

Kent State University Foundation

Financial Report
June 30, 2023

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Directors
Kent State University Foundation
350 South Lincoln Street
Kent, Ohio 44242

We have reviewed the *Independent Auditor's Report* of the Kent State University Foundation, Portage County, prepared by RSM US LLP, for the audit period July 1, 2022 through June 30, 2023. 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 Kent 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 03, 2023

This page intentionally left blank.

Contents

Independent auditor's report	1-2
------------------------------	-----

Financial statements	
Consolidated statements of financial position	3
Consolidated statements of activities	4-5
Consolidated statements of cash flows	6
Notes to consolidated financial statements	7-22

Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	23-24
---	-------

This page intentionally left blank.



RSM US LLP

Independent Auditor's Report

Board of Directors,
Kent State University Foundation and
Mr. Keith Faber
Auditor of the State of Ohio

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Kent State University Foundation (the Foundation), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Foundation as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date the financial statements are issued or are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2023, on our consideration of Kent State University 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 Kent State University 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 Kent State University Foundation's internal control over financial reporting and compliance.

RSM US LLP

Cleveland, Ohio
September 26, 2023

Kent State University Foundation

**Consolidated Statements of Financial Position
June 30, 2023 and 2022**

	2023	2022
Assets		
Cash and cash equivalents	\$ 12,924,126	\$ 13,773,421
Receivables:		
Accounts receivable	81,312	130,887
Pledges, net	36,358,506	34,446,845
	<u>36,439,818</u>	<u>34,577,732</u>
Investments:		
Short-term pool	52,375	6,365,526
Charitable remainder trusts	2,633,466	3,038,053
Long-term pool	242,212,774	219,479,678
	<u>244,898,615</u>	<u>228,883,257</u>
Prepaid expenses and other	164,404	45,127
Beneficial interest in trusts held by others	4,806,789	4,646,138
Property, net	<u>16,568,612</u>	<u>16,848,850</u>
	<u><u>\$ 315,802,364</u></u>	<u><u>\$ 298,774,525</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 347,534	\$ 319,036
Funds held for others	12,882,062	12,083,453
Finance lease liability	8,026,649	8,196,884
Charitable remainder trusts	1,166,428	1,510,255
Charitable gift annuities	1,451,624	1,208,205
	<u>23,874,297</u>	<u>23,317,833</u>
Net assets:		
Without donor restrictions	22,574,503	17,376,137
With donor restrictions	269,353,564	258,080,555
	<u>291,928,067</u>	<u>275,456,692</u>
	<u><u>\$ 315,802,364</u></u>	<u><u>\$ 298,774,525</u></u>

See notes to consolidated financial statements.

Kent State University Foundation

**Consolidated Statement of Activities
Year Ended June 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions	\$ 7,681	\$ 18,670,726	\$ 18,678,407
Contributions-gift in kind	-	202,958	202,958
Net investment income:			
Securities	3,943,701	18,269,446	22,213,147
Investment pool operator fee	2,194,505	(2,194,505)	-
Service fee	420,147	-	420,147
	<u>6,558,353</u>	<u>16,074,941</u>	<u>22,633,294</u>
Sales, services, events and other	1,318,832	341,973	1,660,805
Hotel and conference center income	3,315,430	-	3,315,430
Changes in designation of prior contributions	(129,423)	129,423	-
Change in value of charitable remainder trusts and gift annuities	-	(520,528)	(520,528)
Net assets released from restrictions	23,626,484	(23,626,484)	-
Total revenue and support	<u>34,697,357</u>	<u>11,273,009</u>	<u>45,970,366</u>
Expenses:			
Kent State University programs	23,512,254	-	23,512,254
Downtown Kent Hotel, LLC	3,506,934	-	3,506,934
Management and general	1,369,469	-	1,369,469
Fundraising	1,110,334	-	1,110,334
	<u>29,498,991</u>	<u>-</u>	<u>29,498,991</u>
Change in net assets	5,198,366	11,273,009	16,471,375
Net assets at beginning of year	<u>17,376,137</u>	<u>258,080,555</u>	<u>275,456,692</u>
Net assets at end of year	<u>\$ 22,574,503</u>	<u>\$ 269,353,564</u>	<u>\$ 291,928,067</u>

See notes to consolidated financial statements.

Kent State University Foundation

**Consolidated Statement of Activities
Year Ended June 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions	\$ 7,998	\$ 43,159,061	\$ 43,167,059
Contributions-gift in kind	-	518,412	518,412
Net investment income (loss):			
Securities	(4,754,095)	(22,852,301)	(27,606,396)
Investment pool operator fee	2,568,938	(2,568,938)	-
Service fee	240,354	-	240,354
	(1,944,803)	(25,421,239)	(27,366,042)
Sales, services, events and other	1,950,240	47,298	1,997,538
Hotel and conference center income	2,897,464	-	2,897,464
Changes in designation of prior contributions	(213,270)	213,270	-
Change in value of charitable remainder trusts and gift annuities	-	(893,619)	(893,619)
Net assets released from restrictions	14,794,373	(14,794,373)	-
Total revenue and support	17,492,002	2,828,810	20,320,812
Expenses:			
Kent State University programs	13,968,174	-	13,968,174
Downtown Kent Hotel, LLC	3,303,657	-	3,303,657
Management and general	1,124,117	-	1,124,117
Fundraising	1,166,648	-	1,166,648
	19,562,596	-	19,562,596
Change in net assets	(2,070,594)	2,828,810	758,216
Net assets at beginning of year	19,446,731	255,251,745	274,698,476
Net assets at end of year	\$ 17,376,137	\$ 258,080,555	\$ 275,456,692

See notes to consolidated financial statements.

Kent State University Foundation

Consolidated Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 16,471,375	\$ 758,216
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net (gain) loss on investments	(24,495,080)	28,041,519
Contributions restricted for investment in endowment and trusts	(5,670,667)	(9,362,936)
Change in value of charitable remainder trusts and gift annuities	520,528	893,619
Net change in value of beneficial interest in trusts held by others	(160,651)	1,036,319
Gifts of stock and property	(872,460)	(761,221)
Forgiveness of Paycheck Protection Program loan	-	(592,518)
Waived finance lease payment	-	(166,084)
Depreciation and amortization	450,794	451,803
Changes in operating assets and liabilities:		
Accounts receivable	49,575	34,517
Pledges receivable, net	(1,911,661)	(19,572,893)
Prepays and other	(119,277)	174,196
Accounts payable	28,498	(4,051)
Funds held for others	798,609	(2,072,685)
Charitable remainder trusts and gift annuities	(180,797)	(1,047,831)
Net cash used in operating activities	(15,091,214)	(2,190,030)
Cash flows from investing activities:		
Capital expenditures	(170,556)	(78,042)
Purchases of investments	(28,462,070)	(53,058,961)
Proceeds from sales of investments	37,814,252	53,769,693
Net cash provided by investing activities	9,181,626	632,690
Cash flows from financing activities:		
Proceeds from contributions restricted for investment in endowment and trusts	5,670,667	9,362,936
Payments on finance lease liability	(170,235)	-
Payments on charitable remainder trusts and gift annuities	(440,139)	(476,056)
Net cash provided by financing activities	5,060,293	8,886,880
Net change in cash and cash equivalents	(849,295)	7,329,540
Cash and cash equivalents:		
Beginning	13,773,421	6,443,881
Ending	\$ 12,924,126	\$ 13,773,421

See notes to consolidated financial statements.

Kent State University Foundation

Notes to Consolidated Financial Statements

Note 1. Organization

Kent State University Foundation was incorporated as a non-profit organization on December 27, 1965, as an independent self-governing body under the laws of the State of Ohio for the purpose of aiding, supporting, advancing, augmenting, and assisting in the development of Kent State University (the University). Kent State University Foundation is governed by a self-appointing Board of Directors composed of campus and community members. The Board of Directors has adopted a Code of Regulations for purposes of governance.

Kent State University Foundation has a services agreement with the University dated October 1, 2021. The provision of that agreement requires the Kent State University Foundation to reimburse the University for direct expenses related to the Kent State University Foundation administration. Kent State University Foundation has no employees of its own. Reference Note 10 for further discussion of transactions with the University.

On July 1, 2020, Kent State University Foundation signed a purchase and sales agreement to acquire Downtown Kent Hotel, LLC, at which time Kent State University Foundation became the sole member of Downtown Kent Hotel, LLC. Downtown Kent Hotel, LLC owns and operates a 94-room hotel and restaurant and conference facility in Kent, Ohio.

Note 2. Summary of Significant Accounting Policies

Principles of consolidation: The consolidated financial statements include Kent State University Foundation and its wholly owned subsidiary, Downtown Kent Hotel, LLC (the Hotel), collectively referred to as the "Foundation". All intercompany transactions have been eliminated in consolidation.

Basis of accounting and presentation: The consolidated financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to not-for-profit organizations and utilize the accrual basis of accounting.

The consolidated financial statement presentation follows applicable Financial Accounting Standards Board (FASB) guidance, wherein, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

Net asset classification: Net assets comprise resources over which the Foundation has discretionary control for use in carrying out the financial and operational objectives of the Foundation and for purposes specified by donors. Activities of the Foundation are accounted for in the following net asset types:

Net assets without donor restrictions: Net assets whose use has not been limited by donors for any period of time or specified purpose.

Net assets with donor restrictions: Net assets with donor restrictions include gifts and grants for which donor-imposed restrictions have not been met (primarily future capital projects or gifts for educational purposes), earnings from long term investments which are donor restricted, or any time restricted trust activity. Net assets with donor restrictions also include gifts which generally require, by donor restriction, that the corpus be invested in perpetuity. The donors generally permit the use of a portion of the income earned to be utilized for specific purposes based on their restrictions.

Kent State University Foundation

Notes to Consolidated Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Accounting estimates: In preparing the consolidated financial statements in conformity with U.S. GAAP, management has made, where necessary, estimates and judgments based on currently available information that affect certain amounts reflected in the consolidated financial statements. Actual results could differ from those estimates.

Cash and cash equivalents: Cash and cash equivalents, as presented in the consolidated financial statements are for operating purposes and include highly liquid investments with original maturities of three months or less that are not included in investments. At various times throughout the fiscal year, the Foundation had more than \$250,000 on deposit with a financial institution whose deposits are federally insured up to \$250,000.

Fair value of assets and liabilities: FASB Accounting Standards Codification (ASC) 820 defines fair value, provides enhanced guidance for using fair value to measure assets and liabilities and expands the disclosure of the methods used and the effect of fair value measurements on earnings. The Foundation uses fair value accounting for investments, beneficial interests in trusts held by others, charitable remainder trusts and charitable gift annuities.

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. Funds from pledges to be collected in future years are presented at net present value using a risk-free rate of return. Pledges receivables are reviewed annually to determine the allowance for uncollectible contributions. Based upon management's judgment, considering such factors as prior collection history, type of contribution and nature of fund-raising activity, an allowance for uncollectible contributions receivable in the amount of approximately \$2,614,000 and \$2,557,000 has been recorded on June 30, 2023 and 2022, respectively.

Investments: Fluctuations in fair value of investments, as well as gains or losses on sales of securities, are recognized in the consolidated statements of activities. Investments are presented in the consolidated statements of financial position according to their intended purpose. The Foundation maintains a long-term pool and a short-term pool of investments. Trust investments are segregated into individual funds. All income from the short-term pool is without donor restrictions. The long-term pool is operated using a unitized share method and is the primary investment vehicle for endowed funds and annuities. Trust investment income is assigned to the segregated fund which generated the income.

Beneficial interest in trusts held by others: Non-custodial, non-revocable trusts which will benefit the Foundation are recognized as gift revenue and as an asset in an amount equal to the fair value of the trusts at the time of the contribution. Changes in the asset value are recognized in net investment income—securities in the consolidated statements of activities.

Funds held for others: The Foundation maintains and invests funds for the Kent State University Alumni Association.

Kent State University Foundation

Notes to Consolidated Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Property: Property consists of real estate acquired through purchase, gifts, or finance leases. All property is recognized at the acquisition cost or the fair value of the gift when received. Buildings are depreciated on a straight-line basis over a 40-year period, the capital lease over 34.5 years, equipment over five years, furniture over seven years, and leasehold improvements are depreciated over 15 years. Property on June 30, consists of the following:

	2023	2022
Land	\$ 2,435,944	\$ 2,435,944
Buildings	7,192,620	7,192,620
Finance leases	8,525,000	8,525,000
Equipment	40,452	40,452
Furniture	9,223	9,223
Leasehold improvements	17,849	17,849
	<u>18,221,088</u>	<u>18,221,088</u>
Less accumulated depreciation and amortization	<u>(1,846,660)</u>	<u>(1,395,866)</u>
	16,374,428	16,825,222
Construction in process	194,184	23,628
Property, net	<u>\$ 16,568,612</u>	<u>\$ 16,848,850</u>

Depreciation and amortization expense totaled \$450,794 and \$451,803 for the years ended June 30, 2023 and 2022, respectively.

Impairment of long-lived assets: Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets is measured by comparison of the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the assets. If such assets are impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. The Foundation has determined that no impairment of long-lived assets exists on June 30, 2023 or 2022.

Leases: The Foundation determines whether an arrangement is or contains a lease at the inception of the arrangement based on the unique facts and circumstances present in that arrangement. This determination generally depends on whether the arrangement conveys the right to control the use of an identified asset explicitly or implicitly for a period of time in exchange for consideration. Control of an underlying asset is conveyed if the Foundation obtains the rights to direct the use of, and to obtain substantially all of the economic benefit from, the use of the underlying asset. Leases that include both lease and nonlease components are accounted for as a single lease component as allowed for under the practical expedient in ASC 842-10-15-37. The Foundation's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Right-of-use assets and lease liabilities are recognized at each lease's commencement date based on the present value of its lease payments over its respective lease term. When a borrowing rate is not explicitly available for a lease, the Foundation's incremental borrowing rate is used based on information available at the lease's commencement date to determine the present value of its lease payments.

Kent State University Foundation

Notes to Consolidated Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Charitable remainder trusts: The Foundation has entered into charitable remainder trust agreements whereby it receives assets from donors on the condition that it binds itself to pay stipulated amounts periodically to the donor and/or other designated individuals. Assets received in a charitable remainder trust transaction are maintained in segregated custodial investment accounts. The Foundation's payment liability is limited to the amount of the trust assets. At year-end, an adjustment is made to the actuarial liability to record the net change in the actuarial obligation between years.

At the date the agreements are made effective, the difference between the assets received and the estimated fair value of the future obligation to the donor is recorded as contribution revenue. Upon termination of each agreement's stipulated payout period, the liability is relieved, and the remaining assets are distributed from the trust for the purpose designated by the donor.

Charitable gift annuities: The Foundation has entered into annuity agreements whereby the Foundation receives assets from donors on the condition that it binds itself to pay stipulated amounts periodically to the donor and/or other designated individuals. The Foundation's payment liability is the fair value of the future obligation to the donor regardless of the amount in the investment account.

At the date the agreements are made effective, the difference between the assets received and the estimated fair value of the future obligation to the donor is recorded as contribution revenue. Upon termination of each agreement's stipulated payout period, the remaining assets are recognized as revenue subject to the purpose designated by the donor.

Assets received in an annuity agreement transaction are placed in a reserve account. Investment income, stipulated payments, and administrative expenses are recorded as with donor restriction in the consolidated statements of activities.

Endowments: The Foundation accounts for endowment funds in accordance with FASB guidance pertaining to the Ohio's Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Foundation interprets UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Endowment funds not classified as net assets with donor restrictions are classified as net assets without donor restrictions until utilized by the Foundation.

Life insurance policies: The Foundation has been named as the beneficiary of several life insurance policies. The Foundation's accounting policy is to record the insurance proceeds as contribution revenue when received.

Contributions: Contribution revenue is recognized on the date of receipt. Gifts of securities are recorded at fair value. Gift revenue from gifts requiring future payment obligations is recorded as the difference between the assets received and the future payment obligation. Gifts-in-kind are recorded at estimated fair value. All gifts are considered to be available for general use unless specifically restricted by the donor. Gifts that are designated for future periods or restricted by the donor for specific purposes are reported as with donor restricted support.

Sales, services, events, hotel and conference room revenue: Consists of sales, services, event, hotel and conference room revenue which is recognized when the performance obligations are satisfied and occurs when control of the service is transferred to the customer and when the customer obtains substantial benefit from the services.

Kent State University Foundation

Notes to Consolidated Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Credit risk concentrations: Financial instruments which potentially expose the Foundation to concentrations of credit risk include cash and cash equivalents, investments in marketable securities and pledges receivable. As a matter of policy, the Foundation only maintains cash balances with financial institutions having a high credit quality. Concentration of credit risk for investments in marketable securities is mitigated by both the distribution of investment funds among asset managers and the overall diversification of managed investment portfolios. Concentration of credit risk for pledges receivable is generally limited due to the dispersion of these balances over a wide base of donors.

Income taxes: The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) and is generally exempt from paying federal income taxes pursuant to Section 501(a) of the Code, except on unrelated business income. Additionally, the Foundation is defined as a public charity pursuant to 509(a)(2). The Foundation has evaluated its tax positions at June 30, 2023, with respect to accounting for uncertainties in income taxes and has determined that there was no material impact to the Foundation's consolidated financial statements. The ASC provides related guidance on measurement, classification, interest and penalties and disclosure as well as prescribing a threshold of more likely than not for recognition of tax positions taken or expected to be taken in a tax return. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. As of June 30, 2023 and 2022, the Foundation has no uncertain tax positions.

Subsequent events: The Foundation has evaluated events and transactions for potential recognition and/or disclosure through September 26, 2023, the date the consolidated financial statements were available to be issued.

Recent accounting pronouncement adopted: In February 2016, the FASB issued Accounting Standards Updated (ASU) 2016-02, *Leases (Topic 842)*, which will supersede the current lease requirements in ASC Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the consolidated statements of financial position for all leases with terms longer than 12 months. Leases will be classified as either financing or operating, with classification affecting the pattern of expense recognition in the consolidated statements of activities. The Foundation adopted this ASU in the accompanying consolidated financial statements. The adoption of this ASU did not have a material impact on the Foundation's consolidated financial statements.

Note 3. Investments and Fair Value Measurements and Disclosures

Investments are managed by the Board of Directors of the Foundation based upon the recommendations of a board directed investment committee and in accordance with a defined investment policy. The policy contains objectives, guidelines, and restrictions regarding investing.

The Foundation's investments are exposed to a variety of uncertainties, including interest rate, market, and credit risks. The Foundation maintains a diverse investment portfolio, without any concentration of risk in any particular industry sector. Due to the level of risk associated with certain investments, it is possible that changes in the values of these investments could occur in the near term. Such changes could materially affect the amounts reported in the consolidated financial statements of the Foundation.

The Foundation uses fair value measurements to record the fair value of certain assets and liabilities and to determine fair value disclosures.

Level 1: Quoted prices that are available in active markets as of the report date. The quoted market prices are from those securities traded on an active exchange such as the New York Stock Exchange, NASDAQ, or an active over-the-counter market.

Kent State University Foundation

Notes to Consolidated Financial Statements

Note 3. Investments and Fair Value Measurements and Disclosures (Continued)

Level 2: Pricing inputs other than quoted prices in active markets, which are either directly or indirectly observable as of the report date.

Level 3: Inputs that are unobservable including the Foundation's own assumptions in determining the fair value of investments or liabilities.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. Liabilities associated with the charitable remainder trusts and gift annuities represent the estimated fair value of the expected payments to the beneficiaries over the terms of the agreements and the liability for funds held for others at the fair value of investments held based on units of the investment pool.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation's assessment of the significance of inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The following tables present information about the investments measured at fair value on a recurring basis as of June 30:

	2023			
	Total	Level 1	Level 2	Level 3
Investments by fair value level:				
Exchange traded funds	\$ 2,633,466	\$ 2,633,466	\$ -	\$ -
Mutual funds:				
Multi-asset funds	671,510	671,510	-	-
International equity funds	2,696,044	2,696,044	-	-
Total investments by fair value level	6,001,020	\$ 6,001,020	\$ -	\$ -
Cash and cash equivalents	2,747,491			
Investments measured at fair value based on net asset value: ^(a)				
Private equity	42,749,018			
Commingled asset funds	176,123,045			
Real assets	17,278,041			
Total investments measured at NAV	236,150,104			
Total investment assets	\$ 244,898,615			
Investment liabilities:				
Charitable remainder trusts	\$ 1,166,428	\$ -	\$ -	\$ 1,166,428
Charitable gift annuities	1,451,624	-	-	1,451,624
Total investment liabilities	\$ 2,618,052	\$ -	\$ -	\$ 2,618,052

Kent State University Foundation

Notes to Consolidated Financial Statements

Note 3. Investments and Fair Value Measurements and Disclosures (Continued)

	2022			
	Total	Level 1	Level 2	Level 3
Investments by fair value level:				
Exchange traded funds	\$ 3,038,053	\$ 3,038,053	\$ -	\$ -
Mutual funds:				
Multi-asset funds	597,736	597,736	-	-
International equity funds	2,372,452	2,372,452	-	-
Total investments by fair value level	6,008,241	\$ 6,008,241	\$ -	\$ -
Cash and cash equivalents	9,135,247			
Investments measured at fair value based on net asset value: ^(a)				
Private equity	39,088,541			
Commingled asset funds	158,841,383			
Real assets	15,809,845			
Total investments measured at NAV	213,739,769			
Total investment assets	\$ 228,883,257			
Investment liabilities:				
Charitable remainder trusts	\$ 1,510,255	\$ -	\$ -	\$ 1,510,255
Charitable gift annuities	1,208,205	-	-	1,208,205
Total investment liabilities	\$ 2,718,460	\$ -	\$ -	\$ 2,718,460

(a) In accordance with ASC Subtopic 820-10, certain investments that are measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

The following table sets forth the significant terms of the agreements with non-publicly traded funds reported at fair value based on net asset value on June 30:

	Fair Value		Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
	2023	2022			
Private equity	\$ 42,749,018	\$ 39,088,541	\$ 27,932,350	5+ years	not applicable
Commingled asset funds	176,123,045	158,841,383	-	quarterly	90 days
Real assets	12,622,605	13,134,026	-	quarterly	90 days
Real assets (private)	4,655,436	2,675,819	5,859,662	5+ years	not applicable
Total	\$ 236,150,104	\$ 213,739,769	\$ 33,792,012		

The private equity class is made up of fund-of-funds managers who allocate to a specific sector or investment stage, including venture and growth capital, buyout, private credit/debt, real estate, and natural resources. An initial commitment is made by the investor, and capital is called over several years (three to five years). As underlying companies are sold, issue an initial public offering, or are otherwise recapitalized, managers distribute the realized proceeds to limited partner investors.

Kent State University Foundation

Notes to Consolidated Financial Statements

Note 3. Investments and Fair Value Measurements and Disclosures (Continued)

The commingled asset class consists of fund-of-fund managers and Outsourced Chief Investment Officer (OCIO) holdings who allocate funds to underlying commingled asset funds which invest in various asset classes globally. Investments may include public equities, fixed income, credit instruments, commodities, currencies, and other securities based on economic trends or index hedging. While underlying investments are generally very liquid, the manager offers only periodic redemptions and subscriptions to better align with a longer investment time horizon.

The real assets class is comprised of investments in equity securities and derivative instruments with primary exposure to tangible assets including commodities, energy, infrastructure, real estate securities, and inflation-protected treasuries. Investments are primarily liquid, though the managers may only allow periodic redemptions to better align with a longer investment time horizon.

The private real asset class is like the real asset class described above; however, it has a significantly longer lock-up period.

Note 4. Hotel and Conference Center

Effective July 1, 2020, the Foundation acquired Downtown Kent Hotel, LLC, and its wholly owned subsidiary. During the years ended June 30, 2023 and 2022, the Foundation recognized revenue of approximately \$3,315,000 and \$2,897,000, respectively, for fees associated with lodging, meetings, conferences and other events. For the years ended June 30, 2023 and 2022, the Hotel paid \$181,151 and \$129,348, respectively, in management fees to the Foundation. The management fee agreement is set to expire December 31, 2023.

The Hotel's business is subject to all the risks inherent in the lodging industry. These risks include, among other factors, varying levels of demand for rooms and related services, adverse effects of general and local economic and market conditions, changes in governmental regulations that influence wages or prices, changes in interest rates, the availability of credit, changes in real estate taxes and other operating expenses, and the recurring need for renovation, refurbishment, and improvements.

Note 5. Pledges Receivable, Net

Unconditional promises to give are included in the consolidated financial statements as pledges receivable and total \$43,536,174 and \$42,612,235 on June 30, 2023 and 2022, respectively, with one pledge accounting for approximately 53% and 54% of the gross pledges receivable at June 30, 2023 and 2022, respectively. The future expected cash flows from pledges receivable are discounted to their net present value using discount rates ranging from 0.07% to 5.4%. Pledges receivable on June 30, are as follows:

	2023	2022
Unconditional pledges expected to be collected:		
Less than one year	\$ 8,630,436	\$ 4,304,644
One to five years	23,264,692	20,113,861
More than five years	11,668,046	18,193,730
Pledges receivable	43,563,174	42,612,235
Less allowance for uncollectible pledges	(2,613,790)	(2,556,734)
Less present value discount	(4,590,878)	(5,608,656)
	<u>\$ 36,358,506</u>	<u>\$ 34,446,845</u>

Kent State University Foundation

Notes to Consolidated Financial Statements

Note 6. Pledges Receivable, Net (Continued)

As of June 30, 2023 and 2022, the Foundation has approximately \$136,147,000 and \$129,160,000, respectively, in numerous outstanding pledges which are intentions to give and are contingent upon future events. Substantially all the Foundation's contingent pledges are bequests. These pledges are not recorded as receivables or recognized as revenue because they do not represent unconditional promises to give.

Note 7. Finance Lease Obligation

On January 1, 2016, the Foundation entered into a sublease agreement for building office space with Kent State University. The interest rate used in computing the net present value of the lease payments was based on the Foundation's incremental borrowing rate at the inception of the lease and is 4.97%. Amortization of the building under capital lease is included with depreciation expense.

On November 2, 2020, the sublease between the Foundation and University was amended. The amendment replaced the lease payment schedule with a new version bearing an annual interest rate of 2.5% and revised the outstanding principal from \$9,921,152 to \$8,525,000. As a result, the Foundation also adjusted the cost of the building and wrote-off the accumulated amortization associated with the old sublease.

On June 10, 2022, a second amendment was made to the sublease between the Foundation and University, waiving the Foundation's lease payment obligation for fiscal year 2022 which is recorded within the sales, services, events and other caption on the consolidated statements of activities during the year ended June 30, 2022.

The aggregate minimum lease payments under the amended finance lease obligations are as follows:

Years ending June 30:

2024	\$	375,158
2025		375,158
2026		375,158
2027		375,158
2028		375,158
Thereafter		9,754,096
Total lease payments		<u>11,629,886</u>
Interest		<u>3,603,237</u>
Total principal balance		<u><u>\$ 8,026,649</u></u>

The cost and cumulative accumulated amortization of the building office space under the amended finance lease obligation are as follows at June 30:

	<u>2023</u>	<u>2022</u>
Building office space	\$ 8,525,000	\$ 8,525,000
Less cumulative accumulated amortization	(741,305)	(494,204)
	<u><u>\$ 7,783,695</u></u>	<u><u>\$ 8,030,796</u></u>

Kent State University Foundation

Notes to Consolidated Financial Statements

Note 8. Beneficial Interest in Trusts Held by Others

The Foundation has beneficial interests in various perpetual trusts. Accordingly, the Foundation does not have the ability to redeem the beneficial interest in these perpetual trusts but will benefit from the income generated by the trusts. The beneficial interest in perpetual trusts are recorded at the estimated fair value of the Foundation's proportionate interest in the fair value of the assets held by the trusts and are classified as a Level 3 input within the fair value hierarchy as described in Note 3. The following presents a reconciliation of the fair value of the beneficial interest in perpetual trusts for the years ended June 30:

Balance at beginning of year, July 1, 2021	\$ 5,682,457
Change in fair value	<u>(1,036,319)</u>
Balance at end of year, June 30, 2022	4,646,138
Change in fair value	<u>160,651</u>
Balance at end of year, June 30, 2023	<u><u>\$ 4,806,789</u></u>

Note 9. Net Assets

Donor restricted net assets are principally related to scholarships, specific schools within the University, department chairs, and various other purposes. As of June 30, net assets are as follows:

	2023		2022	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Available for expenditure:				
Current operations	\$ 19,515,185	\$ 52,944,701	\$ 15,488,181	\$ 57,738,793
Term endowments	2,510,197	57,042,867	1,338,835	55,338,442
Accumulated earnings on endowments	-	36,256,109	-	27,397,886
Real estate	549,121	1,886,822	549,121	1,886,822
	<u>22,574,503</u>	<u>148,130,499</u>	<u>17,376,137</u>	<u>142,361,943</u>
Unavailable for expenditure:				
Endowments	-	78,590,732	-	74,808,355
Trusts	-	1,467,038	-	1,817,274
Beneficial interest in perpetual trusts	-	4,806,789	-	4,646,138
Uncollected pledges, net	-	36,358,506	-	34,446,845
	<u>-</u>	<u>121,223,065</u>	<u>-</u>	<u>115,718,612</u>
	<u><u>\$ 22,574,503</u></u>	<u><u>\$ 269,353,564</u></u>	<u><u>\$ 17,376,137</u></u>	<u><u>\$ 258,080,555</u></u>

Included in the accompanying consolidated statements of activities are changes in the net asset designation of prior contributions as donors may elect to change the designation of prior contributions. There were transfers of prior contributions from without donor restriction to with donor restricted net assets in the amounts of \$129,423 and \$213,270 for the years ended June 30, 2023 and 2022, respectively.

Kent State University Foundation

Notes to Consolidated Financial Statements

Note 10. Endowments

The Foundation's endowment consists of over 1,000 funds. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment funds are invested with the overall objective of preservation of principal, competitive investment returns, and moderate investment risk resulting in a real (inflation-adjusted) annualized rate of return greater than the spending rate and investment-related expenses. The Foundation considers the expected annual return on its endowment investments when developing its spending policy. As a result, the Foundation expects that its current spending policy will allow the endowment funds to maintain real value while also experiencing growth through additional gifts and accumulated earnings.

The Foundation has a 4.2% spending policy whereby a portion of the accumulated investment return for endowment assets is distributed on May 31 and November 30 each year to funds which may be expended for current operations in accordance with any restrictions of the endowment fund. The distribution is calculated using a 2.1% semi-annual equivalent of the rate, applied against an average of the investment balances. The average preceding month-end investment balance is calculated as the lesser of the average of the prior 36 months or the number of months the fund has been in existence. Certain endowment funds do not permit a spending distribution below the historic gift value or other donor designated amount.

As a result of market declines, the fair value of certain donor restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature that are more than related donor restricted amounts are reported in with donor restricted net assets. There were funds with deficiencies totaling \$0 and \$1,048,368 for the years ended June 30, 2023 and 2022, respectively.

Endowment net asset composition by type as of June 30, 2023, are as follows:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	\$ 2,510,197	\$ -	\$ 2,510,197
Donor restricted endowment funds:			
Original donor restricted gift amount and amounts required to be maintained in perpetuity by donor	-	78,590,732	78,590,732
Term endowments	-	57,042,867	57,042,867
Accumulated investment gains	-	36,256,109	36,256,109
Total donor-restricted endowment funds	-	171,889,708	171,889,708
Total	\$ 2,510,197	\$ 171,889,708	\$ 174,399,905

Kent State University Foundation

Notes to Consolidated Financial Statements

Note 9. Endowments (Continued)

Endowment net asset composition by type as of June 30, 2022, are as follows:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	\$ 1,338,835	\$ -	\$ 1,338,835
Donor restricted endowment funds:			
Original donor restricted gift amount and amounts required to be maintained in perpetuity by donor	-	74,808,355	74,808,355
Term endowments	-	55,338,442	55,338,442
Accumulated investment gains	-	27,397,886	27,397,886
Total donor-restricted endowment funds	-	157,544,683	157,544,683
Total	\$ 1,338,835	\$ 157,544,683	\$ 158,883,518

Changes in endowment net assets for the years ended June 30, are as follows:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2022	\$ 1,338,835	\$ 157,544,683	\$ 158,883,518
Investment gain:			
Dividend and interest income, net of fees of \$3,852,495	(46,994)	(3,349,523)	(3,396,517)
Net appreciation (realized and unrealized gains)	1,324,818	17,704,230	19,029,048
Total investment gain	1,277,824	14,354,707	15,632,531
Gifts	-	6,179,628	6,179,628
Change in designation of prior gifts	-	200,383	200,383
Endowment spending transfers	(106,462)	(6,389,693)	(6,496,155)
Endowment net assets, June 30, 2023	\$ 2,510,197	\$ 171,889,708	\$ 174,399,905

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2021	\$ 2,859,499	\$ 184,932,052	\$ 187,791,551
Investment loss:			
Dividend and interest income, net of fees of \$3,839,538	(50,504)	(3,394,280)	(3,444,784)
Net depreciation (realized and unrealized losses)	(1,365,408)	(20,398,713)	(21,764,121)
Total investment loss	(1,415,912)	(23,792,993)	(25,208,905)
Gifts	-	8,276,916	8,276,916
Change in designation of prior gifts	-	(5,594,644)	(5,594,644)
Endowment spending transfers	(104,752)	(6,276,648)	(6,381,400)
Endowment net assets, June 30, 2022	\$ 1,338,835	\$ 157,544,683	\$ 158,883,518

Kent State University Foundation

Notes to Consolidated Financial Statements

Note 11. Transactions with Kent State University

The Foundation makes grants to the University in furtherance of the Foundation's mission and in compliance with donor restrictions. Additionally, grants are made to the University from net assets without donor restriction at the direction of the Foundation's Board of Directors.

Additionally, the Foundation made payments to the University in accordance with a services agreement between the parties. Payments made under the agreement were \$909,347 and \$664,068 for the years ended June 30, 2023 and 2022, respectively. The payments were primarily for staffing used in the execution of Foundation operations. The amount payable to the University at June 30, 2023 and 2022, is \$101,793 and \$42,827, respectively, and is recorded within accounts payable in the consolidated statements of financial position. In addition, the Foundation rents certain facilities and information technology support from the University for nominal amounts as consideration in the operating agreement.

As discussed in Note 6, the Foundation is party to a lease for rental of its building office space with the University.

Kent State University Foundation

Notes to Consolidated Financial Statements

Note 13. Grants to Kent State University

The grants made to Kent State University by the Foundation shown in Note 11 are summarized below for the years ended June 30, 2023 and 2022, based on the program or supporting service. All grants are made to, or for the benefit of, Kent State University.

	2023	2022
Academic programs	\$ 6,573,346	\$ 5,217,824
Scholarships	5,571,698	4,957,023
Construction projects	10,091,955	3,086,758
WKSU Radio Station	32,915	383,541
Fundraising	734,703	787,566
Athletics	1,242,340	323,028
	<u>\$ 24,246,957</u>	<u>\$ 14,755,740</u>

Note 14. Investment Pool Operator Fee

Endowment funds, annuity funds, and Kent State University Alumni Association funds invested in investment pools are assessed a pool operator fee. The 1.25% annual fee is used to offset the without donor restricted fund costs for administrative, clerical, and fiduciary services. The monthly equivalent of the rate is applied against the preceding month-end investment balances in the calculation of the fee.

Note 15. Liquidity

The Foundation's financial assets available within one year of the consolidated statements of financial position date for general expenditure are as follows:

	2023	2022
Financial assets at year end:		
Cash and cash equivalents	\$ 12,924,126	\$ 13,773,421
Receivables	36,439,818	34,577,732
Investments	244,898,615	228,883,257
Total financial assets	<u>294,262,559</u>	<u>277,234,410</u>
Less amounts not available to be used within one year:		
Donor restricted by time or purpose	(97,463,856)	(100,535,872)
Board designated endowment	(2,510,197)	(1,338,835)
Donor restricted endowment	(171,889,708)	(157,544,683)
Financial assets not available to be used within one year	<u>(271,863,761)</u>	<u>(259,419,390)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 22,398,798</u>	<u>\$ 17,815,020</u>

The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 45 days of normal operating expenses, which are on average, approximately \$3,711,000 and \$2,445,000 on June 30, 2023 and 2022, respectively. The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of what is needed for daily requirements in various short-term investments, including certificates of deposit and short-term treasury instruments.

Kent State University Foundation

Notes to Consolidated Financial Statements

Note 16. Gifts In Kind

The following reflects the gifts in kind recorded within the consolidated statements of activities and includes a description of the asset donated, means of estimating fair value, amount recorded, any restrictions made by the donor, and the Foundation's policy for use of the asset.

2023				
Description	Amount	Method to arrive at value	Policy for Use	Restrictions
Vehicles	\$ 36,345	Sales price	Utilized by University	Used by Main Campus
Food	7,670	Cost	Consumed by University	Used by Athletics
Food	97,814	Cost	Consumed by University	Used by Campus Kitchen
Equipment	2,895	Market invoice	Utilized by University	Used by Ashtablua Campus
Equipment	4,314	Market invoice	Utilized by University	Used by Main Campus
Supplies and Equipment	18,356	Market invoice	Utilized by University	Used by Aeronautics and Engineering Department
Supplies	2,322	Market invoice	Utilized by University	Used by Fashion School
Various	33,242	Fair value of similar items	For athletics auction, immediately sold	Used for Athletics Program
Total	<u>\$ 202,958</u>			

2022				
Description	Amount	Method to arrive at value	Policy for Use	Restrictions
Vehicles	\$ 73,420	Sales price	Sell upon receipt	Used for WKSU
Publications	40,037	Appraisal	Utilized by University	Used by Anthropology Department
Artifacts	312,500	Appraisal	Utilized by University	Used by Anthropology Department
Signs	2,923	Market invoice	Utilized by University	Used by Stark campus
				Used by Aeronautics and Engineering Department
Equipment	64,717	Market invoice	Utilized by University	
			For athletics auction, immediately sold	
Various	24,815	Fair value of similar items		Used for Athletics Program
Total	<u>\$ 518,412</u>			

Note 17. Pandemic

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law. The CARES Act legislation is intended to provide relief for small businesses that have been negatively impacted by the COVID-19 pandemic. One of the many provisions of the CARES Act, the Paycheck Protection Program (PPP) provided loans to small businesses to prevent layoffs and business closures during the pandemic. The Hotel received two separate PPP loans; the first in the amount of \$246,932 and a second in the amount of \$345,586. The PPP loan had a stated interest rate of 1% and one of the provisions of the PPP loan outlined an application process in which satisfaction of certain conditions would result in forgiveness of some or all the loan. During September 2021 and November 2021, the Foundation was notified the loans were forgiven in full. These amounts were included within the sales, services, events and other caption within the consolidated statement of activities for the year ended June 30, 2022.

**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

Board of Directors,
Kent State University Foundation and
Mr. Keith Faber
Auditor of the State of Ohio

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 (*Government Auditing Standards*), the consolidated financial statements of Kent State University Foundation (Foundation), which comprise the consolidated statement of financial position as of June 30, 2023, the related consolidated statement of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements), and have issued our report thereon dated September 26, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Kent State University 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 Kent State University Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of Kent State University 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 consolidated 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 Kent State University 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 Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Cleveland, Ohio
September 26, 2023

OHIO AUDITOR OF STATE KEITH FABER



KENT STATE UNIVERSITY FOUNDATION

PORTAGE 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 11/16/2023

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