funds may hold a variety of international assets that align with the foundation's investment strategy. Mutual fund managers can manage credit risk through hedging foreign currency, but many mutual fund managers choose to accept the current risk, which also presents an opportunity if the foreign currency becomes more valuable than the U.S. Dollar on a relative basis. The Foundation's exposure to foreign currency risk for investments owned directly by the Foundation as of June 30, 2024 was as follows:

	<u>Equity mutual funds</u>	<u>Bond mutual funds</u>
Argentine Peso	\$ —	16
Australian Dollar	503,128	443
Brazilian Real	75,953	37,383
Canadian Dollar	350,799	(34,613)
Chilean Peso	9,472	—
Chinese Yuan/Yuan Renminbi	436,552	(114,895)
Colombian Peso	1,676	—
Czech Koruna	2,978	62
Danish Krone	222,262	312
Egyptian Pound	933	—
Euro	2,132,004	(42,450)
Great Britain Pound Sterling	1,496,861	(8,534)
Hong Kong Dollar	247,425	7
Hungarian Forint	4,472	61
Iceland Krona	6	—
Indian Rupee	397,737	59,848
Indonesian Rupiah	33,442	25,776
Israeli Shekel	5,310	54
Japanese Yen	1,583,546	(1,342)
Kuwaiti Dinar	10,072	(3,531)
Malaysian Ringgit	29,451	118
Mexican Peso	41,747	39,827
New Taiwan Dollar	436,751	(49,029)
New Turkish Lira	18,829	38,970
New Zealand Dollar	19,197	18,432
Norwegian Krone	70,964	12,928
Pakistan Rupee	2	—

THE OHIO STATE UNIVERSITY FOUNDATION
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Notes to Financial Statements

June 30, 2024 and 2023

	<u>Equity mutual funds</u>	<u>Bond mutual funds</u>
Peruvian Nuevo Sol	\$ 2,230	(430)
Philippine Peso	11,921	—
Polish Zloty	19,933	18,155
Qatar Rial	14,348	—
Romanian New Leu	7	—
Saudi Riyal	66,165	—
Singapore Dollar	242,715	(26,644)
South African Rand	61,079	33,037
South Korean Won	264,668	(27,940)
Swedish Krona	264,200	350
Swiss Franc	267,301	(18,533)
Thai Baht	29,264	(23)
UAE dirham	27,198	—
	<u>\$ 9,402,598</u>	<u>(42,185)</u>

The Foundation's exposure to foreign currency risk for investments owned directly by the Foundation as of June 30, 2023 was as follows:

	<u>Equity mutual funds</u>	<u>Bond mutual funds</u>
Argentine Peso	\$ —	758
Australian Dollar	394,823	80,853
Brazilian Real	105,143	15,923
Canadian Dollar	324,982	(2,736)
Chilean Peso	9,905	331
Chinese Yuan/Yuan Renminbi	519,817	(47,553)
Colombian Peso	2,284	—
Czech Koruna	3,426	355
Danish Krone	193,729	(577)
Egyptian Pound	576	—
Euro	2,357,835	13,445
Great Britain Pound Sterling	1,377,432	(34,890)
Hong Kong Dollar	365,544	72
Hungarian Forint	5,518	7,081
Iceland Krona	6	—
Indian Rupee	321,563	58,215
Indonesian Rupiah	44,594	19,740

THE OHIO STATE UNIVERSITY FOUNDATION
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	Equity mutual funds	Bond mutual funds
Israeli Shekel	\$ 6,667	36
Japanese Yen	1,627,219	64,833
Kuwaiti Dinar	6,502	—
Malaysian Ringgit	28,187	643
Mexican Peso	54,810	2,697
New Taiwan Dollar	393,906	(36,637)
New Turkish Lira	13,523	—
New Zealand Dollar	15,036	(15,333)
Norwegian Krone	70,475	28,511
Pakistan Rupee	2	—
Peruvian Nuevo Sol	2,278	96
Philippine Peso	13,899	—
Polish Zloty	18,462	309
Qatar Rial	15,995	—
Romanian New Leu	4	(59)
Saudi Riyal	76,361	—
Singapore Dollar	277,989	(17,750)
South African Rand	71,699	3,209
South Korean Won	316,509	(1,263)
Swedish Krona	235,735	(326)
Swiss Franc	361,289	69
Thai Baht	42,604	43,124
UAE dirham	28,561	—
	\$ 9,704,889	183,176

(3) Irrevocable Split-Interest Agreements

The Foundation has entered into charitable gift annuity agreements, which provide, among other matters, that the Foundation pay periodic fixed payments to beneficiaries during their lifetimes. Charitable gift annuities differ from other charitable giving options in that the annuity is a general obligation of the Foundation. Accordingly, if the assets of the gift are exhausted as a result of required payments to beneficiaries, then the unrestricted assets of the Foundation will be utilized to fund future payments.

An officer of the Foundation, acting as trustee, enters into unitrust and annuity trust agreements (“charitable remainder trusts”), which provide, among other matters, that the trustee shall pay beneficiaries periodic payments until either the assets of the trust have been exhausted or until the death of the beneficiaries. Upon death of the beneficiaries, any remaining property in the trust will be transferred to the Foundation in accordance with the agreements.

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June 30, 2024 and 2023

The Foundation accounts for gift annuity and trust agreements by recording the fair market value of assets donated as of the date of the gift, a liability for the present value of amount payable to beneficiaries and a deferred inflow of resources. The present value calculation is based on a combination of the agreed-upon payout rate, actuarial assumptions on mortality rates and a discount rate. The discount rates were 5.6% and 4.2% at June 30, 2024 and 2023, respectively. Revenue from gift annuity and trust agreements is recognized upon termination of the agreements.

Assets, liabilities and deferred inflows associated with irrevocable split-interest agreements as of June 30, 2024 are as follows:

	Gift annuities	Trusts	Total
Assets:			
Investments held in charitable remainder trusts – noncurrent	\$ —	21,960,312	21,960,312
Marketable securities – noncurrent	22,048,012	—	22,048,012
Total assets	22,048,012	21,960,312	44,008,324
Liabilities:			
Irrevocable split-interest agreements – current	1,116,152	1,054,900	2,171,052
Irrevocable split-interest agreements – noncurrent	22,136,875	10,986,163	33,123,038
Total liabilities	23,253,027	12,041,063	35,294,090
Deferred Inflows	\$ (1,205,015)	9,919,249	8,714,234

The noncurrent portion of irrevocable split-interest agreements for gift annuities at June 30, 2024 includes a reserve of \$10,512,812. For the year ended June 30, 2024, the Foundation recognized \$5,663,544 of revenues associated with terminations of irrevocable split-interest agreements.

THE OHIO STATE UNIVERSITY FOUNDATION
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Notes to Financial Statements

June 30, 2024 and 2023

Assets, liabilities and deferred inflows associated with irrevocable split-interest agreements as of June 30, 2023 are as follows:

	<u>Gift annuities</u>	<u>Trusts</u>	<u>Total</u>
Assets:			
Marketable securities – current	\$ 31,940	—	31,940
Investments held in charitable remainder trusts – noncurrent	—	21,913,456	21,913,456
Marketable securities – noncurrent	<u>22,273,845</u>	<u>—</u>	<u>22,273,845</u>
Total assets	<u>22,305,785</u>	<u>21,913,456</u>	<u>44,219,241</u>
Liabilities:			
Irrevocable split-interest agreements – current	1,512,016	1,218,169	2,730,185
Irrevocable split-interest agreements – noncurrent	<u>22,027,374</u>	<u>10,981,102</u>	<u>33,008,476</u>
Total liabilities	<u>23,539,390</u>	<u>12,199,271</u>	<u>35,738,661</u>
Deferred Inflows	<u>\$ (1,233,605)</u>	<u>9,714,185</u>	<u>8,480,580</u>

The noncurrent portion of irrevocable split-interest agreements for gift annuities at June 30, 2023 includes a reserve of \$8,397,405. For the year ended June 30, 2023, the Foundation recognized \$1,105,552 of revenues associated with terminations of irrevocable split-interest agreements.

(4) Other Liabilities

Other liability activity for the year ended June 30, 2024 is as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Current portion</u>	<u>Noncurrent</u>
Unearned revenue	\$ 10,591,769	8,587,032	415,474	18,763,327	—	18,763,327
Irrevocable split-interest agreements:						
Charitable remainder trust liability	12,199,271	2,317,372	2,475,580	12,041,063	1,054,900	10,986,163
Gift annuity liabilities	15,141,985	1,890,271	4,292,041	12,740,215	1,116,152	11,624,063
Gift annuity reserve	<u>8,397,405</u>	<u>2,617,124</u>	<u>501,717</u>	<u>10,512,812</u>	<u>—</u>	<u>10,512,812</u>
	<u>\$ 46,330,430</u>	<u>15,411,799</u>	<u>7,684,812</u>	<u>54,057,417</u>	<u>2,171,052</u>	<u>51,886,365</u>

THE OHIO STATE UNIVERSITY FOUNDATION
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Notes to Financial Statements

June 30, 2024 and 2023

Other liability activity for the year ended June 30, 2023 is as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Current portion</u>	<u>Noncurrent</u>
Unearned revenue	\$ 9,454,330	1,629,189	491,750	10,591,769	—	10,591,769
Irrevocable split-interest agreements:						
Charitable remainder trust liability	12,555,504	—	356,233	12,199,271	1,218,169	10,981,102
Gift annuity liabilities	16,196,033	630,453	1,684,501	15,141,985	1,512,016	13,629,969
Gift annuity reserve	6,836,180	1,650,332	89,107	8,397,405	—	8,397,405
	<u>\$ 45,042,047</u>	<u>3,909,974</u>	<u>2,621,591</u>	<u>46,330,430</u>	<u>2,730,185</u>	<u>43,600,245</u>

(5) Related-Party Transactions

The university had cumulative net advances to the Foundation of \$0 and \$17,677 as of June 30, 2024 and 2023, respectively. The Foundation distributed \$272,589,929 and \$280,197,718, in fiscal years 2024 and 2023, respectively, to the university as directed by donors. The Foundation had receivables from the university of \$4,215 and \$0 as of June 30, 2024 and 2023, respectively.

As noted previously, the Foundation invests its gifted endowment funds in the university long-term investment pool. The university employs the share method of accounting for pooled investments and for proportionate distribution of income as well as allocation of expenses to each fund which participates in the pool.

(6) Contingencies And Risk Management

The university has transitioned back to primarily in-person student instruction, in-person meetings and events, full capacity seating in on-campus dining areas and sporting events and unrestricted group activities at campus recreation centers. Masks are currently optional in most indoor spaces on campus including residence halls, dining facilities, classroom facilities, offices, and the Ohio Union. Mandatory COVID testing is no longer required. While all students, faculty and staff are encouraged to stay up to date on vaccinations as recommended by the Centers for Disease Control and Prevention, the university announced on April 24, 2023 that it would no longer require COVID-19 vaccination for students, faculty, and staff, with the exception of those who are subject to Centers for Medicare and Medicaid Services (CMS) or other requirements. The university's transition away from a vaccination requirement coincides with the expiration of the federal public health emergency, is in response to changes in the U.S. Food and Drug Administration's Emergency Use Authorization of COVID-19 vaccinations and is compliant with Ohio law.

THE OHIO STATE UNIVERSITY FOUNDATION
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Other Information on the Long-Term Investment Pool (Unaudited)

Year ended June 30, 2024

The following section of the financial report provides additional information on the university long-term investment pool, including a summary of changes in market value, investment returns and related expenses. Additional details on university investments, including asset allocations, endowment distribution policies, investment by type and risk disclosures, are provided in Notes 1 and 3 to the Financial Statements.

In 2024, the market value of the university long-term investment pool – which includes gifted endowments, long-term investments of university operating funds and other funds internally designated to function as endowments – increased \$548 million, to \$7.93 billion at June 30, 2024. The Long-Term Investment Pool activity for 2024 is summarized below:

Long-Term Investment Pool Activity (in thousands)

	<u>Gifted endowments</u>		<u>Quasi-endowments</u>		<u>Total</u>
	<u>University</u>	<u>Foundation</u>	<u>Operating</u>	<u>Designated</u>	
Balance at June 30, 2023	\$ 1,300,417	1,442,201	1,742,204	2,898,853	7,383,675
Net principal additions (Withdrawals)	8,309	87,956	(42,135)	42,683	96,813
Change in fair value	117,245	133,921	154,216	262,574	667,956
Income earned	34,013	38,619	44,889	76,119	193,640
Distributions	(53,569)	(60,602)	(70,808)	(119,826)	(304,805)
Expenses	(19,190)	(21,786)	(25,328)	(39,261)	(105,565)
Balance at June 30, 2024	<u>\$ 1,387,225</u>	<u>1,620,309</u>	<u>1,803,038</u>	<u>3,121,142</u>	<u>7,931,714</u>

Net principal additions (withdrawals) for gifted endowments include new endowment gifts and reinvestment of unused endowment distributions. Change in fair value includes realized gains and losses for assets sold during the year and unrealized gains and losses for assets held in the pool at June 30, 2024. Income earned includes interest and dividends and is used primarily to fund distributions. Expenses include investment management expenses (\$81 million), University Development related expenses (\$24 million) and other investment related expenses (\$0.7 million).

Investment Returns and Expenses

The investment return for the Long-Term Investment Pool was 10.78% for fiscal year 2024. The annualized investment returns for the three-year and five-year periods were 6.1% and 9.3%, respectively. These returns – which are net of investment management expenses as defined by Cambridge Associates for its annual survey – are used for comparison purposes with other endowments and various benchmarks. In addition to the \$81 million of investment management expenses, which reduced the pool by 1.1% in fiscal year 2024, the \$24 million of University Development expenses and \$.7 million of other investment related expenses further reduced the pool by .3%.

THE OHIO STATE UNIVERSITY FOUNDATION
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Other Information on the Long-Term Investment Pool (Unaudited)

Year ended June 30, 2024

Additional Information:

For more information on how the long-term investment pool is invested, please visit the Office of Investments website at: investments.osu.edu.

Additional details on university and Foundation endowments, including balances for individual funds, are available on the Office of the Controller's website at: go.osu.edu/EndowAdmin (click on the "Endowment Descriptions and Balances" link). -



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Independent Auditors' 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

The Board of Directors of
The Ohio State University Foundation:

We have audited, in accordance with the 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 financial statements of The Ohio State University Foundation (the "Foundation"), a component unit of The Ohio State University, which comprise the statement of net position as of June 30, 2024, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 1, 2024.

Report on 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's 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.

KPMG LLP

Columbus, Ohio
November 1, 2024

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OHIO AUDITOR OF STATE KEITH FABER



THE OHIO STATE UNIVERSITY FOUNDATION

FRANKLIN 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 12/12/2024

65 East State Street, Columbus, Ohio 43215
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This report is a matter of public record and is available online at
www.ohioauditor.gov